

Subjective Poverty and Affluence in the Philippines¹

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Abstract

Surveys of self-rated poverty, done in the Philippines at the national level 56 times over 1983-2001, quarterly since 1992, demonstrate that poverty is volatile even in the short run. The self-rated poor are about twice as many as the poor officially defined. The official poverty line meets the subjective needs of only half of the self-rated poor. Surveys into food-poverty, hunger, and illness are internally consistent. New surveys on the subjective threshold of affluence find that, like the subjective threshold of poverty, it increases with schooling. For most people, the affluence threshold is only some three times their poverty threshold.

1. The practicality of subjective social indicators

In its pioneering Philippine study on social indicators, the Development Academy of the Philippines (DAP) reviewed the capacity of existing statistics to measure national well-being, and laid out proposals for filling in key gaps, including the quantification of poverty [Mangahas 1977]. The project concluded that a general household survey, using subjective or opinion-poll type questions, would be the most practical means of generating indicators of poverty, the poverty line, and other useful social indicators.³ Over 1981-83, the DAP did several such surveys, including one at the national level, in what it called a Social Weather Stations project, but, as it probed into socially sensitive concerns, eventually ran into restrictions on its academic freedom [Mangahas 1994].

In 1985, the private, non-stock, survey research institute Social Weather Stations (SWS) was established to pursue the social indicators mission of generating data, first to stimulate the eye, next to influence the heart, and finally to guide the mind. This illustrates the modern switch of the global social indicators movement from the *technocratic* model to the *enlightenment* model

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² They are similar to the many subjective-yet-practical indicators in current use, such as the 'gainers/losers' and 'optimists/pessimists' indicators of Eurobarometer and of the US Conference Board's consumer confidence index.

[Land 1996]. The latter model seeks to place quality-of-life issues on the political agenda by supplying data for public debate through the mass media.³

Self-rated poverty or SRP. All poverty measurement approaches incorporate some norms or values. On the one hand, the orthodox, seemingly objective, poverty-line approach uses some top-down or official values. On the other hand, the candidly subjective, or self-rated, approach uses bottom-up, or community, or citizens' values. In the SWS surveys [Mangahas 1995], the poverty self-rating⁴ is done prior to, and is thus independent of, the self-assessment of the poverty line. The household head, who is the survey respondent, is asked to point to where the household fares in a showcard (Figure 1; half of the sample uses the left card, and the other half uses the right card) featuring only the word POOR, the *negative* (not the opposite) term NOT POOR, and a line in-between. The word consistently used for POOR is *MAHIRAP*, which expresses the least degree of hardship among various Tagalog terms for poverty.⁵

**Figure 1. SHOWCARDS FOR SURVEY QUESTION
ON SELF-RATED POVERTY**

Question: *"Saan po ninyo ilalagay ang inyong pamilya sa kard na ito?"*
(Where would you place your family on this card?)



Self-rated food poverty. From time to time, the SWS surveys ask how the household fares *according to its food*, using the same showcard, thus producing *self-rated food-poverty*. In September 1996, for instance, when SRP was 58%, there were 50% who rated their food as poor; among those who rated themselves as poor in general, 83% declared their food to be poor.

³ According to Vogel [1997, p. 104], this is "the original purpose of social indicators: to send signals to government, business, other organizations, and the general public."

⁴ This makes it akin to the Eurobarometer approach, in 1976 and 1983, which used the survey question: "Taking everything into account, at about what level is your family situated as far as standard of living is concerned? You may answer by giving a figure between 1 and 7 — number 1 means a poor family and number 7 a rich family." Riffault [1991] interpreted the sum of answers for points 1 and 2 as self-rated poverty.

⁵ A Philippine national survey requires many languages. The equivalents of poor/not poor are: *mahirap/hindi mahirap* in Tagalog, *pobre/dili pobre* in Cebuano, *pobre/bacong pobre* in Bikol, *napanglaw/saan nga napanglaw* in Ilokano, *imol/indi imol* in Ilonggo, *mairap/aliwan mairap* in Pangasinense, *pobre/diri pobre* in Waray, and *miskinan/dikena miskin* in Maguindanon.

Chronic and seasonal poverty. The ordinary poverty self-rating refers to the moment when the respondent is answering the survey question. The aspect of *chronic poverty* is brought out by asking the self-rated poor as to how many of the last five years they felt this way. The aspect of *seasonal poverty* is brought out by asking the self-rated poor as to how many of the past 12 months they felt this way. In April 1997, for instance, four out of five poor Philippine households were found to be chronically poor, or poor for all of the past 5 years, as well as non-seasonally poor, or poor for all of the past 12 months.

