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The Social Weather Reports of economic well-being in the Philippines

Mahar Mangahas*

Social Weather Stations

Social Weather Stations (SWS) is a private, non-profit, and non-partisan research institute that regularly conducts scientific surveys on various social, economic, and political dimensions of the quality of life of the Filipino people. Its Social Weather Reports stem from a series of nationally representative surveys which were semi-annual in 1986-1991 and have been quarterly since 1992.

The Social Weather Reports represent the enlightenment approach to the application of social indicators in a democratic setting. Their indicators of economic well-being include self-rated poverty (SRP), self-rated food poverty, and hunger, measured at the household level. In terms of data points, the quarterly SRP statistics are 12 times as many as the official poverty statistics, which apply monetary poverty lines to triennial surveys of family income.

The incidences of SRP are invariably much larger than those of official poverty, which use unrealistically low poverty lines when compared to self-rated thresholds for poverty and food poverty. The time trends of SRP are compatible with official poverty, when matched contemporaneously. They show significant volatility in poverty, not only year to year, but also quarter to quarter.

Aside from economic deprivation of households, the Social Weather Reports include the subjective assessments of adults as to whether they have gained or lost in personal quality of life in the past and whether they are optimistic or pessimistic about it for the future. Despite steady growth in per capita Gross National Income, losers regularly outnumbered gainers for decades, but gainers have been dominant since 2014.

The Social Weather Reports amply demonstrate that survey-based subjective indicators are more practical and realistic means of monitoring economic well-being than orthodox economic indicators stemming from the National Income Accounts.

JEL classification: I31, I32

Keywords: social weather reports, economic well-being

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1. Introduction

Social Weather Stations (www.sws.org.ph) is a private, non-profit, and non-partisan research institute, founded in 1985, with the mission to regularly conduct and report scientific surveys on the various social, economic, and political dimensions of the quality of life of the Filipino people. Its reports stem from a series of nationally representative surveys called Social Weather Surveys, which were semi-annual in 1986-1991 and have been quarterly since 1992.¹

The Social Weather Reports represent the enlightenment approach to the application of social indicators in a democratic setting (Mangahas [1977]; Land [1996]; Vogel [1997]). They have now been carried out, on a self-sustained basis, for over three decades (Mangahas and Guerrero [2002]; Mangahas and Guerrero [2008]).²

This paper focuses on the SWS indicators of economic well-being, especially self-rated poverty (SRP), self-rated food poverty, and hunger, measured at the household level. It will also report on subjective personal well-being in general, demonstrating their relation to the primary indicators of economic deprivation. These are all subjective indicators, based on the responses of household heads and of adults to the SWS surveys (Mangahas [1995]; Riffault [1991]; Garner, Stinson, and Shipp [1996]).

2. Some deficiencies in official economic indicators

In the Philippines, privately generated economic statistics are important, not only because the government statistical agenda is limited, but also because the government tends to suppress pertinent data that it is already collecting. An egregious example of suppressed data are the time series of average *real wages*.

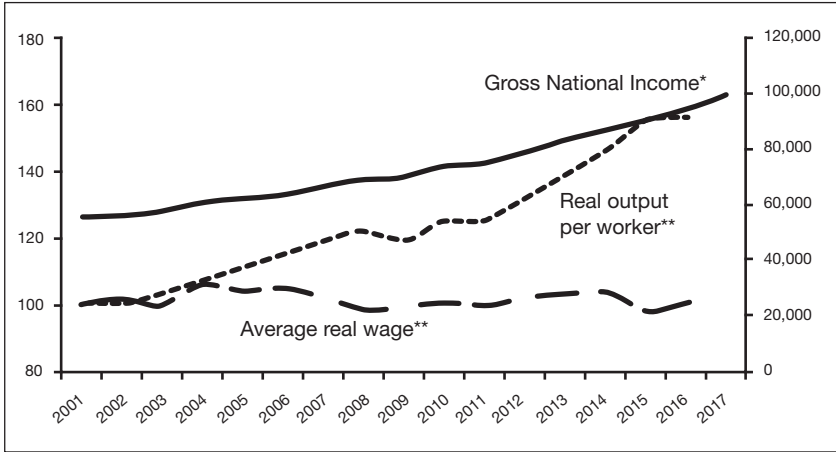
The long stagnation of wages, despite steady growth of average labor productivity and the per capita Gross National Income (a derivative of Gross National Product, from the National Income Accounts), was only made public in February 2018.³ Figure 1 shows very clearly that the aggregate growth in output per worker did *not* filter down to the wage of the ordinary worker. The exclusion of ordinary workers from the benefits of economic growth has thus been belatedly confirmed by official statistics.

¹ The early development of social indicators research in the Philippines is discussed in Mangahas [1976 and 1977]. The establishment of SWS is described in the introductory section of Mangahas [1994].

