

Linking to Shared Growth: From Giant Leaps to Small Steps

Ferdinand C. Maquito, Ph.D.
Research Consultant
Sekiguchi Global Research
Association
fcmaquito@gmail.com



Based on: "The Dynamics of Social Networks in Philippine Poor Communities: From Giant Leaps to Small Steps" by F.C. Maquito and T. Nakanishi (draft version December 14, 2010)

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Linking Rural Poverty...



Family going home from a day at the fields in rural Mindanao

A rural village in Mindanao



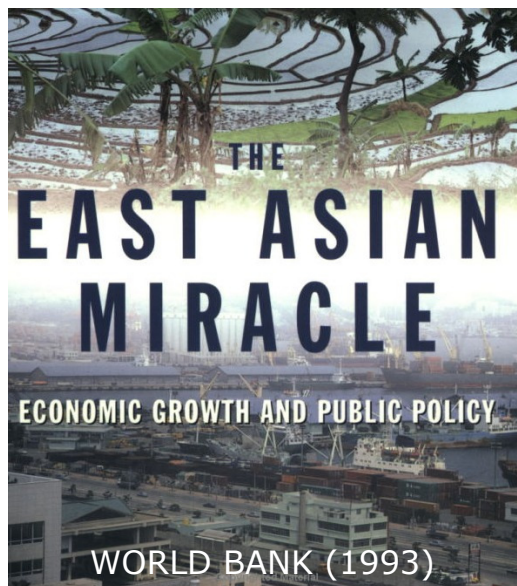
...to Urban Poverty...



Manila Port Area

Southeast Asian Metropolis Skyline

...in the context of Shared Growth



SHARED GROWTH

Rapid income
growth

+

Improvement in
income
distribution

Efficiency

+

Equity

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East Asian Miracle Economies



JAPAN

REPUBLIC OF KOREA

TAIWAN

HONG KONG

THAILAND

MALAYSIA

SINGAPORE

INDONESIA

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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)

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No substantial improvement in income distribution



Income distribution in selected years, 1957-94							
	1957	1961	1965	1971	1985	1988	1994
Gini coefficient	0.461	0.497	0.513	0.494	0.447	0.445	0.468
Percent of income, top 20 percent	48.6	56.5	56.0	54.0	52.1	51.8	51.9
Percent of income, bottom 20 percent	6.5	4.2	3.5	3.6	5.2	5.2	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	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

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Balisacan (2008)



- Poverty increased between 2003 and 2006
- Despite the quite respectable economic performance (by historical standards) in GDP growth during this period
- It appears that economic growth in recent years has bypassed the poor!
- This is Unshared Growth!

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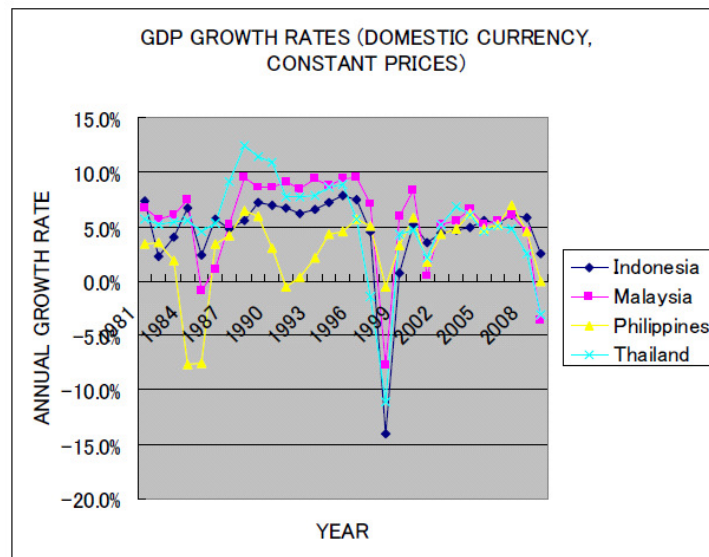


Figure 1. GDP Growth Rates of Selected Southeast Asian Countries
Source of GDP Data: International Monetary Fund Data and Statistics

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Important Role of the Poor in Shared Growth

- Targeting income growth of the poor
- Contributes directly to shared growth
- There is income growth together with reduction in the gap between the rich and the poor
- There is no need to wait for a “trickle-down effect”

