Poverty, Customary Economy and Migration in Metro Manila
An Analysis of Changes in Social Customs in a Squatter Area:
1985-1994

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Summary

The purpose of this paper is to examine the chronic poverty problems in Metro Manila, based on the NSO data and the participant observations in a squatters area. Indeed, we can recognize the improvement in the poverty incidence in M.M. during the 1990s, but the level of the alleviation may tend to be exaggerated. In fact, while it is often pointed out that most of the slum dwellers are migrants from Bicol, Western and Eastern Visayas, the pattern of the in-migration of M.M. has not yet changed.

Furthermore, we would like to explain the changes in the "customary economy" through the participant observations since 1985. Such an informal economic mechanism secures the poor social safety nets, which they can not obtain in "market economy." We can point out that such a role of "customary economy" may be based on the town-mate socio-economic relationships, "kababayan". During the 1990s, the dominant mechanism in the labor market has changed from the "bilateral vertical" to the "multilateral horizontal" relationships. It can be a symptom of mobilizing community resources in the Philippines.

Introduction

The purpose of this paper is to investigate the effects the *customary economy* has on the dynamics of *chronic poverty* in the Philippines as defined by Amartya Sen. In particular, we pay attention to the social mobility in a small district (we may call it a community) or across the different social strata. Based on the long-run participant observations since 1985, my case study will clarify the dynamics of the *chronic poverty*, which is an issue difficult to explain in a study only based on the official data set.

Poverty Issues under an Economic Recovery Process: the Philippines

The GNP per capita in the Philippines exceeded 1,000 dollars in 1995. As far as the macro economic performance, it may be believed that the Philippines has enjoyed a remarkable economic recovery during the 1990s. By promoting direct foreign investment during the Ramos regime, the country seems to have satisfied the preconditions for catching up with East Asian development. On the other hand, other studies pointed out that the regional gap has gotten wider during the same period. Comprehensive Agrarian Reform has been implemented, but it has very few effects on the traditional private plantation. This is a reason why many plantation workers are under poor conditions. Even in the paddy fields where many tenants became beneficiaries of the reform, the income distribution has often been aggravated because the agricultural landless workers have become invisible pseudo-tenants for the beneficiaries, ex-tenants. Many of such landless workers in the rural area can be reserve armies of poor migrants who cause slum/squatter problems in the urban area. It can be pointed out, therefore, that the

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poverty problem has become more complicated in the Philippines.

Such a condition poses us a question as follows: As the "East Asian Miracle" tells us, are the poverty issues transitory distortions under the telescoped development process? Or in the phase of a recession, will the Philippines confront the economic crisis which she experienced during the 1980s?

I believe that the key to the question consists in the concept of *social mobility*. I understand that one of sources of *chronic poverty* is the immobility of the social ladder, which consists of landlords, tenants and landless, for instance. Most of the poverty studies have dealt with such a social immobility as a *given* and have not discussed this explicitly.

Theoretical Background

Theoretically, it is easy to explain the mechanism of the poverty alleviation, for instance, in the dual economy framework. While many studies have criticized this framework, it is worth confirming that it can explain many stylized facts including Kuzunets' inverted U-shaped Hypothesis, which is a basis of the trickle-down thesis[1].

Our concern here is, however, different from the "long-term" poverty until the economy reaches the turning point in the dual economy setting. The dual economy framework deals with a comparative static analysis, from beginning to end, on the effects of market economy on the customary economy. Therefore, it can not deal with the "chronic" poverty problem, which comes from the social immobility based on the customs.

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[1] On this point, see Appendix 1.

The problems of poverty in the dual economy framework can be summarized in two points as follows. First, the poverty eradication occurs after the turning point because the bargaining powers in the employment relations change after the collapse of the customary economy at the turning point. However, the customary economy may adapt itself to such changes in the conditions *given*. As pointed out by Ishikawa[1990], after the penetration of the *market economy*, the *customary economy* such as a community can still survive because it can often play some role to adjust the conflicts among the economic actors. Second, the chronic poverty can survive supported by the social custom which may prevent the market mechanism from penetrating. In other words, the *customary economy* itself may give some effects on the market economy. The second point was already discussed in Nakanishi[1997] .

Based on the FIES (Family Income and Expenditure Survey) data, sections I and II describe the relations between poverty and migration in Metro Manila. Recognizing the reservations or the limitations in using such data, we reconsider the studies on the poverty indices. or the internal migration. Section III deals with the dynamics of the poverty in a squatters area. The focus of the study is to consider the changes in poverty incidence during 1985-94 from the point of the view of the interactions between the market and the customary economies.

I. Poverty Indices in the Philippines: Survey

This section gives an overview of the poverty indices in National Capital Region (NCR) or M.M compared with the other regions. There are some distinguished studies on poverty in the Philippines like Balisacan[1994]. Such studies have often concluded that the poverty indices in M.M. have dramatically improved since the late 1980s, compared with the other regions. My conjecture here is, however, that such studies *may* exaggerate the poverty alleviation in M.M., considering the criteria in the FIES data set.

I.1. Qualifications of Data

The official data used in this section are based on the Family Income and Expenditures Survey (FIES) during these 30 years. While these data are the estimates from the two-stage cluster sampling design, these data are so useful and convenient to approximately understand the poverty incidence in the urban-rural or the regional base in the Philippines during these three decades. It can be pointed, however, that there are some technical problems on the official poverty estimation. One of them is that the estimations of the poverty incidence have been different among the researches. These differences come mainly from the methodological problems on setting the poverty line. Here, on the basis of Balisacan[1994], I will summarize them and point out some problems in the data in this paper.

The FIES data set as a source for poverty measure has some qualifications and

limitations. First, in most studies on the poverty issues in the Philippines, the current income has been used as a measure of poverty incidence, although the poverty line should be measured by the current consumption in general. This merits for analysis of the poverty issues in the Philippine setting. While the reason for using the current consumption is that the consumption is relatively stable compared with the income, it does not fit in the Philippines, community resources to meet the social safety nets for the poor are vulnerable. In addition, the poor have limited accessibility to the credit market. Under the condition of a weak functioning a community, the poor may find difficulty to secure the safety net against the unexpected risk. The so-called "consumption smoothing behavior" is thought to be often difficult for the urban poor under such conditions. Furthermore, it could be more difficult to observe the consumption level of the poor household compared to the income level. I find it dubious that the consumption data are credible.

Second, mainly I use the poverty line that the National Statistics Office (NSO) set up. In 1988, the Technical Working Group in the National Statistical Coordination Board defined the poverty line as the level of income that can afford to meet food threshold (2000 calories and other necessary vitamins) and non-food basic human needs. These figures are estimated based on the survey of the consumption pattern of the sample household whose income falls within 10 percentage points above or below the food threshold level. Because there is no consensus of the methodology of estimation of the poverty line, the figures of the poverty indexes for the same group differ among the researches. Balisacan[1994] pointed out that these lines were distributed from 40 percent to 170 percent of the official poverty line. Therefore, we need to check the so-called

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stochastic dominance in case of a comparative study.

Third, the comparison between the rural and the urban areas also has some problems. Although the definition of the urban areas was often changed during the last three decades, the National Statistics Office (NSO) has not paid attention to the fixture of the physical areas over the period. It means the improvement of poverty incidence in the former rural area can be counted as that of the urban areas. In the process of the rural to urban resource reallocation, while some rural area may be reclassified as the urban area, the outcome of the rural development can be counted as that of the urban area. Furthermore, as discussed below, while this comparison considers the differences of the food price index among the regions, it may not sufficiently pay attention to the problems on prices of non-food materials that may come from the regional specific characteristics.

Fourth, an analytical unit here is a household and I use per capita income in the household as a measure of the personal income. It means that I ignore the intra-household income distribution and do not pay attention to the so-called *adult equivalence scales* problems. However, it is impossible to observe the intra-household income distribution. As far as we analyze the same group, we may be allowed to neglect the demographic characteristics.

Table 1 shows the trend of the poverty indices in the Philippines since 1961 under such qualifications. While during the Marcos Regime in 1965-85, the poverty indices rose, the over-all poverty incidence was considerably alleviated during the 1990s. In the rural area, however, the poverty indices have gotten higher during the 1990s. On this argument, Balisacan[1994] points out that the poverty indices in the rural area based on

FIES are overestimated. This comes from the reclassification of the urban area[2].

Since the urban-rural classification has a serious problem in analyzing the poverty, I should use the area specific approach to analyze the dynamics of the poverty. The simplest procedure for the comparative study is to examine the regional poverty indices.

[Table 1]Poverty Indices in the Philippines

	Philippines			Urban			Rural		
	H I	P V	S P V	H I	P V	S P V	H I	P V	S P V
1961	.5925	.2778	.1655	.5050	.2299	.1382	.6406	.3042	.1805
1965	.5147	.2364	.1430	.4319	.1804	.1038	.5523	.2618	.1608
1971	.5223	.2371	.1405	.4060	.1601	.0878	.5731	.2708	.1635
1985	.5394	.2110	.1087	.4520	.1724	.0868	.5943	.2352	.1225
1988	.4424	.1595	.0764	.3449	.1164	.0534	.5019	.1858	.0905
1991	.4459	.1646	.0804	.3666	.1389	.0704	.5240	.1900	.0903
1994	.4060	+.1519	+.0732	.2800			.5310		

1) + means estimations by the author.
2)HI:head count index, PG:poverty gap and SPG:Squared Poverty Gap

[Source] Balisacan[1994], NSO, FIES, 1994.

I.2. Trends of Region-Specific Poverty Indices

The regional poverty indices in Table 2 also show the over-all poverty alleviation in the Philippines. Metro Manila or National Capital Region has specially realized the dramatic improvement in the poverty indices. After 1985, the headcount index has fallen consistently, and it amounted to 10 percent in 1994. It seems that the poverty in NCR was already eradicated during the 1990's.

Aside from CAR and AMMR, most of the regions have realized the poverty alleviation during the 1990s. Indeed in Bicol and Eastern Visayas, which were among

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[2] Furthermore, he corrects this problem by using the physically specified classification based on the rural-urban classification of the 1970 Census. It shows that during the economic crisis from the late 1980s to the early 1990s, while the poverty concentrated in the urban area, the rural area realized the poverty alleviation.

the poorest regions in 1985, the poverty alleviation is prominent during the late 1980's. It is worth remaining, however, that the poor population below the food threshold line is still absolutely and comparatively huge in Bicol and Eastern Visayas.