² With respect to general quality of life, the SWR surveys regularly include satisfaction with governance, satisfaction with the working of democracy, and victimization by common crimes. They also include the perceived past trend in personal quality of life and the state of personal life satisfaction, both of which are tabulated against self-rated poverty later in this paper.

³ See "Stagnation of real wages," *Philippine Daily Inquirer*, 3/3/2018, in my column "Social Climate." The disclosure was on 2/21/2018, in a talk by an undersecretary of finance to the Foundation for Economic Freedom, an association of economists. I had written about the serious lack of data on real wages almost three years earlier ("Is there any progress in real wages?" 5/21/2015). It turned out that the government had been collecting wage data all along for years, in its Labor Force Survey. (I shall cite pertinent newspaper columns, since they are numerous, in footnotes rather than in the list of references of this paper. The columns are accessible at www.sws.org.ph.)

FIGURE 1. Gross National Income, real output per worker, and average real wage, Philippines

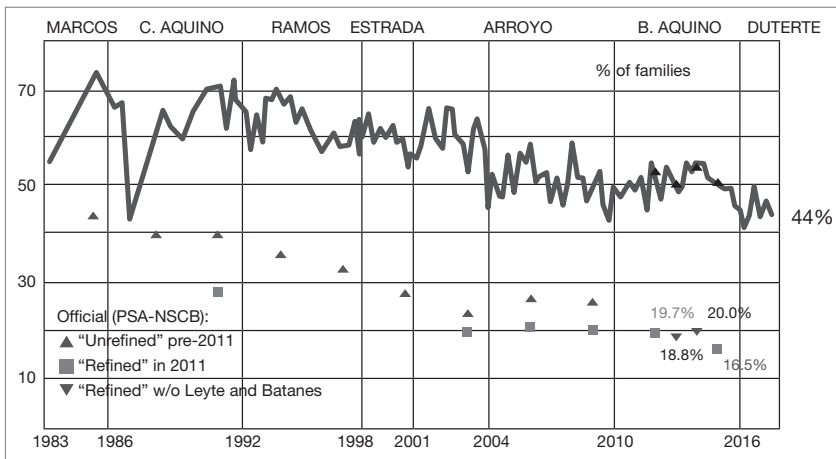


*Source: Philippine Statistics Authority; Right Hand Scale, Php per capita (2000-100)

**Source: Department of Finance; Left Hand Scale, 2001=100

Figure 2 shows the time series data on poverty as officially estimated and that of SRP (to be discussed in Section 2), as collected by SWS. The official figures are estimated by application of an official poverty line to the triennial Family Income and Expenditure Survey (FIES), which was done eleven times from 1985 to 2015. An FIES has an extremely large sample size—over 51,000 households in 2009—since it is used to generate estimates not only at the regional level but also at the provincial/city level. The Philippines has 17 regions and 85 provinces.

FIGURE 2. Self-rated poverty and official poverty, Philippines



Official (PSA-NSCB):
 ▲ "Unrefined" pre-2011
 ■ "Refined" in 2011
 ▼ "Refined" w/o Leyte and Batanes

19.7%
 18.8%
 20.0%
 16.5%

The resulting high degree of geographical detail is at the expense of getting data on poverty more frequently over time, for instance by doing the survey annually with only one-third of the normal FIES sample size. The substantive effect of the infrequent and triennial estimation is to make changes in poverty appear smooth or gradual.

Figure 2 has a series of 9 pyramids that show the official poverty incidences of 1985, 1988, 1991, 1994, 1997, 2000, 2003, 2006, and 2009, using a constant real definition of poverty. Then, on February 8, 2011, the official poverty line was abruptly lowered by 11.8 percent by the National Statistics Coordination Board (the forerunner of the Philippine Statistical Authority), which called the new line a “refinement.” When applied to the FIES of 2009, the refined line reduced officially poor families from 26.3 percent to 20.9 percent; in absolute terms, official poverty fell from 4.9 million to 3.9 million families. The National Statistics Coordination Board then back-applied its “refined methodology” to the FIES of 2006, 2003, and 1991, as shown by boxes for those years in Figure 2.

The “refined methodology” truly reduced the official living standard. It seriously downgraded the quality of the diet of the borderline poor so as to cut the official food threshold.⁴ Then the National Statistics Coordination Board used its traditional 69:31 ratio of food to non-food needs in order to refine its total poverty threshold.

The government continues to use its “refined” poverty line up to the present. Figure 2 has boxes for 2012 and 2015 that show the application of the line to the FIES of those years. The inverted pyramids for 2013 and 2014 show its application to the so-called “Annual” Poverty Indicators Surveys (a misnomer since the surveys are intermittent, not yearly) of those years. These two data points were a special effort by the economic planning secretary to get some data about the effect of super-typhoon Yolanda (international name: Haiyan).⁵

The latest official poverty figure is still that of 2015. The next official poverty reading will use the FIES of 2018, and, therefore, is likely to be available only in late 2019.

