

## The Migration Link Between Urban and Rural Poor Communities: Looking at Giant Leaps and Small Steps (GLASS)



Max Maquito, Ph.D.  
(UP SOLAIR, SGRA)

14<sup>th</sup> SGRA Shared Growth Seminar  
"The Urban-Rural Gap and Sustainable Shared Growth"  
April 26, 2012 at the School of Labor and Industrial Relations,  
University of the Philippines



Sekiguchi Global Research Association  
関口グローバル研究会



1

## Outline

- An overview of poverty in the Philippines
- Urban-rural link focus: migration
- Immiserizing migration
- Economic explanations for migration
  - Income differences
  - Expected income differences
  - Giant Leap And Small Step (GLASS) effect
- Some policy implications
- SGRA's E<sup>3</sup> (Efficiency x Equity x Environment = Sustainable Shared Growth) research and advocacy in the Philippines



2

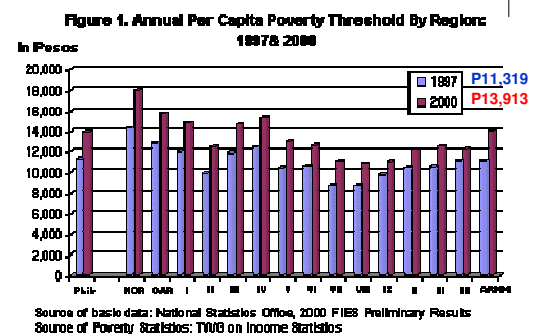
## Overview of Urban-Rural Poverty

- Who are the poor?
  - Those earning less than the poverty threshold/line income
- Measures of Poverty
  - Poverty Incidence = fraction of the total population that is poor
  - Depth of Poverty
    - Poverty Gap Ratio
    - Income Gap Ratio

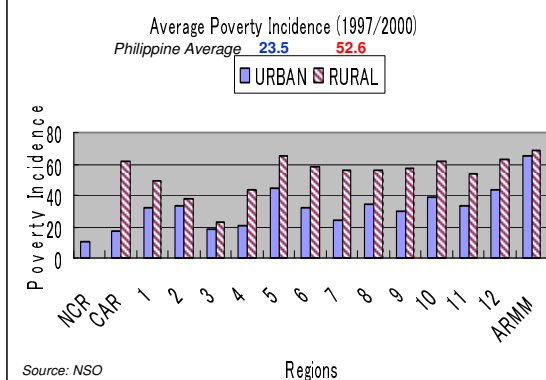
multiplied by the poverty threshold income → estimate of cash transfer needed to eradicate poverty

