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WHY ARE WE RELUCTANT TO SET NUMERICAL EQUITY TARGETS? (COMMENTS ON THE 1978-1982 FIVE-YEAR DEVELOPMENT PLAN)

by

Mahar Mangahas

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Abstract

The new 1978-1982 Development Plan asserts that 'the conquest of mass poverty' is the immediate and fundamental goal. Yet, although construction of numerical targets is a basic element of development planning, the 1978-1982 Plan continues the tradition of technical overconcentration on economic growth, and is very deficient in the area of equity. It does have targets for the reduction of open unemployment, visible underemployment, undernutrition, and infant mortality, and for the increase of life expectancy, literacy, schooling participation, housing and social services. But the targets cannot be regarded as very aggressive (with the notable exception of the nutrition plan). What is keeping NEDA from going to the heart of the matter, and from making numerical targets for reduction in the incidence of poverty and in income inequality, and for increases in real wages? There are no serious technical obstacles to this. Naturally, it would have to officially adopt a poverty line and an index of inequality — at this point, it is more important to decide on some mode of measurement than to argue on what the best mode should be. Given that targets are set, to be met within a 5-year planning period, and subjected to a mid-term review, it also follows that there should be an annual monitoring system for poverty and other equity-variables, just as there is for the GNP. Technicians should be conscious that neglect of numerical targetting and frequent monitoring is a subtle way of supporting the status quo.

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By now it should be common knowledge that, despite one generation of sustained economic growth, the state of equity has not gotten any better, and inequity may even have become worse. This suggests that improvements in equity should be deliberately planned. We have no evidence by which to suppose that improvements can come about either naturally or accidentally. Yet our development planners have been rather careful, almost to the point of being timid, not to be specific about our equity targets. This has been pointed out in connection with the 1974-1977 Plan and the 1976 draft of the Perspective Plan (Mangahas 1976); the following discussion is based on the new 1978-1982 Plan.

The July 1977 Draft Summary of the 1978-1982 Plan

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It may be recalled that, on July 19-20, 1977, NEDA organized a Public Hearing on the National Development Plans, which was held at Malacanang, and chaired by President Marcos. A document entitled Long-term and Five-year (1978-82) Development Plans: Draft Summary had earlier been circulated for discussion on this occasion.

Although this draft has now been superseded by the formal 1978-1982 Development Plan, adopted by P.D. 1200 of September 21, 1977, it is

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noteworthy in that it contained a projection of income inequality to the year 2000, which is reproduced here as Table 1. This was the first and only time, so far as I am aware, that a NEDA document made a numerical forward projection of inequality.

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The projection in Table 1 is not too optimistic. This is as one would expect, since it is based (see the footnoted Chenery-Syrkin reference) on a regression equation from an international cross-section, and it is well known that such a cross-section depicts the famous Kuznets inverted-U pattern of inequality getting worse before It gets better. If this pattern is taken for granted, then the projected values can hardly be regarded as "targets" in the ordinary sense of a new state of affairs which is more desirable than the present one and which is to be reached by deliberate action.

Most of the participants at the public hearing, persons mainly identified with the "private sector," ignored this table. The few who did not, identified with "farmers," "labor," and "academia," complained that NEDA seemed to be deliberately planning for worsening inequality in the near future, or, at the very least, was regarding the Kuznets pattern as unavoidable. At the hearing, there was no specific response to this argument. At any rate, according to NEDA sources,

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NEDA Projections, as of July 1977, of Income Distribution Over 1971-2000.

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	1	971-200	ributions:	Lowest	40%	Middle	40%	Share Highest	40%
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Based on the 1971 Family Income and Expenditures Survey of the NCSO.

Starting 1975 the shares were projected using a methodology adapted from a cross-country study of Hollis Chenery and Moises Syrquin, Patterns of Development, 1950-1970 (Oxford University Press, 1975). The property of the state of the state of

Source: NEDA, Long-term and Five-year (1978-82) Development Plans: Draft Summary (A Working Draft Intended for Discussion Purposes Only), Manila, 1977.