3. Self-rated poverty

The SRP system has no predetermined poverty line. The self-rated poor are the surveyed households whose heads choose the word *MAHIRAP* (*POOR*) on a card with an alternative *HINDI MAHIRAP* (*NOT POOR*), separated by a *line* (which

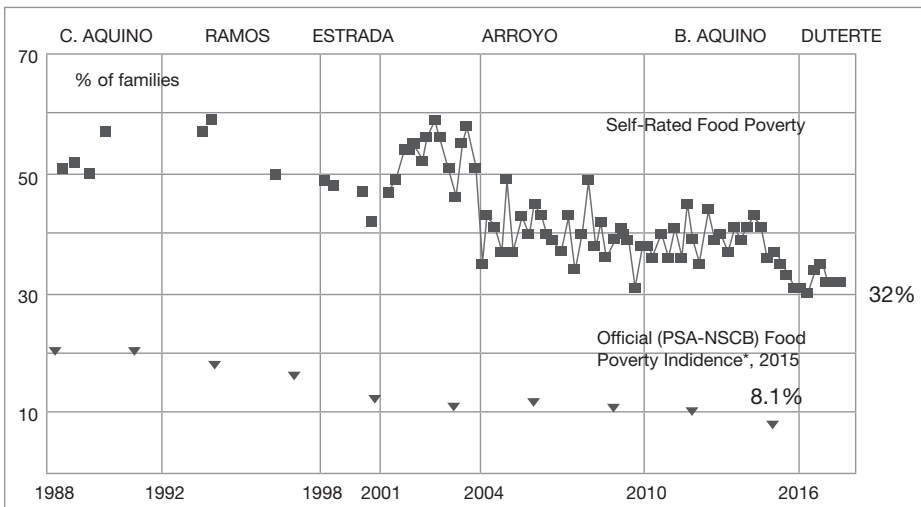
⁴ See “The lowering of the official poverty line,” 2/12/2011; “Is poverty gone from NCR?” 2/19/2011; “The poor don’t live by bread alone,” 3/5/2011; “No meat allowed for the poor,” 10/8/2011; “Reject the reduction of the poverty line!” 12/3/2011; “No electricity in the poverty line,” 12/14/2013; “Unrealistic official poverty,” 11/12/2016.

⁵ See “The reform of official poverty statistics,” 5/4/2013, and “The will to measure poverty,” 5/13/2014, regarding the official estimates for 2012 (Semester 1) and 2013 (Semester 1), respectively, and how the fall of official poverty from 2012 (Semester 1) to 2013 (Semester 1) was anticipated by self-rated poverty.

some answer). Its poverty thresholds and poverty gaps are from the responses of the Self-Rated Poor themselves—if poor, then how much do they need for a home budget in order not to feel *mahirap*? It was first tried out in 1978, in a pilot provincial survey, and first surveyed nationally in 1983, followed by 1985. When SWS started, it surveyed SRP semi-annually in 1986-1991, and then quarterly ever since 1992 [Mangahas 1995]. It is the most rapid and operational survey-based system for tracking poverty in the world.

SWS asks the self-rating question first with respect to general poverty, and then with respect to food poverty in particular (Figure 3). The SRP surveys of the household heads' self-rated thresholds for poverty and food poverty, in terms of home budgets, are much more realistic, in relation to the cost of living, than the official lines; the poverty gaps are substantially below the home budgets that the poor say they need (Figure 4). The self-rated thresholds are concave with respect to family size (Figure 5), whereas the official poverty lines, which are set in monetary units per capita, are unrealistically linear.⁶

FIGURE 3. Self-rated food poverty and official food poverty, Philippines



⁶ See “Economic deprivation and family size,” 2/11/2012; “Poverty thresholds and family size,” 2/18/2012; and “Realistic poverty thresholds by household size,” 4/1/2017.

FIGURE 4. Median self-rated poverty thresholds and poverty gaps, Philippines, 2010-2017