Self-rated poverty thresholds. The SWS surveys regularly ask those who rate themselves as Poor this follow-up question: "How much would your family need for home expenses each month in order not to feel poor anymore?" Those who rate themselves as Not Poor or as On the Line are asked the slightly revised question: "How much would a family, of the same size as yours, which felt it was poor, need for home expenses each month in order not to feel poor anymore?" The SWS survey questions for both self-rated poverty and the self-rated poverty line deliberately focus only on the literal word Poor, rather than phrases such as 'to get along' or 'to make ends meet'.⁶ In the SWS surveys which obtain food-poverty self-ratings, the corresponding follow-up food-threshold question refers to expenses needed 'in order not to be poor in terms of food'.

SRP time series. SWS has tracked the incidence of Philippine poverty, using the self-rated approach, twice a year during 1986-90, and quarterly since 1991, producing a very lengthy national time-series of 49 data points from mid-1983 to the second quarter of 2000 (Table 1). On the other hand, using the orthodox comparison of income or expenditures to a poverty line, the government has tracked poverty for only five points within the same period, using the Family Income and Expenditure Surveys (FIES).

The practical distinction between income/expenditure-defined poverty and self-rated poverty is not that one is objective and the other subjective, but that income is such a complex construct that surveying it frequently is highly expensive. Yet poverty can be monitored quarterly, thus competing for public attention with the quarterly-estimated Gross National Product, by the SRP approach which, combined with a great many other topics in the same survey, allows a cost-sharing which is the key to the financial self-sustainability of the data series [Mangahas and Guerrero 1998].

⁶ The SWS poverty line questions may be compared to Garner et al.'s [1996] list of items used in previous subjective poverty line research: the **Minimum Income Question** ("Living where you do now and meeting the expenses you consider necessary, what would be the smallest income (before any deductions) you and your family would need to make ends meet?"), the **Minimum Spend Question** ("In your opinion, how much would you have to spend each month to provide the basic necessities for your family?"), the **Income Evaluation Question** ("Which after-tax monthly income would you, in your circumstances, consider to be very bad? bad? insufficient? good? very good?"), and the **Delighted/Terrible Question** ("Which of the following categories best describes how you feel about your family income (or your own income if you are not living with relatives)? Do you feel delighted, pleased, mostly satisfied, mixed, mostly dissatisfied, unhappy, or terrible?").

Table 1: Self-rated poverty (SRP) and hunger in the Philippines, 1983-2000 (% of households)

	<i>Self-Rated Poverty</i>	<i>Official Poverty</i>	<i>Hunger</i>
MARCOS			
April 1983	55%		
July 1985	74		
1985		44%	
AQUINO			
May 1986	66%		
October 1986	67		
March 1987	43		
October 1987	51		
September 1988	66		
1988		40	
February 1989	63		
September 1989	60		
April 1990	66		
November 1990	70		
July 1991	71		
November 1991	62		
1991		40	
February 1992	72		
April 1992	68		
RAMOS			
September 1992	65%		
December 1992	58		
April 1993	65		
July 1993	59		
September 1993	68		
December 1993	68		
April 1994	70		
August 1994	67		
November 1994	68		
December 1994	68		
1994		36	
March 1995	63		
June 1995	66		
October 1995	62		

Table 1: (Continued)
Self-rated poverty (SRP) and hunger in the Philippines,
1983-2000 (% of households)

		<i>Self-Rated Poverty</i>	<i>Official Poverty</i>	<i>Hunger</i>
December	1995	61		
April	1996	59		
June	1996	57		
September	1996	58		
December	1996	61		
April	1997	58		
June	1997	58		
September	1997	58		
December	1997	63		
	1997		32	
February	1998	57		
March	1998	64		
April	1998	60		
ESTRADA				
July	1998	61%		8.90%
September	1998	65		9.7
November	1998	59		14.5
March	1999	62		7.7
June	1999	60		8
October	1999	63		6.5
December	1999	59		11
March	2000	59		10.5
April	2000	60		6.8
July	2000	54		11.2
September	2000	57		8.8
December	2000	56		12.7
	2000		34%	
ARROYO				
March	2001	59%		16.10%
July	2001	66		9.8
September	2001	63		9.3
November	2001	60		10.4

Source: Self-rated poverty and hunger from SWS national surveys; official poverty from National Statistical Coordination Board.

