

PATTERN OF PHILIPPINE PUBLIC EXPENDITURE, 1951-1960

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This paper identifies the pattern of Philippine public expenditure for the decade 1951-1960 insofar as this pattern is discernible from available statistics. It then compares this pattern to the average performances of other countries at different levels of economic development.

The composition and the trend in the composition of our public expenditure are considered in the first part of the paper. As definite patterns become apparent, an evaluation of their economic significance is attempted, particularly as they are related to economic growth.

The appropriate level and distribution of public expenditure are pressing issues, not only in the Philippines but also in many other underdeveloped countries. Throughout the world, those responsible for the programming of public expenditure look to economists for guidance. Expert advice is nonetheless available; however, reports in which they are embodied make no mention of the bases by which the decision was arrived at. To improve the situation, Alison Martin and Arthur Lewis have made praiseworthy contribution by providing some materials for comparisons. After a study of the patterns of public expenditures of sixteen countries at different stages of economic development, they came up with a measure which may indicate the probable "standard" expenditure of a government seeking to achieve only "average" performance. The second part of the paper is concerned mainly with the comparison of this measure with Philippine public expenditure.

DISTRIBUTION OF PHILIPPINE PUBLIC EXPENDITURE

COMBINED EXPENDITURES OF NATIONAL AND LOCAL GOVERNMENTS

Table 1 shows the distribution of Philippine public expenditure by major function. The expenditure for social services and the expenditure for economic development represented, respectively, the biggest and the second biggest portion of the aggregate ten-year public expenditure, followed by the expenditure for general government, national defense, and public debt in that order. The shares

of social services and economic development were approximately 37.0 per cent and 27.5 per cent, or almost two-thirds of total public expenditure. General government represented 15.4 per cent of the total, national defense, 13.7 per cent, and public debt represented the rest of the 6.3 per cent

The same table indicates the trend of the distribution of public expenditure through each year of the decade. Notably, social services absorbed the biggest portion of total public expenditure, and economic development, the second biggest portion during all years under review. A general upward trend of economic development was observed during the period 1951-1957. Thereafter, a downward trend characterized this particular expenditure. The corresponding movement of the percentage representing social services, meanwhile, displayed, roughly, the reverse trend. It can be further observed that the relatively significant rise of economic development expenditure was matched by an equally remarkable fall in that of national defense and a stable rise in that of general government.

National defense and general government accounted for the third and the fourth biggest portion, respectively, of the public expenditure from 1951-1954. Thereafter, the relative share of national defense declined, while that of general government and of national defense were interchanged during the period 1955-1960.

Statistics on the distribution of proposed expenditures by the President and of appropriations by Congress during the decade show that the biggest portion of total expenditure was intended for economic development purposes and the second biggest for social services. Evident in the patterns of distribution of actual expenditures described above, however, is the fact that the greater amount was spent for services instead of for economic development which may probably be explained by the fact that available funds always fell short of proposed and appropriated expenditures, and the more compelling and immediate nature of the social services overruled economic development. Due to pressure caused by limited funds, expenditures for education and health, the bulk of our social services, were most probably programmed before those for roads, bridges, ports, drainage, and the other economic development items. The mandatory nature

in the country of the provision for free primary education to all seems relevant and deserves mention when clarifying this point.¹

Some lack of persistence on the part of the government in pursuing its economic development policy was reflected by the observed reversal of the general upward trend of the relative importance of economic development expenditures during the later half of the decade.

The opposite direction in which economic and social development expenditure moved implied how one expenditure was sacrificed for the other. It is observed, however, that there was little implication of this pattern on economic growth. As will be noted later, the highest indirect contributors to economic growth, education and health, were the ones that constituted the bulk of our social services during the decade.

Taking the figure for capital expenditure as a rough index of government capital formation, the division of our public expenditure into capital and current expenditures would easily convince one of the small proportion of public expenditure devoted to capital formation, especially at the local level. Of the expenditure for the entire period 1955-1960, capital expenditure accounted for less than one-fourth (23.3 per cent). Of the aggregate national expenditure for the same period, capital expenditure absorbed around 25.9 per cent, and of the local, a much smaller percentage of 12.1 per cent. For the years after 1956, capital expenditure declined in relative importance, making the picture far less desirable from the standpoint of growth.

EXPENDITURE OF THE NATIONAL GOVERNMENT

For the period, national expenditure for social and economic development summed up to more than two-thirds of the total ten-year expenditure, with 39.4 per cent and 27.1 per cent being taken in by social services and economic development, respectively. National defense accounted for 17.2 per cent of the total, making it the third most significant item, followed by general government and public debt which accounted for 9.4 per cent and 6.9 per cent, respectively.