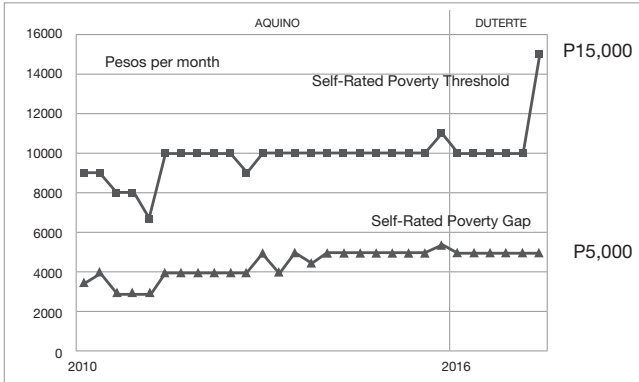
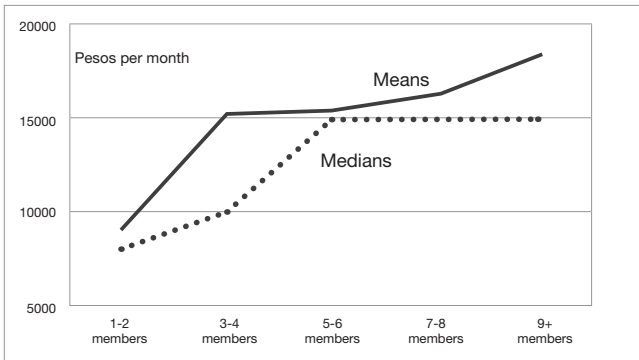


FIGURE 5. Self-rated poverty thresholds are concave to family size, 2017Q1-Q4



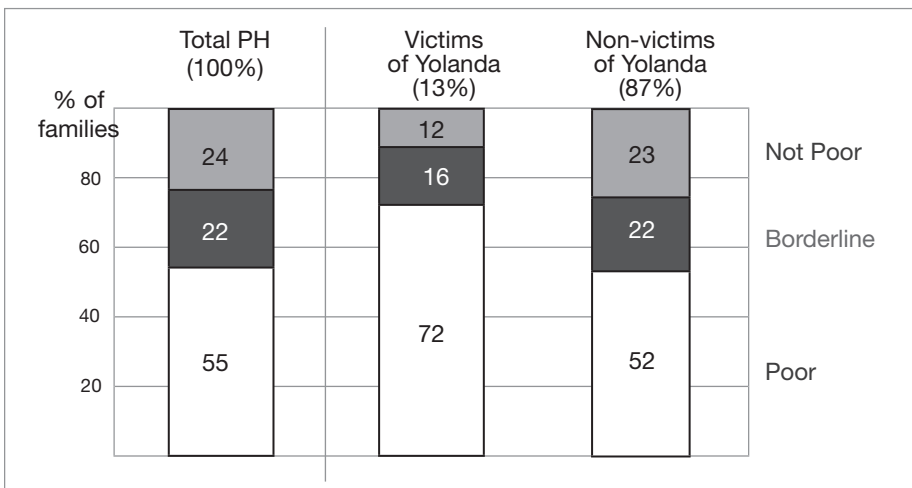
At any point in time, the incidence of SRP is invariably larger than that of official poverty, since the latter uses an unrealistically low poverty line. The SRP system has never changed, whereas the official system can be, and actually has been, manipulated. Cross-sectionally, SRP and official poverty have the usual, familiar characteristics: both are higher in rural areas, higher among larger families, and higher among the less-educated.

Being quarterly, SRP reports are synchronized with those of the Gross National Product, its primary competitor for public attention. In terms of data points, the quarterly SRP statistics are 12 times as plentiful as the triennial official poverty statistics. The time trends of SRP and official poverty are compatible, when matched contemporaneously, both long term and short term.⁷

⁷ See “Six years of unshared growth,” 12/4/2010; “Terraces of poverty,” 11/19/2011; “The ‘lost decade’ of the 2000s,” 7/12/2012; “Syncing poverty and growth statistics,” 6/8/2013; and “Lurching economic progress,” 7/29/2017. See “Self-rated poverty proves its reliability,” 5/14/2015, for SRP’s anticipation of the rise of official poverty from 2013S1 to 2014S1, and “The poverty drop was anticipated,” 11/5/2016, for SRP’s anticipation of the official drop from 2012 to 2015.

The SRP data are unique for discovering that poverty can be significantly volatile, not only from year to year, but also from quarter to quarter. By December 2013, SWS estimated that the impact of super-typhoon Yolanda, which struck the Philippines in early November 2013, was to raise the national incidence of poverty by 3 percentage points (Figure 6), while many ‘experts’ stressed that the storm would have a minimal effect on economic growth because it struck mainly the rural areas of the country.⁸ Setting aside fluctuations in meteorological weather, the main cause of volatility of poverty is inflation, and the second most important cause is under-employment [Mapa 2012].