3

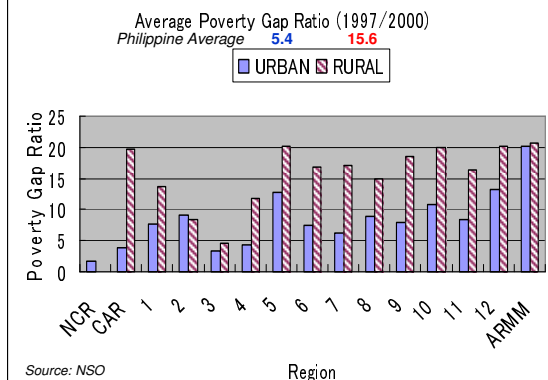
## Poverty Threshold Income



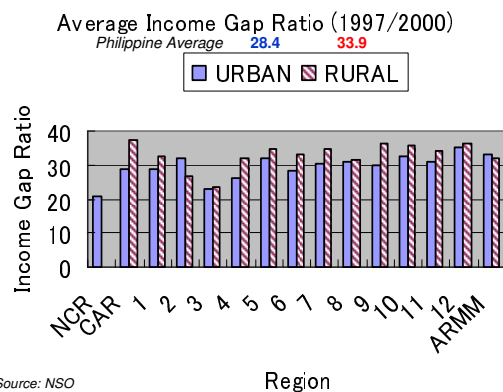
4



5



6



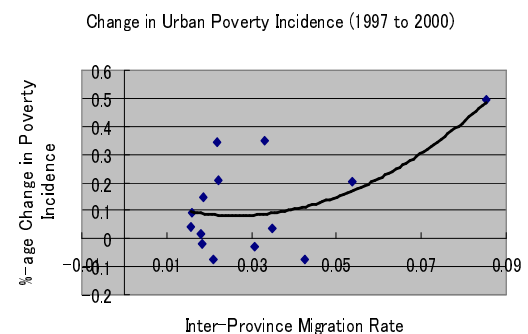
## Urban-Rural Link Focus: Migration

- Migration as a welfare-enhancing strategy for the rural poor
- Not all such migrants end up with moving into urban poor communities
- But, most of those in urban poor communities could be considered as migrants
- → immiserizing migration
- Rural-urban migration contributes to the problem of urban and rural poverty

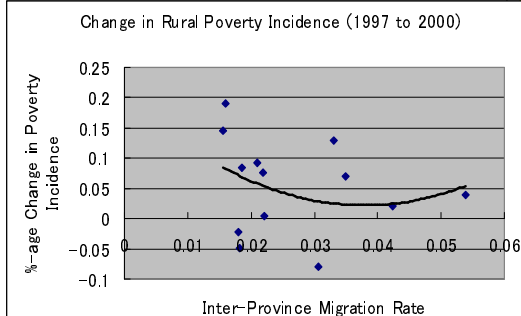
## Migration Data

- Based on National Statistics Office (NSO) population census (regional data)
- Focus on 2 Migration Rates (inflows)
  - Inter-province migration rates
    - (# of households who lived in another province at least 5 years ago) ÷ (household population 5 years old and over of destination region)
  - Inter city/municipality migration rates
    - (# of households who lived in another city or municipality at least 5 years ago) ÷ (household population 5 years old and over of destination region)

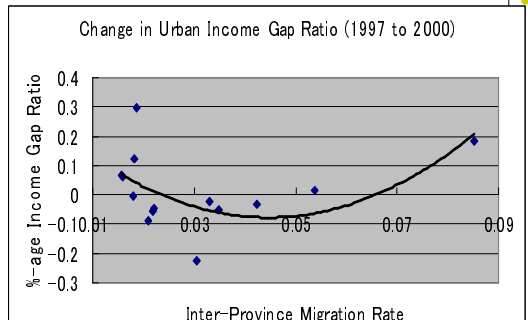
## Immiserizing Migration



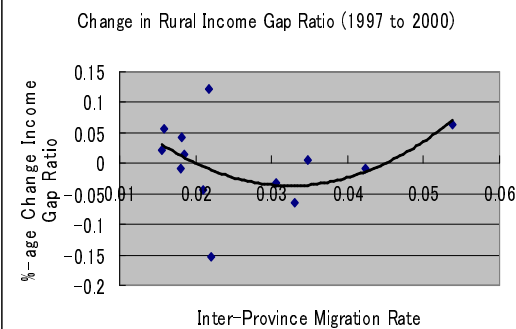
## Immiserizing Migration



## Immiserizing Migration

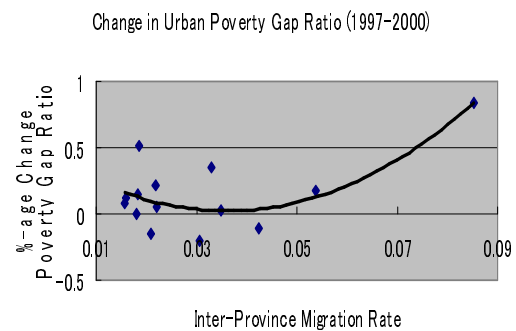


## Immiserizing Migration



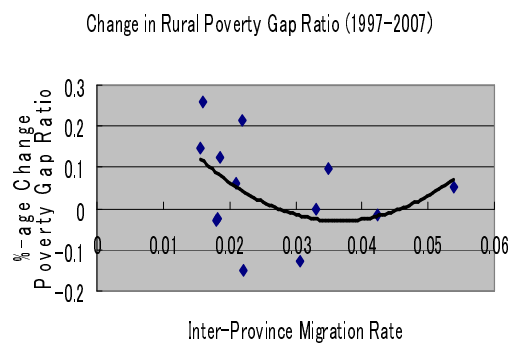
13

## Immiserizing Migration



14

## Immiserizing Migration



15

## Economics of Migration: income differences

- Migration is a quest for the higher income in the destination
- Hypothesis: the bigger the income difference between origin and destination, the higher the migration rate
- Incomes should converge
  - In-migration causes the income to drop in the destination
  - Out-migration causes the income to rise in the origin

