Economic globalization and regional disparities in the Philippines

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This paper empirically tracks the Philippine (policy) path following the mantra of economic globalization over the past 25 years. Specifically, it investigates the resulting regional growth-inequality relationships and development footprints accompanying the restructuring of political economy and livelihoods. The Philippine case thereby shows how globalization can simultaneously cause the selective dismantling of (economic) barriers and enhancement of mobility and growth, as well as a deterioration of socioeconomic inequalities in space and society. In an increasingly deregulated and contested environment these development divides do not just pose serious threats to regional balance and national cohesion but, ultimately, undermine state capacity to achieve avowed goals of inclusive growth, stability and equality for citizens.

Keywords: economic globalization, growth-inequality nexus, Philippines, governmental policy, regional development, spatial and sectoral concentration of economic activity

Disparate development and globalization: introduction

It is a normal task of governments to reduce regional and socioeconomic disparities and encourage more inclusive development. However, over the past three decades, globalized flows of goods, services, information and people have increasingly linked local and global economies and the participating societies. While providing frameworks for global competitiveness and regional balance, governments have tended to withdraw from economic spheres in favour of private actors. The impacts of these globalizing encounters on spatial and socioeconomic inequalities have generated much debate and controversy (e.g. Anderson, 2005; Willis et al., 2008; Rigg et al., 2009; World Bank, 2009) which are likely to intensify with the currently experienced global economic crisis and revived demands for stronger social protection through state regulation.

This paper links the processes of economic globalization and the (re)production of spatial disparities for the case of the Philippines. Globalization has introduced a stronger interplay between local (rural and urban), regional, national and international scales, interactions that today determine the inherent possibilities and mounting vulnerabilities of any place and its people. Differential regional outcomes of political-economic restructuring therefore raise questions of how different Philippine regions have positioned themselves (or are being positioned) competitively in the global system. The Philippines presents an interesting case for already having long historical links to important orbits: Arab (especially since the ninth century), Chinese (especially since the eleventh century), and through colonization, Spanish (1565–1898) and American (1898–1946), inheriting from the latter the use of English as an official language that has facilitated greater ease of interaction with contemporary global circuits. Moreover, the devolution in governmental policymaking since 1991 has potentially strengthened regional balance and policy outreach to the peripheral and marginalized.

Focussing on the growth-inequality relationships at regional levels and their development footprints over the past three decades, the paper uses geostatistical, cartographic and policy analyses to empirically map geographical manifestations of spatial and social
disparities in the Philippines. The period 1984–2009 was chosen because democratizing and liberal(izing) movements have explicitly shaped Philippine development since the mid 1980s. Frequently changing administrative classifications of regions required focusing the thematic maps on a period of administrative border stability for which the widest range of subnational statistics was available.\(^1\) Thus the period 1998–2001, when the Philippines consisted of 79 provinces, grouped into 16 regions, was selected as the focus of cartographic analysis. Qualitative in-depth research, including expert interviews with representatives of government and nongovernmental, aid, academic and local community organizations, as well as participatory field visits to centre and peripheral regions, also provided insights to the multiple factors shaping the landscapes of disparities in the Philippines, particularly in the Central Visayas, one of the country’s most rapidly globalizing regions and characterized by stark internal developmental disparities.

**Positioning the topic in the academic discourse**

The past three decades have seen many countries of the global south heralding (income) growth through global integration to catalyze ‘catch-up’ development. This globalization operates in two directions, through international influences into formerly domestic domains and through the redefinition of national political economies following global neoliberal preferences. Typically private investors and financially powerful transnational corporations are attracted to (often labour intensive) export-oriented industry and service environments in favourably located special economic zones (SEZs) through deregulated policies, tax benefits, eased social and ecological restrictions, low wages, and so on. The promises of the ensuing foreign direct investments (FDI), direct transfer of technologies and skills, and income- and employment-generating spill-over effects have been claimed to mitigate poverty and disparities (e.g. Dollar & Kraay, 2002) – or at least to not increase distributional inequalities in the long term (e.g. Qureshi & Wan, 2008). However, detractors argue that the relationship is not straightforward and varies between cases (Anderson, 2005). While globalization-induced growth may help to alleviate poverty such benefits may be lessened by a corresponding increase in spatial and social disparities (cf. Palpacuer & Parisotto, 2003; Jalilian & Kirkpatrick, 2005), due in part to economic globalization tending to work selectively in favour of urban areas, services and manufacturing. Also noted is that certain population groups are excluded from the global arena, while those who are included face greater opportunities as well as greater vulnerabilities (cf. Kraas, 2007). Adding prominence to this debate, the recent 2009 World Development Report (World Bank, 2009) acknowledges, in broad summary, that economic development occurs, and should be encouraged to occur, in a spatially unbalanced way. This, according to the report, can result in overall social inclusion if policy principles encouraging density and limiting economic distance and divisions are prioritized over notions of equality and targeted (re)distribution.

