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**Vulnerability of a Developing Economy to Reduction in
Overseas Remittances: A CGE Approach**

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Title: Vulnerability of a Developing Economy to Reduction in Overseas Remittances: A CGE Approach

Abstract:

The paper assesses the welfare and output effects involved in the reduction of overseas remittances to Philippine households across different delineated regions. It utilizes a computable general equilibrium model and a multi-regional social accounting matrix as database. These effects are initially estimated using a five region model with thirty-four regional production sectors and fifteen regional household income groups. A three-level production function is specified which takes the form of Cobb-Douglas-Leontief-Cobb-Douglas type. In contrast, the same effects are estimated using a two-region model with twenty production sectors and a single-stage Leontief production function. The comparative results showed that while the functional specification of the production function and the level of disaggregation of the regional production sectors exert a significant influence on the empirical results, the simulated incidence of a decline in overseas Filipino workers' remittances is broadly consistent.

Keywords: Spatial impacts, Remittances, Computable general equilibrium modeling

Archives: Impact analysis; CGE models and econometrics; (Inter-) Regional studies

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