[Table 2] Regional Poverty: Population below Poverty Line/Subsistence Food Thresholds Level

	(1)Below Poverty line				(2)Below Subsistence Level				(2)/(1)			
	1985	1988	1991	1994	1985	1988	1991	1994	1985	1988	1991	1994
Philippines	.493	.455	.453	.406	n.a.	n.a.	.243	.218	n.a.	n.a.	.536	.537
Metro Manila	.272	.252	.167	.105	n.a.	n.a.	.028	.010	n.a.	n.a.	.168	.095
Outer M.M.	.528	.487	.499	.455	n.a.	n.a.	.278	.251	n.a.	n.a.	.557	.552
Ilocos	.435	.517	.553	.536	n.a.	n.a.	.294	.281	n.a.	n.a.	.532	.524
Cagayan	.427	.446	.489	.421	n.a.	n.a.	.246	.218	n.a.	n.a.	.503	.518
Central Luzon	.322	.338	.355	.292	n.a.	n.a.	.132	.115	n.a.	n.a.	.372	.394
Soutehrn Tagalog	.457	.466	.432	.349	n.a.	n.a.	.208	.166	n.a.	n.a.	.481	.476
Bicol	.676	.614	.613	.608	n.a.	n.a.	.368	.378	n.a.	n.a.	.600	.622
Western Visayas	.665	.566	.529	.499	n.a.	n.a.	.276	.280	n.a.	n.a.	.522	.561
Central Visayas	.619	.521	.467	.375	n.a.	n.a.	.274	.209	n.a.	n.a.	.587	.557
Eastern Visayas	.652	.547	.471	.448	n.a.	n.a.	.327	.286	n.a.	n.a.	.694	.638
Western Mindanao	.600	.437	.544	.506	n.a.	n.a.	.322	.305	n.a.	n.a.	.592	.603
Northern Mindanao	.567	.502	.574	.541	n.a.	n.a.	.384	.355	n.a.	n.a.	.669	.656
Southern Mindanao	.497	.489	.516	.456	n.a.	n.a.	.301	.251	n.a.	n.a.	.583	.550
Central Mindanal	.563	.410	.631	.587	n.a.	n.a.	.403	.383	n.a.	n.a.	.639	.652
CAR	n.a	.507	.554	.564	n.a.	n.a.	.361	.308	n.a.	n.a.	.652	.546
ARMM	n.a	n.a.	.560	.653	n.a.	n.a.	.305	.299	n.a.	n.a.	.545	.458

[source] National Statistical Office

In comparison of the regional poverty incidences, one of crucial problems is the setting of the poverty line. Table 3 shows the regional food threshold levels and the regional poverty lines during 1985-94. It tells us that "the ratio of the food threshold level to the poverty line" is the lowest in NCR and the highest in Eastern Visayas. The differences between that of these two regions are getting wider from .129 in 1985 to .140 in 1994. This is not because the non-food price index is lower in Eastern Visayas than that in the other regions. The average inflation rate (consumer price index) in Eastern Visayas during 1991-94 is 8.4% which is higher than in the other regions(within the top

four), though still lower than that of the highest NCR(11.0%) .

Such differences may come from the estimation method or the constitution of the non-food items in Basic Human Needs in calculating the poverty line. Since the cost of non-food items is estimated from the consumption patterns of the sampling households, the poverty incidence may be underestimated in the comparatively less developed region such as Eastern Visayas, where the infrastructure is not matured[3]. Indeed, during the 1990s, the headcount index in Eastern Visayas is around .40 which is below the average of the outer M.M., but both of the Gini coefficient (.4116) and the population below the food threshold level (28.6%) are comparatively high in the all regions. Although no data on the other poverty indices are available, the poverty gap or the squared poverty gap in Eastern Visayas may be high compared with the other regions.

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[3] In Eastern Visayas, Gross Regional Product per capita and family income per capita are the lowest next to Bicol according to the official statistics in the NEDA and the NSO.

[Table 3] Regional Levels of Poverty Line and Subsistence Cost Line

	1985				1988			
	(1) Poverty Line	(2) Subsis. Cost	(3) (2)/(1)	(4) GRP per capita	(1) Poverty Line	(2) Subsis. Cost	(3) (2)/(1)	(4) GRP per capita
Philippines	3,744	2,609	.697	10,741	4,777	3,188	.667	11,984
Metro Manila	4,527	2,882	.637	22,109	6,576	4,038	.614	26,028
Outer Metro Manila	3,617	2,565	.709	8,898	4,489	3,052	.680	9,728
Ilocos	3,775	2,614	.692	6,535	4,934	3,334	.676	6,024
Cagayan	3,448	2,496	.724	6,198	4,573	3,084	.674	6,489
Central Luzon	3,895	2,753	.707	10,170	5,242	3,432	.655	11,383
Southern Tagalog	3,794	2,618	.690	12,351	4,832	3,370	.697	14,853
Bicol	3,434	2,401	.699	5,388	4,144	2,926	.706	5,079
Western Visayas	3,675	2,543	.692	8,979	4,344	3,034	.698	9,227
Central Visayas	3,305	2,429	.735	8,781	3,711	2,677	.721	10,423
Eastern Visayas	3,283	2,516	.766	5,658	3,818	2,854	.748	5,717
Western Mindanao	3,521	2,551	.725	6,797	3,793	2,791	.736	6,796
Northern Mindanao	3,546	2,494	.703	10,041	4,523	3,142	.695	11,042
Southern Mindanao	3,645	2,617	.718	11,189	4,876	3,449	.707	12,313
Central Mindanao	3,673	2,602	.708	9,306	4,147	2,949	.711	9,110
CAR					5,116	3,349	.655	11,526

	1991				1994			
	(1) Poverty Line	(2) Subsis. Cost	(3) (2)/(1)	(4) GRP per capita	(1) Poverty Line	(2) Subsis. Cost	(3) (2)/(1)	(4) GRP per capita
Philippines	7,302	4,928	.675	11,890	8,885	6,022	.678	12,025
Metro Manila	9,286	5,757	.620	25,634	11,230	6,975	.621	24,507
Outer Metro Manila	6,982	4,795	.687	9,596	8,509	5,869	.690	9,893
Ilocos	8,060	5,312	.659	6,188	10,022	6,646	.663	6,011
Cagayan	7,035	4,814	.684	6,224	8,316	5,717	.687	5,817
Central Luzon	8,173	5,403	.661	10,509	9,757	6,487	.665	10,624
Southern Tagalog	8,075	5,422	.671	13,258	9,537	6,371	.668	13,909
Bicol	6,385	4,433	.694	4,921	8,319	5,812	.699	4,944
Western Visayas	6,403	4,427	.691	9,002	8,197	5,687	.694	9,474
Central Visayas	5,585	3,988	.714	10,588	6,425	4,714	.734	10,458
Eastern Visayas	5,138	3,893	.758	5,346	6,444	4,905	.761	5,263
Western Mindanao	6,351	4,538	.715	8,383	7,074	5,064	.716	8,473
Northern Mindanao	6,433	4,493	.698	10,177	7,938	5,555	.700	11,113
Southern Mindanao	6,544	4,660	.712	11,549	8,201	5,854	.714	10,689
Central Mindanao	7,321	4,886	.667	12,521	8,971	6,119	.682	12,025
CAR	8,332	5,582	.670	11,530	10,853	7,032	.648	
ARMM	7,450	5,084	.682		8,889	6,143	.691	

[Sources] NSCB, *1995 Philippine Statistical Yearbook*

II. Poverty and Migration: Metro Manila

As mentioned above, Metro Manila (M.M.) seems to have eradicated poverty during the 1990s according to the FIES data. The fact that the headcount index is about .10 tells us that M.M. has not already been a focus of urban poverty in the Philippines. Will that argument, however, reach a consensus in the Philippines? According to the estimation by the Presidential Committee on Urban Poor, the population share of slum/squatters areas amounted to 35 percent at least or 40 percent at most in 1993. The same view can be found in the National Housing Authority. Our first problem is to inquire why we were confronted with such differences.

The poverty indices have improved during the 1990s [Balisacan:1994], even if the Family Income and Expenditure Survey (FIES) data exaggerate the poverty alleviation in M.M. Such transformation should have restrained immigration flow to M.M. which is a source of a social increase in population or an expansion of slum/squatters areas. Our second concern here is the interaction between the changes in poverty in M.M. and those in the internal-migration to M.M..

II.1. Poverty of Metro Manila: Revised

The different view on poverty alleviation in M.M. may come from some problems on the FIES estimation method. One of problems comes from the selection of "domains" in the survey. In the 1991 and 1994 FIES survey, the "domains" in M.M. are as follows: City of Manila, Quezon City, Pasay, Pasig, Kaloocan, Makati, Paranaque, Valenzuela and

Marikina. The other municipalities in M.M. have been classified as "Other Metro Manila" as a whole. Under such a way of classification given by the 1980 Census data, this selection can underestimate the poverty incidence in M.M. First, Muntinlupa, Las Pinas and Taguig are treated as a part of "Other Metro Manila." After these three areas have experienced the high average annual rate of population increase, all of them record bigger population than Marikina, one of the domains in 1994 [Table 4]. That is to say, these areas are typical destinations for new in-migrants. In fact, Table 5 shows that all of these municipalities have the highest gross and net migration rates. Since the new in-migrants tend to be classified as the poorer population rather than old settlers[4], such ignorance of new migrants can underestimate the poverty indices in M.M.

[Table 4] Population of Metro Manila: 1960-1995

	1960	1970	1975	1980	1990	1995
Metro Manila	2,462	3,967(4.9)	4,970(4.6)	5,926(3.6)	7,948(3.0)	9,454(3.5)
"domain"						
Quezon City	398	754(6.6)	957(4.9)	1,166(4.0)	1,670(3.7)	1,989(3.6)
City of Manila	1,139	1,331(1.6)	1,479(2.1)	1,630(2.0)	1,601(-0.2)	1,655(0.7)
Kaloocan	145	274(6.6)	397(7.7)	468(3.3)	763(5.0)	1,023(6.0)
Makati	115	265(8.7)	334(4.7)	373(2.2)	453(2.0)	484(1.3)
Pasig	62	156(9.7)	210(6.1)	269(5.1)	398(4.0)	471(3.4)
Valenzuela	41	98(9.1)	151(9.0)	212(7.0)	340(4.8)	437(5.1)
Pasay	133	206(4.5)	255(4.4)	288(2.5)	368(2.5)	409(2.1)
Paranaque	62	97(4.6)	159(10.4)	209(5.6)	308(4.0)	391(4.9)
Marikina	40	113(10.9)	168(8.3)	212(4.8)	310(3.9)	357(2.9)
"Other M.M."						
Las Pinas	16	46(11.1)	82(12.3)	136(10.6)	297(8.1)	413(6.8)
Muntinlupa	22	65(11.4)	95(7.9)	137(7.6)	278(7.3)	400(7.5)
Taguig	22	55(9.6)	74(6.1)	134(12.6)	266(7.1)	381(7.5)
Malabon	76	142(6.5)	175(4.3)	191(1.8)	280(3.9)	347(4.4)
Mandaluyong	72	149(7.5)	182(4.1)	205(2.4)	249(2.0)	289(3.0)
Navotas	49	83(5.4)	97(3.2)	126(5.4)	188(4.1)	229(4.0)
San Juan	57	105(6.3)	122(3.0)	130(1.3)	127(-0.2)	124(-0.5)
Pateros	13	25(6.8)	33(5.7)	40(3.9)	51(2.5)	55(1.5)

[source] NSO, Census of Population

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[4] We will see some illustrations in the field survey below.