Expenditures for social services and economic development were consistently responsible for the biggest and second biggest proportion, respectively. Of the annual national expenditure, national defense accounted for the third biggest proportion of total expenditure, general government for the fourth, and public debt was the least significant of all through these years. Although the expenditure for national defense declined considerably in the second half of the decade and that of general government increased, it was noted that the movements did not substantially alter their relative rankings.

¹ *Philippine Constitution*, Article XIV, Sec. 5.

Obviously, the pattern of distribution of the national expenditure was closely similar to that of the total expenditure, reflecting its great influence on the over-all pattern of Philippine public expenditure. National expenditure on the average accounted for approximately 80 per cent of total expenditures, which would explain the extent of its influence in the direction of our total public expenditure. And insofar as our national expenditure is guided by economic plans, such a pattern is even more indicative of the great force that our national policy makers could exert in influencing the pattern of distribution of our public expenditure.

EXPENDITURE OF THE LOCAL GOVERNMENT

The pattern of distribution of local expenditure for the major functions through the years 1951-1960 differed greatly from both the pattern of the combined expenditures of all levels of government and the pattern of expenditure for the national level.

Expenditure for general government was the most significant of all the expenditures for major functions, taking 38.4 per cent of the total, followed by expenditure for economic development, 28.9 per cent, social services, 28.1 per cent and public debt, 4.5 per cent. For the entire period, the five major government functions maintained the same positional level.

The due concern that the local governments had for economic growth during the period was observed. They devoted almost the same proportion of their total expenditure for economic development as the national government did. It will be recalled, however, that the major portion allotted for this purpose was observed to be in the form of current expenditure.

The provincial government directed on the average 39.2 per cent of its total expenditures to economic development; to general government and social services, 28.4 per cent and 28.1 per cent, respectively; and to public debt, 4.2 per cent. It is interesting to note that the provincial government directed a greater percentage of its total expenditure to economic development than that of the national government.

Of the city government expenditure, the biggest proportion went to social services, 38.6 per cent; the second biggest, to general administration, 33.8 per cent; and the third biggest, to economic development, 23.2 per cent. Once again, expenditure for public debt represented the least significant portion of the total, only 4.3 per cent. The low city expenditure for economic development is rather to be

expected. After all, cities are relatively well-provided with most of the items that fall under the economic development category, such as roads, bridges, ports, and drainage, among others.

Of the municipal government expenditure for the period, 59.4 per cent, or more than one-half of this expenditure, corresponded to general administration; 29.1 per cent to economic development; 7.2 per cent to social services; and 4.2 per cent to public debt. The high percentage accounted for by general government was at once striking. But one can surmise that perhaps this was more of an indication of the limited funds available for all other functions rather than of a heavy emphasis on general government expenditure by this particular level of government. Most probably, not much was left for the other government functions once the fund for necessary expenditures to keep the government going had been provided for. The higher proportion of expenditure absorbed by economic development as compared with that absorbed by social services revealed the greater importance given by the rural sector for expenditures for improvements, such as roads, bridges, irrigation, etc., than for education, health, social insurance, and other social services, indicating a preference for tangible over intangible progress.

So far attention has been directed to the general pattern of distribution of public expenditure. The distribution of two major expenditure categories will now be considered, namely, economic development and social services.

Expenditure for Economic Development—A rough picture of the constituents of the huge economic development outlay for the period is indicated in Table 2.

The four top economic expenditure items in this period were roads, transportation and communication, commerce and industry, and agriculture. Of the aggregate outlays for economic development, 45.3 per cent was accounted for by roads; 20.8 per cent by transportation and communication; 14.3 per cent by commerce and industry; and 11.4 per cent by agriculture. Drainage and mining absorbed 7.2 per cent and 0.98 per cent of total outlay, respectively.

After education, roads absorbed the biggest portion of government expenditure for all functions for the period which amounted to 12.4 per cent. Roads took in not only the biggest portion of the aggregate ten-year expenditure for economic development, but also the biggest portion of every annual expenditure for economic development. They accounted for 39.4 per cent of the national expenditure for economic development and for 67.1 per cent of the local. Expenditure for roads covered, among others, the cost of construction

and maintenance of national, provincial, city, and municipal roads and bridges.

Expenditure for transportation and communication and expenditure for commerce and industry were the second and third biggest economic development expenditure, respectively, in all years except in 1955 and 1956. The considerable amount spent by the government for electricity, ₱19.4 million in 1955 and ₱44.8 million in 1956, resulted in the interchange of relative position between the two expenditures during these years. Of the expenditure classified under transportation and communication, a major portion, 58.2 per cent, went into ports, posts, and telecommunication facilities. On the other hand, expenditures for commerce and industry were mostly for electricity, for the promotion of foreign and domestic trade, and for the progress of manufacturing industries, particularly the steel industry. The residual portion went into expenditures for railroads, airports, broadcasting, as well as for shipping facilities or generally for transportation and communication facilities.