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this type of table was deliberately removed from the final 1978-1982 $\operatorname{Plan}.\frac{1}{}$

The Official 1978-1982 Plan

The sentiment. There is no shortage of good intentions with respect to equity in the new Plan. Early in the Preface, Director-General Sicat cites "social justice" as one of the "overriding thrusts" of the Plan. In the title of his Introduction, President Marcos refers to the Plan as "an Instrument for the Democratization of Development." He describes it as an attack on mass poverty, and says that development is not reflected in the GNP but in the welfare of the urban and rural poor, the unemployed, the underemployed, the homeless, the out-of-school youth, the landless workers, the sacadas, and the sustenance fishermen. In his section entitled 'Philippine Development for Social Justice,' he says that

". the measures to be taken include not only those which directly alter the distribution of income and wealth, but also those which expand opportunities for employment advancement and the capacity to participate and share in development." (p. xxxi; my italics)

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½ Since the table comes from a document "intended for discussion purposes only," and is not officially subscribed to, then why is it being reproduced here? In the first place, the document is not confidential; it was widely circulated and used for discussion at a public hearing. In the second place, we want to avoid giving the impression that the technical capacity to make numerical equity targets does not yet exist.

And, in the text of the Plan itself, it is stated in the first paragraph of Chapter 1 (entitled "National Goals and Policies"):

"The achievement of a much improved quality of life for every Filipino is the supreme national aspiration. Towards this end, the conquest of mass poverty becomes the immediate, fundamental goal of Philippine development." (p. 3)

At this point, it may be remarked that the policies whereby these ideals are to be pursued do not seem to differ significantly from those given in the 1974-1977 Plan. The only measure identifiable as capable of 'directly altering' the distribution of income and wealth is no longer new, i.e., the land transfer policy for rice and corn tenanted lands, on estates of a given minimum size, set into motion by P.D. No. 27 of October 1972 and its subsequent implementing regulations. There is no intimation that, for instance, land reform is going to be extended to other crops. The main policy still seems to be the pursuit of greater productivity, preferably in areas outside Metro Manila, preferably rural, in small-or medium-scale industries, in labor-intensive processes, in export-oriented products, etc.

It is not the intention here to quarrel with these policies.

Perhaps, in the long run, these policies will prove to have been of great worth. The main point is that now, as one year passes to the next, or even as one semi-decade planning period passes to the next, there does not seem to be a strong official interest in the technical ability to tell whether we may or may not be on the right track.

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The new 1978-1982 Plan states:

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"The increase in the real per capita GNP of more than three per cent per year in the last four years has not appreciably alleviated the condition of the urban and rural poor who comprise more than half of the total population." (p. 6)

Actually, the above statement is a matter of technical judgment.

Personally, I agree with it. Nevertheless it should be stressed that the government has not seen it fit to quantify the incidence of poverty and the condition of the poor (more on this later). Everyone should be most gratified if this judgment could be proved wrong. But what really matters now is that it is stated as an official impression. For if that is the official view, one would have expected that the policies in the 1978-1982 Plan should be somewhat different from those in 1974-1977, if not in general direction then at least in intensity.

2. The extent of numerical targets in the 1978-1982 Plan. From a perusal of the 1978-1982 Plan, one will be immediately impressed that the technical, as distinguished from the rhetorical, emphasis is overly heavy on the growth-targets compared to the equity-targets. For instance, the thirty-one-page Chapter 2, entitled "National .asijii 980 iti Stroemer Site 🕫 Development Targets," devotes its first 23 pages to discussing past TO BE SWINGS MORE and the section is the performance and future targets of growth, and the succeeding 8 pages with he thready An to discussing 'sharing the benefits of growth.' The specific areas in to say sub-land 1317 -V4 . That which one may find numerical targets pertinent to equity are the รายการ (อ.ศ. 21 เป็นประชาสารณ์ (สิทธิ์ \$50 mile // 910 mi following:

in respectively. The first property of the second of the s

- (a) Open unemployment. The Plan cites the proportion of the labor force completely without work at 4.1% for 1977. (Thus the 1974-1977 Plan target that it should fall from 7% in 1972 to 3% or less by 1977 was nearly achieved.) The target unemployment rate for 1978-1982 is a constant 4.0%, which is a weaker target than in the 1973-1977 Plan. It appears that NEDA's present view is that this rate is already tolerable and that, in any case, it will not be feasible to lower the unemployment rate further. Curiously enough, the Plan projects that the proportion who are experienced workers, out of the unemployed, will rise substantially, from 71% in 1978 to 80% in 1982 and 86% in 1987 (Table 10.3, p. 202). However, this depicts a worsening of the unemployment structure. Given that some unemployment is unavoidable, it is the lesser evil, from both efficiency and equity standpoints, that these should be young, first-time job seekers rather than older, experienced workers with greater family responsibilities.
- (b) <u>Visible underemployment</u>. Defined as the proportion seeking more work out of those employed less than 40 hours per week, this is targeted for a substantial drop from 5.3% in 1977 to 3.6% in 1982 and further to 2.5% in 1987. This is a gratifying target. However, there is no mention of a numerical target for the invisibly underemployed, who constitute a more serious problem.

The total underemployed is given by those already employed, regardless of the number of hours, but seeking more work; the total rate is more of the order of 20%, rather than only 5-6%. The

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rationale for the use of a maximum time-criterion, 40 hours per week in this case, is to separate those underemployed who actually have no more time in which to work, i.e., their expression of need for more work should be interpreted as a need for a higher-paying job rather than merely more hours in which to work. This is invisible underemployment. However, the official labor force surveys will attest that the average Filipino's work-week is much closer to 48 hours than to 40 hours per week. Since this is only the average, a goodly number work more than 48 hours. Thus the technical choice of only 40 hours as the boundary line for the visibly underemployed results in an over-optimistic presentation; there are definitely many workers presently with five-day-a-week jobs who are willing, are able and are seeking six-day-a-week jobs.

(c) Undernutrition. In my opinion, this is the only area in which the Plan shows a serious technical interest in equity. The Plan reveals that a very large national survey of preschoolers in March 1977 indicated that over 30% were suffering from moderate or severe protein-energy-malnutrition (PEM), that the PEM rate has not had a decreasing trend, and that it may even have been worsening among 'disadvantaged groups' (p. 188). Table 2 reproduces the Plan's estimates of the base rates of PEM among children in 1976, and its highly aggressive set of targets for reduced PEM over the planning period. For example, it is declared that second-degree undernutrition among toddlers of 6 years and below will be reduced from about 25% in 1976 to roughly 16% in 1982. Here we find the proper combination

Table 2. Target Rates of Undernutrition in the
1978-1982 Plan

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	47 400 1 1	% of Chi Aged 0	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	2	% of Children Aged 7-12		
	atem is	Second Degree	Third Degre	e Second Degree	Third Degree		
Base year	1976	24.8	5.8	13.3	0.7		
Targets	1978	21.4	4.6	8.2	0.4		
	197 9	19.8	3.7	6.5	0.3		
(Set.)	1980	18.4	3.0	5.1 °	0.3		
	1981	17.1	2.3	4.0	0.2		
	1982	15.8	1.8	3.1	0.2		
	•		, Alamana 		0.1		
	1987	11.0	0.9	1.2	0.1		

Source: NEDA, 1978-1982 Plan, p. 184.

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of a hard, eyes-open assessment of the present situation and numerical specification of a substantially improved future, with the development-technocrats clearly drawing the line according to which, they feel, their efforts may be judged later on.