Indisputably, globalization heightens competition between people and regions for benefits and inclusion into the global system; poverty and wealth are thus mobile positions in flux. But many see the widening gaps between winners and losers of global integration, and that the chances of moving up are as high as the risks of falling down, depending on the starting points and institutional circumstances from which people and regions enter this ‘equality of opportunity’ game (cf. Willis et al., 2008; Rigg et al., 2009). Regions and people are compelled into a continuous struggle against poverty and disparities and must constantly consider their numerous dimensions and risks. In this
liberalized environment the challenge for governments is to determine ‘at what point poverty and disparities become morally unacceptable and what balance to strike between freedom and equality’ (ESCAP, 2001: 1) in order to achieve more inclusive pro-poor growth. Dagdeviren et al. (2002: 405) infer – in contrast to the 2009 World Development Report – that ‘what is required is a growth policy that incorporates equity as a forethought, rather than an afterthought’. Such policy targets would reconnect lagging regions and people to the social, economic and political centres to enable them to advance their quality of life. Thus, Rigg et al. (2009) argue, policy cannot solely focus on political economy issues as suggested by the 2009 World Development Report, but must also consider wider societal, environmental and political inclusion/exclusion processes as additional elements involved and interacting in the production and alleviation of regional and social disparities (see also Mehretu et al., 2000). Set against this debate, this paper identifies the patterns, factors and relationships that have characterized the globalization development nexus in the Philippines.

**Reshaping regional development through global integration in the Philippines**

**Key policy directions and political milestones**

Under the authoritarian government of President Ferdinand Marcos (1965–1986) the Philippine economy was highly protected and based on import substitution. In 1986, following the assassination of his rival Benigno Aquino in 1983 and the 1983/84 recession, Marcos was ousted by a mass uprising dubbed ‘People Power Revolution 1’. This opened the way for a new constitution, democratic reform and economic transformation following the mantra of globalization.

Consequently, since the 1980s the Philippine political economy has been profoundly oriented towards greater global integration. Figure 1 delineates these important policy measures, as well as political milestones, against the gross domestic product (GDP) growth rate. At the core of the reforms were structural adjustments intended to prepare the Philippines for global competition as a newly industrialized country. In the 1990s the inflow of foreign investments, equity participation and the establishment of foreign (offshore) banks were liberalized. The Philippines also entered into various (multilateral and regional) trade associations to enable the growing industries and services to realize economies of scale and penetrate larger markets. By the twenty-first century the Philippines had significantly reduced economic barriers and was more globally market-oriented than ever before. Still, it was ranked 71 out of 134 countries in the 2008–2009 Global Competitiveness Report (ADB, 2008) and, economically, has been falling behind the performance of other Asian neighbours.

Since the late 1970s the Philippines has pursued the objectives of global integration and regional balance together. The reorientating of regional development priorities, first begun by the Marcos administration, specifically concerned two policy orientations: to promote the comparative advantages of each subnational region, and to narrow regional socioeconomic disparities (Manasan & Mercado, 1999). Broadly, these were driven by a (re)awakened political interest in fighting poverty and, relatedly, the development challenges of equality and social justice (NEDA, 2001; 2004). Looming concerns about political stability in the face of economic volatilities have ensured these stayed on policy agenda.

Indeed, ideologically-based conflicts over social justice and (re)distribution between the state and opposition movements have affected 91 per cent of all administrative provinces between 1986 and 2004 (HDN, 2005). Resistance groups justify their
Figure 1. **Summary of Philippine political economy steps towards global integration and regional balance, 1980–2008, showing GDP by economic sector and overall annual growth rate (at constant 1985 prices), 1984–2008.**

**Sources:** Policy timelines based on various government sources; GDP calculations based on data from NSCB’s (various years) regional accounts by sector. Available from [http://www.nscb.gov.ph/grdp](http://www.nscb.gov.ph/grdp) (last accessed September 2010).
opposition with targets of ‘redistributive and recognitive justice’ in terms of more equitable socioeconomic reforms, land entitlements and more political autonomy for deprived and minority population groups (cf. Diprose & McGregor, 2009). Dating back over 200 years and notwithstanding a peace agreement signed with the Moro National Liberation Front (MNLF) in 1996, the most entrenched conflicts are in Mindanao between the state and various Moro groups (including the more militant Abu Sayaff Group) that sustain at least 260 deaths per year and displace hundreds of thousands (HDN, 2005). The second major conflict has been between the state and the New People’s Army, the military arm of the Communist Party of the Philippines, who see themselves as representatives of the rural poor (see Ulrich, 2003) and have been able to set up shadow governments in various upland areas that effectively challenge the legitimacy of formal government(s).