Expenditures for agriculture, which consisted mainly of expenditures for fertilizer and seed distribution, agricultural credit, extension services, and animal husbandry, indicated a definite position for total expenditure to be applied in increasing proportion for economic development, as an effect of the announced goal of the Philippine government of achieving self-sufficiency in food production and of promoting export crops.

Expenditure for Social Services—Table 3 breaks down total expenditure for social services which, for the period 1951-1960, appeared to be the most expensive government function.

Expenditure for education proved to be the most substantial of all expenditure for social services for every year of the entire period 1951-1960. Of the combined expenditures of all governments for social services for the entire period, it absorbed 62.7 per cent, or more than three-fifths. Of the national expenditure for social services, it absorbed a still bigger proportion, 65.7 per cent; and of the local, it absorbed 45.8 per cent. Notably the most substantial portion of total expenditures for social services, educational expenditure was also the major portion of all expenditures for government functions. It was responsible for 23.2 per cent of the entire ten-year expenditure for all these functions.

While education maintained the biggest portion of the entire expenditure for social services during the period, it experienced a decreasing share in the later years. From 59.6 per cent in 1951, the

percentage accounted for by education moved upwards to 67.5 in 1954, after which, it gradually declined in position until, in 1960, it accounted for 52.2 per cent only. In absolute terms, however, expenditure for education displayed regular and substantial increases. It more than doubled during the entire period, rising from ₱173 million in 1951 to ₱364 million in 1960. These significant increases seemed justified, considering the rapid growth of school-age population, the great number of children being deprived of public education annually because of lack of schoolhouses and teachers, and the grave problem of inadequate public school facilities.

Of the national expenditure for education, approximately 80 per cent was accounted for by elementary education. The observation that the principal portion of the fund flowed into elementary education could be explained by the fact that the state provides for free primary education in this country. The second principal portion of the fund, around 10 per cent, went to agricultural and vocational education. This relatively high expenditure for agricultural and vocational education confirmed the good intention of several administrators to abide by the policy of promoting the means by which technical skills of the labor force might be developed.

The second biggest proportion of total expenditure for social services for the period went into health services. Health absorbed 15.5 per cent of the combined expenditures for social services of all levels of government, 12.7 per cent of the national, and 31.2 per cent of the local. That health expenditure proportions increased through the years is quite apparent from Table 3. It represented 17.1 per cent of the total in 1960 as compared to 10.6 per cent in 1951. This pattern implies the realization by the country in general of the importance of health services in the country. Expenditure for health consisted mostly of expenditures for hospitals, 49.0 per cent; and for rural health improvements, 15.7 per cent. The remaining portion of total health expenditure went into expenditures for malaria eradication, tuberculosis control, and general improvements of health and sanitation.

The aggregate proportion of the ten-year expenditure for social services devoted to labor, social insurance, water supplies, land settlement, and housing was only a little over 20 per cent. Each year this proportion underwent erratic changes. This pattern reflected poor attention of the administration and its lack of a definite and consistent policy with regards to them.

The redistributive effect of public expenditure was mainly brought about by the expenditure for social services. The social benefits from government expenditures for education, health, social insurance, water

supplies, land settlement, labor, and housing project were shared by all citizens of every economic group. But the supplementary individual benefits derived from them were more significantly felt by the poorer sectors of the population, providing them with betterments in the standard of living and thus, reducing existing economic inequalities.

The expenditures for social services for the period, while constituting a major bulk of total public expenditure, represented a very minor fraction of national income—less than 0.5 per cent. This reflected the limited extent by which redistribution through public expenditure was affected during the period. This fraction was increased a little through the years, indicating the very slow growth of relative importance of the redistribution process through public expenditure. The redistribution effect achieved through the public expenditure for the period was even further reduced by the generally accepted regressive tax structure that existed during the same period.

INTERNATIONAL COMPARISON

The type of comparison at hand has several limitations which other international comparisons are known to have. For instance, the present comparison makes use of the G.N.P. per head figures and presents the expenditures of the different countries as proportions of G.N.P. The limitation of available data and the differences in the techniques of arriving at estimates prevent the possibility of a direct comparison of G.N.P. figures of different countries, and therefore the quality of any comparison which involves the use of G.N.P. figures of different countries cannot be incontestable.

The comparison contemplated here involves the ranking of public expenditure of the various countries in the order of G.N.P. per head. This necessitated the translation of the different G.N.P. per head figures into one common currency unit. In the process, the official exchange rates were used, ignoring any existing overvaluation or undervaluation of the different currencies. The difficulties encountered and compromises involved in this part are not few. Thus, the present comparison should be taken with all due reservations as to the limitation of resulting conclusions.

