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Send all inquiries to:

PCED
Office of the Executive Director
Room 203, Encarnacion Hall, School of Economics,
University of the Philippines
Diliman, Quezon City
1101 Philippines

Tel: 632 632) 920-5463
Fax No.: (632) 921-3359
Email: info@pced.gov.ph

or visit our website
www.pced.gov.ph

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PCED: Brief History and Program Goals

The Philippine Center for Economic Development (PCED) was created on 15 March 1974 by Presidential Decree (PD) No. 453 with the primary responsibility of giving "... financial and moral support to the research, teaching, training, and other programs of the School of Economics, University of the Philippines." In addition, PCED was tasked to "formulate a program for financing the academic and other programs of the School, including the endowment of faculty chairs."

In effect, PCED was created to support the following functions of the University of the Philippines School of Economics (UPSE):

1. to conduct and engage in research work and studies oriented towards national policy and the needs of national development in the field of economics, particularly in the areas of:
 - a. monetary and fiscal policy;
 - b. tariff and trade policy;
 - c. industrial and agricultural policy;
 - d. regional economic development;
 - e. long-, medium-, and short-term economic planning;
 - f. manpower and employment;
 - g. economic studies on education, health, and social development in general; and
 - h. statistical programs and policy.
2. to undertake training programs designed to provide government and the nation as a whole with planners, analysts and economic statisticians, or in general, with technicians skilled and knowledgeable in the problems of economic development;
3. to serve as the medium for bringing together experts and specialists in other disciplines to conduct studies and investigations and engage in the interchange of ideas so as to bring their knowledge and experience to bear on common problems with a view to evolving fresh ideas and approaches that could be effectively applied to economic development; and
4. to engage in the publication of the results of research.



PCED Directory

Office of the Executive Director

Room 203 Encarnacion Hall, School of Economics, University of the Philippines
Diliman, Quezon City 1101, Philippines
Tel +63 2 920-5463, Fax +63 2 921-3359, info@pced.gov.ph
www.pced.gov.ph

2012

Ramon L. Clarete

Executive Director
ramon.clarete@up.edu.ph
Room No. 203, 231
Tel +63 2 927-9686 local 202, 231
Telefax+63 2 920-5463

Agustin L. Arcenas

Division Chief III
Special Projects Division
alarcenas@up.edu.ph, arcnasa@yahoo.com
Room No. 215
Tel+63 2 927-9686 local 215

Maria Joy V. Abrenica

Division Chief III
Finance & Admin Division
ma_joy.abrenica@up.edu.ph
ma.joyabrenica@yahoo.com
Room No. 248
Tel +63 2 927-9686 local 248

Renato E. Reside, Jr.

Division Chief III
Research Division
renato_jr.reside@up.edu.ph
Room No. 313
Tel+63 2 927-9686 local 313

Stella Luz A. Quimbo

Coordinator
Institute for the Study of Inequality, Poverty, and Social Protection (ISIP)
stella_luz.quimbo@up.edu.ph
Room No. 222,324
Tel+63 2 927-9686 local 220, 222, 324
Fax+63 2 920-5462

Benjamin E. Diokno

Coordinator
PCED Institute for Public Economics and Regulation (PIPER)
benjamin.diokno@up.edu.ph
Room No. 246
Tel +63 2 927-9686 local 246

2013

Ramon L. Clarete

Executive Director
ramon.clarete@up.edu.ph

Geoffrey M. Ducanes

Division Chief III
Special Projects Division
jducanes@up.edu.ph, jducanes@yahoo.com
Room No. 101, 235
Tel+63 2 927-9686 local 200, 235
Fax +63 2927-9686 local 299

Fidelina N. Carlos

Division Chief III
Finance & Admin Division
fidelina.carlos@up.edu.ph
Room No. 311/ 245
Tel +63 2 920-5466 (DL),
+63 2 927-9686 local 245
Fax +63 2 920-5461/62/63

Majah-Leah V. Ravago

Division Chief III
Research Division
mvravago@econ.upd.edu.ph
Room No. 232, 316
Tel+63 2 927-9686 local 231,
232, 316
Telefax+63 2 920-5465

MESSAGE FROM THE CHAIR



SINCE 1974, THE Philippine Center for Economic Development has supported the UP School of Economics in conducting and publishing economic development research, and in providing training for economic planners, analysts, statisticians and technicians. Through their critiques and analyses of public policy, the school's faculty have also played a key role in raising the level of public debate and in shaping the country's development directions.

In 2012, the PCED saw the first products of the Institute to Study Inequality, Poverty and Social Protection (ISIP) and the Institute for Public Economics and Regulation (PIPER), which were recently established to conduct and publish research directly addressing critical policy issues in the areas of development and public economics. The two research laboratories produced studies on the stability of stated fertility preferences; simulations of returns to schooling and marriage;

PhilHealth-provided financial protection; health and revenue trade-offs in sin taxes; and the need for additional monetary policy tools to respond to short-term capital inflows.

The PCED also continued to support the conduct of seminars and fora, which provided an opportunity for participants from the academe, government, and other sectors to discuss a wide range of development issues, including fiscal decentralization, impacts of political and economic institutions on a country's economic performance; the growth of developing Asia and the Philippine economic outlook; labor reforms; Philippine investments; and impact evaluation. Speakers included local and international experts on public policy, political science, and economics.

