A Suggested Operationalization of ‘Inclusive Growth’ and an Examination of the Inclusiveness of Philippine Growth in the Past Two Decades

By

Dr. Geoffrey M. Ducanes

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Abstract:
Defining inclusive growth as growth that has benefited the households who have the lowest human capital levels, at least proportionately, this study examines the inclusiveness of economic growth in the Philippines in the past two decades. Combining information from the Labor Force Survey and FIES for various years, including a panel of 6,500 households from 2003 to 2009, this study classifies households into ordered groups based on human capital level, then compares the performance of the various groups in terms of various employment, income, and expenditure outcomes over time. It finds the evidence to be mixed although the weight of evidence, especially using panel data, points to those who have lower human capital levels benefiting disproportionately less from economic growth, and thus to non-inclusiveness of Philippine economic growth. The paper attributes this finding to the slow improvement in the human capital level of the lowest human capital level households and the pattern of economic growth – driven by high-end services and spurred by overseas employment, which has so far benefited mainly households with already high human capital levels.

About the speaker:
Geoffrey Ducanes is Assistant Professor at the UP School of Economics, where he also completed his PhD. The presentation is based on a paper commissioned by the National Economic Development Authority and funded by the United Nations Development Programme.

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For group attendance, please contact Ms. Gloria Lambino, UPSE Economics Research Center
Phone: 632-9205465, Email: gdlambino@econ.upd.edu.ph