FIGURE 6. Self-rated poverty among victims and non-victims of super-typhoon Yolanda, Philippines, December 2013

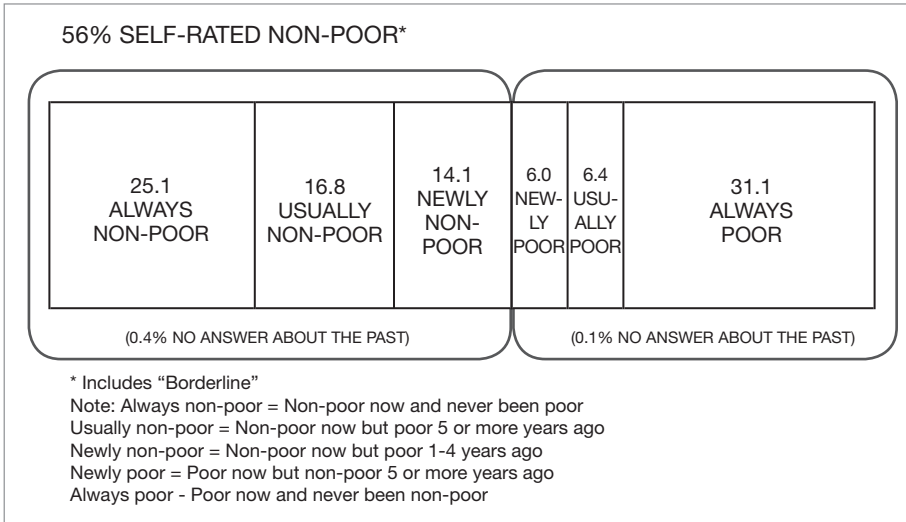


In order to learn about transition into and out of poverty, it is cumbersome to try to trace the movements in economic status of a panel of households in the FIES. It is much simpler to address pertinent survey questions directly to the poor and the non-poor. On this basis, it is possible to classify households into the Always Poor, Usually Poor, Newly Poor, Newly Non-poor, Usually Non-poor, and Always Non-poor. In December 2017, 56 percent of households were in the two end-categories of permanency as either poor or non-poor, and 20 percent were in the middle categories of four or less years in their present status (Figure 7).⁹

⁸ See “The heartless concern for GDP,” 11/23/2013, and “Poverty, hunger and Yolanda,” 1/25/2014.

⁹ See “In and out of poverty,” 12/2/2017.

FIGURE 7. Families transitioning into and out of poverty, Philippines, December 2017



4. Hunger

In 1998, SWS added hunger to its list of quarterly indicators of economic deprivation. SWS asked household heads if their family had experienced hunger at any time in the past three months, and then asked how many times it happened. SWS defines Moderate Hunger as the proportion that suffered hunger *just once* or *a few times*, and Severe Hunger the proportion that suffered it *often* or *always*. In the first seven years of the surveys, from 1998 to 2004, the average hunger proportion ranged only between 7-12 percent; then it steadily rose, reaching a peak of 20 percent in 2013, before declining a bit to 18 percent in 2014; it has settled down to 12-13 percent since then.

Thus, hunger and poverty are different types of deprivation. They are related cross-sectionally, but not in fixed proportions over time. Hunger afflicts the non-poor as well as the poor. It is quite sensible that they have been set as separate dimensions in the both the Millennium Development Goals and the Sustainable Development Goals.¹⁰

¹⁰ See "Poverty and hunger are different," 2/4/2012; "Stubborn hunger," 8/17/2013; "Is hunger getting over the hump?" 1/31/2015; "Some relief for the deprived," 5/16/2015; "Hunger: the recovery continues," 7/25/2015; "Hunger: the big picture," 11/7/2015; and "Hunger fell slightly in 2017," 1/27/2018.

FIGURE 8. The 2006-2014 hump in hunger in the Philippines (annual averages of 4 quarterly surveys)

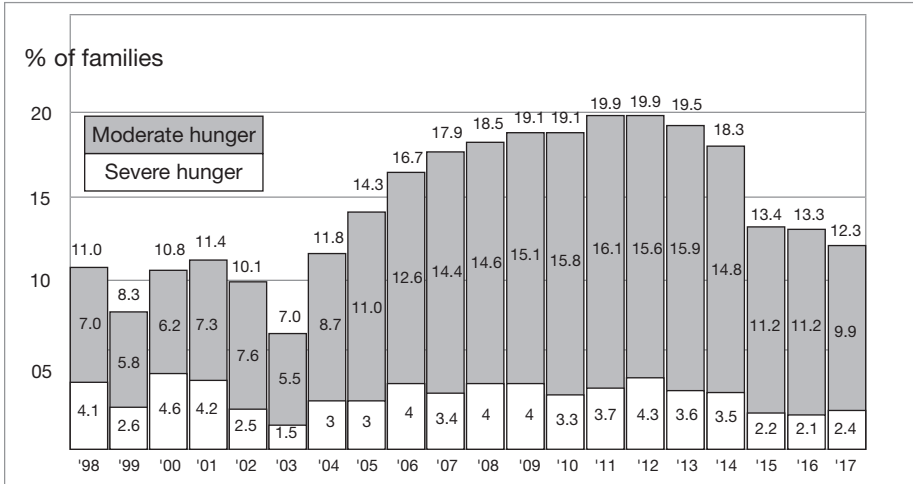
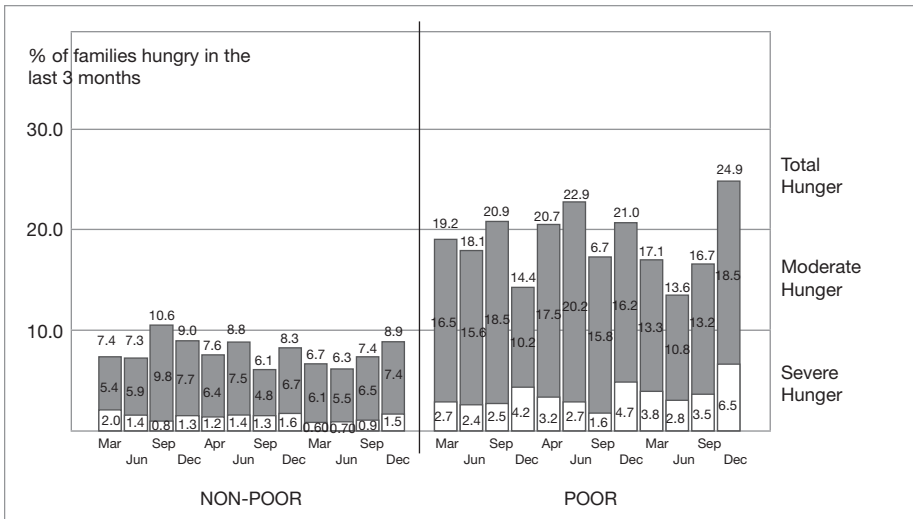