LEVELS OF TOTAL PUBLIC EXPENDITURE

The pattern that depicts the rise of total public expenditure with the increased G.N.P. per head is at once apparent from Table 4, which presents the total public expenditure of the sixteen countries in the order of G.N.P. per head. The mean total public expenditure of the

first four countries is 13.37 per cent, the mean for the second four, 19.92 per cent, the mean of the third four, 25.01 per cent, and the mean for the last four, 36.86 per cent. The calculated rank correlation coefficient is high (0.80), which suggests that there exists a significant correlation between total public expenditure and G.N.P. per head.

Of the sixteen countries under consideration, the four largest spenders are the four richest countries, namely, the United States, the United Kingdom, New Zealand, and Sweden. Oddly enough, Nigeria and India spent exceedingly low percentages of G.N.P., 7.38 per cent and 11.14 per cent, respectively. Income per head is not a plausible explanation for their low expenditure levels. Two poorer countries, Tanganyika and Uganda, spent much more than they did, 15.89 and 19.07 per cent of G.N.P., respectively. Two other countries not far better-off, Ceylon and Gold Coast, spent relatively much greater percentages, 21.87 and 20.44 per cent of G.N.P., respectively. The poverty, therefore, of the public services of Nigeria and India must be principally due to the fact that major parts of these two countries had been governed, until quite recently, by rulers with very conservative concepts of the proper functions of government. Thus, we may also conclude that the size of public expenditure is a function not only of income per head but also of the state administrator's concept of the proper scope of government.²

A pattern similar to the total expenditure pattern is true for current expenditure. The mean of the first four figures for current expenditure is 9.50 per cent; the mean of the second four, 13.50 per cent; the mean of the third four, 19.42 per cent; and the last four, 28.76 per cent. The rank correlation coefficient is 0.81.

Statistics showing the expenditures of the different countries for the different services reveal that the distinctive difference between the current expenditures of the rich countries and those of the poor countries is due mainly to the gap between the extent to which these two groups expended for the function of defense, for the incurrence of public debt, and for the provision of social insurance.

Combined expenditures of the four richest countries on these items represent a little less than two-thirds of the total expenditures of all countries under consideration, or almost one and a half of the combined expenditures of all of the other fourteen countries for the same items.

Expenditures on current items, aside from those on defense, public debt and social insurance, varied within a relatively much narrower

² Martin Alison and Arthur Lewis, "Patterns of Public Expenditure and Revenue," *Manchester School of Economics and Social Studies*, (Sept. 1956), p. 211.

range. Such expenditures, when ranked in the order of G.N.P. per head, indicated very slight correlation with income per head. The mean of the first four figures is 7.99 per cent; the mean for the second, 10.96 per cent; for the third, 11.11 per cent; and for the fourth, 11.45 per cent. The rank correlation coefficient is very low—0.46, indicating some comparability of basic current expenditures of various countries under different levels of economic development.

Capital expenditure moves with income per head with a certain irregularity. The mean capital expenditure of the first four countries is 3.87 per cent; of the second four, 6.42 per cent; of the third four, 5.77 per cent. Obviously, there is no distinct relationship between capital expenditure and income per head.

The G.N.P. per head in the Philippines during the year 1954 ranked among the second four countries with an average public expenditure that represented 19.92 per cent of G.N.P., of which 13.50 per cent was current and 6.42 per cent was capital. Specifically, in this group the Philippines ranked fifth, following Nigeria. Philippine public expenditure during 1953-54, compared to the average expenditure of this group of the second four countries, was relatively low. Only 12.61 per cent of G.N.P. was spent for public service, of which 10.53 per cent was for current expenditure and 2.08 per cent for capital expenditure. Philippine public expenditure ranked as the third lowest.

Relative to the median of public expenditure of all the sixteen countries, Philippine public expenditure for 1954 was very far below. It was 8.13 per cent less than the median expenditure for public services, with the figure for current expenditure 3.82 per cent lower than the median and that for capital expenditure 3.45 per cent lower. Compared with the median expenditure of the second four countries, Philippine public expenditure was 6.17 per cent below.

Table 5 compares Philippine expenditure for different government functions during 1953-1954, with the median expenditures for the same purposes of the sixteen countries under review. Inasmuch as the basic current expenditure which constituted the major bulk of total expenditure and the capital expenditure had been established not to vary significantly with national income per head, it seems reasonable to look at the median expenditure as a rough indicator of the "standard" practice of a government seeking to achieve no more than "average performance." Thus, the comparison in Table 5 indicates that Philippine public expenditure was far from "average performance."

