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Discussant, 9th National Convention on Statistics (NCS)
EDSA Shangri-La Hotel
October 4-5, 2004

**Construction of Regional Social Accounting Matrix:
Methodological Concerns and Empirical Issues**
by
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The paper presents a framework that will be used to construct a regional social accounting matrix (RSAM). It describes the methods to be used as well as empirical problems that usually arise in the process on SAM construction. The paper is clearly very preliminary as the final objective of the authors is to analyze the income distribution and welfare effects impact of land transport infrastructure investment and government expenditures.

Construction of SAMs is one of the most the most difficult part of a research that intends to analyze policies that have multisectoral dimensions using simple input-output analysis or the more sophisticate CGE modeling. In particular, the difficulties lie in the (1) availability of the data required by a SAM and (2) consistency of the available data that are usually gathered by different agencies. The first is a constraint that one has to recognize. Probably the bigger problem is how to reconcile the same information that comes from different agencies.

There seems to be no controversy concerning the methodology and techniques used, i.e., constructing a SAM is straightforward as long as the data required are available. But, as mentioned above, the availability is where the problem lies. Given the state of data in the Philippines, building a SAM is a daunting task. Constructing a regional SAM, even if it only has two regions – NCR and others – is thus, in my view, a very bold undertaking. The success of this research will most likely hinge heavily on the cooperation of the various data gathering and source agencies that the authors need to talk to.

The true objective of the authors is to conduct an analysis of transport issues and there are other methodologies that can be used in this regard. The investment that the authors will be making in building a RSAM is huge. Hence, a clear explanation of its advantage should be made as to why this line of analysis was chosen over other techniques used in the field of urban and regional economics.¹

¹ For example, one can look at the website of James LeSage, www.spatial-econometrics.com, and examine articles on econometric techniques that deal with spatial issues.