2. Features of Philippine poverty

Poverty magnitude. The data of Table 1 show that self-rated poverty has a far larger magnitude, as well as far greater volatility, than official poverty. Official poverty has a much smaller magnitude on account of the unrealistically low—when compared to what poor people say they need—official poverty line set by the National Statistical Coordination Board. Furthermore, since it is tracked infrequently, official poverty has had much less opportunity to manifest volatility.

Relation to hunger. The figures on Hunger in Table 1, starting from July 1998, stem from a relatively new survey question asking household heads if it ever happened, within the past 3 months, that the household went hungry and did not have anything to eat. The follow-up question is, 'Did the experience of hunger occur only once, a few times, often, or always?' This item, prompted by newsreports of cases of hunger caused by the El Niño or global drought phenomenon, has obtained alarming readings of the national incidence of hunger, ranging from 8% to 14%. As would be expected, hunger, self-rated poverty, and self-rated food poverty are highly intercorrelated.

Relation to illness. One of the Social Weather Survey questions, this time addressed to adult respondents, asks whether they were sick at any time in the last two weeks—in September 1997, for instance, the national proportion of such illness was 29%. Illness was 32% among adults from self-rated-poor households, 28% among those from poverty-borderline households, and 19% among those from non-poor households.

Short term fluctuations in poverty. In general, the significant⁷ short-term ups and downs of Philippine poverty from the mid-1980s through the 1990s appear related, most of all, to the rate of inflation, which has been highly volatile. The unemployment rate appears secondary, while the level of real per capita GNP is relatively unimportant⁸. In particular, the very significant easing of poverty in early 1987 occurred after inflation had already been zero for several months; the later retrogression occurred together with a rapid rise in inflation back to double-digit levels by 1988. Another high peak of poverty occurred in 1991, when inflation rose to about 20% per annum. The steady decline in poverty over 1994-97 was followed by a setback in 1998-99, obviously due to the onset of the Asian financial crisis. Conditions have eased somewhat since late 1999.

Poverty thresholds. As expected, self-rated poverty thresholds vary according to standard of living, consumer prices, and household need. Those who classify themselves as Poor have somewhat lower thresholds than the Not Poor or Borderline survey respondents. The mean and median poverty thresholds are much higher in Metro Manila, where consumer prices are higher than elsewhere. In regions outside the capital, the urban portions also have slightly higher poverty thresholds compared to their rural counterparts. Over time, poverty thresholds naturally tend to rise, in line with inflation.

⁷ I.e., larger than the error margin of 3 percent for a proportion coming from a sample of 1,200 households.

⁸ For a 1983-92 regression analysis, see Mangahas [1995].

Table 2. Philippine poverty thresholds, affluence thresholds and amenities of households by socioeconomic class, July 2000

Philippine poverty thresholds, affluence thresholds and amenities of households	Entire Philippines	Socioeconomic class (market-research categories, based on dwelling)		
		ABC (13%)	D (66%)	E (21%)
Household heads who rate their households as MAHIRAP or POOR (%):	54	22	58	68
<u>Poverty threshold</u> = Minimum home budget needed for a family not to be called MAHIRAP or POOR (pesos per month):				
Mean	9,767	17,981	9,396	6,295
Median	6,000	15,000	7,000	5,000
<u>Affluence threshold</u> = Minimum home budget needed for a family to be called MAYAMAN or RICH (pesos per month):				
Mean	30,334	56,335	28,973	19,758
Median	20,000	40,000	20,000	15,000
<u>Affluence threshold:</u>				
Poverty threshold				
Ratio of means	3.11	3.15	3.08	3.14
Ratio of medians	3.33	2.67	2.86	3.00
Households having these amenities (%):				
Electricity	84	94	88	67
Own dwelling	81	82	81	79
Television	74	98	79	46
Running water	53	97	53	26
Refrigerator	52	96	54	18
Own residential land	52	79	51	38
Videotape player	34	78	33	9
Washing machine	29	79	25	10
Telephone	26	79	22	4
Flush toilet	15	61	10	2
Motorcar	13	58	8	0.2
Airconditioner	8	47	2	0
Credit card	7	38	3	0.2
Personal computer	6	34	3	1
Water heater	5	24	3	0.7