Philippine total expenditure for economic development proved to be 2.11 per cent below the median expenditure, with current expenditure

falling short by 0.92 per cent and capital expenditure by 1.19 per cent. The various expenditure items under the economic development category were all below the median, with the exception of the expenditure for roads which was 0.84 per cent above the median.

All items of Philippine expenditures for the various social services during 1953-1954 fell short of the "average performance," except education which was above the median by an insignificant 0.09 per cent. Farthest from the "standard" expenditure were those in the fields of health, social insurance and housing. Total expenditure for social services was lower than the median by 3.60 per cent. Relative to the expenditure for social services of the second four countries, that of the Philippines ranked as the lowest.

The Philippines during 1953-1954 spent less for general government compared to the "average performance" of the sixteen countries in general, and of the second four countries, in particular. The same was true for Philippine expenditure for public debt. For national defense, however, the Philippines spent more than the "average performance" of the sixteen countries in general, and of the second four countries, in particular. Philippine expenditure for national defense during this particular year, compared to earlier years, was relatively low due to the much-improved condition of "peace and order" and the termination of the Korean War. The observation that expenditures for national defense and public debt tended to vary directly with income per head makes our comparison of expenditures for these items and the median figures less meaningful.

PHILIPPINE PUBLIC EXPENDITURES IN 1960 AND THE MEDIAN

The above observations so far apply to Philippine public expenditure in 1954 only. In the following, Philippine public expenditure five years later is compared with the median expenditures.

A glance at Table 6 will at once give information that Philippine public expenditure in 1960 failed to reach the "average" performance of the sixteen countries. A close-range view will bear out the fact that it had approached the "average."

Not as encouraging is the observation that the expenditure for economic development in 1960 represented a smaller proportion of G.N.P. relative to that of 1954. It was lower than the median by 2.27 per cent in 1960 as against 2.11 per cent in 1954. This is explained by the reduced proportion of G.N.P. set aside for roads, commerce and industry, and drainage, although expenditures for all other economic development items—transportation and communication, agriculture, and mining—approached the median figures.

All expenditure figures for social services improved noticeably, making total Philippine expenditure for such purpose 0.67 per cent closer to the median. The Philippine outlays in this field, relative to that of other countries, however, were still insignificant most especially in the case of health, social insurance, and housing.

The proportions devoted for the general government and defense functions came closer to the median by 0.33 per cent and 0.57 per cent, respectively. The gap between public debt and the median, on the other hand, widened by 0.06 per cent.

With regards to the total expenditure, the Philippine figure was 7.93 per cent less than the median in 1960 compared to 8.14 per cent in 1954.

As a recapitulation, one could say that Philippine public expenditure in 1960 presented a better picture than that in 1954. Expenditures during both these years failed to reach the "average" performance of the sixteen countries under consideration, but the 1960 figures were nearer to it.

POLICY IMPLICATIONS

The foregoing comparison has brought to the fore the meagerness of Philippine public expenditure relative to that of other countries. This finding gives our economic planners strong basis to propose a much higher level of public expenditure.

Philippine public expenditure ranked as the third lowest in a group of seventeen countries, falling short of the median total expenditure of countries at more or less the same level of economic development by 6.18 per cent and of the median expenditure of the sixteen countries by 8.14 per cent. Except for the expenditure for roads, education, and national defense, Philippine expenditure for all other purposes proved to be below the "standard." Below the median, most especially, were expenditures for agriculture, transportation and communication, health, social insurance and housing.

A survey of the pattern of Philippine public revenue for the decade of the 1950's established that ordinary government receipts (excluding receipts from public debt) lagged behind total public expenditures. Consequently, the government relied heavily on public debt to finance some of its developmental and budgetary needs. An attempt on the part of the administration to approach the "standard" performance would accentuate the inadequacy of revenue.

To solve this situation, much could be done by increasing taxes. International comparison of patterns of public revenues brought out

into view the potentialities that exist for additional taxation in this country. On the average, Philippine tax revenue amounts only to approximately 8 per cent of G.N.P. This proportion, compared to that of the sixteen countries considered, is the third lowest, even exceeded by the proportion in four of the poorer countries. Furthermore, it is believed that, if the receipts from additional taxation were actually used for the expansion of social services and economic development projects and were more clearly understood and appreciated by the public to be for such purposes, the limit of the country's taxable capacity would even be raised.

In conclusion, the study indicates that economic planners in this country have a good case for higher levels of public expenditure and revenue, with greater emphasis on expenditures for economic development and social services.

CLASSIFICATION SCHEME USED FOR PUBLIC EXPENDITURE

General Government includes all administrative and legislative expenditures except the administrative expenditure of the education, health, and economic departments as specified below. It includes expenditures in tax collection and accounting, prisons, police, printing, fire service, and miscellaneous expenditure not elsewhere specified. Pensions are included in social insurance.

