

# POLICY BRIEF

AKI RESEARCH GRANTS ON POVERTY ISSUES

Volume V, No. 1, 2014

ISSN # 2094-3342



De La Salle University

**AKI**

Angelo King Institute  
for Economic and Business Studies

## CAN THE PROVISION OF SOCIAL SERVICES LIMIT FAMILY SIZE? THE CASE OF PASAY, EASTERN SAMAR, AND AGUSAN DEL SUR

### INTRODUCTION

**Rapid population growth is deemed by economists as one of the root causes of the Philippines' underdevelopment, economic stagnation, resource depletion, and high crime rate, among others. According to Todaro and Smith (2008), it gives rise to poverty since economic growth cannot outpace and sustain the rate at which population expands.**

Meanwhile, on a household level, a larger family size is shown to decrease household welfare. Orbeta (2005) shows that more children lower household savings because of the increased financial costs of raising another child. Larger family size reduces work force participation, income of mothers and school participation – makes it more difficult to provide for household members' basic needs since income will have to be thinly spread across members. Likewise, larger families are also unable to maximize investments in human capital such as education and healthcare.

Children that come from large families are deprived of vital tools that can potentially emancipate them from their current state, thus inducing intergenerational poverty. Such negative effects are reckoned to be regressive, wherein poorer households are vulnerable to negative impacts.

The relationship between poverty and population growth has never been directional. According to

Cuyegkeng (2006), factors that contribute to rapid population growth include, but are not limited to, poverty, high incidence of hunger, lack of job opportunities, and low quality of education. As such, not only is poverty a byproduct of rapid population growth; it may also well be its cause. Poverty may indeed motivate parents to bear more children in order to harness future economic benefits that include additional labor and social security.

As part of its efforts to address population growth, the government has legislated the Reproductive Health and Population Development Act of 2008, also known as House Bill No. 5043, and known now as the RH Law. It was designed to promote (1) child and maternal health as well as (2) information on and access to both natural and modern family planning methods that are medically safe and legally permissible. Despite general acceptance of the first objective, a contentious debate surrounds the second objective because of the country's religious inclinations. As such, the government has been

Written by  
John Paolo R. Rivera  
Ateneo de Manila University  
Graduate School of Business

Kurt Gerrard T. See  
University of Minnesota

constrained to make aggressive steps to curb population growth through the introduction of modern family planning methods (Gopalakrishnan, 2008).

Given that poverty and misinformation are shown to be the culprits of excessive childbearing and rapid population growth, it is interesting to explore the possibility of limiting family size by means of providing adequate social welfare and economic opportunities to the affected families. This study highlights whether water supply, availability of electricity, decency of housing, accessibility to information, educational attainment, employment status, as well as government-funded programs, will limit family size.

Showing whether the provision of these welfare-enhancing instruments will limit household size, then it is plausible to propose an alternative solution wherein instead of advocating the use of contraceptives, the government can simply improve its socio-economic policies. Doing so may render obsolete the poverty-driven motivations to increase family size and increase the opportunity costs of bearing children.

## HOW DOES RAPID POPULATION GROWTH CAUSE POVERTY?

### Poverty and Population Growth

The causal relationship between poverty and population growth has been contended to be bidirectional. Rogers (1989), as cited by McNicoll (1997), claims that poverty is both a cause and a consequence of population growth. Todaro and Smith (2008) provide a comprehensive explanation on how this phenomenon is applicable to many low-income societies today.

The first causal relationship pertains to the idea that high population levels and growth rates are usually associated with poorer families. From a household perspective, an additional member incurs additional expenditure, which reduces the family's savings. Income, which

could have been spent on activities that could enhance the quality of life of other household members and be used for entrepreneurial undertakings, is instead spent to sustain an additional member. Similarly, from an aggregate perspective, a larger population may hinder effective provision of social services, as limited funds are spread too thinly across a huge number of individuals.