Urbanization and agglomeration economies: underpinning disparities?

Figure 2 portrays population density and city agglomerations in 2000, both heavily concentrated in and around the National Capital Region of Metropolitan Manila – itself the largest conurbation (11 553 427 inhabitants in 2007). Indicating the widespread urbanization induced by Metro Manila, the concentration of cities is exceptionally high in the neighbouring region of Central Luzon and the eastern CALABARZON area of Southern Tagalog (in 2002 the mostly urbanized and wealthier CALABARZON and the predominately rural and poorer MIMAROPA to the west were turned into separate administrative regions of Southern Tagalog in order to strengthen regional economies).2 Central and Western Visayas also display a high population density, the main hub being Metropolitan Cebu-Mandaue, the second largest agglomeration in the Philippines (1 393 881 inhabitants in 2002). Generally, most major cities exceeding 150 000 inhabitants are located along the coast, serving as trade gateways into the hinterland, the exceptions being the more rural Autonomous Region in Muslim Mindanao (ARMM), Bicol, Eastern Visayas, the MIMAROPA provinces of Southern Tagalog and Cagayan Valley.

The primacy of Metro Manila in the city system reflects the historically centralized locus of state power and the spatially biased allocation of policy and resources inherited from colonial Spanish and American rule, and perpetuated by subsequent Filipino governments. Particularly from the 1980s, urban agglomerations have been explicitly promoted and developed as growth poles for their respective hinterlands (Spreitzhofer & Heintel, 2002; Gonzales et al., 2003). Only in the 1990s were policies redirected towards benefitting the areas adjacent to the north of the capital in Central Luzon – specifically the former US navy bases turned SEZs of the Subic-Clark Corridor3 – and, notably, to the south into the CALABARZON area, and to Central Visayas and Southern Mindanao. Population distribution, however, has remained very urban- and Metro Manila-focussed. In mid-2008, 63 per cent of (the total 90 457 000) Filipinos resided in urban areas and the urban population grew at 2.9 per cent per annum, faster than the total population rate at 2.0 per cent, indicating large-scale rural-to-urban migration processes (ESCAP, 2008).

Following the 2009 World Development Report (World Bank, 2009) this too is a positive development (policy) direction, assuming that increased agglomeration density enhances economies of scale, mobility, growth and opportunities to move up the development ladder for urban and rural groups alike. However, in the Philippine case Gonzales et al. (2003) observe that the period of beneficial growth of Metro Manila’s agglomeration economy appears exhausted, with obvious signs of urban diseconomies in the city’s reduced primacy, rising land values and congestion.
In addition, such mega-agglomerations have been found to engender gross forms of socioeconomic exclusion and, in turn, spur similar urban–rural inequities that engender new hotspots of (and studies on) disparate development (cf. Spreitzhofer & Heintel, 2002; Kraas, 2007).

Figure 2. Regional administrative classification of the Philippines, 1998–2001 (also including CALABARZON AND MIMAROPA divisions of Southern Tagalog in 2002) showing population density and major urban concentrations, 2000.
Source: Based on data derived from NSO (2002).
Globalizing economic sectors: on success and failures

Economic structures have changed rapidly alongside the reorganization of the Philippine political economy in the past 25 years. Sectoral growth rates prior to liberalization show that from 1975 to 1985 the primary sector registered the highest growth rate at 3.7 per cent annually, compared with 1.8 per cent for industry and 2.7 per cent for services. Agriculturally-determined regions, even if in more peripheral locations such as Ilocos and most of Mindanao, performed better than regions with an urbanized industry and service base because of the technical and financial aids for agriculture and tight regulation of industry and services in the Marcos era (Manasan & Mercado, 1999).