Source: SWS national survey, n = 1,200 households

3. The self-rated affluence threshold

In the SWS survey of July 2000, the following affluence-threshold question was asked, immediately after the SRP and the self-rated poverty threshold items: "Now let us talk about the word 'rich' [in Tagalog, *MAYAMAN*]. For a family as large as yours, how much in your opinion is the least amount of money for monthly home expenses such that, if they had it, they could be called a rich family?" The survey findings are summarized in Table 2, which includes a tabulation by three socioeconomic groups in standard use in the Philippine market-research industry—ABC or the middle-to-upper classes, D or the *masa* or lower class masses, and E or the extreme lower class.¹⁰

In mid-2000, over half (54%) of Filipino households rate themselves as poor. Even among people in middle-class dwellings, one-fifth (22%) say that they were poor. The median poverty threshold, or the monthly home budget adequate to satisfy half of the respondents, is P6,000. It ranges from P5,000 in the E class to P15,000 in the ABC class, obviously reflecting differences in their living standards. The median affluence threshold, on the other hand, is P20,000, or only three and one-thirds of the poverty threshold.¹¹ For all socioeconomic classes, the affluence-to-poverty threshold-ratios are close to three.

Table 3 shows the present profile of self-rated poverty, by major household characteristics. Unlike in Western countries, Filipino households headed by women or by relatively old persons do not have a greater tendency to be poor. Educational attainment of the household head is the outstanding determinant, among the variables available in the table. Household size has a noticeable effect only in the extremes of the range.

Table 4 shows that the mean thresholds of poverty and affluence both increase noticeably with the educational attainment of the household head—with the increase in the affluence threshold apparently less strong than that of the poverty threshold. Female-headed households have slightly higher (by 8%) thresholds of both poverty and affluence. The age of the household head seems not to make much difference. The effect of household size on the thresholds is, again, unclear, except that the affluence:poverty threshold ratio is higher for extremely small households compared to extremely large ones.

¹⁰ Commercial survey interviewers are trained to assign their sample households into the following groups based mainly on the quality of the dwelling: AB, upper class: 'made of heavy/high quality materials, very well constructed, well-painted, generally with a lawn or garden, located in an expensive neighborhood, with expensive furnishings'; C, middle class: 'made of mixed heavy and light materials, well-constructed, painted, may or may not have a garden, adequate furnishing but not necessarily expensive'; D, lower class: 'very light/cheap materials, poorly constructed, generally no garden, scanty furniture, located in shabby surroundings'; E, extreme lower class: 'a *barong-barong* [shanty] type of dwelling or a one-room affair in a poorly constructed house, dilapidated, bare with hardly any furniture, located in slum districts or interiors'. The lowest panel of Table 2 shows how home amenities vary among the classes.

¹¹ At the exchange rate of Php 44:\$1, Php 6,000 is \$136 while P20,000 is \$455; the latter is quite modest, whether in Philippine pesos or US dollars. Exchange rates must be used with great caution since they are quite volatile; the present rate is nearly P46.50.

Table 3. Self-rated poverty SRP by characteristic of household head and household size, Philippines, July 2000

<i>Major Household Characteristics</i>	<i>Total (column %)</i>	<i>Not Poor (row %)</i>	<i>On the Line (row %)</i>	<i>Poor (row %)</i>
<i>Gender</i>				
Males	81	12	34	54
Females	19	15	34	51
<i>Age</i>				
18-24	2	23	26	51
25-34	19	16	36	48
35-44	26	13	35	52
45-54	23	10	32	58
55-64	15	12	29	59
65 & over	14	10	39	51
<i>Educational attainment</i>				
Noformal education	1	0	19	81
Some elementary	15	7	19	74
Completed elementary	18	11	20	69
Some high school	14	10	33	57
Completed high school	20	13	35	52
Some vocational*	1	21	34	45
Completed vocational*	4	5	36	59
Some college	11	12	50	38
Completed college	14	24	53	22
Post college	1	17	83	0
<i>Household size</i>				
1 person	3	9	46	46
2 persons	10	14	32	54
3 persons	18	14	38	48
4 persons	19	11	37	52
5 persons	18	13	28	59
6 persons	13	12	37	51
7 persons	9	13	34	54
8 persons	5	8	21	71
9 persons	3	12	40	48
10 persons	1	20	17	63
11+ persons	2	5	35	60

* May be either high school or elementary graduates.

Source: SWS national survey, n = 1,200 households.

