Geographical Study on Regional Differentials

of Family Income in the Philippines

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Abstract

One of the most serious problems in the Philippines is the stagnated economic growth, as well as the existence of large regional differential. Due to urban systems of primate pattern, there is a large differential between the Metropolitan area and the areas except the Metropolitan area.

The Philippines, which is considered to be one of the most democratic countries in Asia, is now in the process of democratization and attempting to alleviate the regional differentials by change of regional development policy in order to promote the independence and growth of the provinces. As one method to carry out this attempt, the new local government code was established in 1991 and tried to rectify the vertical relationship between the center and local as well as to equalize the horizontal relationship among provinces. Moreover, the initiative for the regional development was transferred from the national government to the provincial government and the process of decision-making was converted from the top-down system to bottom-up system.

Taken into the background the above, the author attempted to clarify the regional differentials between provinces being analyzed from the quantitative aspect in this study. Then, the relationship between average family income and the main source of income, proximity to the capital city and poverty incidence were analyzed. After that, by using the effective variables to explain the regional characteristics, the multiple regression model to explain the average family income was built. Next, two provinces with a similar distance from the capital city but with a different standard of average family income were selected. Then how those factors work to prescribe the average family income is also clarified. Finally, with taking into account of the difference of socio-economic background, the process and the factors to form the standard of family income were discussed.

The regional differential in the Philippines became larger since after 1985 and the Gini coefficient shows the highest value at the latest time of 1997. And as for the relationship between average family income and its main source, it became clear that the income from non-agricultural sector and the remittance from abroad contribute to uplift the

family income standard. As for the proximity to the capital city, it became clear that as the distance from the capital city goes larger, the average family income of each province become lower. Analysis of the association between the average family income and poverty, province with high average family income shows the low poverty incidence. Then, the multiple regression model to prescribe the average family income of each province was built. According to the model, the standard of development factor, overseas transaction factor and public sector factor define the standard of average family income.

Through the case study of two provinces with a different standard of average family income, influence given by not only the non-agricultural sector but also the agriculture sector to determine the standard of average family income was clarified.

Finally, the expanding reproduction system of wealth exists in the province with a high standard of income province, while expanding reproduction system of poverty exists in the province of low standard of income which makes it difficult to realize the income redistribution. That is to say, the mechanism, which makes it difficult to alleviate the regional differential is formed in the Philippines. To project its mechanism into the spatial pattern, high accumulation of wealth can be seen in the Metropolitan area, and as the distance from the capital city goes larger, the tendency of remaining stagnant becomes stronger. For these situations, the regional differential in the Philippines is under the difficult condition to be alleviated. And dominance of the Metropolitan area and its outskirts will be enforced.

However, the things shown in the case study of Benguet was that even though the area is not stand near to the capital city, by fulfilling the public facilities, producing the high-added value products and possessing the means to supply those products to large-scale consuming district, they are enabled to form the high standard of income, by and large. Therefore, it would be possible to surmount the negative influence of the distance from the capital city by providing the proper government policy.

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