[Table 5] In-Migration in the municipalities/cities in Metro Manila

	Gross Migration From Province	Gross Total Migration incl. intra MM	Net Migration From Province	Net Total Migration incl. intra MM
	volume (rate)	volume (rate)	volume (rate)	volume (rate)
Metro Manila	462,586(78.1)	462,586(78.1)	128,516(21.7)	128,516(21.7)
Manila	79,271(48.6)	107,603(66.0)	- 36,652(-22.5)	-128,737(-79.0)
Quezon City	96,878(83.1)	147,719(126.7)	37,463(32.1)	27,159(23.3)
Mandaluyong	11,877(57.9)	18,715(91.3)	1,299(6.3)	- 1,080(- 5.3)
San Juan	8,450(65.0)	12,180(93.7)	2,181(16.8)	756(5.8)
Kalookan City	42,676(91.2)	111,561(238.4)	26,962(57.6)	77,799(166.2)
Malabon	12,754(66.8)	21,459(112.4)	5,642(29.5)	9,488(49.7)
Valenzuela	23,234(109.6)	34,990(165.0)	14,288(67.4)	21,243(100.2)
Navotas	5,483(43.5)	9,628(76.4)	1,430(11.3)	3,249(25.8)
Makati	36,403(97.6)	55,083(147.7)	16,378(43.9)	20,366(54.6)
Las Pinas	17,871(131.4)	29,377(216.0)	8,610(63.3)	17,489(128.6)
Pasay	18,862(65.5)	29,624(102.9)	3,532(12.3)	5,952(20.7)
Paranaque	19,322(92.4)	31,534(150.9)	6,001(28.7)	12,151(58.1)
Muntinlupa	20,452(149.3)	30,018(219.1)	10,390(75.8)	17,401(127.0)
Pasig	29,781(110.7)	42,547(158.2)	11,710(43.5)	15,918(59.2)
Marikina	18,412(86.8)	25,040(118.1)	4,910(23.2)	7,663(36.1)
Pateros	1,807(45.2)	3,638(91.0)	468(11.7)	883(22.1)
Tagig	19,053(142.2)	28,833(215.2)	13,904(103.8)	20,816(155.3)

Note: Here Total migration including intra-MM means that the figures contains intra-municipality/city in Metro Manila.

Second, the typical poverty spots in M.M. such as Navotas, Malabon and Pateros are not considered as domains. Even if the population in these municipalities is small, the share of the poor can be extremely high. Such a classification may also underestimate the poverty incidence in M.M. Finally, the more crucial problem on the estimate is the technical one for interviewers. The share of the slum dwellers and squatters in M.M. reaches around 30 percent according to the informal data cited in the NHA and the PCUP. Most of slum dwellers or squatters stayed in the depressed area to which the strangers find difficulty to access because of the specific physical conditions. This means that many of them may not be contained in the samples.

The FIES data set, therefore, may not reflect the existence of squatters, unstable settlers or newcomers from the provinces.

These discussions suggest that the analysis of in-migration to M.M. complements the study on the poverty in M.M. Our special concern is the changes in the trend that most of in-migrants come from the poor regions, because this analysis indirectly can estimate changes in population size of the unstable settlements.

II.2. Migration to Metro Manila

Migration data sets are available only for the three 5-years periods, that is, 1970-75, 1975-80 and 1985-90. Our first task is to consider the trend of inter-regional migration, especially migration to M.M. The five regions I picked up in Table 6 have their own unique characteristics. Bicol, Eastern Visayas, Western Visayas and Ilocos are the main sources of in-migrants of M.M. in terms of both of the volume and the migration rates at the gross/net level. The in-migrants of M.M. from these five regions amount to 228,111. They comprise 49.3 percent of total in-migrants of M.M.(462,586) , and 78.5 percent of those from all the regions except Central Luzon and Southern Tagalog (290,655 in total). Here, Southern Tagalog is the only province which shows the positive net in-migrants from M.M. in all periods, and the net out-migrants to M.M. of Central Luzon are relatively small(10,208) in spite of comparatively large gross volume (66,478) .

Table 6 also shows that the gross volume of the total out-migrants of Bicol and two regions in Visayas have consistently increased. Ilocos region which experienced a historical long-term outflow of migrants has already reached the limit. Although the

volume of migrants to the other provinces tends to increase, the trend of in-migration to M.M. has declined after 1970 except Bicol region. But it is not because the characteristics of the migration trend have changed, but because some cities in Southern Tagalog region can be thought to be assimilated into M.M. While the migration to M.M. has been saturated, the migration to Southern Tagalog, of which socio-economic development has been expected (i.e. the so-called Calabarzon program), has replaced it[5]. In fact, the volume of net in-migrants of Southern Tagalog during 1985-90 is the largest (149,203) in all of the regions including M.M.[6] The same official data can show that Cavite, Laguna, Rizal in Southern Tagalog and Bulacan in Central Luzon are already main destinations next to Metro Manila for migrants from the other provinces(see the attached sheet). From the discussion above, it should be remarked that the decline of migration to M.M. shows the extension of National Capital Region rather than the shrink of urbanization.

To return to the data on migration into M.M., although the top four original regions in terms of the volume of net out-migration are still Bicol, Eastern Visayas, Western Visayas and Ilocos as mentioned before, the recent trend is different. While the gross in-migrants from Ilocos and Eastern Visayas tend to decrease, those from Bicol and Western Visayas tend to increase. Especially in case of Bicol which is one of the poorest regions, both the volume of net out-migrants to M.M. and the net migration rate from the periods 1975-80 to 1985-90 are notably the highest. Furthermore, compared with the

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[5] This may be an example where "expectation" overcomes "history" in the terms of New Institutional Economics. Because they expected mass migration, they decided to migrate to seek scale economies as externalities[Ray: 1998].

[6] In Calbarzon regions, only Batangas and Quezon are the net out-migration provinces to M.M. of 5,564 and 17,172 respectively.

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periods 1970-75 and 1985-90, all of the figures in Bicol, Western and Eastern Visayas are higher in the period 1985-90. The share of migration to M.M. from these three regions has also gotten higher. It is clear, therefore, that the characteristics of migration to M.M. after 1980 are summarized as the tendency of Southern Tagalog to assimilate to NCR and the increase in migrants from the poor regions such as Bicol, Eastern Visayas or Western Visayas. That is to say, there are no changes compared with the situations in 1970s.

[Table 6] Out-Migration of 5 regions

		Total	Bicol	Eastern Visayas	Western Visayas	Ilocos	Southern Tagaolog
Gross Volume of Total Out-Migrants	1970-75	1, 050, 896	82, 118	65, 643	70, 026	92, 867	125, 795
	1975-80	1, 194, 213	103, 134	102, 192	109, 231	91, 709	119, 801
	1985-90	1, 857, 909	157, 586	106, 330	141, 171	84, 988	227, 144
Gross Volume of Migrants to M. M.	1970-75	310, 824	44, 958	33, 717	32, 519	49, 511	47, 253
	1975-80	393, 723	53, 594	50, 919	45, 888	44, 354	78, 340
	1985-90	462, 586	62, 644	46, 150	52, 541	36, 031	105, 453
Gross Rate of Migrants to M. M. (0/00)	1970-75	7. 4	14. 1	13. 0	7. 8	19. 9	9. 1
	1975-80	8. 2	15. 4	18. 2	10. 1	12. 5	12. 8
	1985-90	7. 6	16. 0	15. 1	9. 7	10. 1	12. 8
Net Volume of Migrants to M. M.	1970-75	155, 087	34, 219	15, 486	15, 239	13, 856	− 6, 261
	1975-80	180, 318	36, 503	40, 645	34, 187	30, 740	−14, 537
	1985-90	128, 516	44, 731	31, 395	33, 802	15, 592	−68, 416
Net Rate of Migrants to M. M. (0/00)	1970-75	3. 7	10. 7	6. 0	3. 7	5. 6	−1. 2
	1975-80	3. 7	10. 5	14. 5	7. 6	8. 7	−2. 4
	1985-90	2. 1	11. 5	10. 3	6. 3	4. 4	−8. 3

[Source] NSO data

II.3. The Poverty of Migrants in Metro Manila

It is possible to specify the destination of migrants to M.M. at the municipality/city level during1985-90. Table 7 shows the destination municipality/city of the migrants from the typical poor regions. By using such data, we can conjecture the characteristics of the destinations for the migrants. Though the share of the migrants from both of Bicol and Eastern Visayas amounts to about a quarter (.235) of the total migrants to M.M., the shares of these migrants to the total migrants are comparatively high in Navotas(.335) and Pateros(.311), where we can find many slum or squatters districts. Other destinations where many migrants from these two regions stay are also the municipality/city where relatively low income housing seems to stand so much close together, such as Kaloocan(.280), Pasay(.257) and Valenzuela(.253) or Malabon(.252). It is rather difficult, however, to find such migrants in Makati(.198) or City of Manila(.218) where the income level of residents is relatively high or so-called slum clearance has more often implemented.

These figures do not contradict our conjecture that some studies using the FIES data tend to underestimate the poverty incidence of M.M., because these data often neglect both of slum/squatter dwellers and the migrants in the relatively low-income municipalities. Indeed the poverty of Manila is alleviated as a whole. As far as we depend on the official data, however, we do not answer the questions whether the poorest bracket can enjoy such a poverty alleviation, or whether it contributes to mobilize the inflexible social ladder as the source of chronic poverty. The next section based on the field research considers the dynamics of poverty situations.

[Table 7] The destinations in Metro Manila of Migrants from the selected regions

	Total	Bicol	Eastern Visayas	Western Vissayas	Ilocos	others
	volume	volume (α)	volume (α)	volume (α)	volume (α)	volume (α)
Metro Manila	462,586	62,644	46,150	52,541	36,031	265,220
City of Manila	79,271	8,330(-22.4)	8,643(9.3)	7,765(-13.8)	6,952(12.6)	47,581(4.7)
Quezon City	96,878	13,158(0.3)	9,172(- 5.1)	10,150(- 7.8)	9,294(23.2)	55,104(- 0.8)
Mandaluyong	11,877	1,577(- 2.0)	1,145(- 3.4)	1,624(20.4)	902(- 2.5)	6,629(- 2.7)
San Juan	8,450	1,158(1.2)	702(-16.7)	1,265(31.8)	541(-17.8)	4,784(- 1.3)
Kalookan	42,676	6,512(12.7)	5,418(27.3)	4,177(-13.8)	3,488(4.9)	23,081(- 5.7)
Malabon	12,754	2,009(16.3)	1,201(- 5.6)	1,681(16.0)	958(- 3.6)	6,905(- 5.6)
Valenzuela	23,234	3,575(13.6)	2,297(- 0.9)	2,218(-16.0)	1,906(5.3)	13,238(- 0.6)
Navotas	5,483	888(19.6)	947(73.1)	719(15.5)	174(-59.3)	2,755(-12.4)
Makati	36,403	4,311(-12.6)	2,903(-20.1)	5,836(41.1)	2,617(- 7.7)	20,736(- 0.6)
Las Pinas	17,871	2,097(-13.4)	1,603(-10.1)	2,126(4.7)	797(-42.7)	11,248(9.8)
Pasay	18,862	2,354(- 7.8)	2,492(32.4)	2,718(26.9)	1,080(-26.5)	10,218(- 5.5)
Paranaque	19,322	2,492(- 4.8)	2,054(6.6)	2,774(26.4)	1,033(-31.4)	10,969(- 1.0)
Muntinlupa	20,452	3,206(15.8)	1,424(-30.2)	2,093(- 9.9)	911(-42.8)	12,818(9.3)
Pasig	29,781	4,563(13.1)	2,783(- 6.3)	3,212(- 5.0)	2,214(- 4.6)	17,009(- 0.4)
Marikina	18,412	3,254(30.5)	1,372(-25.3)	1,627(-22.2)	1,733(20.8)	10,426(- 1.2)
Pateros	1,807	307(25.5)	255(41.4)	168(-18.1)	114(-19.0)	963(- 7.0)
Tagig	19,053	2,853(10.6)	1,739(- 8.5)	2,388(10.3)	1,317(-11.3)	10,756(- 1.5)

Note:

Here, α is an index of a deviation from the average composition of the destinations of migrants to Metro Manila. It can explain the comparatively concentration of the destination for the migrants. If α for a original region(X) is positive for a destination(a municipality/city;Y), for instance, it means that the destination for the migrants from X tends to comparatively concentrate on the municipality/city(Y). Furthermore, the larger the absolute value of α is, the clearer a concentration of the trend is. That is to say, α is defined as follows:

$$\alpha \equiv [((\frac{\text{Migration to from·X to Y}}{\text{Migration to from X to MM}})/(\frac{\text{Total of Migration to Y}}{\text{Total of Migration to MM}})) - 1] *100$$

III. A Case Study: Migration and Poverty in Customary Economy

The discussion above can be summarized as follows: 1) indeed the macro data verify a reduction in the poverty incidence in M.M. during the 1990s, but the extent of the poverty alleviation may be exaggerated; 2) the volume of the in-migration of M.M. from the poor regions such as Bicol or Eastern Visayas has been continuously large since 1970s.