Through endowment of faculty chairs, financial aid and scholarships to promising students, the PCED continues to help the UPSE develop leaders in government, industry, civil society and the academe. By supporting the UPSE in maintaining its physical facilities, particularly its library, the PCED has also been invaluable in delivering excellent economics education to some of the country's brightest students.

On behalf of PCED, I would like to thank all those who have helped us accomplish our mandate of enhancing the quality of economics education in the country for students and for the general public, and providing a source of significant policy ideas addressing national issues. As the country forges ahead with its inclusive growth agenda, the role of PCED in providing evidence for decision making, in creating opportunities for meaningful public discussion, and in developing a pool of academic talents and thought leaders becomes even more crucial. We look forward to the continuing support of PCED in generating relevant and timely knowledge in the field of development economics.

ARSENIO M. BALISACAN

Chair, Philippine Center for Economic Development

MESSAGE FROM THE EXECUTIVE DIRECTOR



THE YEAR 2012 saw a change in the leadership of the Philippine Center for Economic Development (PCED). I was appointed as executive director when my predecessor, Secretary Arsenio M. Balisacan of the National Economic and Development Authority, took over the leadership of the PCED Board. A new set of PCED officers was also appointed as a result of changes in the leadership of the University of the Philippines School of Economics (UPSE). I am pleased to report the accomplishments of PCED in 2012.

As this Annual Report would show, PCED has remained committed to its mandate of extending financial and moral support to UPSE. This we have done by awarding a limited number of research laboratories under PCED's current two thematic research programs that were established to facilitate the absorption of funds allocated to it: the Institute for Studies in Inequality, Poverty and Social Protection (ISIP) and the Institute of Public Economics and Regulation (PIPER). The research labs produced several policy notes that

provided stakeholders with research-based recommendations on various issues of the day such as sin taxes, reproductive health, social protection and exchange rate policy. They also produced several research papers based on PCED's research agenda for discussion and for eventual publication in peer-reviewed journals.

All in all, we provided financial support to 33 faculty and staff research projects and 20 discussion papers in this year.

While extending and deepening our engagement with the government and its implementing agencies, we also continued to maintain and develop strategic partnerships with academic communities and other organizations. One of the key achievements was the first Annual Policy Forum. Scholars, policymakers, and other stakeholders gathered in the forum to discuss the Philippine experience on decentralization, lessons learned and key policy reforms needed to make local governments more potent, responsive, and accountable agents of development.

Further, 25 academic seminars were held under the UPSE Friday Seminar Series. We also partnered with the UP President Edgardo J. Angara Fellowship (UPPEJA), the Asian Development Bank (ADB) and the Action for Economic Reforms (AER) in organizing policy forums and seminars.

We continued to support promising UPSE graduate students who are on their way to becoming the future research and policy workers of the country by sponsoring 12 graduate scholars and 14 teaching fellows this year.

We look forward to a more research-intensive 2013 as we strengthen our commitment to build a research infrastructure for cross-sectional and panel studies.

PCED thrives from the support it has received from its stakeholders, officials, and staff, to whom we owe our debt of gratitude.

RAMON L. CLARETE

Executive Director, Philippine Center for Economic Development

PCED Management Committee



SEATED FROM L TO R:

Stella Luz A. Quimbo, Coordinator, Institute for the Study of Inequality, Poverty, and Social Protection;
Ramon L. Clarete, Executive Director;
Maria Joy V. Abrenica, Division Chief III, Finance & Admin Division

STANDING FROM L TO R:

Renato E. Reside, Jr., Division Chief III, Research Division;
Benjamin E. Diokno, Coordinator, PCED Institute for Public Economics and Regulation;
Agustin L. Arcenas, Division Chief III, Special Projects Division

PCED Board of Trustees



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The Governor of the Bangko Sentral ng Pilipinas



RAMON L. CLARETE
The Dean of the U.P. School of Economics



GREGORY L. DOMINGO
The Secretary of Trade and Industry



Accomplishments in 2012

RESEARCH

In 2012, PCED supported a total of 33 faculty and staff research grants. Of these, 8 were completed during the year while 25 were ongoing (Table 1). Of the completed researches, three were independent researches and five were collaborative researches.

These included two new grant programs began in 2012—Grants for Collaborative Research and Special Research Grants. Grants for Collaborative Research supports various research “laboratories” that were created to address specific issues in the PCED research agenda. Each laboratory is run independently by a team of UPSE researchers. This year, this type of grant supported the two PCED research programs operating under this laboratory set up: the Institute to Study Inequality, Poverty, and Social Protection (ISIP) and the PCED Institute of Public Economics and Regulation (PIPER).

Three policy notes were completed this year; one under PIPER and two under ISIP. The policy note under PIPER addressed the ideal rate of the sin tax on cigarettes. The policy notes under ISIP covered the issues in measuring the amount of protection Filipinos receive from PhilHealth and the surge of short-term capital inflows into the Philippines after the most recent global financial crisis. ISIP has also funded two papers that are being primed for international journal publication.