FIGURE 9. Total, moderate, and severe hunger, by self-rated poverty, Philippines, March 2015-December 2017

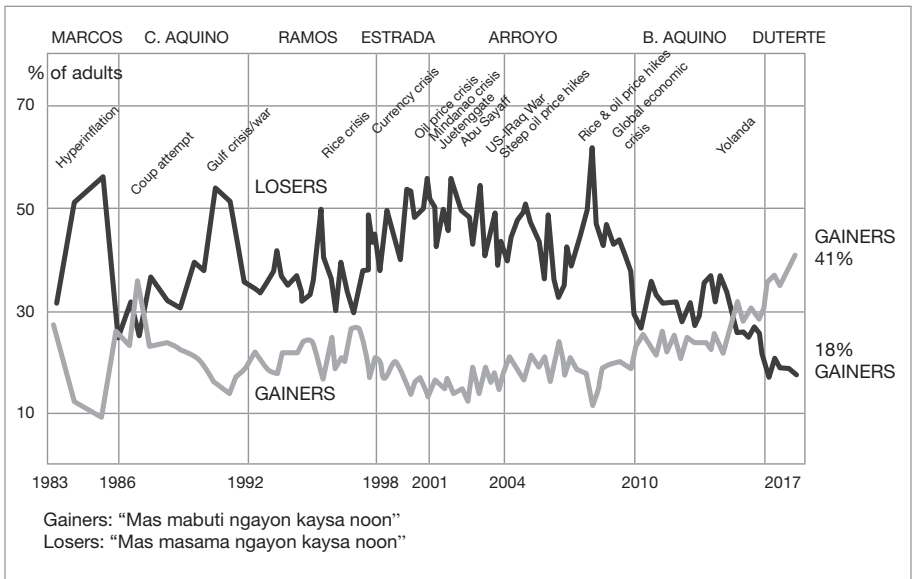


5. Other subjective indicators of economic well-being

SWS has several other regular indicators of subjective general well-being that have strong economic relevance. It obtains these indicators by surveying a random adult in the household drawn for the Social Weather Survey. (This adult may or may not also be the household head; in any case, he/she necessarily shares the poverty and hunger status of the household.) These indicators apply to the entire adult population, rather than only to those economically deprived.

Figure 10 shows the long time series, since the mid-1980s, on those who feel that their personal quality of life has improved (called Gainers), compared to those who feel it has worsened in the past 12 months (called Losers). For very many years, Losers outnumbered Gainers; but the table has been turned since 2014, i.e., *Net Gainers* have turned from negative to positive.

FIGURE 10. Quality of life gainers and losers in the past year, Philippines



In 2014, only college graduates had more gainers than losers, but in 2015 they were joined by high school graduates, and then in 2016 by elementary school graduates. By 2017 all levels of schooling have positive Net Gainers (Figure 11).