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A Puzzle in Poor Communities in the Philippines



- Great-Leap, Small-Step Puzzle
 - “That’s one small step for [a] man, one giant leap for mankind”
 - Neil Armstrong, July 21, 1969



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A Puzzle in Poor Communities in the Philippines



- Giant-Leap, Small-Step 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**

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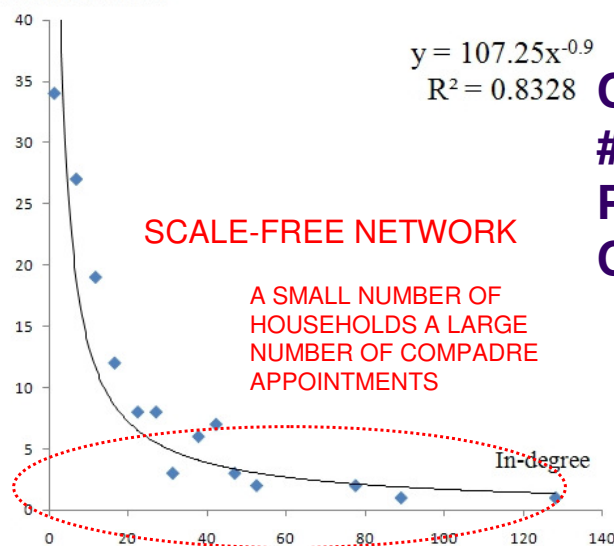
Three Empirical Studies to Explain the Puzzle



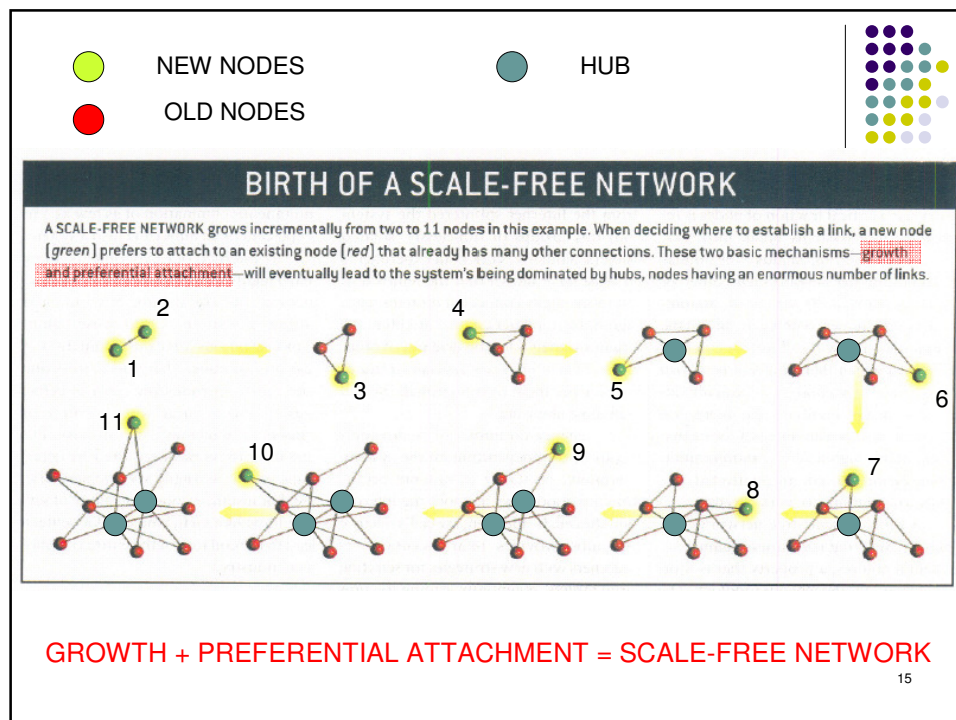
1. Urban Poor Community (Micro)
 - Prof. Toru Nakanishi Study (since 1985)
 - Slum in Metro Manila: Sitio Paz, Malabon
2. Rural Poor Community (Micro)
 - Quisumbing, et.al. Study (since 1984)
 - Rural community in Bukidnon, Mindanao
3. Inter-Regional Migration in the Philippines (Macro)
 - 1990 and 2000