Special Research Grants, on the other hand, are made available to support research activities that arise during the year and which may not have been anticipated at the time the PCED research agenda was set. These include the preparation of technical briefs to address policy “issues of the day.”

PCED awarded a total of ₱ 7.4 million in new grants in 2012.

Completed Independent Research

Market Failure: Rethinking Based on the Concept of the Relevant State

Abstract

We propose a formal re-definition of the idea of market failure based on the idea of the imperfect state which has a long if neglected tradition in Economics. In the Neo-classical tradition, a decentralized regime is a market failure if its solution is welfare inferior to a technically feasible alternative whether or not the latter is efficiently implementable by the relevant state. If the relevant state is perfect so that the transactions cost of implementation is zero, this poses no problem. If the relevant state is imperfect, the transactions cost of implementation must be reckoned with. Following Williamson's remedialness criterion, we propose that the concept "market failure" be referenced to the capacity of the relevant state. We use the concept of net welfare dominance which accounts for transactions cost of implementation. We introduce the concept of "proto-failure" to denote a decentralized regime whose solution is welfare inferior to a feasible alternative. A "market failure" is a proto-failure which the relevant state can efficiently correct. A proto-failure that the relevant state cannot efficiently correct we call "RC efficient." We then show that given the perfect (Nirvana) state, the new taxonomy is equivalent to the old. When the state is Non-Nirvana, we get the now well-known mantra in a new guise: A proto-failure is a necessary but not a sufficient condition for a welfare-improving government intervention. | **R.V. FABELLA**

For-Profit Firms and NGOs as Service Delivery Partners

Abstract

The recognition of the limitations of pure public or private provisions shifts the focus on alternative modes of service delivery mechanisms. This paper reviews the theory behind public-private partnerships. Selected existing case studies of partnerships between a state agency and a non-government organization or business firm are re-examined, in the light of the economic framework, to identify the critical design features and institutional factors that are critical to their successes. The broad policy implications include identifying the missions of the prospective private sector partners, matching them to the characteristics of the public service to be provided, and motivating those using monetary or nonmonetary incentives to promote public welfare. | **J.J. CAPUNO**

Business Fluctuations and Monetary Policy Rules in the Philippines: with Lessons from the 1984-1985 Contraction

Abstract

The paper reviews recent research on macroeconomic theory of business fluctuations and its influence on monetary policy rules. It focuses on triggers to business fluctuations and the mechanisms that propagate the fluctuations once started. The Philippines is used as empirical setting. The theory's predictions are examined using time-series data on aggregate output performance, money growth, and budget deficits of government. The paper casts a spotlight on the output contraction of 1984-1985, the longest downturn in the postwar economic history of the Philippines. The role of monetary policy and fiscal policy shocks in triggering that downturn is studied, followed by the role of subsequent macroeconomic policy adjustments that propagated the downturn. The paper points out that monetary policy rules evolved in the aftermath of the 1984-1985 downturn, culminating in the inflation-targeting rule that the monetary authority currently uses. The adoption of inflation targeting hinged on the introduction of legislation that enabled the creation of a central bank with policy and instrument independence from the fiscal authority. | **D.B. CANLAS**

	2012	2011
INCOME		
Income from Investments	4,351,840	4,433,702
Rent Income	4,518,800	3,211,450
Interest Income	388,586	353,769
Dividend Income	10,978	-
Miscellaneous Income	73,508	-
TOTAL INCOME	9,343,712	7,998,921
EXPENSES		
Personnel Services		
Salaries and Wages	894,744	596,747
Other Personnel Benefits	837,025	738,168
Life & Retirement/PhilHealth/HDMF/ECC	126,237	83,225
Other Bonus and Allowances	35,000	20,000
Year-end Bonus and Cash Gift	95,391	67,222
Personnel Economic Relief Allowance	122,226	90,258
Clothing/Uniform Allowance	25,462	15,043
Terminal Leave Benefits	-	9,912
Productivity Incentive Allowance	34,500	43,000
	1,663,575	1,663,575
Maintenance and Other Operating Expenses		
Donations	5,362,736	4,817,630
Depreciation Expense	1,534,095	1,825,455
Repairs and Maintenance	613,571	846,475
Office and Other Supplies Expense	706,453	367,437
Auditing Services	70,123	3,291
Representation Expense	148,549	85,840
Subscriptions Expense	24,621	9,002
Insurance Expense	20,892	27,492
Taxes, Duties and Licenses	2,729	5,950
Travelling Expenses – Local	20,870	16,812
Training Expenses	208,801	35,646
Gasoline, Oil and Lubricant Expenses	-	8,615
Other Professional Services	2,779,909	1,240,262
Miscellaneous Expenses	61,947	76,490
	11,555,296	9,366,397
Total Expenses	13,725,881	11,029,972
NET (Loss)/Income Before Subsidy	(4,382,169)	(3,031,051)
Subsidy from the National Government	14,500,000	-
NET Income After Subsidy	10,117,831	(3,031,051)

Table 7.