The purpose of this section is to illustrate a poverty alleviation process in a squatters area in M.M., where I have conducted participant observations every year since 1985. I would like to show that this process might be interpreted as the symptom for the transition to the "turning point" to escape from *chronic poverty*[6].

III.1. The Dynamics of the Poverty Alleviation in a Squatters Area

As of 1985 when the Philippines confronted a serious economic crisis, I already inquired about the effects of the crisis on the urban poor in the research field[7] [Nakanishi:1990]. The research field is a squatters area in Malabon. Most of the residents are migrants from the typical provinces which are the net in out-migration to M.M. It should be noticed that during 1985-94 the in-migrants from Bicol and Eastern visayas have increased [Table 8]. This trend does not contradict the Census migration

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[6] The notion of the chronic poverty is given by Amartya Sen. Since this type of poverty comes not from unexpected incidents but from various chronic socio-economic characteristics or socio-cultural norms, it tends to perpetuate.

[7] On the socio-economic situations in the research field in detail, see Appendix 2

data set.

In 1985, the standard of living of about three fourths of the households was under the poverty line. The income of a half of the population was below the subsistence food threshold [Table 9]. Many of laborers were under-employed. They live on scavengers or irregular construction workers [Table 10]. All of the poverty indices were extremely high: the headcount index was .7515, the poverty gap was .3399 and the squared poverty gap was .1934.

[Table 8] Home Region of Household Heads in the Research Field

| | 1985 | 1994 | 1985-94 | | | | |
			Net Increase	Remained	Departed	Newly Independent	Newly Arrival
Total	253	334	81	140	113	69	125
From M.M.	86(.340)	91(.274)	5	47	39	27	17
From Out of M.M.	167(.660)	243(.728)	76	93	74	42	108
Ilocos	31(.186)	42(.173)	11	20	11	11	11
Cagayan	1(.006)	1(.004)	0	1	0	0	0
Central Luzon	14(.084)	23(.095)	9	8	6	8	7
Southern Tagalog	8(.048)	13(.053)	5	2	6	0	11
Bicol	23(.138)	45(.185)	22	15	8	5	25
Western Visayas	30(.180)	42(.173)	12	20	10	7	15
Central Visayas	11(.066)	20(.082)	9	5	6	4	11
Eastern Visayas	43(.257)	53(.218)	10	20	23	6	27
Others	6(.036)	4(.016)	- 2	2	4	1	1

In the process of economic recovery in the Philippines during the 1990s, the employment conditions have improved especially for construction workers or factory workers [Nakanishi: 1996]. Not only the per capita real income has increased, but the other indices on the standard of living have dramatically improved at the same time. Until 1994 more than 10 water faucets in the research field were newly built by the private developers, though there was only one public water faucet in 1985. One hundred sixty four households (64.4%) were already electrified in 1985, but eighty percent of them (125) used the so-called illegal jumper (or *kabit* system). In the 1994 survey, all of the households except one were electrified in the north part of the squatters area, and 88

households had legal contracts. In the south district, or the poorer part of the research field, the standard of living for most of the households was below the subsistence level in 1985. However, only three households could not use electricity in 1994 (No households were electrified in 1985!). The electricity appliances have spread all over this area. Both of the rates of spreading over the area for television and electric fan increased from 25 percent to more than 60 percent during 1985-94. Recently those who possess refrigerators and motorbikes have increased. Thanks to a NGO scholarship program started in 1989, the enrollment rates of the primary and secondary education rapidly improved, even if the figure does not still reach the national average. The beneficiaries of the program are 78 of 320 children who are 7 years old and above but under 15 years old. The dropping-out rate in the elementary education has decreased from 30.5%(68 children) to 6.6%(21). Furthermore, the share of the children whose age was equal to their school age was only less than a half (45.9%) in 1985, but it reached 65.8% in 1994.

When we compare the poverty indices in 1994 with those in 1985, all of them improved as already pointed out. While the ratio of the per capita family income to the poverty line increased for almost all of the families [Figure 1], three basic poverty indices meet the so-called *stochastic dominance*. Figure 2 tells us, for example, that the poverty comparison between 1985 and 1994 already meets the first-order stochastic dominance. Here, the horizontal axis shows the various poverty lines cited by Balisacan[1994]. Figure 2 means that all of the headcount indices improved in terms of various poverty lines which the representative poverty studies in the Philippines used. We can easily check that it is true for the other poverty indices. The discussion above tells us that the poverty incidence during 1985-94 has been surely alleviated. This conclusion is consistent

with that of the analysis based on the census data discussed in section I.

[Table 9] The Poverty Incidences in the Research Field

	Gini Coefficient of per capita Family Income	Indices by Poverty Line			Indices by Food Threshold		
		H I	P G	S P G	H I	P G	S P G
1985	.3886	.7515	.3399	.1934	.4911	.1737	.0876
1994	.3481	.6101	.2508	.1362	.3335	.1077	.0585

1) Gini Coefficient is defined as follows :

$$G = 2 * Cov[y, F(y)] / \mu$$

Here, $F(y)$: cumulative density of income per capita

μ: the average income per capita

	Cov[y, F(y)]	μ
1985	66.02	339.78
1994	189.34	1,087.83

2) Both of the poverty line and the food threshold level here are those of Metro Manila in the FIES data: 4,527 pesos and 2,882 pesos in 1985 and 11,230 pesos and 6,975 pesos respectively.

[Table 10] Main Occupations in the Research Field: 1985 and 1994

1985

Occupation		Average Income per day	Average Age	Average Educational Attainment
Scavenger (male)	77	24. 8	26. 3	3. 8
Factory Worker (mele)	38	53. 1	33. 8	7. 1
Scavenger (female)	33	18. 3	33. 2	2. 5
Self-employed Fisherman	30	26. 0	41. 6	5. 2
Labandera	29	20. 0	41. 5	4. 8
Construction Worker	26	41. 9	29. 7	5. 2
Vendor (female)	22	31. 3	38. 9	6. 5
Tricycle Driver	20	36. 8	30. 5	4. 8
Metro Aide (male)	19	42. 3	33. 1	5. 3
Factory Worker (female)	16	34. 5	26. 1	8. 0
Shopkeeper (sari-sari)	16	60. 2	36. 6	6. 3
Junkshop Helper	14	20. 5	28. 6	5. 6
Metro Aide (female)	11	41. 8	41. 8	3. 9
Jeepney Driver	11	65. 1	35. 2	4. 2
Kargador	10	34. 1	28. 8	4. 2
Domestic Worker	9	8. 9	21. 2	4. 8
Vendor (male)	8	27. 3	42. 6	2. 8
Carpenter	8	53. 8	35. 5	6. 0
Buy and Sell	6	105. 2	38. 2	7. 7

1994

Occupation		Average Income per day	Average Age	Average Educational Attainment
Construction Worker	86	138. 9	29. 0	6. 4
Factory Worker (mele)	48	144. 8	32. 5	8. 5
Shopkeeper (sari-sari)	30	143. 6	33. 8	7. 2
Labandera	30	88. 3	44. 1	5. 8
Tricycle Driver	26	143. 5	31. 2	6. 8
Factory Worker (female)	26	141. 1	29. 6	8. 9
Vendor (female)	16	138. 9	43. 9	5. 6
Metro Aide (male)	15	140. 3	39. 2	6. 5
Scavenger (male)	15	99. 6	36. 3	5. 3
Pedicab Driver	15	105. 3	28. 5	6. 7
Welder	14	166. 9	32. 1	6. 0
Electrician	12	175. 1	33. 8	7. 5
Contract Fisherman	11	278. 7	37. 8	6. 2
Carpenter	10	155. 4	49. 4	6. 1
Jeepney Driver	10	202. 0	44. 2	6. 4
Vendor (male)	10	115. 0	36. 1	7. 1
Metro Aide (male)	10	125. 7	50. 8	4. 3
Kargador	9	134. 3	31. 7	7. 3
Mechanic	9	214. 3	33. 4	8. 5
Painter	9	153. 9	34. 2	7. 8
Security Guard	8	129. 6	35. 6	8. 8
Self-employed Fisherman	7	88. 8	47. 4	4. 6
Scavenger (female)	6	77. 1	49. 5	2. 9
Domestic Worker	6	34. 1	29. 3	7. 7

Note: Total labor population is 477 in 1985 and 512 in 1994

[Figure 1] Poverty Incidence in the Research Field

The ratio of per capita family income to the poverty line

Poverty Line

1994 1985

Households sorted by per capita family income (%)
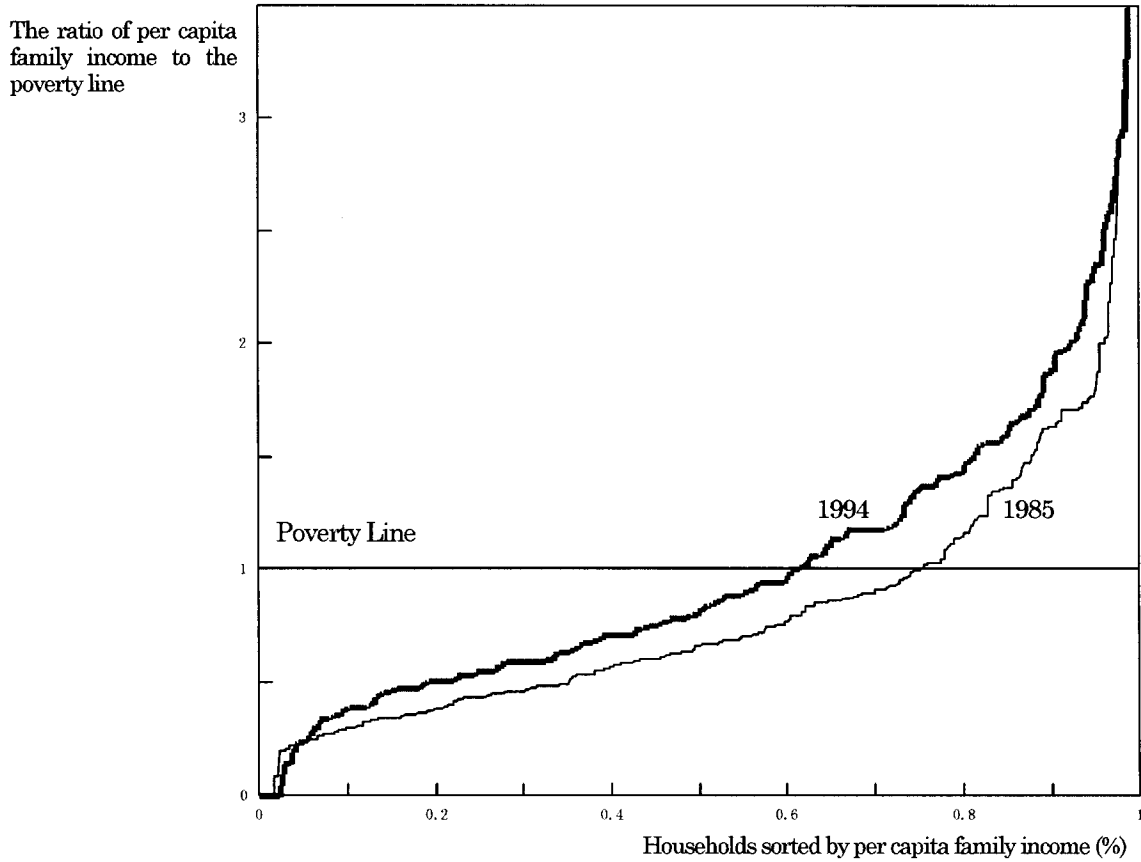
[Figure 2] The Poverty Line and the First-Order Stochastic Dominance in the Research Field