16

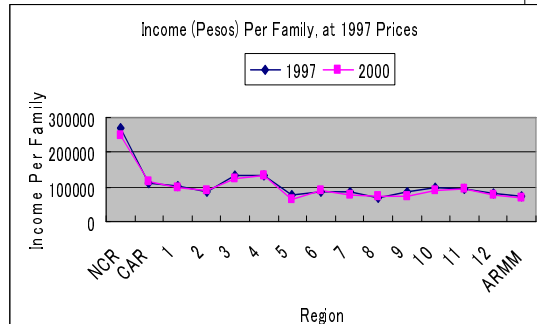
## Economics of Migration: income differences



[http://www.brainbasedbusiness.com/2006/11/paying\\_your\\_bills\\_during\\_unexp.html](http://www.brainbasedbusiness.com/2006/11/paying_your_bills_during_unexp.html)

17

## Economics of Migration: income differences



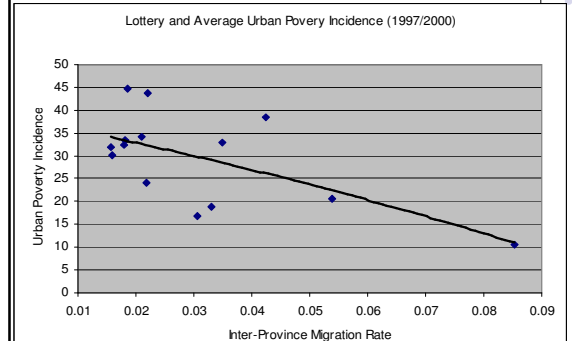
18

## Economics of Migration: expected income differences

- Obtaining the higher income is like a lottery (sweepstakes)
  - The higher income is not promised to all hard-working migrants
  - There is a probability, often small, of hitting the jackpot
- Hypothesis: the higher the probability of obtaining the higher income, the higher the migration rate