PCED Income Statement
For the year ended
December 31, 2012
(with corresponding figures
for 2011, in pesos)



Plans for 2013

IN ADDITION TO its continuing programs, PCED will commission a household survey designed to collect baseline data on social protection, including coverage of and benefits from the *Pantawid Pamilyang Pilipino* Program as well as *knowledge*, perceptions and attitudes of Filipinos about resource and environmental issues. PCED plans to administer this survey every two years in order to compile a longitudinal data set. The survey will have its initial run in the second semester of 2013. The results of the survey, together with the research output of PCED will be presented in the Annual PCED Forum.

Table 6.
PCED Balance Sheet
December 31, 2012
(with corresponding
figures for 2011,
in pesos)

	2012	2011
ASSETS		
Current Assets		
Cash	29,940,802	25,615,301
Financial Assets	-	
Receivables – Net	21,259,331	14,361,321
Prepaid Expenses	282,601	112,439
Inventories	453,261	352,645
Total Current Assets	51,935,995	40,441,714
Non-Current Financial Assets		
Property, Plant and Equipment - NET	5,902,123	6,864,904
Other Assets	-	-
Total Assets	139,230,095	129,114,454
LIABILITIES		
Accounts Payable	323,355	532,333
Trust Liabilities	303,651	96,863
Total Liabilities	627,006	629,196
EQUITY		
Donated Capital	14,890,129	14,890,129
Capital - Miscellaneous	23,677,893	23,677,893
Retained Earnings	100,035,067	89,917,236
Total Equity	138,603,089	128,485,258
TOTAL LIABILITIES AND EQUITY	139,230,095	129,114,454

Completed Collaborative Research

Are stated fertility preferences stable?

Abstract

We test, using Propensity Score Matching, whether stated fertility preferences are stable and thus, reliable measures of choice. We compare the stated ideal number of children of two groups of matched women, with one group presumably having stable preferences. Using nationwide data on Filipino women, we find that the stated ideal number of children differs significantly across the matched samples, by about one child among the poor and older women. This instability may be due to moving fertility targets, cognitive dissonance, or anomalous choice behavior arising from status-quo bias or endowment effects, with the prohibitive cost of "giving up" additional children causing an upward adjustment of fertility targets.

| S.A. QUIMBO, X.A. JAVIER, J.J. CAPUNO, E.S. DE DIOS

Why boys are falling behind girls in schooling: Simulations of returns to schooling and marriage

Abstract

This paper tries to explain why women in the Philippines obtain higher levels of education than men. We posit that this is due to higher returns to women's education not only from their own education but also from marriage. We provide empirical evidence to support this contention using dataset from the Philippine Labor Force Survey, and find that returns to education increase with the level of education and marginal returns to tertiary education are much higher for men than for women. Moreover, there is much intermarriage of individuals of equal or with higher education levels, thus, enhancing returns to education.

| E.A. TAN, K.S. CANALES, K.G. CRUZ

How much protection does PhilHealth provide Filipinos?

Abstract

This policy note presents estimates of the amount of financial protection provided by the PhilHealth to Filipino households. Using 2011 data from a nationwide survey, our analysis uses a metric called the Benefit Delivery Rate (BDR), defined as the average PhilHealth reimbursement rate for the general population needing health care. Operationally, the BDR is the product of the coverage rate, the claim rate, and the reimbursement rate.

Our BDR estimates show that, on the average, Filipinos receive scant financial risk protection from PhilHealth. Only about 10 percent of total expenditures on outpatient and inpatient care are effectively reimbursed by PhilHealth. The elderly and the formal worker enjoy the most financial risk protection from PhilHealth. The ones with the least protection are the OFWs, women, and the poor.

A low BDR is a reflection of weaknesses throughout the value chain of PhilHealth.

Coverage rates are only about 51 percent and claim rates are less than 60 percent. Reimbursement rates are less than half of total charges faced by PhilHealth beneficiaries.

Policy simulations suggest that a potential BDR of 32 percent can be achieved under the current program design, if coupled with effective program administration, a strong commitment to efficient claims processing, and the full implementation of premium contributions increases. | S.A. QUIMBO, A.D. KRAFT, J.J. CAPUNO, C. TAN



UPSE Prof Geoffrey Ducanes, PhD, one of the authors of the collaborative research on responses to short term capital inflows to Philippines

Giving the BSP an Extra Mop: A Response to Short-Term Capital Inflows

Abstract

In the aftermath of the global financial crisis, the Philippine economy has experienced a surge in short-term financial inflows. Aside from their destabilizing effects on the financial system, the resulting upward pressure on the value of the peso has also given rise to concerns of a loss competitiveness of the exports sector. In response, the Bangko Sentral ng Pilipinas (BSP) has intervened in the forex market. This, however, has led to costly “mopping up” activities in the face of the BSP’s commitment to inflation targeting: the BSP is now highly leveraged and in need of new “policy mops.” This policy note discusses the alternative monetary policy tools that would enable the BSP to continue conducting independent monetary policy and to effectively adapt to the ever-changing landscape of the global financial system. | **R.V. FABELLA, F.N. CARLOS, S.S. DAWAY, & G.M. DUCANES**

Health or Wealth: Is there a trade-off when taxing sin?