Since 1986 these patterns have been reversed with economic reforms targeting labour intensive services and industries more likely to increase export production for global markets and to attract foreign capital. In 1985, agriculture accounted for 26.7 per cent of the economy, industry for 33 per cent and services for 40.4 per cent (Figure 1). By 2008, as a result of the foci on SEZs for export processing, eco and medical tourism, agroindustry, information technology parks, and, increasingly, business process outsourcing and call centre operations, the tertiary sector contributed almost half (49.2 per cent) of the economy while the share of the primary sector had dropped to 18.1 per cent and that of the secondary sector stagnated at 32.7 per cent (NSCB, 2009). The economic reforms succeeded in increasing exports and FDI inflow: in 1990 exports of goods and services totalled 18.5 per cent of the GDP, in 1995 it increased to 23.5 per cent then more than doubled to 51 per cent in 2000 (Orbeta, 2002). Net inflow of FDI rose from an annual average of USD 782 000 000 between 1989 and 1994 to USD 2 086 000 000 in 2006 (Yap, 2008).

Another major factor for the Philippines’ global integration is the impact of international migration and remittance flows. Filipinos present one of the largest emigrant populations in the world because overseas employment has been strongly encouraged by successive governments since 1974 to solve domestic employment deficits and poverty (cf. Clausen, 2007a). In 2007 an estimated 8 726 520 overseas Filipino workers (CFO, 2007) sent home USD 14.5 billion in remittances which, apart from supporting consumption and investment, also fostered the record GDP growth of 7.2 per cent (Agunias, 2008).

Indeed, the period 2004–07 has seen high GDP growth. This boom was carried largely by private consumption and expanding business outsourcing and call centre functions for financial, IT and telecommunication services that have relocated to the Philippines. In March 2008, about 200 outsourced call centres in the country employed between 150 000 and 170 000 Filipinos, and projections for the sector have been optimistic (Friginal, 2009).

Importantly, this recent boom should be seen against the history of boom and bust phases of the Philippine economy (Figure 1). The Philippines’ transformation into a ‘newly industrialized country’ was accompanied by an inflation crisis in 1991/92 and followed by the Asian financial crisis in 1997/98, which together with an El Nino-induced drought brought the catch-up developments of the 1990s to a halt. Although the Philippine economy was not as hard hit by the financial crisis as some of its neighbours (being comparatively less tied up in global markets then), the recession highlighted its growing dependency on (volatile) global markets. The ensuing years of political instability led to the ‘People Power 2’ ousting of President Joseph Estrada over allegations of corruption and mismanagement and to the presidency of Gloria Macapagal-Arroyo in 2001. By 2008 the recent GDP boom had come to an end, mostly due to the global recession (Figure 1) (ADB, 2008).
**Primary sector predicaments**

With the restructuring of services and industries the situation in the primary sector has become increasingly problematic. Officially, about 36 per cent of Filipinos are still occupied in the primary sector, but unofficial figures, taking into account high rates of informal labour and unreliable official statistics, push it up to 65 per cent (Shaw, 1999; NSO, 2008). Agriculture and fisheries remain the dominant sector of employment in most of Mindanao, Eastern Visayas, Northern Luzon as well as the MIMAROPA provinces (Clausen, 2007a). In 2000, 33 per cent (25 472 782) of Filipinos lived below the poverty threshold; while urban poverty had stagnated at a high 15 per cent since 1997, rural poverty over the same period had risen from 39.9 per cent to 41.4 per cent (NSCB, 2003). And while living in cities does not automatically equate with greater wealth and equality, it is apparent that policy innovations for rural areas and the primary sector have been inefficient and/or neglected.

The 1997 Social Reform and Poverty Alleviation Act and the 1998 Agriculture and Fisheries Modernization Act addressed the situation of the rural poor. Advocating wealth creation mainly through productivity enhancement and the reduction of economic barriers by applying technological modernization and export-oriented agribusiness strategies, these policy directives disregarded crucial local obstacles to such agroindustrial transformation. For example, the policy emphasis on export growth undermined a primary sector unable to provide Filipinos with food security in their prime staple and resulted in the country importing 10–15 per cent of its rice consumption – a world record for the rice staple (ADB, 2008). Large-scale exports are limited to timber, mining, aquaculture and plantation crops (palm oil, tobacco, coconuts, bananas) that typically coexist with small-scale, mainly subsistence agriculture and fisheries. For example, in the Central Visayan province of Bohol farm patches average only 0.6 ha, and only 50 per cent of the agricultural land area is considered productive beyond subsistence. Such low productivity levels, suggesting insufficient demand and supply to start high-value crop production and processing, limited market connectivity, and little intra- and inter-provincial trade potentials, call into question the feasibility of technological modernization. Moreover, technology-led restructuring typically generates few new jobs, key to poverty alleviation (NEDA, 2001; 2004; Clausen, 2007a). National unemployment in January 2008 stood at 7.4 per cent, substantially improved from 11.4 per cent in 2001, and probably a result of recent economic growth (NSCB, 2009). However, the figures hide higher underemployment rates of 18.9 per cent, plus the fact that rates can be assumed to be much higher since there is little incentive for unemployment registration in the absence of social benefits. Overall, as a recurring trend, policies for the primary sector seem to be organized along (internationally suggested) theoretical lines that (over)emphasize goals of productivity and efficiency, remain disconnected from local problems and environments, and are conceptually imprecise and often practically ineffective.