Headcout Index

1985   1994

Range of Poverty Lines evaluated the Official Poverty Line(=1.00)

24
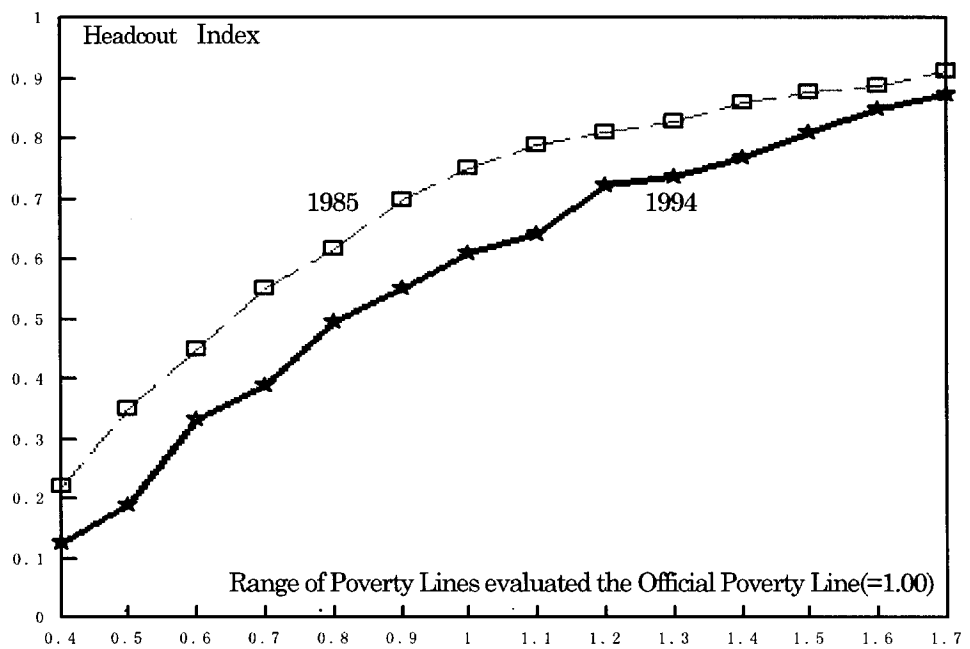
III.2. Transformation in Income Distribution of the Poor

Now we understand that the overall poverty incidence has improved, but the mechanism of the poverty alleviation has not been explained yet. When we look at Table 8 again, it tells us that the rate of improvement for the squared poverty gap (.3222) is lower than that for the poverty gap (.3800) on the subsistence cost basis, while that for SPG (.2958) is higher than that for PG (.2621) on the poverty line basis. This fact shows that the situation for the relatively low-income households in the research field has not yet improved compared with that for the relatively high-income households.

It is necessary, therefore, to inquire the dynamics of the income distribution in the slum area. Table 11 explains the change in the income distribution during 1985-94. The income distribution of per capita family income improved from the point of view of the distribution indices such as Gini coefficient, coefficient of variation: $T(\varepsilon = -1)$, Theil index: $T(\varepsilon = 0)$ and Atkinson Index: $T(\varepsilon = 1)$. Considering the weight for poorer households, $T(\varepsilon = 2)$ increased[8]. These figures verify that the income growth rate for the poorer households has been lower compared with that for the non-poorer ones.

The change in per capita family income by the income quintiles [Table 12] shows that the highest growth rate (3.04%) of the average real income can be found in the fourth stratum (which is the upper middle in the research field). The real income growth

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[8] Toyoda Index is defined as follows:

$\varepsilon > 0$, $\varepsilon \neq 1$: $T = (1/n)\sum[1-(y_i/\mu)^{(1-\varepsilon)}]/(1-\varepsilon)$, which is equivalent to Atkinson Indices.

$\varepsilon = 1$: $T = -(1/n)\sum \ln(y_i/\mu)$, which is equivalent to one of Atkinson Indices.

$\varepsilon = 0$: $T = (1/n)\sum(y_i/\mu)\ln(y_i/\mu)$, which is equivalent to Theil Index.

$\varepsilon < 0$: $T = (1/n)\sum[(y_i/\mu)^{(1-\varepsilon)}-1]/(1-\varepsilon)$, if $\varepsilon = -1$ then it is equivalent to coefficient of variation

In detail, for example, see Aoki[1979].

rate for the poorest stratum is comparatively low (2.26%) next to the upper class (1.60%). Furthermore, the income share of the poorest stratum declined during this decade. Since the poorest 10% group shows only 0.71 percentage growth rate, the income share of this stratum declined from .0237 to .0206. These data tell that mainly the middle class enjoyed the poverty alleviation in the research field. It can be said that there is the difficulty in climbing social ladder.

[Table 11] Changes in Distribution Indices: 1985-94

	Gini. Coefficient	Toyoda Index: T			
		$\varepsilon = -1$	$\varepsilon = 0$	$\varepsilon = 1$	$\varepsilon = 2$
1985	.3686	.3290	.2614	.1983	.5004
1994	.3481	.2246	.1885	.1933	.5188

[Table 12] Changes in the share of income and the average income by the income strata in the research field

	Income Share of the strata		The real average income normalized by the poverty line			The real average income Normalized by the food threshold		
	1985	1994	1985	1994	Growth Rate	1985	1994	Growth Rate
Bottom 10%	.0237	.0206	0.1968	0.2098	(.0071)	0.3092	0.3378	(.0099)
First Quintile	.0644	.0642	0.2679	0.3277	(.0226)	0.4208	0.5276	(.0254)
Second Quintile	.1117	.1166	0.4666	0.5915	(.0267)	0.7329	0.9523	(.0295)
Third Quintile	.1567	.1621	0.6516	0.8225	(.0262)	1.0235	1.3242	(.0295)
Fourth Quintile	.2228	.2383	0.9228	1.2085	(.0304)	1.4496	1.9458	(.0290)
Fifth Quintile	.4444	.4188	1.8251	2.1048	(.0160)	2.8669	3.3887	(.0188)

To investigate this problem in detail, we would like to inquire the disintegration of the poverty indices and Toyoda Indices. Since the town-mate relationships are thought to determine the socio-economic relations in the slum area[9], we would disintegrate the

[9] See Appendix2, and also Nakanishi [1990.]

households into six groups by home provinces (Metro Manila, Ilocos, Bicol, Eastern Visayas, Western Visayas, and the others). If the intra-group j's index and the inter-group index denote Tj and Tg respectively, we can get the index T as follows:

$$T = T_g + \sum_{j=1}^{6} (\mu_j / \mu)^{(1-\varepsilon)} f(\mu_j) T_j,$$

where μ, μ_j are the average incomes of all the households and of the group j respectively, and f(μ_j) expresses the ratio of the households who belong to the group j.

By using these data, we can deduce the fact finding as follows [Table 13]. First, only the income distributions in the groups of the M.M.-born residents and the migrants from Western Visayas have been improved in all the indices. Especially we should pay attention to the latter case. In 1985, the group of the migrants from Western Visayas showed the high head-count index (.7722), because Gini coefficient was considerably high(.4328) in spite of the relatively high per capita family income. During the period 1985-94, however, the decline in Gini coefficient (.2829 in 1994) contributed to decreasing the headcount index(.5722) and the other poverty indices.

Second, on the other groups, the rise of Gini coefficient tells us that there is the aggravation of income distribution especially between the poorer stratum and the other strata. In case of Ilocos and Bicol groups, T indices for all ε rise, while the group from Eastern Visayas showed the aggravation of T(ε =1,2).

Finally, the indices of (Tg/T) for all ε increase. This means that the income distribution in the slum area has been affected more and more by the intra-group distribution.

[Table 13] Poverty and Distribution Indices of Major Group segmented by Home-provinces

	(1) Total (T)	(2) M.M	(3) Ilocos	(4) Bicol	(5) Western Visayas	(6) Eastern Visayas	(7) others	(8) 6 groups	(9) (1)-(8) (Tg)	(10) (9)/(1) (Tg/T)
Per Capita Family Income										
1985	313.16	290.39	371.45	276.19	362.94	266.25	357.68			
1994	962.11	1,009.76	1,021.28	904.78	933.65	887.00	1,029.34			
Head Count Index										
1985	.7538	.7684	.6978	.6613	.7722	.8778	.6485			
1994	.6100	.5927	.5843	.6655	.5752	.7203	.5054			
Poverty Gap										
1985	.3391	.3532	.5318	.3185	.3477	.3863	.2387			
1994	.2439	.2535	.2351	.2824	.2043	.2693	.2071			
Squared Poverty Gap										
1985	.1915	.2076	.3996	.1899	.1882	.2144	.1135			
1994	.1270	.1385	.1233	.1461	.1010	.1346	.1113			
Gini Coefficient										
1985	.3686	.3703	.3555	.2475	.4328	.2864	.2847			
1994	.3481	.3660	.3667	.3662	.2829	.3376	.3210			
$T(\varepsilon=-1)$										
1985	.3290	.1059	.0333	.0123	.0672	.0285	.0760	.3233	.0058	.0176
1994	.2246	.0517	.0458	.0478	.0129	.0257	.0313	.2152	.0093	.0416
$T(\varepsilon=0)$										
1985	.2614	.0903	.0251	.0140	.0464	.0293	.0504	.2555	.0059	.0226
1994	.1885	.0448	.0320	.0364	.0132	.0248	.0290	.1802	.0083	.0441
$T(\varepsilon=1)$										
1985	.1983	.0655	.0219	.0179	.0297	.0242	.0330	.1923	.0061	.0307
1994	.1933	.0466	.0279	.0335	.0151	.0303	.0314	.1848	.0085	.0439
$T(\varepsilon=2)$										
1985	.5004	.1887	.0437	.0518	.0654	.0656	.0729	.4880	.0123	.0246
1994	.5188	.1245	.0610	.0732	.0389	.1183	.0819	.4979	.0209	.0403

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III.3. Mechanism of a Change in Poverty Incidence

The results of the analysis above show that the town-mate relationships have some roles to alleviate the poverty incidence. Here we would like to inquire about the mechanism of the poverty alleviation in the research field. It may be summarized as follows: the means for the poor to secure their social safety nets has changed from the vertical bilateral patron-client relations to the horizontal multilateral rent seeking collective activities during 1985-94[Nakanishi:1995].

III.3.1. "Coordination Failure" as an Inferior Equilibrium during the 1980s:

Vertical Socio-Economic Relations as Social Assets for Social Safety Nets

The economic mechanism in the research field during the 1980s can be understood as an enlargement of the *urban involution* [McGee:1971] in the segmented town-mate groups[Nakanishi:1990]. The labor markets were segmented by the kinship relationships or the town-mate relationships. That is to say, the vertical bilateral socio-economic relations among the poor managed the labor market.