National Defense includes all military expenditures, but not police.

Public Debt includes interest and sinking fund payments and repayment of debt.

Roads include public lighting.

Transportation and Communication include railways, civil aviation, mercantile marine, harbors, posts and telecommunications.

Commerce and Industry include electricity and gas, and expenditure on trade promotion.

Water supplies include sewerage, but exclude irrigation and power.

Agriculture includes fishing and veterinary services, and subsidies and grants to farmers.

Drainage includes irrigation and coast protection.

Mining includes geological surveys.

Education includes elementary, secondary, university education, as well as agriculture and vocational education.

Health includes hospitals, sanitation, and medical services.

Social insurance includes all civil and military pensions, public assistance, and social security benefits.

Land Settlement includes forestry, lands and surveys.

Labor includes employment services, but not unemployment insurance.

From the above narrow groupings are drawn five broad functional categories believed to reflect adequately the principal functions of the government, namely:

Economic Development which includes expenditure for commerce and industry, roads, transportation and communication, agriculture, drainage, and mining.

Social Services which include expenditure for education, health, water supplies, labor, land settlement, housing and social insurance.

General Government, *National Defense*, and *Public Debt* which refer to the same categories that have been defined above.

TABLE I
TOTAL PUBLIC EXPENDITURE BY MAJOR FUNCTION, 1951-1960

Year	Millions of Pesos									
	Economic Development	Social Services	General Government	National Defense	Public Debt	Economic Development	Social Services	General Government	National Defense	Public Debt
1951	154.3	291.3	107.7	124.6	48.4	21.25	40.10	14.83	17.17	6.66
1952	191.9	296.4	120.8	181.1	65.2	22.44	34.65	14.12	21.17	7.62
1953	193.8	303.4	129.3	164.5	72.4	22.45	35.13	14.98	19.06	8.38
1954	295.9	351.8	149.0	159.8	62.3	26.78	36.80	14.63	15.68	6.11
1955	301.1	392.3	155.7	148.1	64.6	28.36	36.93	14.65	13.98	6.08
1956	375.1	438.6	180.7	144.4	69.1	31.65	36.31	14.96	11.96	5.72
1957	412.1	479.3	187.0	133.6	104.0	31.32	36.42	14.21	10.15	7.90
1958	385.2	498.8	219.2	153.5	79.8	29.02	36.90	16.51	11.56	6.01
1959	345.0	503.7	219.5	155.8	58.5	26.90	39.27	17.12	12.15	4.56
1960	410.3	586.5	253.3	163.3	82.9	27.43	39.20	16.94	10.92	5.51
1951-1960	3,064.7	4,133.1	1,722.2	1,528.7	707.2	27.48	37.04	15.44	13.70	6.34

Source of Basic Data: For national figures: Budget Commission, Budget, FY 1953-62.

For local figures: General Auditing Office, Report of the Auditor General to the President and the Congress of the Philippines on the Local Government, FY 1951-1960.

TABLE 2
TOTAL ECONOMIC DEVELOPMENT EXPENDITURE BY PURPOSE, 1951-1960

	Millions of Pesos										10-Year Totals		
	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	Total	National	Local
Roads	62.7	83.0	99.1	181.3	126.6	156.1	183.4	163.4	152.5	181.0	1,389.1	947.8	441.2
Transportation and Communication	37.6	36.6	40.6	43.3	51.9	65.3	94.4	83.1	84.0	100.8	737.7	568.0	69.7
Commerce and Industry	31.2	36.3	26.2	35.4	70.7	71.6	43.6	50.4	30.3	42.0	437.8	307.7	130.1
Agriculture	13.7	31.2	18.4	16.8	35.4	35.7	30.8	50.1	51.1	64.8	348.8	333.7	15.1
Drainage	8.3	3.7	8.2	18.5	15.2	37.3	49.7	35.3	25.4	19.7	221.4	220.0	1.4
Mining	.8	1.1	1.3	.6	1.3	8.9	10.2	2.2	1.7	2.0	30.0	30.0	—
Total	154.3	191.9	193.8	295.9	301.1	375.1	412.1	385.2	345.0	410.3	3,064.7	2,407.2	657.5
											Percentage Distribution		
Roads	40.64	43.28	51.11	61.28	42.04	41.63	44.51	42.41	44.19	44.11	45.31	39.37	67.10
Transportation and Communication	24.36	19.12	20.92	14.64	17.25	17.42	22.90	21.58	24.34	24.57	20.80	23.60	10.60
Commerce and Industry	20.22	18.90	13.54	11.97	23.48	19.10	10.58	13.08	8.78	10.23	14.29	12.78	19.79
Agriculture	8.88	16.24	9.51	5.68	11.74	9.53	7.46	13.20	14.82	15.79	11.39	13.86	2.29
Drainage	5.38	1.90	4.26	6.24	5.94	9.95	12.07	9.17	7.37	4.81	7.23	9.14	0.22
Mining	0.52	0.56	0.66	0.19	0.45	2.37	2.48	0.56	0.50	0.49	0.98	1.25	—
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source of Basic Data: For national figures: Budget Commission, Budget, FY 1953-1962.