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of Households




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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, Small-Step Puzzle



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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

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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

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Case Study #3: Inter-Regional Migration



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

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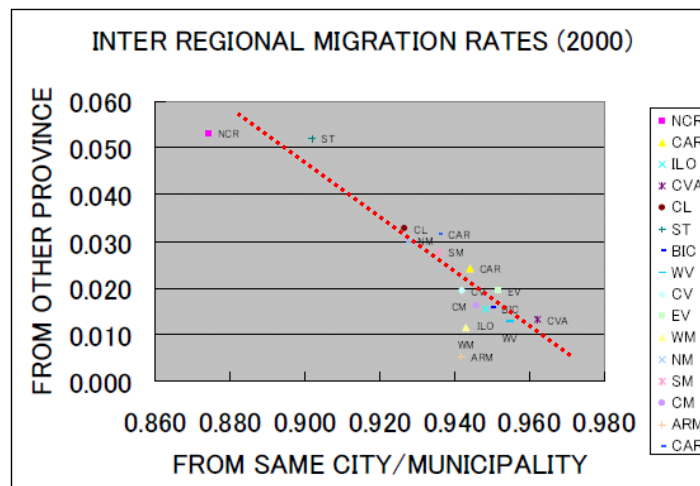


Figure 3. Inter-Regional Migration Rates (2000)
 Source of Migration Data: National Statistics Office
 Notes: NCR=National Capital Region, CAR=Cordillera Autonomous Region, ILO=Ilocos, CVA=Cagayan Valley, CL=Central Luzon, ST=Southern Tagalog, BIC=Bicol, WV=Western Visayas, CV=Central Visayas, EV=Eastern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

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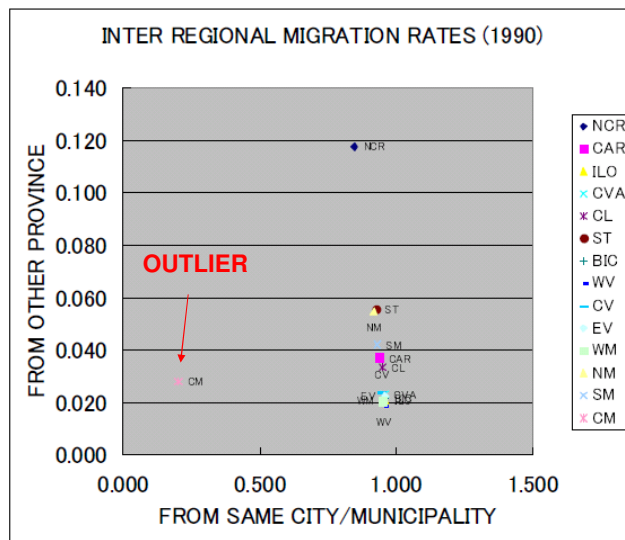


Figure 4. Inter-Regional Migration Rates (1990), with outlier

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

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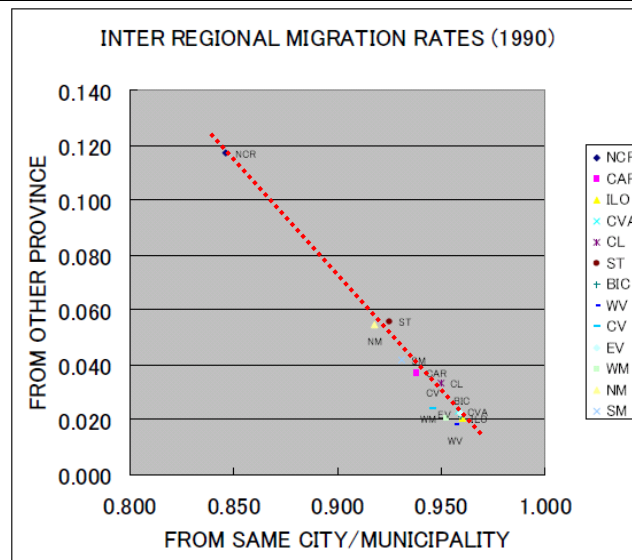


Figure 5. Inter-Regional Migration Rates (1990), without outlier

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

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Case Study #3: Inter-Regional Migration



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

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A Simple Dynamic Social Network Process