In the survey in 1985, for example, we could find the vertical bilateral inter-personal socio-economic relations between scavengers and junk-shop owners. Such a contract is thought to be an example of "inter-linked contracts"[10]. In general, the employer who hires laborers in the low-income area often confronts the problem that laborers show an extremely high turn-over rate, because of their high residential mobility. The fact that the employer needs to stabilize to secure laborer gives him incentive to provide some

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[10] On the inter-linked deals, for example, see Basu[1997] and Ray[1998].

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fringe benefits to his laborers. On the other hand, the laborers need stable income flows and some safety nets for their emergencies. It can be pointed out that, therefore, the junk-shop owner bids his scavengers the contracts with low wages in the bilateral labor market and low interests in the bilateral credit market. Here, to secure stable scavenging labor, the junk-shop owner provides grants or credits with no interest to his scavengers, in addition to providing pushcarts free of charge to carry solid wastes. In turn, he can get exclusive rights for the use of their labor inputs at low cost, even if the default risk seems to be high. That is to say, the scavengers should sell all of the junks they collect at the prices bided by the junk-shop owner. Though these prices were often measured by a false balance in the junk-shop, the scavengers should always follow such bidding. Furthermore, they are expected to recommend their acquaintances if the owner needs.

Indeed, such a customary mechanism can help economic agents evade uncertainties or risks that come from incomplete information or immature social system in the low-income area, by providing implicit contracts as some intangible assets. These vertical inter-personal socio-economic relationships (i.e. patron=client relationships) are stable, because of mutual benefits and the socio-economic relations are strengthened by the traditional norms, such as the so-called *compadrazgo* relations [Nakanishi:1997][11].

It can be interpreted, however, as a kind of *coordination failure*, which means that the urban poor might be caught in an inferior equilibrium where they could confront a "*chronic poverty.*" The utilization by the poor of the social assets such as vertical bilateral inter-personal socio-economic relations would hinder mobilization of a social ladder in the

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[11] The stability of these relationships were also warranted by the traditional norms such as "*utang na loob,*" which were said to be peculiar to the low-land Filipino society.

urban area, as well as provide some kinds of social safety nets. In fact, the income distribution in 1985 showed highly inequitable and the poverty incidences were high in the Western Visayas and M.M. groups, where such customary employment relations were found.

III.3.2. A Superior Equilibrium: Horizontal Socio-Economic Relations as Corporate Subsistence Strategy during the 1990s

Though the bilateral vertical socio-economic relations were prevalent in the research field during the.1980s, they have dramatically changed after early 1990s. The junk-shop business has been on the decline during the 1990s because of three reasons as follows[12].

1) The prohibition of the scavenging activities using the push-cart in Malabon based on the 1991 Local Government Code demands the junk-shop owners that they invest in bicycles with carts for scavenging.

2) The falls of prices of the virgin materials promote various industries to replace the recycle materials with them.

3) The improvement in job market conditions in the manufacturing or construction business urged scavengers to change their jobs.

These changes broke up the vertical socio-economic relations in the junk-shop business.

Under such conditions, the main job in the research field has changed from a scavenger to a construction worker and a factory worker during the 1990s [Table 10]. There were 34 scavengers of household heads in 1985, but only 2 in 1994. Factory

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[12] In detail, see Nakanishi[1995].

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workers (12) and construction workers (16) increased instead, even if they were on irregular basis. In this case, we can find a new informal mechanism based on the migration characteristics inside the research field. That is to say, the poor workers have begun to monopolize a kind of tied rent by sharing job information among the gangs. In 1985, there was only one labor gang, which consisted of construction workers from Western Visayas and the members of the gang exchanged and shared job information. Moreover, it is a remarkable fact that we could find nine labor gangs segmented by the home-provinces or home regions at least: that is to say, Western Visayas;1, Central Visayas;1, Metro Manila;1, Ilocos;2 and Eastern Visayas;4. Six leaders of such gangs belonged to the households of ex-scavengers.

Here, it can be easily shown that there are social incentives or opportunities to form a labor gang under the given conditions. Usually a construction worker gets job information from his own agent (*ahente*). He finds difficulty, however, in contracting with more than one agent. If he contracts with two agents at the same time, for instance, it is possible that he gets two job offers on the same day. Then he has to choose one of them, and he may loose a kind of credibility to the other agent because he declined the offer. In such a situation, it is convenient for him to belong to a labor gang. Since he can get information on job offers from other members, he finds that he can share many job offers with other members while he keeps his credibility to his agent. Indeed, he should obey his agent's offer and sometimes he may look for additional workers, but at the same time, he can decline any offers given by the member of the labor gang. Each member of the labor gang can enjoy such a "scale economy." In demand side, the *ahente* also has incentive to promote such labor gangs, because he can reduce his cost to find workers

needed. Furthermore, he can easily find many relatively credible workers through his own customer's relatively credible information. This is the reason why such labor gangs in the urban informal sectors can be often found. The same system for the non-permanent factory workers can be found in the research field.

We can conclude, therefore, that the poor workers can secure their social safety nets by utilizing the horizontal multilateral socio-economic relations after the collapse of the vertical bilateral ones. Both of the relations, however, are based on the town-mate relations with kinship ties. This shows that while the characteristics of the in-migration in M.M. or the scales of the urban informal sectors seem not to have changed since 1980s, the socio-economic mechanism for the poor has changed. Indeed such relations may be interpreted as one of "complementarities"[13], which the social norm has changed to adjust itself to the socio-economic conditions. Is this a solution for "a coordination failure" as a superior equilibrium?

At this point, the income distribution in Bicol and Eastern Viasayas groups should be paid attention in the research field. According to Table 8, compared with the other provinces, more migrants from these regions have come to the research field during 1985-94, because these regions are thought to be the poorest in the Philippines. In general, since new migrants have relatively poor information on labor markets or job opportunities and possess relatively weak horizontal inter-personal relationships, their

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[13] On this topic, the QWERTY story is familiar [David:1985]. While there is a keyboard with the more efficient keys-allocation, everybody uses the QWERTY-type. The reason is that it pays to learn and use the QWERTY because everyone uses it. No one will use a new type keys-allocation because no one uses it now. It means that some "customs" enforce some economic activities because of a lock-in effect. Such "complementarities" can be interpreted as a form of externalities that reinforce some common actions [Ray:1998].

working conditions are hard. Therefore, most of them have to rely on the vertical bilateral inter-personal relationship. Most of the construction workers of new migrants are *piyon*s who are on non-permanent basis directed by *mazon*s who are on permanent basis. It is very hard for these workers to secure the other source of safety nets like most of the residents in 1985. This is the reason why we find an unfair income distribution in the Eastern Visayas and Bicol groups. The root of this problem may come from the vulnerability of a community [Nakanishi:1997].

Concluding Remarks

In the first half of the paper, based on the survey of in-migration in Metro Manila, we discussed the relations among the migration, the urban poverty and the customary economy in the Philippine setting. Our fact finding is that while the overall volume of in-migration in Metro Manila tends to become smaller, the in-migration pattern from the poor regions has unchanged, and it has contributed to the poverty of Metro Manila. In this sense, I pointed out a possibility of exaggeration of the poverty alleviation in M.M.

In the latter half of the paper, we discussed the mechanism of poverty alleviation in a squatters area. Since many of the residents migrated from the poor regions such as Bicol, Eastern and Western Visayas, there are some sub-groups segmented by the home-provinces. During the economic crisis, the bilateral vertical socio-economic relationships, or the patron-client relations supplied the social safety nets for the poor, based on some kinds of the inter-linked deals. Such social relations have changed during the 1990s. As the market economy has penetrated into even such a depressed area, the vertical relationships have collapsed and the mechanism of the horizontal multilateral rent-seeking collective activities has replaced it.

Although it is often pointed out that community resources are still scarce in the Philippines, these fact-findings may show a transformation of socio-economic mechanism in the *customary economy*. Proper government intervention is indispensable to escape from the chronic poverty as only government may facilitate movements in the social ladder. Moreover, it should be noted that we need more information on the mechanism of the customary economy for such policy implications.

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A.I. Kuznets Process in Traditional Dual Economy Model

The purpose of this appendix is to re-examine a traditional dual economic development model. While it can explain many aspects in economic development, our main concern is the turning point. It can be interpreted as that in Kuznets process while it means the transition from a mixed economy of customary economy to a full market economy.

It is worth paying attentions that a theory of a Dual Economy, which was begun with a pioneer work by Lewis [1954], can still explain many stylized facts in economic development process, though it is pointed out that it has various problems. That is to say, it can explain 1) a process of economic growth, that is an increase in per capita income and 2) some aspects in the so-called Petty=Clark's law, which tell the center of gravity of an economy changes from the primary industry to the secondary, and then the tertiary one later, from the point of view of production or resource allocation. Further more, it is consistent with 3) Kuznets' inverted U-shaped Hypothesis which tells income distribution tends to be aggravated until some turning point and after that it will be improved. And finally this theory also explains 4) the transformation process that market replaces custom as a mechanism for resource allocation in the rural sector. The economy is, therefore, fully transformed to a market economy. In this section, we would like to review these points and point out problems on this topic.

A.I.1. Assumptions and the Initial Conditions

An economy discussed below is a dual economy where the different economic mechanism coexists. That is to say, the rural sector ruled by custom coexists with the secondary sector ruled by market mechanism. Here, as pointed out by Lewis, the so-called urban informal sector is also under customary mechanism, though for simplification, we assume such situations.

In the rural sector which is located in a community which consists of landlords and tenants. The socio-economic relations between these two actors are ruled by patron=client relationships based on traditional social norms. All of members in the rural community, furthermore, share the so-called "subsistence ethics," which tells all of members recognize the subsistence rights for the others in the community. It means that even the tenants who supply redundant labor (that is to say, their marginal products are zero) can earn a reward at the subsistence level. This is because the landlord is expected to guarantee the subsistence rights for his tenants by even cutting down his profits. If he does not supply such insurance services for his tenants, he will

be punished in the community. As discussed in Section III, we can find the different strengths of communities that depend on the various initial conditions, indeed. At least, however, in the case of the communities in Asian settings where the community members settle down as the long-termed permanent residents, we could recognize existence of such community mechanism.

Figure A.I.1 depicts the production function for the rural sector. The initial condition is given as the point R^0 where agricultural output O_1Y_s is produced by using tenant labor input O_1L_1. The reward for each tenant is w_s ($=B^0L^0/O_1L^0$) which is called "the subsistence wage" or "the constant institutional wage". The rent for landlord as "agricultural surplus" is the residual given as R^0B^0, which is supplied as food or "wage goods" for urban laborers.

The secondary sector is thought to be capitalistic manufacturing industry. The assumption that such industry is given *a priori* even at small scales is not so curious because many developing countries historically encountered such kinds of industries during the colonial regimes by the western developed countries before WWII. Sometimes such an economy where the modern capitalistic industries exist surrounded by the vast traditional rural economies is called an "enclave" economy. Here the industry produces industrial goods by inputs of labor and capital. The quantity of the input of factors of production is decided by the postulate of profit maximization. Since there are unlimited supply of labor in the rural area, the secondary sector confronts the perfectly elastically labor supply curve, which means the employer can hire labor as much he likes at the subsistence wage level without considering the various migration costs.

Figure A.I.2 describes marginal product curves of both sectors. The distance of the horizontal axis is measured as the total labor input in this economy. We can express labor allocation between the two sectors by using this figure. In the initial condition, the employer determined the labor input (O_2L^0) given the market wage (w_2^0) and capital stock (K_2^0). This point is express as R^0. The outcome is distributed to capitalist for $Q^0R^0w_2^0$ and laborers for $O_2L^0R^0w_2^0$ ($=w_2^0 O_2L^0$). The laborers exchange their wages with agricultural surplus (R^0B^0) possessed by the landlords. When the price of agricultural output measured by industrial goods is denoted as p^0, we can verity the equation as follows:

$$p^0 R^0B^0=w_2^0 O_2L^0,$$

and

$$w_2=p^0w_s.$$

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As discussed above, we call as the initial conditions the situations express at R^0 in Figure A.I.1 and Figure A.I.2.