Another obstacle to developing Philippine trade environments is their morphological fragmentation into 7107 islands and their exposure to natural hazards. This results in exceptionally high transport, logistic and infrastructure costs that often render imports more profitable than subnational trading. Yet investments into key physical infrastructures have been neglected, effectively confining large-scale trade to the few globally-connected enclaves and reducing spill-over effects on more peripheral segments of the economy (cf. Balisacan & Hill, 2007). For example, the regional agro-industrial centers (RAICs) policy initiative of the 1990s to strengthen rural–urban links and create
agribusinesses in peripheral areas resulted in considerable growth, albeit restricted to already better developed and urbanized areas (Manasan & Mercado, 1999). One recurrent impediment to these and similar growth pole policies is the often unclear articulation of how areas, economic sectors and population segments are to be linked through the incentives (Gonzales et al., 2003). In other words, questions of relative distances in terms of access(ibility) and outreach to peripheral regions and marginalized people, and how these distances can be bridged remain of central significance in the Philippine (uneven) development context. The government has attempted to address some of these issues through the Nautical Highway connecting important roads and ferry lines across the country, and the comprehensive and integrated infrastructure programme directives (2006–2010) (Figure 1).

Socioeconomic inequalities at subnational level: seeking explanations

Figure 3 depicts regional differences of absolute sectoral GDP and GDP growth rates from 1999 to 2001 (the diverging economic paths of the CALABARZON and MIMAROPA provinces of Southern Tagalog are not reflected here). It confirms the overwhelming dominance of Metro Manila and its neighbouring regions in the Philippine spatial economy, plus the growing significance of Central and Western Visayas and Southern Mindanao. With the exception of Northern Mindanao, residual Mindanao regions are far behind the development of Davao-led Southern Mindanao. The ARMM and Caraga are positioned at the lowest end of the country’s GDP parameters, after Western and Central Mindanao, Eastern Visayas, Bicol, the Cordillera Administrative Region (CAR) and Cagayan Valley. Correspondingly, poverty data for 2006 categorized 32.9 per cent (27 616 888) of Filipinos as poor, with the highest concentrations found in ARMM (61.8 per cent), Caraga (52.6 per cent), Southern Tagalog-MIMAROPA (52.7 per cent) and Bicol (51.1 per cent), in contrast to the levels in wealthier Metro Manila (10.4 per cent), Luzon (20.7 per cent) and Southern Tagalog-CALABARZON (20.9 per cent) (NSCB, 2008).

In sectoral terms, Figure 3 confirms that the majority of regional economies with a primary sector focus are least successful in terms of GDP production and growth. Only Cagayan Valley may be called an exception, less for its overall contribution to the national economy than for the resilience of its largely agriculture-based economy against crisis events, demonstrated by its quick recovery after the 1997/98 recession.

Most of the primary-sector-led regions are also sites of entrenched armed conflicts between the government and New People’s Army (North Luzon, Bicol, Eastern Visayas) or Moro movements (Mindanao), which have hindered the extent of the impacts of investment and government policies. For example, parts of Mindanao had not been supported with government agricultural services for over 20 years (Shaw, 1999) prior to the launch of a new rural development programme in 1999; only subsequently has Mindanao been the focus of national policy intervention (Figure 1) (NEDA, 2001; 2004). Overall, the Mindanao conflict was estimated to have caused annual economic losses of up to USD 200 500 000 in the period 1975–2002; costs attributed to the communist armed insurgency are more elusive (HDN, 2005). Overall, rural Filipinos (and regions) whose livelihoods rely heavily on the primary sector are driven cumulatively into deeper poverty, a vicious cycle that fuels anti-government resistance movements.