Incidentally, what is interesting policy-wise in the nutritional section of the Plan is the mention of forthcoming 'intervention programs,' such as direct-feeding, which suggest that government may be willing to accept some form, albeit limited, of direct redistribution of consumption. The standard declarations of higher food productivity targets and of better nutritional education are of much less consequence because (a) the present sad state of PEM, in spite of more than a decade of the Green Revolution, clearly shows that higher productivity of itself has been ineffective, and (b) recent research has confirmed long-held, common-sensical suspicions that nutritional know-how of itself is not substitutable for basic, real-valued purchasing power. 2/

(d) Health: life expectancy and infant mortality. These target variables can also proxy for equity, though probably to a lesser extent than can the PEM rate. The targets are of significant magnitude. The average life expectancy at birth is targeted to rise from 60 years in 1976 to 62.4 years in 1982 and 64.4 years in 1987.

^{2/}See papers of the PREPF Health and Nutrition Project, U.P. School of Economics, 1977.

(One should bear in mind that this is also a 'sharable' variable, however, and it is quite plausible for a rising average to reflect the rich rather than the poor as the ones who live longer lives.) The average infant mortality rate per thousand (or IMR) is targeted to fall from 74 in 1976 to 65 in 1982 and 56 in 1987. This, more than the life expectancy, is likely to be linked to poverty simply because the IMR among upper-income groups is already quite low.

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(e) Education: literacy and schooling participation. The literacy rate is targeted to grow from 83.4% in 1970 to 90% in 1982 and to 92% in 1987. The targets for increases in schooling participation are somewhat low, with a bit more emphasis on high school than on college education:

	% in	School		
Age group	1982	1987		
	1, -3, 4, 11, 3	1.2	2011	- 1
7-13 (primary)	98	98		
13-17 (secondary)	······ 60	<u>.</u> 63		
17-22 (tertiary)	√ √ 19 *	1년 21	Min for in	• :

CONTRACTOR OF THE STATE OF THE 000 of 180 transfer to the second The Plan remarks that the tertiary participation rate is, quantitatively, already one of the highest in the world, and that the problem is not the quantity but the quality. There also are certain 47 13 398 other equity-oriented statements of intent, such as the widening of 1. 3744 opportunities for non-formal education, the 'democratization' of The state of the state access to college, and the provision of loans to 'poor but deserving' W S STATE IN S. I WE students; but there are no numerical targets accompanying these All the second of the second o The second secon 15% 1.1

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(f) Housing and other services. The targets in these areas are somewhat loose. The Plan states that the government will achieve a '54% success' in meeting housing needs in urban areas and a '25% success' in meeting needs in the rural areas (p. 218). There seems to be an intention to provide such housing with subsidies from the general budget (p. 221). The conjunction between the numerical targets given in the text and those in tables is rather difficult to find, however.

Finally, it is also stated that 'welfare services,' presently serving only the poorest 10-15%, will be expanded to serve the poorest 30%. There are no further numerical elaborations.

Equity Targets Which the 1978-1982 Plan Fails to Make

1. Poverty. Let us recall that this is the "over-riding thrust" of the Plan. Section 5.2 of the Plan, entitled "Poverty," is indicative of the lack of technical attention to poverty: it has only one paragraph. It identifies the "target group" as those in the lowest 30% of the income ladder. It is clear from the context, however, that the Filipino 'poor' presently constitute much more than 30%. Just how much more depends, obviously, on the chosen line of absolute poverty, of which there have been, for a long time, many available suggestions for Philippine use (Mangahas 1979). But why is it that the government is reluctant to officially select any poverty line, however liberal or conservative? How is one to expect that,

by 1982 or by 1987, there is going to be any reduction in either the proportion or the numbers who are poor, if there is no official estimate of the present magnitude of poverty and of what the government aims it to be later on? $\frac{3}{}$

