

**A Century of Philippine Spatial Inequality**  
**Jeffrey G. Williamson**

**Abstract**

Income inequality is higher in the Philippines than in most of its Asian neighbors, and provincial and urban-rural income gaps account for a large share of it. However, there is little evidence of labor market failure in the Philippines since, when properly measured, real wage gaps by skill are very modest. Unequal endowments account for most of the provincial and urban-rural income gaps. That is, individual attributes of workers and households explain the majority of the urban-rural gaps, and schooling, skill, and experience are the three individual characteristics that matter most. Provincial variables like typhoon incidence, government corruption, school crowding, and access to health facilities matter far less. Workers born in the cities and immigrants to the cities invest more in human capital than do rural workers, but we cannot yet tell how much of that is due to better human-capital-building infrastructure supply in the cities and how much is due to higher urban demand for that infrastructure. To help identify causation, we appeal to history. Using provincial HDIs, we ask whether regional inequality rose during the start of modern economic growth 1903-1960, fell, or was stable at high levels.

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