Abstract

Smoking prevalence in the Philippines is among the highest in the world. In 2009, the country ranked 12th and 29th in the world in terms of smoking prevalence among adult males and females, respectively (WHO 2012). The economic costs of smoking are substantial— huge amounts of resources spent to treat smoking-related diseases, shortened income streams due to premature deaths, and reduced labor productivity.

Cigarette taxation is perhaps the most effective policy handle to reduce smoking, with the potential benefit of raising tax revenues. In the Philippines, the debates surrounding the Sin Tax bill focus on an important policy question: are there health and revenue trade-offs when taxing sin? With substantial increases in excise taxes on cigarettes, will health gains from reduced smoking come at the expense of reduced tax revenues? Should the government consider smaller increases in excise taxes so that gains can be had from both increased tax revenues and reduced cigarette consumption?

Economic analysis suggests that the presence and size of the trade-offs depend on the “price elasticity of demand,” a measure of how responsive demand is to changes in price. Elasticity estimates and simulations using data from the 2009 Family Income and Expenditure Survey (FIES) show that the ideal tax on cigarettes is a high uniform specific tax. Regardless of elasticity scenario, the policy that yields the highest gains is a high tax. What drives this result is the inverted U shape of the incremental tax revenue curve. Any tax revenue target can be achieved by a pair of low and high tax rate. However, a higher tax will always mean further reductions in consumption. Thus, health gains drive the policy choice, as health gains are always larger with a higher tax rate. | **S.A. QUIMBO**

FISCAL RESOURCES AND GENERAL ALLOCATION

THE REGULAR SOURCES of funds for the PCED work plan are investment earnings and rental income. Investment earnings are generated from a ₱ 17 million Endowment Fund created by PD 453. Annually, the Board of Trustees reviews the financial performance of PCED and approves the proposed budget for the following year.

For fiscal year 2012, the Board approved a budget amounting to ₱ 32.07 million broken down as follows: ₱ 2.36million for Personnel Services; ₱ 20.31million for MOOE; and ₱ 9.4million for Capital Outlay and Equipment. Total unaudited expenditures in 2012 are broken down as follows: ₱ 2.17million for Personnel Services, ₱ 10.02 million for MOOE, and ₱ 7.17, million for Capital Outlay. The bulk of the increase in expenditure in Capital Outlay pertains to the ₱ 6.6 million outsourced to the Philippine International Trading Corporation (PITC) for the bidding and contracting for the repairs and renovation of the roofs of the PCED buildings (School and Library) and the UPSE Auditorium.

Table 5 shows the authorized and unaudited expenditures in 2012

Table 5.
2012 Authorized and Unaudited Expenditures of PCED

Expenditure Items	Authorized Expenditures	Unaudited Expenditures
Personnel Services	2,361,000	2,170,600
Maintenance and Other Operating Expenditures	20,310,000	10,021,200
Capital Outlay and Equipment	9,400,000	7,173,800
TOTAL	32,071,000	19,365,600

By the end of 2012, PCED’s total assets were valued at ₱ 139,230,095. Tables 6 and 7 show PCED’s 2012 Balance Sheet and Income Statement, respectively.

Resources

PERSONNEL

AS OF DECEMBER 2012, PCED's staff totalled 16: 4 members of Management and 11 administrative staff. Moreover, five were permanent staff, ten were part-time staff and one was temporary staff.

Table 4 shows the PCED staff.

Table 4.
PCED Staff (as of December 2012)

Position title	Name of incumbent
Executive Director	Ramon L. Clarete
Adm. Asst. III	Rowena V. Alvarez
Research Division	
Division Chief III	Renato E. Reside
Adm. Asst. II	Juliet R. Gordulan
Adm. Asst. II	Gil S. Mallari
Special Projects Division	
Division Chief III	Agustin L. Arcenas
Finance & Adm. Division	
Division Chief III	Ma. Joy V. Abrenica
Accountant III	Milagros O. Savella
Adm. Asst. III	Ruth V. Abaloyan
Adm. Asst. II	Gloria D. Lambino
Adm. Asst. II	Judy Vi V. Avila
Adm. Officer III	Ma. Teresa B. Tueres
Adm. Aide IV	Roberto T. Barcelo
Adm. Aide IV	Jimson S. Visca
Adm. Aide III	Lilia E. Ravina
Adm. Aide III	Alberto M. Calaguas