The country has experienced steady substantial growth in per capita GNP, even when there was no development plan, and even when GNP was not yet being measured; yet our technicians concentrate on production figures. On what ground can one imagine that one can learn how -- obviously we do not yet know how, but are only guessing -- to reduce poverty when one is neither measuring it nor planning to measure it, and, indeed, is not even willing to define it? Is it not likely that, in the past, there were some policies which may have been reducing poverty but were prematurely interrupted, and some which may have been worsening it, but were unnecessarily prolonged, merely because there was no apparatus for objectively monitoring poverty? Do we expect that poverty can be relieved so suddenly and obviously that a poverty monitoring system would be superfluous?

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The Plan makes references to a targeted decline in the number of so-called "disadvantaged individuals" from 2.6 million in 1976 to 1.5 million in 1982 (text, p. 45 and tables on p. 47 and p. 243). The meaning of this term is not clear from the Plan, except that it refers in some way to the number of clients of the Ministry of Social Services and Development; Director Wilfredo Nuqui of the NEDA Economic Planning and Research Staff confirmed verbally that it is not a NEDA staff product and that it is not, as far as he is aware, a concept of the magnitude of poverty.

Section 5.2 of the Plan, in its lone paragraph, goes only as far as declaring that

"Their [the lowest thirty percent's] average real earnings from 1978 to 1987 are targeted to increase faster than the annual average growth of real GNP per family of 4.9%." (p. 45)

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But how much faster? Is there no intention to verify that it is increasing faster? And, most of all, how do we expect that, with this kind of non-committal attitude towards the measurement and targetting of poverty, the Plan is going to instil the consciousness, drive, sense of purpose and urgency, and feeling of capability of licking the poverty problem among the citizenry, whether in the public or in the private sectors?

2. Income inequality. It was noted earlier that the final 1978-1982 Plan, unlike an earlier draft, has no numerical projection of future inequality. The Plan simply asserts that there exists a 'maldistribution,' and that in 1975 the top 30% of income recipients received 64% of the income, the middle 40% received 26% of the income, and the bottom 30% received only 10% of the income (pp. 6-7). In the next breath, it is claimed that this distribution was, at any rate, an improvement over the distribution of 1971 (the next earlier estimate available); but this claim is most disputable.

The area of income inequality is one in which the government has a predilection for resisting recommendations to intensify its monitoring, and insists on issuing glowing and over-optimistic

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statements on the basis of exceedingly scanty data. Much research—
at the School of Economics has gone into the measurement issue, and the resulting in much more conservative statements. It suffices to say the following:

- (1) Since the government's family income survey, taken at 4-5 year intervals, changes in design each time, one should avoid drawing conclusions about the trend in inequality.
- numerical results highly inconsistent with the aggregate national income accounts, to wit:

1. The two surveys indicate that income per family

fell in real terms, whereas our annual

aggregate accounts say that per capita (and
necessarily per family also) GNP has always

2. The 1975 survey gives an average annual

income per family of less than \$6,000,

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whereas the aggregate accounts imply that it

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should be of the order of \$13,000 for the

same year.

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4/See Mangahas (1979) and the papers of the PREPF Equity
Project, in particular Mangahas, Quizon and Lim (1977).

If two different sources of information have diametrically different findings in certain common areas, then it is most do de de unprofessional to use both sources for two different purposes; selecting only those numerical results fitting with wishful thinking. If the government seriously believes that income inequality has ander . Te TWO AL VILLE Mark Town declined, based on its 1971 and 1975 surveys, then it should reverse asto dase to bed to see the STAND LESVING its annual contention that per capita GNP is increasing. If it the toponia 1. 100 TWO BOLL OF THE ORD OR STORY cannot reverse its GNP trend, then it should discard the inequality trend of its 1971 and 1975 surveys (this is what I would recommend). It simply cannot have its cake and eat it too. The both of the state of the same