Table 4. Self-rated poverty SRP by characteristic of household head and household size, Philippines, November 2001

<i>Major Household Characteristics</i>	<i>Total (column %)</i>	<i>Not Poor (row %)</i>	<i>On the Line (row %)</i>	<i>Poor (row %)</i>
<i>Gender</i>				
Males	79	14	26	60
Females	21	13	29	58
<i>Age</i>				
18-24	3	24	21	55
25-34	18	16	28	56
35-44	22	14	28	58
45-54	27	15	26	59
55-64	18	11	24	64
65 & over	13	11	25	64
<i>Educational attainment</i>				
Noformal education	2	0	10	90
Some elementary	17	8	13	78
Completed elementary	21	9	18	73
Some high school	13	17	21	62
Completed high school	20	17	28	55
Some vocational*	1	32	33	35
Completed vocational*	5	5	44	51
Some college	9	15	48	37
Completed college	11	26	41	33
Post college	0.5	46	54	0
<i>Household size</i>				
1 person	3	8	29	62
2 persons	11	14	28	58
3 persons	14	15	24	61
4 persons	17	17	31	52
5 persons	19	15	25	60
6 persons	14	12	28	60
7 persons	9	14	22	64
8 persons	6	9	29	62
9 persons	3	5	15	80
10 persons	3	5	20	75
11+ persons	2	25	32	43

* May be either high school or elementary graduates.

Source: SWS national survey, n = 1,200 households.

Table 5. Cumulative percentage distributions of poverty and affluence thresholds, Philippines, July 2000

<i>Thresholds (pesos per month home budget)</i>	<i>Poverty (%)</i>	<i>Affluence (%)</i>
Up to 2,000	10.9	1.2
... 3,000	20.7	2.1
... 4,000	27.9	2.4
... 5,000	43.9	7.4
... 6,000	50.6	9.7
... 7,000	52.8	10.3
... 8,000	57.8	11.8
... 9,000	60.4	12.4
... 10,000	76.6	32.5
... 15,000	86.0	44.3
... 20,000	92.9	61.3
... 30,000	97.1	75.3
... 40,000	98.3	79.3
... 50,000	99.3	91.4
> 50,000	100.0	100.0
<i>Mean</i>	P 9,767.0	P 30,334.0
<i>Median</i>	P 6,000.0	P 20,000.0

Source: SWS national survey, n = 1,200 households.

Table 6. Responses of 29 countries to the 1998 survey question: "Is it government's responsibility to reduce income differences between the rich and the poor?"

	<i>It definitely should be (row %)</i>	<i>It probably should be (row %)</i>	<i>It probably should <u>not</u> be (row %)</i>	<i>It definitely should <u>not</u> be (row %)</i>
Average	46.1	31.6	13.9	8.5
Chile	88	8	2	2
Portugal	76	16	3	5
Slovenia	66	30	3	1
Hungary	61	26	8	5
East Germany	59	30	8	3
Slovakia	59	28	9	5
Russia	57	27	13	4
Bulgaria	57	26	8	9
Spain	55	29	9	7
Ireland	54	37	6	3
Norway	50	31	15	4
Italy	47	31	13	9
France	46	35	12	7
Sweden	45	28	19	8
Northern Ireland	45	42	9	4
Great Britain	44	39	10	7
Cyprus	42	34	15	9
Switzerland	41	33	19	7
Netherlands	39	41	14	6
Philippines	38	28	21	13
New Zealand	36	30	16	18
Austria	35	42	16	7
West Germany	35	47	16	3
Latvia	33	34	23	10
Australia	32	37	19	12
Czech Republic	31	32	25	12
Japan	27	41	19	12
Denmark	20	25	28	27
United States	18	28	26	28

Note: Don't Know and Can't Choose responses are not shown.

Source: International Social Survey Programme (ISSP) Surveys of Religion, 1998.

Philippine social survey research has naturally focused primarily on the concept of poverty, rather than the concept of affluence. Eradication, or at least diminution, of absolute poverty, rather than of inequalities between social classes, is the constantly-stated national objective. In a 1998 survey of 29 countries (Table 6), an average of 46% said that government definitely should take responsibility for reducing the difference in income between 'the rich' and 'the poor'. In comparison, the Philippine proportion was 38%, or 10th from below, the lowest being the United States' 18%. The average who felt that 'probably' or 'definitely' this should be government's responsibility was 78% for the entire group, and a significantly lower 66% for the Philippines. This suggests that Filipinos, on average, have a lower degree of social resentment of class differences compared to the other nationalities in the cross-country study. More intensive research on both the conceptual and empirical natures of subjective affluence and subjective poverty should help to explain why this could be so.

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