FIGURE 11. Net gainers by education, Philippines, 2014-2017

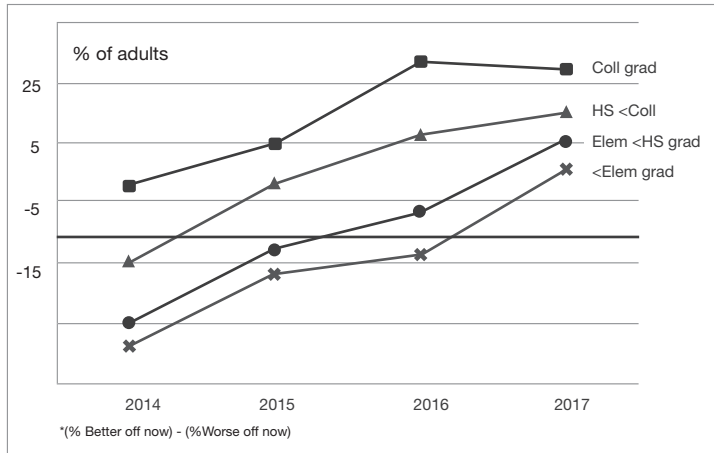
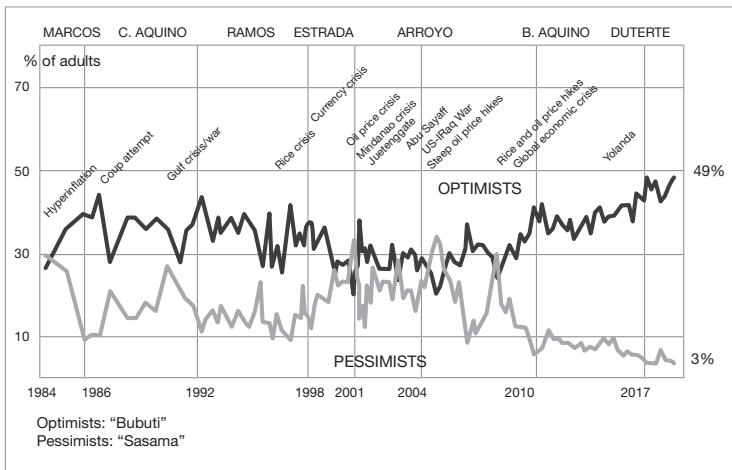


Figure 12 is the counterpart of Figure 10, looking forward to next year, rather than backward towards last year. Like people everywhere in the world, Filipinos are much more sanguine about the future than about the past. Not only is *Net Optimists* almost always positive, it has been reaching newer and newer heights lately.¹¹

FIGURE 12. Quality of life optimists and pessimists about next year, Philippines



¹¹ See "Gainers have led since 2015," 12/16/2017; "Statistics of personal economic well-being," 7/6/2013; "Subjective well-being is real," 8/12/2017; and "Perception and reality," 2/24/2018.

Figures 13 and 14 show the time series of the periodic SWS surveys of Satisfaction with Life (since 2002) and Happiness with Life (since 1991). Both survey questions use four-point answer-grids of Very or Fairly or Not Very or Not At All satisfied/happy. Over time, the findings have grown more and more favorable, especially since 2010. Since the “Fairly” answer is generally the most common, I shall define “Net” as “Very” minus the sum of “Not Very” and “Not At All,” for both life satisfaction and happiness.