THE P Wood There is a prime need for regular measurement of the distribution of purchasing power. This is quite separate from the issue of what index of inequality to apply to the data base, which is really secondary. At this stage in our development planning, it matters very little whether one adopts the Gini concentration ratio, the top-to-bottom-quintile ratio, or what-not. The important consideration is that some numerical measure, or even several measures at Lossiation and the state to France Frais Co once, should be used to specify the national targets. The measure Letter She The second of the second of the second need not even be permanent; it may be replaced if found technically Water Control And the CAR STATE OF STATES unsatisfactory at some later time. What is fundamentally required is The state of the s simply the commitment to the scientific, necessarily quantitative approach, which includes the setting of numerical targets, the commitment to regular measurement of distributional data and the regular application of one or more indexes of inequality -- whatever The star at a many $\mathbb{L}^{N_{\mathrm{prop}}}(\mathbb{R}^{N_{\mathrm{prop}}})$ they may be -- to such data ... e 97 3000

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3. Real wages. The Plan declares that "manpower will be employed under just terms and conditions (p. 107)" and that "a high rate of labor absorption will minimize underemployment and assure a steady and upward movement of real wages (p. 11)." The Plan states that "sustained increases in labor productivity underlie the employment targets (p. 42):"

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Sector		t annua bor pro		* \$.	
Agriculture		3.6%			
Industry		 5.1	. Total	Ős	1
Services		2.6			

These are obvious starting points for establishing targets for real wages. One needs to add the expected inflation rate of 7.5% per year—, such that it seems reasonable that the implicit target growth rates for money wages should be about 11% per year in agriculture, 12-1/2% in industry, and 10% in services.

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In 1979 in particular, it is now more likely that the inflation rate will be at least 15%, or double the official target. This implies that, if the labor productivity targets are achieved, the money-wage growth targets for 1979 should be of the order of 18-1/2% in agriculture, 20% in industry, and 17-1/2% in services. Now, this

^{5/}Taken as the difference between the growth rate of GNP at current prices and the growth rate of GNP at constant prices using the 1977-1982 GNP targets (p. 26 of the Plan).

does not necessarily imply that the legal minimum wages in these sectors should be raised by these specific percentages. The means by which targets are to be attained is a separate issue altogether. We are simply pointing out that equity-oriented targets must always be spelled out; that this in itself is an important prod towards construction of the proper policies; that, without this, it is more likely than not that very little serious thinking will be given to solving the equity problem.

The Need for Annual Measurement of Poverty and Inequality

Numerical targetting and numerical monitoring are inescapably linked. In the history of the Republic, there have been official national surveys of household income in 1957, 1961, 1965, 1971, and 1975. This amounts to <u>five snapshots</u> over the course of three decades. It usually takes two years for such a snapshot to be "developed," in other words, for data to be publicly released; for instance, the first release from the 1975 survey was in March 1977. 6/Although the problem of poverty and inequality is obviously very serious, it is difficult to make comparisons over time because the survey methodologies have been changing sharply, as would be expected given the long lags in-between. It were as though the camera's lens

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^{6/}National Census and Statistics Office, Special Release
No. 190, Series of 1977, dated "Month of March," followed by Special
Release No. 191, dated April 20, 1977. See Lim (1978).

opening, speed and focus were changed from snapshot to snapshot. (Thus researchers have had to be contented mainly with repeated cross-sectional analysis, which is to say, looking at the same snapshots over and over again, with finer and finer magnifying glasses.)

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Committee of the commit Obviously, it is not a simple matter to monitor the distribution of income. The traditional method, which is to take a survey of household incomes, happens to be not only expensive but also time-consuming. Thus it is necessary that statistical resources chorse an oceanisty politicism, therechanneled to this area should be much enlarged and/or that innovations in the technique of income-inequality-measurement should be quickly introduced, or else the past pattern of distributional information will remain unchanged, namely: once-every-four-years and, programme of the conmoreover, two-years-late.