Table 1.
2012 PCED Ongoing Research Grants for UPSE Faculty and Staff

Name	Title
Grants for Independent Research	
Faculty	
A. M. Balisacan	"The Return of Inequality in the Development Agenda: Philippine Inequality in International Perspective"
R.M.T. Balanquit	"Equilibrium Restoration in a Class of Tolerant Strategies"
F.N. Carlos	"Time Consistency: The Phillips Curve Example (With Graphs)"
R.L. Clarete	"Economic Friction in Agricultural Value Chains"
E. S. de Dios	"A new-institutional view of <i>Das Adam-Smith-Problem</i> "
B. E. Diokno	"Post-Crisis Fiscal Policy for the Philippines: Risks, Constraints, and Options"
G.M. Ducanes	"Equal Access, Unequal Opportunities: Why Filipino Women are Increasingly Better-Educated than Men"
M.F.B. Durano	"Rights of the Marginalized: Philippines Magna Carta of Women and Women in Nation-Building Act from the Perspective of the Capabilities Approach"
R.V. Fabella	"The Robust Nash Equilibrium and Equilibrium Selection in 2x2 Coordination Games"
T.M.C. Monsod	"Linking Geography and Human Development in the Philippines"
S.L.A. Quimbo	"Does economic empowerment protect women from domestic violence: Evidence from the Philippines"
M.L.V. Ravago	"An Efficiency-based Approach to REDD+"
R.E. Reside, Jr.	"A New Database of Non-Profit Organization (NPOs) in the Philippines"
S.S. Daway	"Non-Linearities in the Aid-Policy-Growth Nexus: Non-Parametric Approach"
UPSE Library Staff	
R.G. Rosali & Ma.R. Luz	"Philippine Economic Bibliography 2008-2010"
F. de la Rosa	"A Bibliography of Theses and Dissertations 2010-2011"
A.C. Tingson	"An Annotated Checklist of Periodicals Available at the U.P. School of Economics Library"
C. M. Bondoc	"A Digital Guide to the Archival Materials at the UPSE Library"
Grants for Collaborative Research	
ISIP	
A. L. Arcenas	"Towards A Contribution to Inclusive Growth by the Mining Sector"
E. S. De Dios	"Is Subsidy the Best State Support for Tertiary Education?"
R. L. Clarete	"Self-Sufficiency in Rice in the Philippines"
PIPER	
R. L. Clarete & M.V. Abrenica	"National Treatment Case on Distilled Spirits"
R. P. Alonzo & R. E. Reside	"Non Fiscal Investment Incentives"
B. E. Diokno	"Analysis of the 2013 Budget"
M.V. Abrenica	"Electricity Reform"

Finally, a total of 20 discussion papers were published in 2012 under the PCED-funded UPSE Discussion Paper Series (Table 2).

Table 2.
2012 UPSE Discussion Papers

1201	Capuno, Joseph J, Quimbo, Stella A., Kraft, Aleli D., Tan, Carlos Antonio Jr. R. and Fabella, Vigile Marie B. "The effects of term limits and yardstick competition on local government provision of health insurance and other public services: The Philippine case". January 2012.
1202	Capuno, Joseph J. and Tan, Carlos Antonio Jr. R. "Household decisions and child health: Estimating the links between water treatment and the incidence of diarrhea using non-recursive two-equation causal models". January 2012.
1203	Desierto, Desiree A. (with John V.C. Nye Grigory Androuschak, Garrett Jones and Maria Yudkevich). "4D Asymmetry and Gender Differences in Academic Performance: Evidence from Moscow and Manila" January 2012
1204	Desierto, Desiree A. "Imitation Dynamics with Spatial Poisson-Distributed Review and Mutation Rates" February 2012.
1205	Llanto, Gilbert M. "The Assignment of Functions and Intergovernmental Fiscal Relations in the Philippines Twenty Years after Decentralization" February 2012.
1206	Capuno, Joseph J. and Javier, Xylee "Whose child is it anyway? Differential parental investments in education and children under kinship care in the Philippines" March 2012.
1207	Nozawa, Katsumi. "Banana Production and Cooperatives in the Philippines" March 2012.
1208	Capuno, Joseph J, Quimbo, Stella A., Kraft, Aleli D., Tan, Carlos Antonio Jr. R. and Fabella, Vigile Marie B. "Perks and public provisions: Effects of yardstick competition on local government fiscal behavior in the Philippines" May 2012.
1209	Capuno, Joseph J. and Tan, Carlos Antonio Jr. R. "Are improved water supply and sanitation always safe for children? Implications for attaining the MDGs in the Philippines" May 2012.
1210	Canlas, Dante B. "Business Fluctuations and Monetary Policy Rules in the Philippines: with Lessons from the 1984-1985 Contraction" June 2012.
1211	Tan, Edita A. "The Financial Crisis, Oil Price Hike, the Arab Spring and Foreign Demand for Filipino Workers" August 2012.
1212	Poblador, Niceto S. "The Promise of the Science Commons and the Tragedy of Intellectual Property Rights: The University's IPR Policy in Perspective" August 2012.
1213	Fabella, Raul V. "Signaling and Contract Cost Under Weak Governance: Water Service Privatization in Metro Manila, Philippines" October 2012.
1214	Fabella, Raul V. "Wipeout: Sangley Mercantile Dominance and Persistence in the Spanish Colonial Period in the Philippines" October 2012.
1215	Sicat, Gerardo P. "The Peso Appreciation and Monetary Fiscal Coordination" October 2012.
1216	Fabella, Raul V. (with Vigile Marie B. Fabella) "The Robust Nash Equilibrium and Equilibrium Selection in 2x2 Coordination" October 2012.
1217	Tan, Edita A. (with Katrina Dinglasan) "Why the Poor Have Many Children" November 2012.
1218	Desierto, Desiree A. "Reforming Institutions and Building Trust to Achieve Sustained Economic Development" November 2012.
1219	Desierto, Desiree A. (with J.V.C. Nye, G. Androuschak, G. Jones & M. Yudkevich) "What Determines Trust? Human Capital vs. Social Institutions: Evidence from Manila and Moscow" November 2012.
1220	Salas, J.M. Ian. "Consequences of withdrawal: Free condoms and birth rates in the Philippines" December 2012.