Figure 3 also shows that formal agricultural production has disappeared from Metro Manila region and that services contribute 50 per cent or more of the GDP there and in
Central and Western Visayas. The economic geography of Central and Western Visayas is dominated by tourism services, and in the case of Central Visayas, commercial growth from several SEZs in and around Metro Cebu-Mandaue. These benefit from global connections through the international airport and five ports in the metropolitan area.
Other strong contenders in trade and commerce include Southern Mindanao, and, as to be expected, Southern Tagalog and Central Luzon. Southern Mindanao’s commercial success is driven by the city of Davao, which serves as a major centre for agribusiness and the only gateway to international markets from Mindanao. The region also showed resilience during the crisis years 1997/98 (Figure 3). Its position has been further strengthened by a new international airport opened in 2003 and being part of the East Asian Growth Triangle launched in 1994 to promote regional integration and export growth between Brunei Darussalam, Indonesia, Malaysia and the Philippine islands of Mindanao and Palawan.

The secondary and tertiary sectors are disproportionably productive in Central Luzon and Southern Tagalog. These regions benefit from existing infrastructure and their proximity to, and historical global contacts of, Metro Manila, as well as from recent policy emphases on decongestion and cheaper wages compared to the capital region. Central Luzon has also taken advantage of the converted Subic-Clark SEZ hub for global logistics and services since 1992 (Makabenta, 2002). Hence, conforming with the ideas of the 2009 World Development Report (World Bank, 2009), economic growth in Philippine regions and their integration into global markets are considerably dependent on the comparative advantages of their urban or SEZ centres for services and industries.

A comparison of the regional shares of exports and FDI in 1988 and 2000 of Metro Manila and Southern Tagalog leads to an interesting finding. In 1988 Southern Tagalog contributed 3.7 per cent of national exports and received 28.8 per cent of FDI, compared with Metro Manila’s share of 57.1 per cent and 42.7 per cent respectively. By 2000, the Southern Tagalog share of exports was 52.3 per cent and it received 63.4 per cent of FDI, whereas Metro Manila’s export share dropped to 23.6 per cent and its FDI share was 18.1 per cent (leaving even less for the residual regions) (Pernia & Quising, 2002; Gonzales et al., 2003). Obviously investments shifted from Metro Manila southwards into Southern Tagalog (mostly CALABARZON) during the 1990s. The regional distribution of SEZs underlines Southern Tagalog’s new role as the Philippine marketplace of globalization: in 2003, the region’s 71 SEZs exceeded those of Metro Manila (24), Central Luzon (15), and Central Visayas (13), while Mindanao, Eastern and Western Visayas, and Northern Luzon Regions shared 41 SEZs between them (see further, PEZA, 2010).

The theoretical debate on whether higher (agglomeration) densities and liberalization reforms result in a stronger (national) economy avoids the question of whether (or not) this achieves enhanced social inclusion for all. Figure 4 allows for a comparative insight into regional income disparities of Filipino families in 1994, 1997 and 2000, and shows that inter- and intra-regional income inequalities rose considerably in 1994–1997 and to a lesser degree in the following three years. The ARMM shows the greatest income equality, which probably reflects economic stagnation and the lack of investments (compare Figure 3). In contrast, CAR, albeit classified as an economic periphery, exhibits high income inequality deriving from the insular existence of three SEZs and the city of Baguio in the province of Benguet, where the poverty incidence was 11.1 per cent in 2006. All other provinces within CAR registered much higher poverty incidences – varying between 40.3 per cent and 63.1 per cent (NSCB, 2008), often in isolated upland areas inhabited mainly by indigenous minorities, indicating another layer of reciprocity between spatial and social inequality.

Interestingly, Southern Tagalog and Central Luzon also show comparatively low degrees of inequality, albeit rising, whereas the second growth pole in the country, the Central Visayas, registers one of the highest inequality levels. This can be explained
partially by persistent divides between tourism/commerce enclaves versus the hinterlands. Investments in tourism potentially combine global market integration with pro-poor development in peripheral ‘tropical paradise’ destinations but tend to favour the already better accessible (urbanized) destinations with advantages of economies of scale. Such (controversial) enclave approaches to tourism investments were readvocated as recently as in the 2008 Tourism Act, which promulgates special Tourism Enterprise Zones as a new form of SEZ.