- Formulate a simple dynamic model
- Purposes of this model
 - to systematically link the explanations from the three empirical case studies
 - to provide a basis for future simulations

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A Simple Dynamic Social Network Process

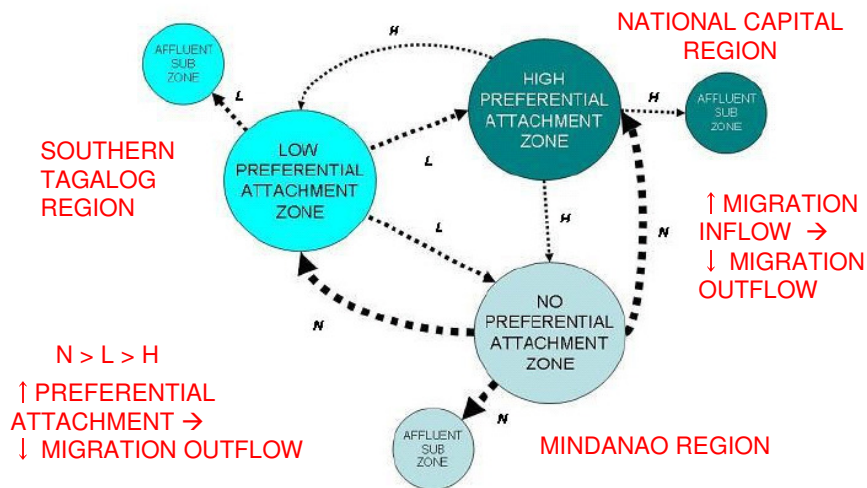


Figure 6. A Simple Dynamic Social Network Process

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Policy Implications

- Giant-Leap, Small-Step Phenomenon is a big social problem
 - Deflects a strategy of the poor to improve their lot
 - Wasted human resources
- Analysis suggests two possible counter measures
 - Suppression of preferential attachment in the urban poor communities
 - Stimulation of preferential attachment in the rural poor communities

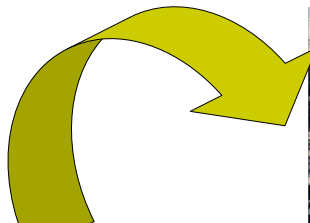
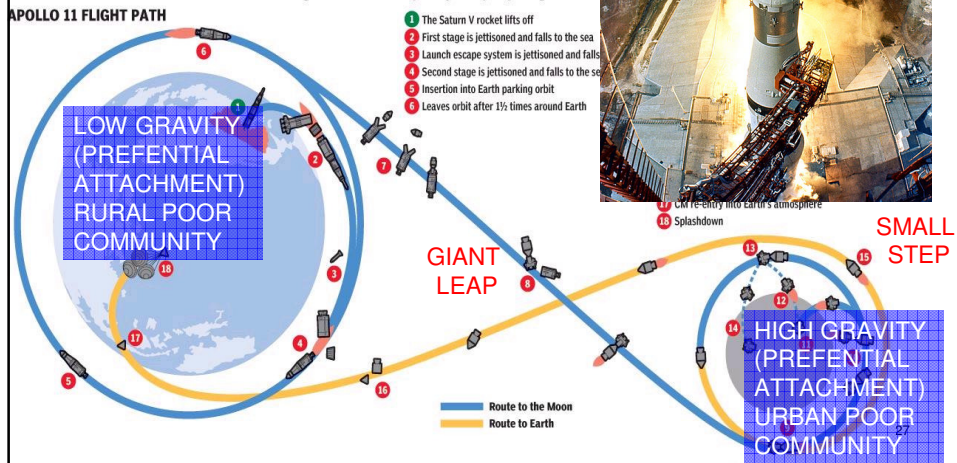
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BEHIND THE SMALL
STEP IS A GIANT LEAP...
BUT IN REVERSE



TO THE MOON AND BACK

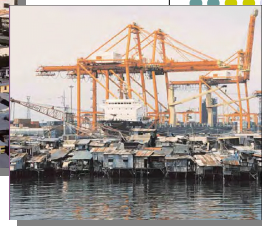
After launch on July 16, 1969, the Apollo 11 space mission captivated the world for eight days before splashdown.



↑ GRAVITY



↓ GRAVITY



THANK YOU, SOLAIR!