MAINTENANCE AND UPGRADE OF PCED PROPERTY

AN IMPORTANT COMPONENT of PCED's support to UPSE comes in the form of property maintenance as the School is housed in the PCED building complex located on Guerrero St. in UP Diliman. The complex includes 11 classrooms, 30 faculty rooms, five meeting and seminar rooms, seven school administration offices, a faculty lounge, a computer laboratory, a three-storey library building, and an auditorium.

In 2012, PCED spent a total of ₱ 303,792 for maintenance and upgrading of the PCED property. These were mainly for repainting of rooms and refurbishing of furniture.



LIBRARY ACQUISITIONS

THE UPSE LIBRARY houses one of the largest collections of economics books and journals in the country. In 2012, PCED supported library acquisitions including journal and newspaper subscriptions amounting to about ₱ 480,000.



FELLOWSHIPS

FOR THE ACADEMIC YEAR 2012-2013, UPSE resumed use of PCED scholarship funds to support teaching fellows and scholars. In the past academic year 2011-2012, UPSE elected to make use of funds from the UPecon Foundation, Inc. (a non-stock non-profit entity established by the UPSE faculty to provide additional support to the research, teaching, training and community services of the UPSE) that was available only for a limited time.

For the first and second semesters of 2012, PCED gave grants to a total of 12 graduate scholars and 14 teaching fellows, a sizable increase from 2011 when only two teaching fellows were funded.

CAPACITY-BUILDING



ABOVE: Prof James Robinson, PhD from Harvard University at the Eminent Persons lecture series on 5 December 2012.

AS PART OF ITS Eminent Persons Lecture Series, PCED, in partnership with Action for Economic Reform (AER), organized a lecture on “Beyond 2013: Reforming Institutions for Inclusive and Sustainable Growth” by Dr. James Robinson, David Florence Professor of Government at Harvard University, on 5 December 2012 at the Gokongwei Lecture Hall in the PCED Complex. Dr. Robinson, a world renowned political scientist and economist, is co-author of the book “Why Nations Fail: The Origins of Power, Prosperity, and Poverty” together with Dr. Daron Acemoglu. His lecture dwelt on how political and economic institutions determine a country’s economic success and failure.

PCED also supported a forum on “Update on the Growth in Developing Asia and the Philippine Economic Outlook 2012-2013” on 8 October 2012. The presentations in the forum were important issues contained in the Asian Development Outlook 2012 Update. The panelists were Mr. Joseph Ernest Zveglich, Jr., ADB Assistant Chief Economist; Mr. Norio Usui, ADB Senior Country Economist; Mr. Donghyun Park, ADB Principal Economist; and Dr. Felipe M. Medalla, Bangko Sentral ng Pilipinas (BSP) Monetary Board Member.

In partnership with the UP President Edgardo J. Angara Fellowship (UPPEJA), PCED conducted two forums on the “Reform of Philippine Labor” and “Deconstructing the Philippine Investment Puzzle: The Role of Collective Action Failures” on 31 July 2012 and 27 September 2012, respectively. The forum aimed to promote high-level policy discussions and research of UP faculty on a wide range of topics that address national development goals and imperatives. UP Professor Emeritus Dr. Gerardo P. Sicat and Dr. Raul V. Fabella were the resource speakers for the first and second forum, respectively. It is worthy to note that these two UPSE faculty were awardees of the first batch of UPPEJA fellowship.

PCED also supported the conduct of a Workshop on Impact Evaluation (IE) on 20-21 March 2012. The objective of the two-day workshop was to develop a community of IE specialists and users both in and outside the government sector for improved policy effectiveness. This workshop was organized in cooperation with the UPecon Foundation, Inc. and the International Initiative for Impact Evaluation (3ie).



ABOVE LEFT: UPSE Prof Benjamin Diokno and Dr Herwig Mayer of GIZ at the Annual Policy Forum on 16 January 2012.

ABOVE RIGHT: Jens Krüeger of ADB at the UPSE Friday Seminar on 3 August 2012

DISSEMINATION

IN 2012, PCED continued its support for the conduct of seminars and forum and publications. PCED/PIPER held its Annual Policy Forum with the theme “Fiscal Decentralization after 20 Years: What have we got to show? What have we learned? Where do we go from here?” on 16 January 2012 at the Crowne Plaza in Quezon City. The forum was jointly sponsored with the Decentralization Program of the GIZ (Deutsche Gesellschaft fuer Internationale Zusammenarbeit).

This forum brought together over 100 participants from the academe, government, and private sector to discuss the Philippine experience on decentralization over the last twenty years and key reforms that have to be made.

The speakers included local and international experts on public policy, namely, Dr. Benjamin Diokno of UPSE; Dr. Gilbert Llanto, former Deputy Director General of the National Economic and Development Authority (NEDA); Dr. Paul Hutchcroft, founding director of the School of International, Political, and Strategic Studies at the Australian National University; and, Dr. Jan Werner, Lead Economist at the Institute of Local Public Finance in Langen, Germany.