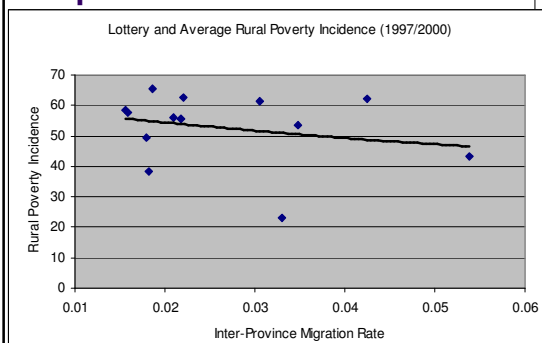
19

## Economics of Migration: expected income differences



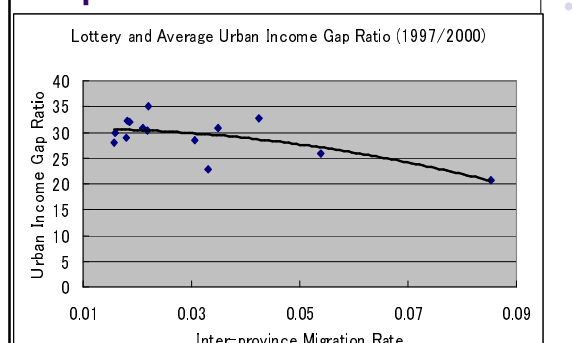
20

## Economics of Migration: expected income differences



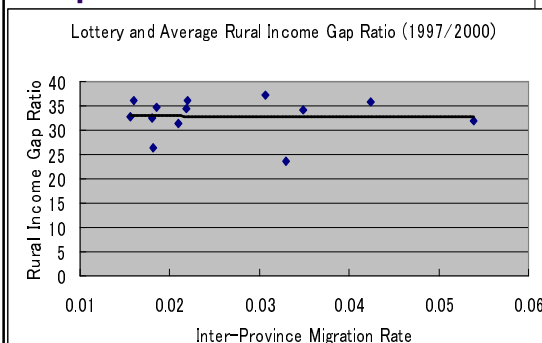
21

## Economics of Migration: expected income differences



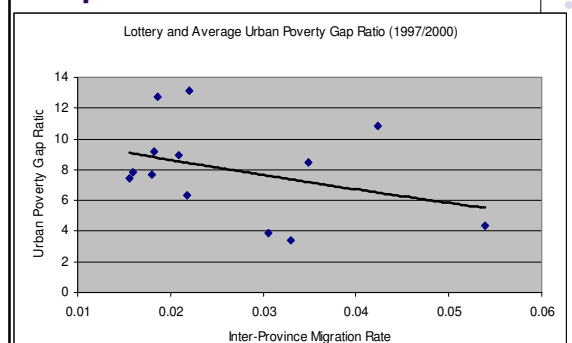
22

## Economics of Migration: expected income differences



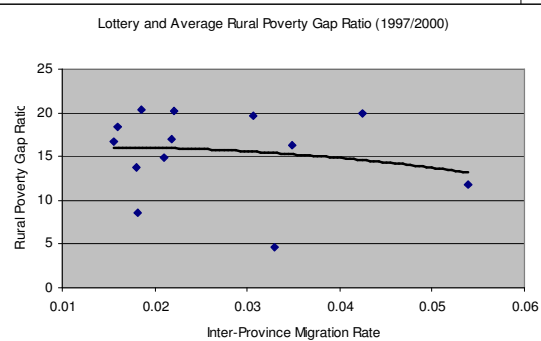
23

## Economics of Migration: expected income differences



24

## Economics of Migration: expected income differences



## A Puzzle in Poor Communities in the Philippines

### • Great-Leap and Small-Step (GLASS) Puzzle

- "That's one small step for [a] man, one giant leap for mankind"
- Neil Armstrong, July 21, 1969



## A Puzzle in Poor Communities in the Philippines

### • GLASS Puzzle

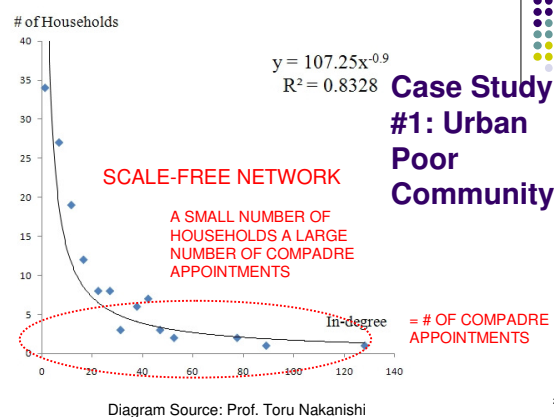
- Most of the residents of urban poor communities are migrants or descendants of migrants from the rural (poor) sector
- Migrating from the rural to the urban sector is a very important decision and a non-trivial act to implement
- Most of the residents of urban poor communities appear not to graduate out of their community

GIANT  
LEAP

SMALL  
STEP

## Three Empirical Studies to Explain the Puzzle

1. Urban Poor Community (Micro)
  - Prof. Toru Nakanishi Study (since 1985)
  - Slum in Metro Manila: Sitio Paz, Malabon
2. Rural Poor Community (Micro)
  - Quisumbing, et.al. Study (since 1984)
  - Rural community in Bukidnon, Mindanao
3. Inter-Regional Migration in the Philippines (Macro)
  - 1990 and 2000



## Case Study #1: Urban Poor Communities

- Implication to Urban Poor Community Case Study
  - Presence of scale-free network
  - May be constraining the movement of the urban poor
  - Explains Small-Step
    - Of the Giant-Leap and Small-Step Puzzle



## Case Study #2: Rural Poor Community

- 3 Types of Network
  - Formal (membership)
    - Production, Credit, Burial, Religious, Civic
  - Informal (# of people that can be approached)
    - Care of the house, care of the children, family problem,
    - Economic loss, price, and technology
  - Migrant

31

## Case Study #2: Rural Poor Community

- Findings
  - Formal and Informal Networks are not related
  - Migrant Networks substitute for Informal Networks
- Implications to Rural Poor Community Case Study
  - Absence of scale-free networks
  - Facilitates outward migration