The second relationship suggests that poverty is one of the main causes of high fertility rates. According to Caldwell (1978), one of the most important determinants of fertility lies in intergenerational wealth flows. That is, children are perceived as sources of future income. McNicoll (1999) adds that in the early stages of economic development, parents expect to benefit from having many children. In locations where child labor is prevalent, parents expect children to augment the household income through employment at young ages. Some children are seen as substitute parents, tasked to care for younger siblings, while others are used as tools to procure wealth from dowries. Moreover, Todaro and Smith (2008) posit that children have also become substitutes to a formal social security system, as aging parents seek support.

### Education and Household Size

Bautista (2007) suggests that parental education has a positive and a negative influence on the number of children within a household. Individuals with higher levels of education are more likely to encounter income-generating opportunities than their less-educated counterparts. A trade-off between the exploitation of such opportunities and childcare then begins to surface.

The desirability of child making and childrearing decreases as returns from labor-force participation increase. In the instance that parents opt to forgo more children to pursue career opportunities, the substitution effect dominates. Turchi (1975) reinforces this idea by explaining that any activity that requires the use of

market goods and services or the consumer's time must be weighed in the context of allocating scarce resources among competing alternatives.

Hence, parents must choose between the psychic rewards of childbearing and the rewards from other activities which may be possible if they opt not to have an additional child. On the other hand the same study indicates a possibility of a positive relationship between education and family size. Additional income from higher levels of education gives parents the financial capacity to raise more children. Being able to afford raising more offspring is one less disincentive for parents to bear children. In such instances, the income effect dominates.

### Employment and Fertility Rate

A number of studies were conducted exploring the relationship between female labor force participation and fertility rates. Faria and Wang (2007) and El-Ghannam (2005) have predicted a negative relationship between employment and the number of children. A plausible explanation can be found in the seminal work of Mincer (1962) and Becker (1965), which states that an individual's limited amount of time is allocated between work-related activities, home-related activities, and leisure. Increased amount of time spent at work reduces the amount of time that can be spent for leisure or, of more relevance to this study, home-related activities. Note that home-related activities include child rearing, which demands a significant amount of time from the parents.

Faria and Wang (2007) cite the opportunity cost of women's time as a major determinant of the said inverse relationship. Increased wages make childrearing more costly for females as time spent caring for the child will imply forgone returns to employment. Based on this framework, women then face a trade-off between employment and childcare. Ultimately, it is assumed that the woman's decision to either seek employment or to remain at home to tend to her children will

depend on the returns either course of action will provide her.

## WHAT SHOULD BE DONE?

Rapid population growth and poverty are indeed coupled. The poorest households are also those with the most number of children. These households have to support more people with fewer resources. Hence, the household is destined to a life of inherited poverty because the poorest social groups are unaware, uninformed, or if informed, are inadequately informed. For instance, many poor households are not sentient on how a woman gets pregnant.

Moreover, others may have not even heard of prevention in the form of contraceptives, whether natural or artificial form. Although there are some who are aware of the existence of modern family planning methods, many are still alarmed by its unknown side effects. Hence, it can be that these are the possible reasons why women continue to have more children despite their lack of interest and financial capacity.

The goal is simple. There is a need to lower birth rate. The RH Law suggests that contraceptives must be available. It will also provide family planning education to everyone, and encourage households to think critically instead of listening to propaganda without basis. However, the Roman Catholic Church (RCC) condemns the law because using public funds to produce and distribute contraceptives is a sign of the state's preference towards artificial contraception. Likewise, most of those who oppose the law argue that the initiative will worsen the problem of rapid population growth, especially when the government allows the mandatory teaching of sexual education to minors as young as 12 years old, who are their formative years. This difference hinders policies to address rapid population growth. The debates on whose plan of action must prevail are delaying the nation's move towards a progressive society as the problem

