

Patterns of Private Transfers in the Philippines: An Analysis of Who Gives and Receives More

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Abstract : This paper investigated the patterns of private transfers in the Philippines using the Family Income Expenditure Survey (FIES) 2009, conducted by the Philippine government's National Statistics Office (NSO) every three years. The paper performed bivariate analysis on net transfers, using the identified determinants for a household to be either a net receiver or a net giver. The household characteristics considered are the following: age, sex, marital status, employment status and educational attainment of the household head, and also size, location, pre-transfer income and the number of employed members of the household. The variables net receiver and net giver are determined by computing the net transfer, subtracting total gifts from total receipts. The receipts are defined as the sum of cash received from abroad, cash received from domestic sources, total gifts received and inheritance. While gifts are defined as the sum of contributions and donations to church and other religious institutions, contributions and donations to other institutions, gifts and contributions to others, and gifts and assistance to private individuals outside the family. Both in kind and in cash transfers are considered in the analysis. It also performed a multiple regression analysis on transfers received and income including other household characteristics to examine the motives for giving transfers - whether altruism or exchanged. It also used the binary logistic regression to estimate the probability of being a net receiver or net giver given the household characteristics. The study revealed that receiving tends to be universal - both the non-poor and the poor benefit although the poor receive substantially less than the non-poor. Regardless of whether households are net receivers or net givers, households in the upper deciles generally give and receive more than those in the lower deciles. It also appears that private transfers may just flow within economic groups. Big amounts of transfers are, therefore, directed to the non-poor and the small amounts go to the poor. This was also supported by the increasing function of gross transfers received and the income of households - the poor receiving less and the non-poor receiving more. This is contrary to the theory that private transfers can help equalize the distribution of income. This suggested that private transfers in the Philippines are not altruistically motivated but exchanged. However, bilateral data on transfers received or given is needed to test this theory directly. The results showed that transfers are much needed by the poor and it is important to understand the nature of private transfers, to ensure that government transfer programs are properly designed and targeted so as to prevent the duplication of private safety nets already present among the non-poor.

Keywords : private transfers, net receiver, net giver, altruism, exchanged.

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