32

## Case Study #3: Inter-Regional Migration

- Implications
  - Assuming
    - Inter-province migration = giant leap
    - Inter city/municipality migration = small step
  - Giant-Leap and Small-Step Phenomenon is prevalent
    - Migration rate graphs show
      - The more giant the leap, the smaller the step

33

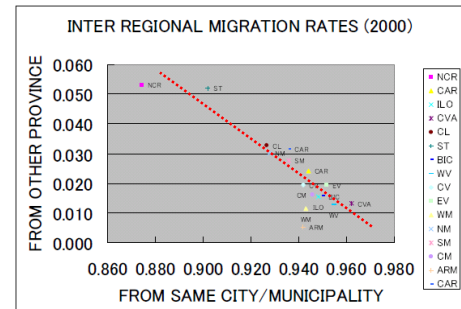


Figure 3. Inter-Regional Migration Rates (2000)  
Source of Migration Data: National Statistics Office  
Notes: NCR=National Capital Region, CAR=Cordillera Autonomous Region, ILO=Ilocos, CVA=Cagayan Valley, CL=Central Luzon, ST=Southern Tagalog, BIC=Bicol, WV=Western Visayas, CV=Central Visayas, EV=Eastern Visayas, WM=Western Mindanao, NM=Northern Mindanao, SM=Southern Mindanao, CM=Central Mindanao, ARM=Autonomous Region in Muslim Mindanao, CAR=CARAGA

34

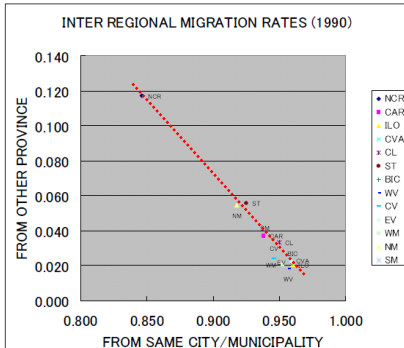
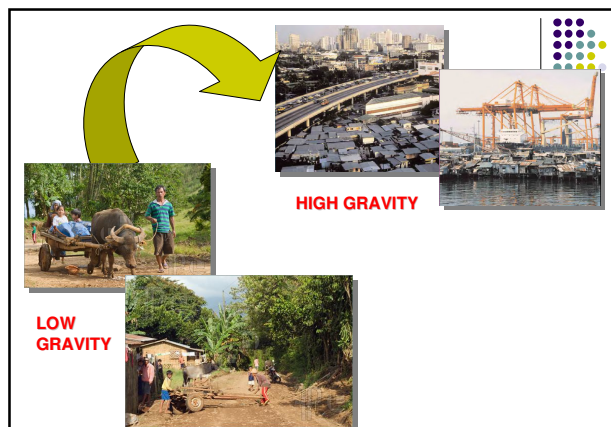


Figure 5. Inter-Regional Migration Rates (1990), without outlier  
Source of Migration Data: National Statistics Office  
Notes: NCR=National Capital Region, CAR=Cordillera Autonomous Region, ILO=Ilocos, CVA=Cagayan Valley, CL=Central Luzon, ST=Southern Tagalog, BIC=Bicol, WV=Western Visayas, CV=Central Visayas, EV=Eastern Visayas, WM=Western Mindanao, NM=Northern Mindanao, SM=Southern Mindanao, CM=Central Mindanao, ARM=Autonomous Region in Muslim Mindanao, CAR=CARAGA

35



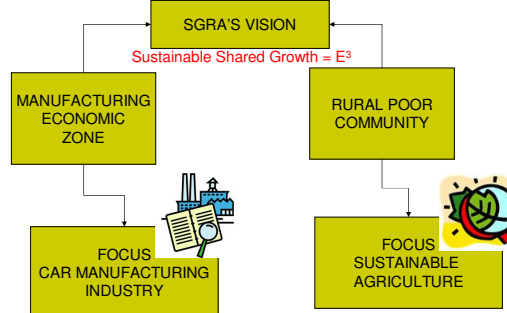
36

## Some Policy Implications

- one way of reducing urban and rural poverty is to reduce immiserizing migration
- based on the income difference explanation
  - reduce the income disparity among provinces/regions
- based on the expected income difference explanation
  - avoid the selective reduction of poverty which could only encourage immiserizing migration
- based on the GLASS explanation
  - in urban poor communities: loosen or prevent the formation of social networks which discourage destination mobility
  - in rural poor communities: strengthen the formation of social networks which discourage immiserizing migration

