

POVERTY AND WELFARE

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In 1990 the Philippines had not yet recovered from the economic and political crisis of the first half of the 1980s. At P18,419, or US\$668, per capita GNP in 1990 remained in the same terms, below the level of 1978. A major thrust of Aquino's 1986 People Power Revolution was to address the needs of impoverished Filipinos. One of the four principles of the "Policy Agenda for People-Powered Development," was promotion of social justice and poverty alleviation. Government programs launched in 1986 and 1987 to generate employment met with some success, reversing the decline of the first half of the 1980s but these efforts did little to alleviate the more chronic aspects of Philippine poverty.

Extent of Poverty

Individuals are said to be in absolute poverty when they are unable to obtain a specified minimum of the food, clothing, and shelter that are considered necessary for continued survival. In the Philippines, two such minimums have been established. The poverty line is defined in terms of a least-cost consumption basket of food that provides 2,016 calories and 50 grams of protein per day and of nonfood items consumed by the lowest quintile of the population. In 1988 the poverty line for a family of five was estimated to be P2,709 per month. The subsistence level is defined as the income that allows purchase of the minimum food requirements only.

In 1985 slightly more than half the population lived below the poverty line, a proportion as high as in 1971. The proportion of the population below the subsistence level, however, declined from approximately 35 percent in 1971 to 28 percent in 1985. The economic turndown in the early 1980s and the economic and political crisis of the mid-1980s had a devastating impact on living standards.

The countryside contained a disproportionate share of the poor. For example, in the mid-1980s 30 percent of the poorest 30 percent of families in the Philippines lived in rural areas. The majority were tenant farmers or landless agricultural workers. Landless, fishermen, and forestry workers were found to be the poorest of the rural regions--the sugar-growing region on the island of Negros being the most extreme example--there was a period in which malnutrition and famine had been widespread.

Urban areas also were hard hit, with the incidence of urban poverty increasing in the mid-1980s.

1971 and 1985 by 13 percentage points to include half the urban population. The poor generally lived in crowded slum areas, often on land or in buildings without permission of the owner; hence, they were referred to as squatters. These settlements lacked basic necessities such as running water, sewerage, and electricity. According to a 1984 government study, 44 percent of all occupied dwellings in Metro Manila had less than thirty square meters of living area, and the average monthly expenditure of a poor family was P1,315. Of this, 62 percent was spent on food and another 9 percent on transportation, whereas only P57 was spent on rent or mortgage payments, not because of the extent of squatting by poor families. About 55 percent of the urban population who were in the labor force worked in the informal sector, generally as vendors or hawkers. Other activities included service and repair work, construction, trading, or petty production. Women and children under fifteen years of age constituted 40 percent of those employed. The majority of the individuals surveyed possessed only primary school education, and 30 percent had a skill such as dressmaking, electrical work, plumbing, or carpentry. Nevertheless, they were unable to secure permanent, well-paying positions.

Causes of Poverty

From one perspective, poverty is a function of total output of an economy relative to its population--GNP per capita--and the distribution of that income among families. According to the World Bank's *World Development Report, 1990*, the Philippines was ranked 118th out of 120 at the end of the grouping of lower middle-income economies. Given its relative position, the country should be able to limit the extent of poverty with a reasonably equitable distribution of the nation's income. In fact, the actual distribution of income was highly skewed. Because of considerable underreporting was thought to occur among upper-income families, and because incorrect reporting from lack of information was common, particularly with noncash income, the data were adequate to provide a broad overview.

In 1988 the most affluent 20 percent of families in the Philippines received 40 percent of total personal income, with most going to the top 10 percent. Below the top 10 percent of the population, the share accruing to each decile diminished rapidly. A 1988 World Bank poverty report suggested that there had been a small shift toward a more equal distribution of income since 1961. The beneficiaries appear to have been middle-income earners, however, rather than the poor.

The World Bank report concluded, and many economists associated with the report concurred, that the country's high population growth rate was a major cause of widespread poverty, particularly in the rural areas. Implementation of a govern-

sponsored family-planning program, however, was thwarted by stiff opposition hierarchy of the Roman Catholic Church. Church pronouncements in the late early 1990s focused on injustice, graft and corruption, and mismanagement of the fundamental causes of Philippine underdevelopment. These issues were in part due to the concentration of control of economic resources and the structure of the Land ownership was highly unequal, but land reform initiatives had made little

In urban areas also, the extent of poverty was related to the concentrated concentration. Considerable portions of both industry and finance were highly monopolized. Finance was severely limited to those who already possessed resources. The investment opportunities were often in areas in which tariff or other forms of protection ensured high profits but did not necessarily result in rapidly expanding employment opportunities. In her election campaign President Aquino pledged to dismantle the monopolies and structures of privilege aggravated by the Marcos regime. He asked the private sector to revitalize the economy, create jobs for the masses of Filipinos, and lead the society to a higher standard of living. The state-protected monopolies were dismantled, but not the monopoly structure of the Philippine economy that existed before Marcos assumed power. In their privileged positions, the business elite failed to live up to the President's expectations. As a consequence, unemployment and, more so, for the issue of poverty, underemployment remained widespread.

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