Lack of access to fresh water and electricity play decisive roles in impeding more decentralized tourism investments in the archipelago such as pro-poor tourism initiatives to introduce whale-watching and diving to the coral reefs across the Central Visayan islands. Smaller, poorer islands with already strained resources simply cannot cater for masses of visitors. Consequently, the majority of tourists visit the reefs on day trips run by (foreign) investors based on the mainland that cut out local services and lead to frequent disputes over issues of land use and the exclusive operation of tourism initiatives (cf. Boyd, 2000). Even in tourism hotspots on the main islands it is often the poorest, often indigenous, populations who end up as losers as their livelihoods become vulnerable to wage devaluation in spite of rising prices, due to employers’ preference for better trained migrant workers and to competition from external, more capital intensive businesses. Hence, even if tourism initiatives target deprived communities and more peripheral areas, they neither automatically incorporate nor work to benefit local people. Nor are they inevitably welcomed: after all, private tourism initiatives follow profit oriented, not pro-poor or redistribution, rationales. If targeted pro-poor/distributive tourism initiatives are to work, they must be practically adjusted to and meet the particular local circumstances at hand.

In this context, historically fostered unequal power relations based on landownership and their impacts on persisting income inequalities cannot be ignored. Broadly speaking, Filipino society is characterized by social class divides between wealthy (often absentee) landowners and the tenants and landless workers who make up the specific poverty groups (cf. Ulrich, 2003; Coronel et al., 2004). Politically, the transfer of assets and land ownership has long been considered critical in reducing poverty accumulation.
and stimulating empowerment and growth in agricultural-based regions (NEDA, 2001). Yet, with many landowners also belonging to the political elite it is not surprising that such measures as the Comprehensive Agrarian Reform Program (CARP), launched in 1988 specifically to redistribute land and power relations, prove difficult to implement (cf. Diprose & McGregor, 2009). This may also be one of the reasons why some of the more peripheral/agricultural regions like Northern Mindanao account for relatively high levels of family income inequality (Figure 4). In the case of CARP, landowners predictably withdraw from employing tenants since the provisions allow them to lay claim to land after cultivating it for three years. Contrary to CARP’s objectives, the land available to poorer farmers has been effectively reduced (Ulrich, 2003) and, ultimately, rural power inequalities have remained largely unaltered and present a fundamental impediment to socioeconomic and political transformation of the Philippine landscapes of disparities.

The division of Filipinos into, crudely speaking, rural poor, urban middle and elite classes results in a further layer of policy-obstructing polarization, indicative in the acceptance of the control imposed by successive presidents: while the 1986 mass uprising represented an inclusive concert incorporating Filipinos from all social origins, the 2001 ‘People Power 2’ movement that ousted President Estrada (a former movie star especially popular among the rural poor) involved mainly the urban middle and elite classes. The succeeding president, Gloria Macapagal-Arroyo, herself originated from the urban elite and was unpopular with the poorer and rural segments of Filipino society, but survived political crises over allegations of corruption, election fraud and two attempted coup d’états in 2003 and 2006.

In line with expectations on changing politics of scale, political and administrative decentralization in the Philippines since 1991 has been viewed as a(nother) means to bridge societal and regional divides and tackle the peripheral, marginalized and most problematic development issues. In reality, however, there are significant financial and human resource deficits at local government levels tracing to unregulated centre–region transfers and wage differentials between national and local government employment (Bird & Rodriguez, 1999). Furthermore, decentralized policymaking in the Philippines is, like its national counterpart, typified not only by policy disjointed from local realities and notoriously inefficient government bureaucracy, but also by short-term calculations of personalized enrichments channelled through the political and business elite (cf. Coronel et al., 2004). Overall, decentralization in an increasingly deregulated policy context may have even worked to further weaken the already flagging rule of Philippine governments confronted by widespread opposition movements. Both centralized and decentralized policy have failed to enable better infrastructure connectivity and an evenly spread reduction of economic distances between economic centres and hinterlands, and to adequately address the significant impact historically established institutions of political culture and social polarizations have on (economic) development geographies.

Filipinos’ search for inclusion

The two common strategies for socioeconomic advancement include the pursuit of specialist education to meet market shortages and overseas migration (Figure 5). In recent years most higher skilled jobs were offered with outsourced IT, telecommunication and financial businesses, making the Philippines the number two Asian outsourcing destination after India. The sector draws on the inherent communicative (English-speaking) and business culture advantages accruing from American colonization.
Although mostly confined to the already established economic hubs of the country, the sector undoubtedly presents an employment niche with future potential (Friginal, 2009).