A.I.2. Phase I: Theory of Unlimited Supply of Labor and Lewis Trap

Under these assumptions and the initial conditions, the secondary sector *can* continuously absorb labor in the primary sector at the subsistence wage as long as there exists redundant labor in the rural area. Suppose that the production capacity expands from $MP_2{}^0$ to $MP_2{}^1$ through re-investment by capitalist. Employment in the industrial sector increases to O_2L^1. Although the labor force in the rural sector decrease from O_1L^0 to O_1L^1, output in the rural sector is still the same level (O_1Y_s). Since the incremental supply for wage goods which is agricultural surplus (R^1B^1) just meets the incremental demand by immigrant in the urban area, the relative price of wage goods as the terms of trade between the two sectors is constant. This new equilibrium is given as the point R^1 in Figure A.I.1 and Figure A.I.2.

In this process, we can understand that Lewis model explains 1) economic growth and 2)Petty=Clark's laws consistently. Although the output for the rural sector is unchanged, that of the industrial sector increases through reinvestment by capitalist and rural-urban labor allocation. The reward for capitalists and landlords, furthermore, increases in this process. Since the reward for landlords is the difference between total output and wage payment for the tenants, emigration from the rural area increase his income. This fact is consistent with the early stage of Kuznets Hypothesis.

The first phase of labor absorption process by the industrial sector will halt, *ceteris paribus* at the point S^*, where the redundant labor dries up. The industrial sector could not expand employment beyond O_2L^* in this case. Suppose that the capitalist expects to expand employment labor for O_2L^2 by re-investment (from $MP_2{}^*$ to $MP_2{}^2$) at the subsistence wage level. This situation is depicted at the point R^2. Then the output of the rural sector decreases to Y^2 because of deprivation of laborers with the positive marginal productivity. This means that the demand for wage goods for labor is not met by domestic agricultural supply. This is the reason why this point is called "the shortage point". While each tenant can maintain his subsistence level through guarantee by his landlord, the urban labor confronts the shortage of wage goods (S^2R^2). Since the relative price of the wage goods rises from P^0 to P^2, the urban real wage measured by the wage goods ($W_2{}^0/P^2$) is lower than the subsistence wage level realized in the rural area. This causes return migration from the urban to the rural area until the point S^* in Figure A.I.2. Since this migration raises the urban nominal wage (from $w_2{}^0$ to $w_2{}^2$), the urban real wage recovers at the subsistence level. Finally, the trial for

expanding employment by capitalist fails only to the increase of the urban nominal wage. This process after the shortage point deprives the incentives for re-investment by the capitalist, which hinder the development process. We call it "Lewis Trap."

A.I.3. Phase II: Roles of Agriculture for Escaping from Lewis Trap

The essential cause of Lewis Trap is the shortage of food. If we do not consider import of food, an improvement in agricultural productivity such as Green Revolution is indispensable.

At the shortage point, suppose that the production function shifts up as like from O_1F^0 to O_1F^3 by an improvement in agricultural productivity, and therefore, the marginal productivity curve shifts up from MP_1^0 to MP_1^3. (Here, the incremental labor at any point in the production curve brings increase in output at the same growth rate.) If the labor input in the rural sector is still O_1L^*, the output increases to O_1Y^3. This amount is beyond the subsistence level for labors, while all of benefit (R^*S^*) by an improvement in productivity belongs to the landlord. In the commodity market, the landlord exchange the wage goods (R^*S^*) for the urban nominal wage $(w_2^{0*}O_2L^*)$. Since $p^3=(R^*S^*/O_2L^*) < p^0$, the real wage in the urban sector $[w_2^0/(R^*S^*/O_2L^*)]$ is higher than w_s. This causes the rural to urban migration until the economy confronts the new shortage point (S^3). Finally, at this equilibrium point, we can find that the labor absorption beyond the original shortage point S^* by the urban sector(O_2L^3) and the nominal wage level of the urban sector falls to w_2^3 as to equalize the real wages between the two sectors.

We can verify, therefore, that one of the sufficient conditions for transforming to the Phase II is an improvement in agricultural productivity. Agricultural development in the developing countries is essential in this sense. The fall in the relative price for wage goods, however, may deprive incentives for further endeavor by landlords for productivity improvement. The stabilization of relative price is important.

### A.I.4. Phase III: Concurrent Development for Turning Point

After the economy reaches the shortage point (S^*), the necessary condition for farther continuous development is the concurrent or simultaneous development by re-investment or improvement in productivity in both of the sectors so that the terms of trade are constant. If the improvement in productivity in the rural sector occurs as described above, the re-investment in the industrial sector should absorb labor as much as O_2L^3 if the economy retain farther development incentives. This is expressed as the shift of marginal productivity curve from MP_2^* to MP_2^3. Here the marginal

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productivity at the point S^3 or S^3 is not zero but still lower than the subsistence wage (w_s). Such "surplus labor" exists until the "commercialization point" where the marginal product of labor becomes the same as the subsistence wage.

In such a concurrent development process, both of the shortage point and the commercialization point are approaching (in this case the distance between S and C is getting near from S^1C^1 to S^3C^3). The point where the two points meet is called the "turning point," the point T. At the point T, in the rural area, the subsistence wage determined by social custom is the same as the marginal product in the rural sector. This means the mechanism in the rural sector fully changes to market mechanism from customary mechanism. Beyond the turning point the economy encounters the Phase III as the labor shortage stage, where any shift of marginal productivity curves surely raise the real wages of the both sectors.

As explained above, we can verify the transformation process from the customary to the market economy. Furthermore, the wages for any labors are getting higher and higher in the Phase III. In this phase, the income distribution between the landlord and the tenants or between the capitalist and the urban workers will improve, because the real wage level in the both sectors will be higher than the subsistence level. This process explains the latter half of the Kuznets Hypothesis.

[Figure A.I] Development of a Dual Economy

[Figure A.I.1.] Production Funciton for Rural Sector

[Figure A.I.2]
Labor Market in the Economy

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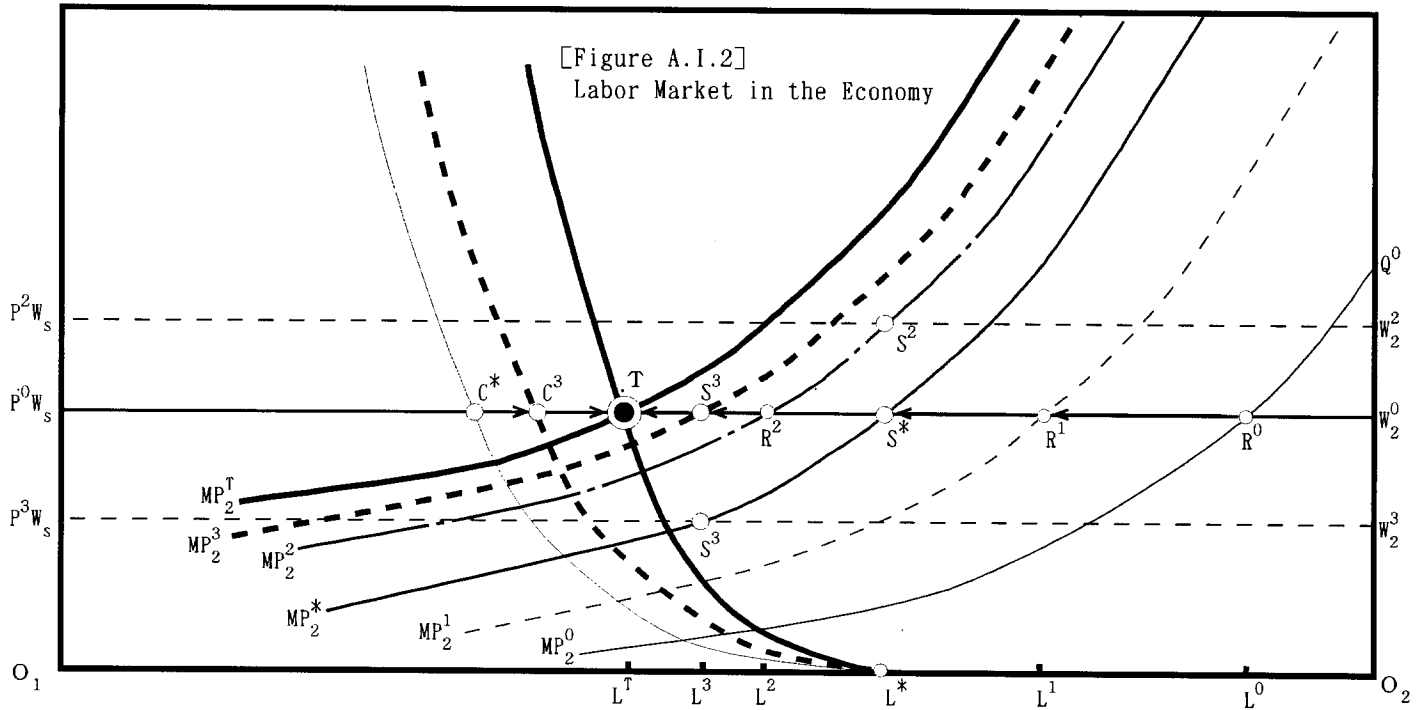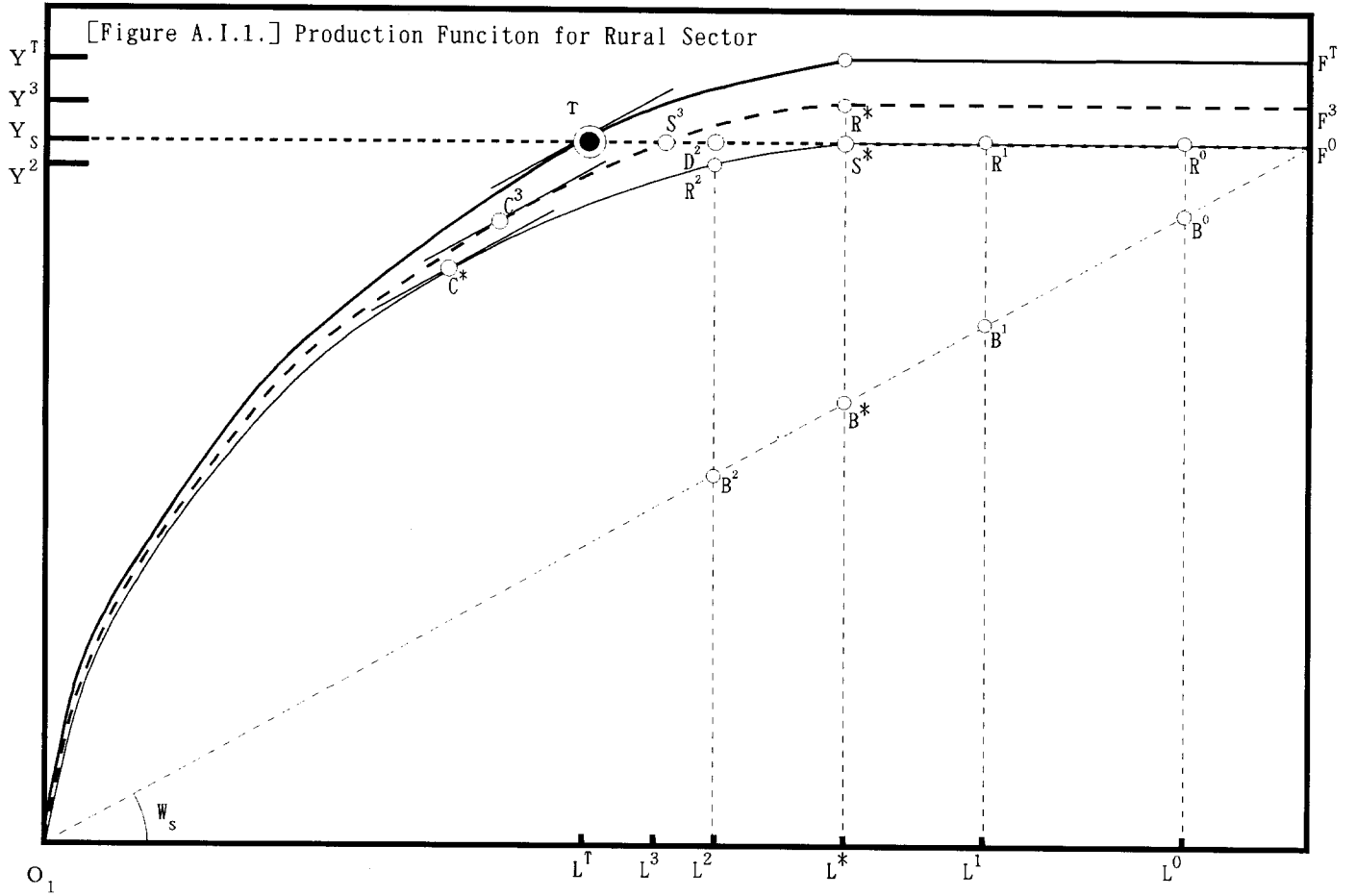
A.II. Socio-Economic Initial Conditions of the Research Field