remains unaddressed. The results of the study conducted suggest an ambiguous relationship between living conditions and the number of offspring. In Pasay, the structural integrity of a family's residence decreases the likelihood of a large family, while access to water seems to increase the likelihood of such. As for Agusan Del Sur, access to electricity increases the probability of having fewer children. Other indicators of the standard of living conditions, however, have no significant relationship with the number of children in a family. Meanwhile, the case of Eastern Samar indicates that access to basic utilities and the structural integrity of a house's walls increase the likelihood that a family will opt to have less than five children. As such, it can be construed from this variation that **there is a vague relationship between actual living conditions and the number of offspring a family may opt to have.** It also indicates that parents may be giving little consideration on the quality of life their children may have in their decision-making process. Given that family size appears to be at best, mercurial, and indifferent to living conditions, there is reason to conclude that the quality of life seems to exert little influence on the number of children a household is likely to have. However, the variables used are mere manifestations of the quality of life and may be unable to capture the precise relationship sought.

Meanwhile, in Pasay and Agusan Del Sur, higher levels of educational attainment decrease the likelihood of having larger families. As education increases the likelihood and return to employment, it also increases the opportunity costs to child bearing. On the contrary, results for Eastern Samar suggest that higher educational attainment increases the likelihood of larger families, which may be evidence that education may be perceived as a means to ascertain financial security and capacity to support a larger household. Therefore, **higher educational attainment may likely increase or decrease family size, depending on the motivations.** Should the preference for children

take ascendancy over the perceived opportunity costs to having offspring, then the case of Eastern Samar is a highly plausible scenario.

Pasay and Eastern Samar share similar results with employment and family size. Employment decreases the likelihood that a family will have less than five children. It again raises questions on the motivations and preferences that underpin a household's decision-making process insofar as family size is concerned. Moreover, the existence of extended family members who may rear children in the absence of parents may explain the diminishing relevance of the necessary trade-off between time spent in the work and at home. On the other hand, Agusan Del Sur results conform to conventional theory that **employment is a disincentive to having additional children.**

The last set of variables discusses government programs and subsidies on various services. Government-sponsored initiatives have increased the chances of having large households. As such, the idea that increasing a household's basic services through aid decreases the need to bear children as a substitute for social security becomes less applicable to the Philippines. In this particular context, **government provisions are transferring some financial burden from the household to the state, freeing resources that would otherwise have been spent on basic necessities.** This creates a culture of dependency. That is, most of the poor do not see the need to take action to solve their own problems because they believe that the government will eventually provide aid ceaselessly.

The incentive to bear children can be attributed to two plausible sources. First, increased purchasing power diminishes the fear of becoming financially unsustainable should an additional household member be born. Second, the costs of having children also lose weight when the government shoulders some of the expenses. Assuming that the decision to bear child is contingent on a cost-benefit model,

this lessens the perceived monetary outlay an additional member of the family will require.

**The deviation of results from conventional theory suggests a need to implement less conventional policies.** Beyond tailor-fitting population control programs, there is a need to calibrate policies based on relevant socioeconomic, political, and cultural nuances each region may possess. Generally though, it is evident that there is a need to regulate government-sponsored programs regardless of provincial location because it promotes free riding among marginalized households. Likewise, **such inconsistencies must not be misjudged as they provide valuable insight as to how the government should create policies in accordance to characteristics exclusive to a certain region.**

The dependence of households to the government in the deferral of costs to having children must be mitigated. Instead of providing these programs,

conditional cash transfers must be given to households that are capable of maintaining a socially acceptable family size. Likewise, the government has yet to determine an appropriate scope of these incentives.

The evident difference in the impact of the variables to the probability of having an optimal family size shows that the responsibility for curbing rapid population growth must be redirected from the national government to local municipalities. As such, population policies must no longer be a national plan. Implementing a national population and/or poverty alleviating policies will be subjected to a false-paradigm; each region has an unconventional response relative to the nation. Moreover, consistent with the United Nations Development Program objective to decelerate the rapid growth of population, the state's provision of education and reproductive counseling are necessary methods by which information about family planning can be relayed to the public.