Besides this new job market, for the past 35 years growing numbers of Filipinos have pursued professional skill development to meet international labour shortages. Higher

Figure 5. Filipinos working abroad by region of origin, 1 April–30 September 2001 (rounded estimates), and by per cent of total regional population. 
Source: Based on data derived from NSO (2002).
wages abroad, possible remittances and migrants’ investments make this a favourite policy field for Philippine governments to stimulate development (going as far as to educate migrants as ambassadors of Philippine tourism). In 2007, 1422 recruitment agencies representing foreign employers operated in the Philippines (Agunias, 2008). However, the (very) poor cannot afford to get involved in these training and labour circuits (Clausen, 2007a), plus the largest absolute and relative number of overseas workers in 2001 originated from the urbanized, globalized core regions of the country (Figure 5). This and the impact of remittance flows on household expenditure suggest that migrant workers create further growth in their already better-off regions of origin (Balisacan & Hill, 2007). Peripheries are involved in the labour circuits only when their inhabitants take advantage of long established migration networks like the Ilocanos (Figure 5), or through step migration (when they move to Metro Manila or its environs, then go abroad at a later stage). But moving to an economic centre does not mean moving up the ladder of development; on the contrary, multifaceted vulnerabilities and insecurities await migrants, including higher rates of job volatility and underemployment, and the absence of family bonds to protect them. Similarly, while work abroad and remittances may help to solve immediate unemployment and poverty issues in the Philippines, they also tend to amplify spatial and social disparities across the country and individual vulnerabilities, and present a solution only available to some, not all.

**Concluding summary**

The encounter between economic globalization and Philippine development (policy) has succeeded in the country’s world market integration and resulted in (income) growth and development opportunities for some. In parallel, however, spatial and social disparities have significantly increased with deep dichotomies particularly inscribed between (i) Metro Manila and its adjacent regions versus the rest of the Philippines, (ii) globalized urban and/or SEZ economic hub zones operating in isolation from rural hinterlands, (iii) alternative livelihood opportunities offered in the core regions to those who can acquire specialist skills and migrate versus rising poverty in the peripheries due to an unproductive primary sector, and (iv) political and economic elites, more interested in self-enrichment than (re)distribution versus discontented minority groups and poverty-trapped peasants who increasingly engage in opposition movements for social justice.

Effectively, the Philippine case highlights how policy targets of globalization-driven growth and regional and social balance do not go hand in hand easily. Social inclusion does not automatically follow the growth of agglomeration economies; on the contrary, the chasms between winners and losers are very likely to deepen in the neoliberal equality of opportunity game. In the Philippines, this can partially be attributed to failures in reducing economic distances between centres and peripheries, inflating the barriers between well-connected ‘global marketplaces’ and isolated hinterlands. The recent creation of administrative ‘super regions’ (Figure 1), including the ‘Metro Luzon urban beltway’, the ‘Central Philippines tourism region’ and the ‘Mindanao agribusiness region’, indicate that few lessons have been learnt: the growing pressures of spatially and socially disparate development are still being addressed by conceptually vague strategies of reinforcing sectors and spaces that are already economically well developed. The minority initiatives which aim at pro-poor growth and (re)distribution typically do not come into effect in those areas and for those population groups that need them most because of unsustainable, locally disconnected policy regimes, an overemphasis on
productivity goals and historically fostered power inequalities. Simultaneously, the ongoing deep conflicts over redistributive justice across the country reverberate the urgent desire for (policies targeting) more social and regional balance. They equally expose the increasingly reduced capacity of Philippine governments to provide for those demands. Overall, the Philippine experiences support the contention that understanding growth-inequality and globalization-development relationships requires looking beyond economics. Studies and policy on this topic should pursue integrative global and local perspectives which assign special significance to sociopolitical contexts and distance-reducing connectivity measures in determining economic development geographies. Indeed this may sometimes require giving prominence to issues of redistribution and equality as forethoughts to globalization-led income growth strategies.

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Endnotes

1 The Philippine statistical system comprises many different agencies. Methods of data generation and processing are not always clearly recorded and data series especially can be inconsistent. This paper mainly draws on data published by the National Statistical Coordination Board (NSCB) and National Statistical Office (NSO) to obtain the best possible comparable and coherent identification of disparities.

2 CALABARZON is the regional acronym composed from the initial letters of the constituting provinces Cavite, Laguna, Batangas and Rizal, and the final letters of Quezon. Similarly the acronym MIMAROPA derives from the initial letters of Occidental Mindoro, Oriental Mindoro, Marinduque, Romblon and Palawan.

3 US forces were based around Clark and Subic Bay, about 100 km north of Metro Manila, between 1898 and 1992. After their pullout the areas have been converted into two export processing zones.

References