In this Appendix, some socio-economic initial conditions in a squatters area as the research field are described, which could not explained in Section III. The figures and information here are based on the interviews I conducted since 1985.

A.II.1. The Basic Characteristics of the Research Field

Location

The research field called *Sitio* Paz is a squatters area in Malabon, M.M. This *sitio* is divided into two, the north and the south, by Street. In the northern part, triangular shaped, of about 0.8 ha, more than.200 houses stand close together. The southern part of about 1 ha was mostly used as a vegetable field by the residents in the *sitio*. There were about 50 families living in this area. The whole part of the north and part of the south belong to the government. The remaining part of the south is a private land. A fishpond extends in three directions except the west. All the land of the *sitio* was part of this pond before. In the latter half of 1950s, several families already lived on the bank of the pond. Since the pond was filled up with discarded articles after the 1960s, this *sitio* was called *Tambakan*. People began to live here in earnest after 1968, though the actual *sitio* was said to be formed only by 1975.

Demographic Characteristics

While in 1985 when the first survey was conducted, there were 1215 residents of 253 households(643 males and 572 females), in 1994 when the second survey was conducted, there were1616 residents of 334 household(836 males and 780 females). The population structure by sex and age in the both years shows the typical pyramid form in the LDCs. The population of those under 20 years of age was more than half of all (628 in 1985 and 810 in 1994). As regards the age structure of household heads, while the average age was 39.4 years old and 60%(150) were under 40 years old in 1985, and 40.7 years old and 50%(166) in 1994. Only 61 families out of 334 in 1994 (48 out of 253 in 1985) were classified as the so called extended families which were dominant in the rural area, while the share of the nuclear families reached 84% 281 families in 1994 (70% 187 in 1985). The number of families with 10 or more members were 7 in 1994 (5 in 1985). The average number of family members was 4.84 in 1994 (4.80 in 1985).

Two Groups in a "Community"

It is said that many residents died of an epidemic in 1978 and a typhoon in 1979. It seems that these disasters forced the people to have closer relations with the *barangay* church and to open their eyes to the so-called community organization. In 1981, a chapel was constructed inside this *sitio* by a contribution of one of land owners and by funds which the church had collected from the *barangay* residents outside the *sitio*. At that time, a *barangay* priest named this *sitio Paz* and began to say Mass there once a month. Furthermore the residents elected Joseph Rodriguez (from Pangasinan Province, Ilocos) as a leader of this *sitio* and from that time onward they

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have celebrated the Paz Festival once a year under the sponsorship of the *barangay* church. This organization was, however, strongly characterized as a religious group which was formed against natural disasters, and had little feeling of togetherness as a political organization of residents. One of the informants said that there were two groups, i.e. the one of those born in Western Visayas and the other of those born in Ilocos and they differred in every matter.

The political situation in this *sitio* was forced to change dramatically by the presidential election of 1986 and the successive political changes of February. First of all, a new group, informally supported by the church, was born after the Paz Festival of January 1986, just before the presidential election. It could be called a new Christian group. Its members formed another organization called *Samahang Lakas-Bisig*(SLB) under the leadership of Roland de Guia(came from Negros Occidental, Western Visayas) and began to actively support the then candidate Corazon Aquino. On the other hand, the group under the *sitio* leader, whose members were mostly from Pangasinan, Ilocos supported the then President Marcos. The two groups were constantly at feud each other.

After the political changes of February 1986, part of the Pangasinan group joined the SLB and the year after they had an opportunity for their reconciliation in a general meeting of the SLB. Some people under the ex-leader's family, however, have not joined the SLB even now nor had negotiations with the SLB. From that time on, the SLB has continued to be a community organization, asking medical services from some Christian social action centers, making a plan of communal fund system like a mutual financial association, and so on. The number of its members as of April 1987 was 270, including non-residents of this *sitio* (residents' friends, persons concerned of the church).

These histories of the groups similar to communities at a glance tell us vulnerability of community resources in the Philippines.

A.II.2. Standard of Living

The following is a certain family's daily life of the *sitio* in 1985, described on the basis of the author's observations.

At five o'clock before daybreak, the men here gather by twos and threes at the water vendor's house out of *Sitio* Paz (3 pesos for 12 plastic receptacles (20 liters each). They can use a hand-cart free of charge. Francisco Cruz of 25 years old is one of them. He buys water into plastic receptacles and carries them in a handcart to the *sitio*, keeping away from jeepneys passing by. He stops the handcart at the gate of the *sitio* and carries the receptacles of water by hand to his house because of the narrow paths inside the *sitio*. He pours the water into a drum can that was a disused article. The plastic receptacles and the handcart should be returned, so it takes more than half an hour for one man to finish all of this work. His eldest son, Dominador, of ten years old, goes to collect empty bottles and plastics at a dumping ground near the house before breakfast. His wife Ana begins to prepare the breakfast.

She cooks rice with the water of the day before, but it takes a lot of time for her to cook it, because the heating power of the charcoal is weak. When Francisco finishes carrying the water, Ana rewards him by serving a cap of watery instant coffee. After that, Francisco takes a bath outside the house with the water of the drum can. They don't have any electric appliance except a

radio, so he goes to the neighbor's house to iron his polo shirt. It is around six o'clock when they have breakfast, fried fish they have left the night before. At this time, children's cries catch one's ears here and there and the radio music is heard over the *sitio* at high volume. Francisco finishes his meal and then changes his T-shirt pyjamas into the ironed polo-shirt to go to his construction work. Dominador, back from scavenging, takes a bath and breakfast and goes to school.

Ana also has breakfast with two other children of six and four years old and begins washing clothes. She needs the whole morning to wash things of the five members of the family, because she has to do all by hand with a solid soap bar. They don't have lunch if there's nothing left over. She takes a nap one or two hours, and after that she goes out to scavenge with Dominador who comes back at that time. The two children take care of the house playing with their friends. At four, their mother and brother come back and go to the junk shop to receive their proceeds, about 20 pesos. Ana buys cheep candies for the children at a sari-sari store and goes to the *barangay* market near by. They usually have fish for their supper. Most children play cards or tag before supper, but some help street traders in the market and earn some. About five o'clock, Francisco comes back with a bottle of gin. He sits down on a box of wood at their small back yard and drinks with his friends before supper. After they finish their supper of only one dish and rice, Ana and the children go to bed by nine o'clock. Francisco visits his neighbours to watch T.V. with the rest of gin, some relishes and ice that he buys at neighborhood sari-sari store. Television sets and radios around them make loud sounds late at night. He usually comes home by ten to sleep on the dirt floor. When he has a lot of fun with his friends, he continues drinking up to one or two o'clock.

The *sitio* can be considered as an area where the lowest income bracket of the pyramid type social stratum structure of the Philippines lives, even if their standard of living showed improvement in 1994.

While the average monthly family income in 1985 was 1,581.6 pesos (329.4 pesos per capita), it amounted to 1,814.3 pesos and 378.0 pesos respectively in 1994, which are evaluated by price index in 1985. There still exists, however, a big difference of the standard of living between the north and the south of the *sitio*. In 1985, while the family income was 1,591.6 pesos in the north, 918.9 pesos in the south, but it amounted to 1,198.0 pesos and 1,136.9 pesos in 1985 price index respectively in 1994. While more than 85 percent of total population were below the poverty line in 1985,

A.II.3. Migration

Migration Process

In the 1985 survey, seventy-six household heads (46%) belonged to non-economic activity population when they migrated, because they were dependents. The most typical job of household head migrants was of landless agricultural workers. They said that they migrated into M.M. because of difficulties in life. This suggests the significance of the right of tilling land in the process of migration decision making. Including fishermen and tenants, about 40% of household head migrants belonged to the first industry. There were few step migrants through local cities.

Relatives of migrants were considered as the main source of information about migration. More than 60% migrants got information on the destination places from their relatives. Seventy-eight household head migrants (64%) out of 122 independent migrants answered job seeking in M.M. had been the main reason of their migration.

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Although the migration of household heads into M.M. has occurred since 1955, the stream into the *sitio* has increased since 1965. In particular, seventy three household heads (44%) have come into the *sitio* after 1980. This shows the high turnover rate in the urban ·informal sector, where the low income workers exhibit an excessive mobility within M.M. and the spill-over of the urban poor problems to out of the City of Manila. The number of unmarried migrants were 126 when reaching M.M.. Most of them married in M.M. and moved to the *sitio* with their families. More than half(91) of 167 household head migrants had experiences twice or three times of movements within M.M. before reaching the *sitio*. This does not mean, however, that there were many step migrants who migrated to M.M. after having lived at least in one local city, but that they often move within M.M.. The number of the step migrants were only 27(16%).

We can describe the typical type of migration into the *sitio*. in 1964, a single man at 21 years old migrated into M.M. for job-searching depending on his kinship ties, due to difficulties in life. He could not get any permanent job in M.M. for ten years. During this period, he moved within M.M. several times. Having married, at 33 years old, he came to the *sitio* in 1976 with his family.

Effects of Migration on the Socio-economic Relations

It appears that the socio-economic interpersonal relationships are determined depending on ties of blood or kababayan(town mates) relation-ships, though the studies of low income strata area have not stressed it.

The political conflicts between the Pangasinan Group and the Visayas group seem to cause socio-economic problems in the *sitio*. As referred already, the reconciliation between those two community organizations in the *sitio* in 1987 looks like superficial. The residence distribution also shows political segmentation of the *sitio*. As they get daily information through gossips with their neighbours or at the sari-sari store, this kind of segmentation gives distortions in the markets of the urban informal sector.

Spoken language has no direct effects on the socio-economic relations and the economic activities of the urban informal sector in the *sitio*. Although the migrants were from different provinces, any other language apart from Tagalog has been rarely heard in daily life.