These, must be accompanied by good governance and sound economic policies, which the Philippine government has yet to master.

Of equal importance, the people must bear in mind that government aid has a limited extent. Filipinos should also strategize, learn to be self-sufficient, and never rely solely on government support. With educational support, this will eventually cultivate personal development changing the way poor households transform their lives.

*“No society can surely be flourishing and happy, of which by far the greater part of the numbers are poor and miserable.”* -- **Adam Smith (An Inquiry into the Nature and Causes of the Wealth of Nations, 1776)**

<sup>1</sup> This is part of the study funded by the **Angelo King Institute for Economics and Business Studies (AKIEBS)** of De La Salle University, Manila, Philippines in cooperation with the Community Based Monitoring System (CBMS) through the AKI Research Grants on Poverty, Inclusive Growth, and Social Protection. The study is entitled **Limiting family size through the sufficient provision of basic necessities and social services: The case of Pasay, Eastern Samar, and Agusan Del Sur. Disclaimer:** (1) The contents of this policy brief do not represent or reflect the views of the authors' institutional affiliation; (2) The contents and findings are provided "as is" without any express or implied warranty of any kind including warranties of merchantability, non-infringement of intellectual property, or fitness for any particular purpose. In no event shall the authors be liable for any damages whatsoever arising out of the use of or inability to use the materials; and (3) Other usual disclaimers apply.  
<sup>2</sup> Email: johnpaolo\_rivera@yahoo.com  
<sup>3</sup> Email: kurtgerrardsee@yahoo.com

## REFERENCES

- Becker, G.S. (1965). A theory of the allocation of time. *The Economic Journal*, 75(299), 493-517.
- Caldwell, J. C. (1978). A theory of fertility: From high plateau to destabilization. *Population and Development Review*, 4(4), 553-577.
- Cuyegkeng, J.A. (2006). The problem with population. *Philippines today: Home of the global Filipino*. Retrieved from <http://www.philippinestoday.net/index.php?module=article&view=36>.
- El-Ghannam, A. R. (2005). An examination of factors affecting fertility rate differentials as compared among women in less and more developed countries. *Journal of Human Ecology*, 18(3), 181-192.
- Faria, J. R., & Wang, L. (2007). Employment and fertility choice: A differential game approach. *Economics Bulletin*, 10(8), 1-8.
- Gopalakrishnan, R. (2008). Philippine population climbs, food problems loom. Retrieved from <http://www.reuters.com/article/idUSSP31308120080417>
- McNicoll, G. (1997). Population and poverty: A review and restatement (Working Paper 105). Retrieved from <http://www.popcouncil.org/uploads/pdfs/wp/105.pdf>
- McNicoll, G. (1999). Population and poverty: The policy issues. Food and Agriculture Organization of the United Nations. Retrieved from <http://www.fao.org/sd/wpdirect/WPre0087.htm>
- Mincer, J. (1962). Labor force participation of married women. *Aspects of Labor Economics*. New Jersey: Princeton University.
- Orbeta, A.C. (2005). Poverty, vulnerability and family size: Evidence from the Philippines (ADB Institute Discussion Paper No. 29). Retrieved from <http://202.47.101/files/2006.05.rp68.pvf.evidence.philippines.pdf>
- Todaro, M.P., & Smith, S.C. (2008). *Economic development* (8th edition). Singapore: Pearson South Asia Pte. Ltd.

Turchi, B.A. (1975). Microeconomic theories of fertility: A critique. *Social Forces*, 54(1), 107-125.

This publication is based on a study under the AKI Research Grants on Poverty

## CONTACT INFORMATION

**DLSU - Angelo King Institute**  
Room 223, St. La Salle Hall  
2401 Taft Avenue  
1004 Manila

Angelo King International Center  
Corner of Arellano Avenue and Estrada Street  
1004 Manila

+63-2-524-4611 loc. 287,  
+63-2-524-5333, +63-2-5245347 (Fax)