For local figures: General Auditing Office, Report of the Auditor General to the President and the Congress of the Philippines on the Local Government, FY 1951-1960.

TABLE 3
TOTAL EXPENDITURE FOR SOCIAL SERVICES BY PURPOSE, 1951-1960

	Millions of Pesos										10-Year Totals		
	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960 Total	National	Local	
Education	173.7	182.5	204.8	234.9	254.3	271.6	291.1	300.8	312.5	364.6	2,590.8	2,297.2	293.1
Health	30.7	34.1	41.2	51.4	59.8	62.7	81.6	84.1	96.1	100.3	642.0	442.6	199.2
Social Insurance	49.2	28.1	33.3	31.6	44.5	44.8	46.0	51.9	56.6	77.3	463.3	364.6	98.7
Water Supplies	28.0	39.4	10.4	23.2	13.2	27.5	30.8	13.9	10.8	11.1	208.3	169.3	39.3
Land Settlement	8.2	9.0	11.7	8.6	16.3	23.3	26.0	33.0	24.7	30.1	190.9	182.3	8.9
Labor	1.5	3.3	2.0	2.1	2.2	2.2	2.3	2.5	3.0	3.1	24.2	24.3	—
Housing	—	—	—	—	2.0	6.5	1.5	3.6	—	—	13.6	13.6	—
Total	291.3	296.4	303.4	351.8	392.3	438.6	479.3	489.8	503.7	586.5	4,133.1	3,493.9	639.
Education	59.59	61.53	67.46	66.78	64.81	61.94	60.73	61.59	62.05	62.18	62.68	65.74	45.85
Health	10.55	11.53	13.59	14.60	15.22	14.29	17.02	17.15	19.07	17.10	15.53	12.70	31.16
Social Insurance	16.90	9.49	10.98	8.98	11.35	10.21	9.61	10.62	11.23	13.15	11.21	10.43	15.45
Water Supplies	9.63	13.30	3.43	6.58	3.37	6.28	6.43	2.84	2.15	1.90	5.04	4.84	6.14
Land Settlement	2.82	3.02	3.87	2.45	4.17	5.30	5.42	6.75	4.91	5.14	4.62	5.21	1.40
Land	0.51	1.13	0.67	0.61	0.57	0.50	0.48	0.51	0.59	0.53	0.59	0.69	—
Housing	0	0	0	0	0.51	1.48	0.31	0.74	0	0	0.33	0.39	—
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source of Basic Data: For national figures: Budget Commission, Budget, FY 1953-1962

For local figures: General Auditing Office, Report of the Auditor General to the President and the Congress of the Philippines on the Local Government, FY 1951-1960.

TABLE 4
PUBLIC EXPENDITURES OF SELECTED COUNTRIES IN ORDER OF G.N.P.
PER HEAD, 1953-1954
(Percentage of G.N.P.)

Countries	Total	Current	Capital
Tanganyika	15.89	11.91	3.98
Uganda	19.07	12.26	6.81
India	11.14	8.84	2.30
Nigeria	7.38	4.98	2.40
Philippines	12.61	10.53	2.08
Ceylon	21.87	14.42	7.45
Gold Coast	20.44	12.20	8.24
Jamaica	17.12	13.08	4.04
British Guiana	20.25	14.29	5.96
Colombia	15.01	11.80	3.21
Italy	30.13	24.58	5.55
Trinidad	21.05	15.54	5.51
France	33.87	25.76	8.11
United Kingdom	39.37	34.00	5.37
New Zealand	38.39	30.12	8.27
Sweden	37.48	23.49	13.99
U.S.A.	31.69	27.43	4.26
Median	20.74	14.35	5.53

Source of Basic Data: For Philippine figures: Table 5

For figures of 16 other countries: Martin Alison and Arthur Lewis, "Patterns of Public Expenditure and Revenue," *Manchester School of Economics and Social Studies* (Sept. 1956) p. 211.

TABLE 5
 MEDIAN AND PHILIPPINE PUBLIC EXPENDITURES BY FUNCTION, 1954
 (Percentage of G.N.P.)