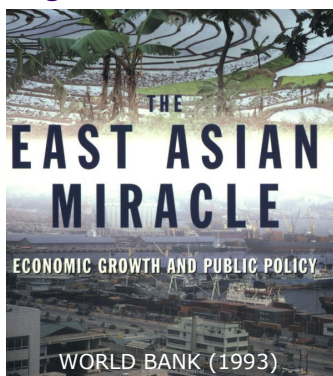


## SGRA's E<sup>3</sup> Research and Advocacy in the Philippines



38

## Origins of Shared Growth



### SHARED GROWTH

Rapid income growth  
+  
Improvement in income distribution  
  
Efficiency  
+  
Equity

39

## East Asian Miracle Economies



JAPAN  
REPUBLIC OF KOREA  
TAIWAN  
HONG KONG  
THAILAND  
MALAYSIA  
SINGAPORE  
INDONESIA

40

## Philippines has slowest poverty incidence reduction

Country	Year	Annual Reduction	First Year	Last Year
Philippines	1971-94	0.7	52	36
Indonesia	1970-90	2	58	19
Korea	1970-90	0.9	23	5
Malaysia	1973-87	1.6	37	14
Thailand	1962-88	1.4	59	22

Table 1. Poverty Incidence in Selected East Asian Countries  
Source: Gerson (1998)

41

## No substantial improvement in income distribution

Income distribution in selected years, 1957-94								
	1957	1961	1965	1971	1985	1988	1991	1994
Gini coefficient	0.461	0.497	0.513	0.494	0.447	0.445	0.468	0.451
Percent of income, top 20 percent	48.6	56.5	56.0	54.0	52.1	51.8	53.9	51.9
Percent of income, bottom 20 percent	6.5	4.2	3.5	3.6	5.2	5.2	4.7	4.9
Ratio of incomes of top 20 percent to bottom 20 percent	7.5	13.5	16.0	15.0	10.0	10.0	11.5	10.6

Sources: 1957-71, Deininger and Squire, 1996; and 1985-94, Philippines, National Statistics Office, various years.

Table 2. Income Distribution in the Philippines

AVERAGE FOR PAST 3 DECADES = 0.47

42

Country	Area (km <sup>2</sup> ) <sup>[32]</sup>	Population(2009) <sup>[33]</sup>	Density (/km <sup>2</sup> )	GDP (nominal), USD (2012) <sup>[34]</sup>	GDP (nominal) per capita, USD (2012) <sup>[35]</sup>	Capital
 East Timor	14,874	1,134,000	76	807,000,000	\$721	Dili
 Burma	676,578	58,800,000	74	52,195,000,000	\$820	Naypyidaw
 Cambodia	181,035	14,805,000	82	14,553,000,000	\$866	Phnom Penh
 Laos	236,800	6,800,000	27	8,837,000,000	\$1,338	Vientiane
 Philippines	300,000	93,883,000	307	232,089,000,000	\$2,225	Manila
 Vietnam	331,210	90,568,000	259	229,695,000,000	\$3,331	Hanoi
 Indonesia	1,904,569	240,271,522	126	936,492,000,000	\$3,847	Jakarta
 Thailand	513,120	64,964,000	132	378,158,000,000	\$5,865	Bangkok
 Malaysia	329,847	28,318,000	83	267,265,000,000	\$9,147	Kuala Lumpur
 Brunei	5,765	401,890	70	15,635,000,000	\$35,743	Bandar Seri Begawan
 Singapore	724	5,183,700 (2011) <sup>[36]</sup>	7,023	283,739,000,000	\$53,072	Singapore

[http://en.wikipedia.org/wiki/Southeast\\_Asia#cite\\_note-GDP\\_28nominal\\_29\\_per\\_capita-34](http://en.wikipedia.org/wiki/Southeast_Asia#cite_note-GDP_28nominal_29_per_capita-34)

43

# Let us work together towards sustainable shared growth for the Philippines!





**SGRA**  
 Sekiguchi Global Research Association  
 関ログローバル研究会

44