If a development manager expects empirical guidance on the performance of socio-economic policies within the time frame of a Five-Year Plan, with a Mid-Term Review, then it should be a minimum requirement that his development indicators be at least annual, because this will allow the minimum of two monitoring cycles. To illustrate:

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A DESIRABLE MONITORING CYCLE

1978 Reference year of measurement.

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mid-1979 Indicator becomes available; problem recognized.

latter-1979 Policy modification, assuming speedy decision-making.

1980 Soonest year in which policy may be taking effect. 7/

mid-1981 Indicator for 1980 becomes available; soonest time at which 1979 policy can be assessed.

Under the above circumstances, which are favorable in the sense that decision makers act quickly and choose quick-acting policies, there is sufficient information for two policy moves to be assessed — one in the first half and the other in the second half of the planning period. This seems to approximate the policy-learning pattern as far as GNP is concerned.

In contrast, the present situation practically guarantees that wery little will be done about a distributional problem:

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 $[\]frac{7}{1}$ In the meantime, in mid-1980 the indicator for 1979 becomes available. But it is too early for the 1979 policy to have made an impact.

THE PRESENT DISTRIBUTIONAL MONITORING CYCLE

and the second	
1978	Reference year of measurement.
mid-1980	Indicator becomes available; problem recognized.
emcmo 1981 .cm	Policy modification (more delayed than in the
ente la proposició de la composició de l	first case because of inevitable argumentation
	that some policies of 1979 and 1980 may
i Barana sa	already have 'corrected' the problem of 1978).
n	Soonest year in which policy may be taking effect.
mid-1984	Indicator for 1982 becomes available; soonest time
	in which 1981 policy can be assessed.

Thus more than five years go by before one cycle of learning-by-doing can be experienced. Again, this is under quite favorable circumstances. In particular, it assumes that policymakers have an academic-like interest in information that they know is two years old, and are going to assume that the two-year-old snapshot is still quite valid. It is only human nature for them to be generous with themselves, and assume that their well-intentioned works of the past two years surely must have alleviated the problem by now. So they tend to give more attention to other 'more pressing' issues.

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Thus, <u>frequency and promptness</u> are the key elements by which a reporting system maximizes its impact on the social, economic, and political consciousness, and helps to galvanize the thinking, interpretation and problem-solving processes needed to be applied to

distributional issues. It is frequency and promptness in the reporting of the GNP, the production accounts, the foreign trade accounts, the fiscal accounts, the inflation rate, etc. which compels most economists to describe the so-called "economy" solely in those terms, rather than in distributional terms. It is not precision in measurement which is the key. It would be unthinkable for the GNP report to be postponed, even for six months, in order to ascertain that the growth rate is precisely 6% and not 5% or 7%; the government and the general public need such information quickly, and can readily assent to the possibility of revised figures later, for the sake of even preliminary figures now, as long as certain very modest standards of accuracy are assured.

One wonders what economic policy lessons have been drawn from the five snapshots of income distribution taken since 1957, aside from the realization that none of the packages of policies have had significant effect. Perhaps a more constructive question would be: could one even expect to learn, conclusively, whether any package was succeeding or failing? Could one expect to learn about the effects of the growth of the money supply on inflation, or of changes in the rate of interest on investment, and in turn on the GNP, if these variables were not reported annually and promptly?

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It is sad that far-reaching policy changes, such as the New Society's land reform policy, seem to be precipitated by changes in 'political' rather than 'economic' variables, when future

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historians will undoubtedly claim that, at bottom, it was our long-standing distributional problems which impelled these new policies. The awareness of the government of such problems tends to be ignited by mass movements and/or by violent activities, rather than by cool and scientific examinations of the poverty and inequality statistics. Thus, the inadequate state of distributional monitoring subtly supports the status quo, discourages those who hope for peaceful, reformist development, and encourages those who favor radical solutions, whatever the political color, to the problem of inequity.

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