CAUSES OF POVERTY:
MYTHS, FACTS AND POLICIES
# Contents

**Preface**  ix

**Chapter 1 :** What Do We Really Know—or Don’t Know—about Economic Inequality and Poverty in the Philippines?  
~ Arsenio M. Balisacan  1

- Introduction  1
- Measurement Issues: How Should Inequality and Poverty be Measured?  2
- International Comparison using "High Quality" Data: Is the Philippines an Exception to the "Asian Standards" of Inequality and Poverty Reduction?  22
- Some Policy Issues: Should "Conventional" Prescriptions be Abandoned in Favor of "New" Ones?  27
- What Have We Learned?  38
- Appendix  42
- Endnotes  43
- References  45

**Chapter 2 :** International and Intrnational Comparisons of Philippine Poverty  
~ Solita Collas-Monsod & Toby C. Monsod  51

- Introduction  51
- Dimensions of Philippine Poverty  52
Chapter 3: Complementarity, Linkages and Economic Development
~ Shigeaki Fujisaki

Introduction 97
The Complementarity Effect of Investment 98
Division of Labor and Indivisibility 99
Pecuniary External Economies and the Role of Government 101
The Extent of Market and an Avalanche of Consumers’ Goods 103
Bullish Entrepreneurs and the East Asian Miracle 105
The Export-Push Strategy and Domestic Markets 106
Poverty Alleviation and Linkages 112
China’s Economic Reform and Linkages 114
Rural Linkages in the Punjab and the Philippines 115
Concluding Remarks: Toward a Tiger in the 21st Century 118
Appendix 120
References 124

Chapter 4: Globalization, Poverty and Inequality
~ Raul V. Fabella

Introduction 127
Globalization, Growth and Poverty 129
Globalization and LDC Inequality: The Direct Links 131
Some Evidence on Globalization and Inequality 140
World Inequality and Nonconvergence 141
A Race to the Bottom? 146
Summary 148
References 151
Chapter 5 : Labor's Income Share in the Philippines
~ Dante B. Canlas

○ Introduction 155
○ Output Growth and Business Fluctuations 157
○ An Aggregate Labor-Demand Model 162
○ Labor's Income Share 164
○ Real Wage and Hours of Work 166
○ Some Policy Rules 173
○ Concluding Remarks 175
○ References 177

Chapter 6 : Measuring Poverty in Education
~ Edita A. Tan

○ Introduction 179
○ The Educational System 181
○ Poverty in Education 183
○ Analysis of NEAT Performance across Provinces 186
○ Enrollment Rate in Region 5 191
○ Concluding Remarks 192
○ Endnotes 194
○ References 195

Chapter 7 : Local Governance and Poverty Alleviation
~ Ruperto P. Alonzo

○ Background 197
○ LGU Responsibilities in Infrastructure Provision 210
○ The Mix between National and Local Spending 213
○ Special-Purpose Grants and Cost-Sharing Schemes: Lessons from Country Experiences 217
○ Philippine Perspectives 221
○ References 227

Index 229

About the Editors and Contributors 238