FIGURE 13. Satisfaction with life: Philippines, 2002-2017

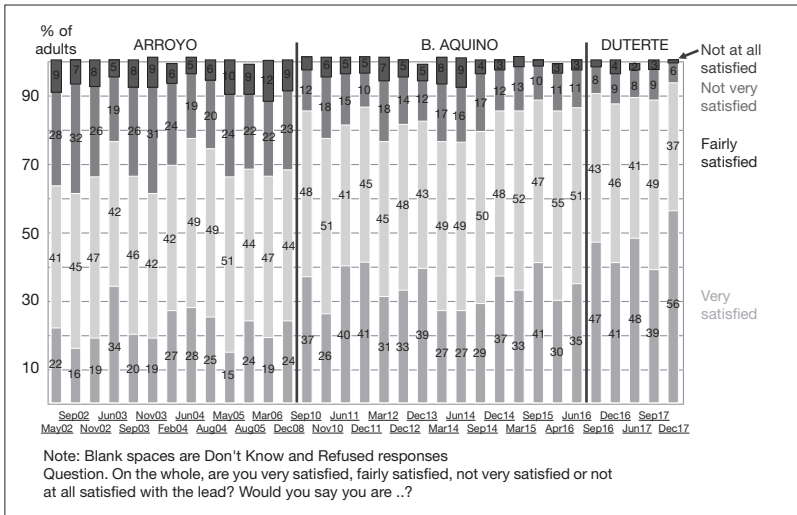


FIGURE 14. Happiness: Philippines, 1991-2017

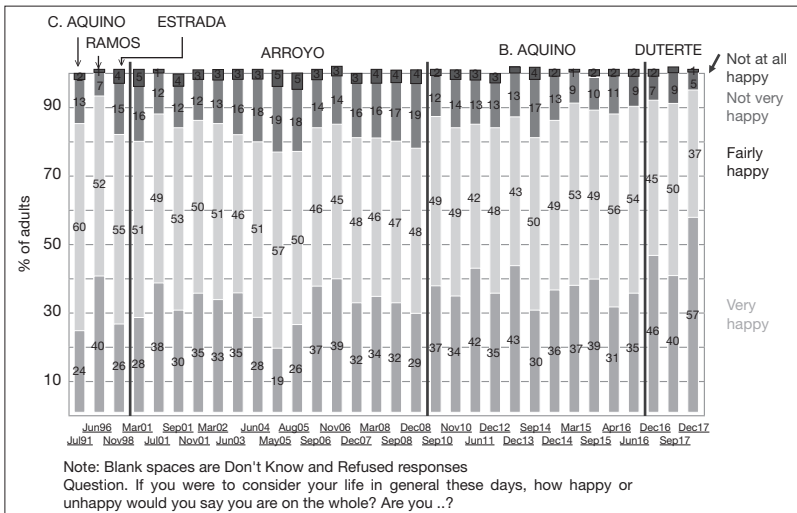


Table 1 shows the significant *disadvantages of the poor*, compared to the non-poor, along all four subjective well-being indicators discussed here—Net Gainers, Net Optimists, Net Satisfied with Life, and Net Happy—based on the latest Social Weather Survey in December 2017. Thus, the lessening of poverty is bound to improve the levels of all these well-being indicators.

Finally, Figure 16 shows the time series, since 2002, of the proportion *dissatisfied* with life for the poor compared to the non-poor.¹² Over time, the proportion dissatisfied has declined, among both poor and non-poor; however, it never vanishes among the non-poor. At any point in time, there is always a higher proportion of the dissatisfied among the poor, as would be expected, and the gap seems to be narrowing, which is also good.¹³

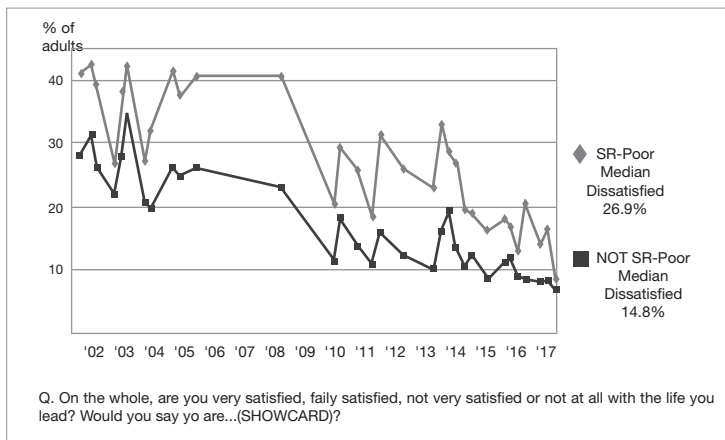
TABLE 1. Subjective well-being of the self-rated poor, Philippines, 2017/Q1-Q4

	Poor	Non-Poor
Net Gainers	+7	+29
Net Optimist	+36	+45
Net Sat. with Life*	+27	+43
Net Happy**	+30	+45

*Net Satisfied = % Very satisfied – % Dissatisfied

**Net Happy = % Very happy – % Unhappy

FIGURE 15. Life dissatisfaction, by self-rated poverty, Philippines, 2002-2017



¹² Strictly speaking, it compares adults belonging to poor households to adults belonging to non-poor households.

¹³ See “Hunger and unhappiness,” 9/17/11; and “Undeserved unhappiness,” 3/24/12;

Even the elimination of poverty would not eradicate dissatisfaction with life, or unhappiness for that matter. But, on the premise that no one deserves to be poor, it would minimize the undeserved unhappiness and dissatisfaction.

6. Concluding remarks

The Social Weather Reports have a wealth of high-quality survey data on economic well-being in the Philippines. These data are statistically representative of the economic conditions of households and adults nationwide, as well as in the four basic study areas of the SWS surveys: the National Capital Region and the Balance of Luzon, Visayas, and Mindanao.

The subject matter is socially very relevant since SWS focuses more on the economically deprived and disadvantaged than on the people on the middle and upper rungs of the economy. Yet the latter are not left out, since the Social Weather Reports regularly include data about the personal well-being and the trends in the personal quality of life of people in all the social classes over time.

The release of SWS quarterly survey findings on economic well-being is as frequent and as timely as that of the Gross National Product and other quarterly statistics emanating from the National Income Accounts. The SWS surveys are efficiently designed to be affordably replicated. To keep the sample size reasonably small, the geographical detail is limited.

SWS avoids surveying income or expenditure since such monetary variables call for very lengthy questionnaires, which are expensive to execute. Objective and subjective dimensions of well-being are *both* important [Stiglitz, Sen and Fitoussi 2009]. The SWS choice of self-rated poverty and other subjective indicators, using fairly modest questionnaires, reflects the need to be efficient and practical in generating survey data.

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