PCED likewise supported the UPSE Friday Seminar Series, which brought together experts from various disciplines, faculty, students, and policymakers to engage in the exchange of ideas and experiences. In 2012, a total of 25 seminars were organized (Table 3).

Table 3.
2012 UPSE Friday Seminar Series

Date	Speaker	Topic
Jan 6	Marjorie C. Pajaron, PhD, Lecturer, University of Hawaii Manoa	Remittances, informal loans, and assets as risk-coping mechanisms: Evidence from agricultural households in Rural Philippines
Jan 20	Antonio Farfan, PhD, Candidate, University of Freiburg	Untruthful Media: Electoral Accountability and Media Capture when Media Lies
Jan 25	Dean Karlan, PhD, Professor, Yale University President and Founder of Innovations for Poverty Action	Mentoring and Consulting to Entrepreneurs, Micro to Medium, in Mexico and Ghana: Lessons from Two Randomized Trials
Jan 27	Renato E. Reside, Jr., PhD, Assistant Professor, UP School of Economics	Non-Investment Tax Incentives
Feb 3	Adam Wagstaff, Research Manager, Development Research Group, World Bank	The Impacts of Hospital Autonomization: Evidence from Vietnam
Feb 10	Romeo Balanquit, PhD, Assistant Professor, UP School of Economics	The Equilibrium in a Bayesian World and its Discontents
Feb 17	David Pearce, Executive Director, Center for International Economics, Canberra, Australia	Potential Game-Changer for the Philippines: An Economic Study of the Tampakan Project
Mar 2	Changyong Rhee, PhD, Chief Economist, Economics and Research Department, Asian Development Bank (ADB)	The Evolution of Industrial Policy: A Development State Approach
Mar 16	Katsumi Nozawa, PhD, Visiting Research Associate, UP School of Economics	Banana Productions and Cooperatives in the Philippines
Apr 11	Rosemarie G. Edillon, Director, National Planning and Policy Staff, NEDAF	The Economics of Social Capital Spending
Apr 12	Marina B. Durano, PhD, Assistant Professor, UP School of Economics	Reason and Responsibility: Rizal's letter to his Maloleña Compatriots using the Capabilities Approach
Apr 26	Charlotte Justine D. Sicat, Senior Lecturer, UP School of Economics	Does Local Government Spending Reflect Voter Preferences?
May 16	Howard White, Executive Director, International Initiative for Impact Evaluation (3ie).	Using Rigorous Impact Evaluation to Influence Policy
Jun 29	Niceto S. Poblador, PhD, Retired Professor of Management, University of the Philippines Mindanao and formerly Professorial Lecturer, U.P. School of Economics	The Strategy Dilemma: Why Big Business Moves Seldom Pan Out as Planned

Aug 3	Jens Krüeger, Research Associate, Office of Regional Economic Integration, ADB	Gender and the Allocation of Labor and Capital in / Informal Enterprises: Evidence from Sub-Saharan Africa
Aug 17	Mr. Julien Labonne, PhD, Candidate, Oxford University	Local Political Business Cycles: Evidence from Philippine Municipalities
Aug 24	Agustin L. Arcenas, PhD, Assistant Professor, U.P. School of Economics	Impact of Heat on the Productivity of Semi-skilled Furniture Workers in Pampanga and Vigan
Aug 31	Niceto S. Poblador, PhD, Retired Professor of Management, University of the Philippines Mindanao and formerly Professorial Lecturer, UP School of Economics	The Promise of the Science Commons and the Tragedy of Intellectual Rights: The University's IPR Policy in Perspective
Sept 4	John P. Lambino, PhD, Adjunct Faculty, Kyoto University	Consumption and Migration Nexus: Transforming Consumption Ideas and Expanding Consumption in the Case of Filipino Migration
Sept 21	Mr. Julien Labonne, PhD Candidate Oxford University	Nepotism and Punishment: The (Mis-) Performance of Elected Local Officials in the Philippines
Oct 12	Charles Yuji Horioka, Professor of Economics, Institute of Social and Economic Research, Osaka University	An International Comparison of Altruism and Bequest Motives
Oct 17	Emmanuel Y. Jimenez, Director, Public Sector Evaluation, Independent Evaluation Group, World Bank	Impact Evaluation
Nov 9	Sarah Lynne S. Daway, PhD, Assistant Professor, UP School of Economics	On the Macroeconomic and Welfare Effects of Raising the Retirement Age
Nov 6	Margarita Debuque Gonzales, PhD, Assistant Professor, UP School of Economics	Financial Conditions Indexes for Asian Economies
Dec 7	Ramon L. Clarete, PhD, Dean, UP School of Economics and Caesar B. Cororaton, PhD, Global Issues Initiative, Institute for Society, Culture, and Environment, Virginia Tech Research Center	Impact of Alternative Philippine Rice Policies on Poverty and Income Distribution

PCED supported the publication of the Philippine Review of Economics (PRE), the principal professional economics journal of the Philippines, which is jointly published by UPSE and the Philippine Economic Society twice a year. In 2012, two issues were released: PRE Volume 49 No. 1 (Papers and Proceedings: First PIPER Policy Forum on 20 Years of Fiscal Decentralization in the Philippines) and PRE Volume 49 No. 2.