	T O T A L			C U R R E N T			C A P I T A L		
	Median	Philippines	Difference	Median	Philippines	Difference	Median	Philippines	Difference
Economic Development	5.78	3.67	-2.11	3.13	2.21	-0.92	2.65	1.46	-1.19
Roads	1.40	2.24	+0.84	.72	1.17	+0.45	.68	1.07	+0.39
Transportation & Communication	1.16	0.54	-0.62	.63	.41	-0.22	.53	.13	-0.40
Commerce and Industry	0.49	0.44	-0.05	.17	.37	+0.20	.32	.07	-0.25
Agriculture	1.29	0.21	-1.08	.83	.16	-0.67	.46	.05	-0.41
Drainage	.34	0.23	-0.11	.12	.09	-0.03	.22	.14	-0.08
Mining	.07	0.01	-0.06	.02	.01	-0.01	.05	—	-0.05
Public Works	1.03	—	-1.03	.64	—	-0.64	.39	—	-0.39
Social Services	7.95	4.35	-3.60	6.00	3.95	-2.05	1.95	0.41	-1.54
Education	2.81	2.90	+0.09	2.31	2.69	+0.38	.50	.22	-0.28
Health	2.04	0.63	-1.41	1.77	.56	-1.21	.27	.08	-0.19
Social Insurance	1.29	0.39	-0.90	1.24	.39	-0.85	.05	—	-0.05
Water Supplies	.47	0.29	-0.18	.16	.20	+0.04	.31	.09	-0.22
Land Settlement	.41	0.11	-0.30	.32	.08	-0.24	.09	.02	-0.07
Labor	.11	0.03	-0.08	.10	.03	-0.07	.01	—	-0.01
Housing	.82	—	-0.82	.10	—	-0.10	.72	—	-0.72
General Government	3.49	1.84	-1.65	3.08	1.63	-1.45	.41	.21	-0.20
National Government	1.14	1.97	+0.83	.96	1.97	+1.01	1.18	—	-0.18
National Defense	1.08	0.77	-0.31	1.08	.77	-0.31	—	—	—
Public Debt	19.44	12.60	-6.84	14.25	10.53	-3.72	5.19	2.08	-3.11
Total									

Source of Basic Data: For median expenditure: Martin Alison and Arthur Lewis, *op. cit.*
 For Philippine national figures: Budget Commission, *Budget, FY 1956.*
 For Philippine local figures: General Auditing Office, *Report of the Auditor General to the President and the Congress of the Philippines on the Local Government, FY 1954.*

TABLE 6
 MEDIAN AND PHILIPPINE PUBLIC EXPENDITURES BY FUNCTION, 1960
 (Percentage of G.N.P.)

	T O T A L			C U R R E N T			C A P I T A L		
	Median	Philippines	Difference	Median	Philippines	Difference	Median	Philippines	Difference
Economic Development	5.78	3.51	-2.27	3.13	2.22	-0.91	2.65	1.29	-1.36
Roads	1.40	1.55	+0.15	0.72	0.94	+0.22	0.68	0.61	-0.07
Transportation and Communication	1.16	0.86	-0.30	0.63	0.60	-0.03	0.53	0.26	-0.27
Commerce and Industry	0.49	0.36	-0.13	0.17	0.29	+0.12	0.32	0.07	-0.25
Agriculture	1.29	0.55	-0.74	0.83	0.33	-0.50	0.46	0.22	-0.24
Drainage	0.34	0.17	-0.17	0.12	0.04	-0.08	0.22	0.13	-0.09
Mining	0.07	0.02	-0.05	0.02	0.02	0	0.05	—	-0.05
Public Work	1.03	—	-1.03	0.64	—	-0.64	0.39	—	-0.39
Social Services	7.95	5.02	-2.93	6.00	4.45	-1.55	1.95	0.57	-1.38
Education	2.81	3.12	+0.31	2.31	2.83	+0.52	0.50	0.29	-0.21
Health	2.04	0.86	-1.18	1.77	0.78	-0.99	0.27	0.08	-0.19
Social Insurance	1.29	0.66	-0.63	1.24	0.64	-0.60	0.05	0.02	-0.03
Water Supplies	0.47	0.10	-0.37	0.16	0.01	-0.15	0.31	0.09	-0.22
Land Settlement	0.41	0.26	-0.15	0.32	0.16	0.16	0.09	0.10	+0.01
Labor	0.11	0.02	-0.09	0.10	0.03	-0.07	0.01	0.01	0
Housing	0.82	a	-0.82	0.10	a	-0.10	0.72	a	-0.72
General Government	3.49	2.17	-1.32	3.08	1.94	-1.14	0.41	0.32	-0.15
National Defense	1.14	1.40	+0.26	0.96	1.37	+0.41	0.18	0.03	-0.15
Public Debt	1.08	0.71	-0.37	1.08	0.71	-0.37	—	0	—
Total	19.44	12.81	-6.63	14.25	10.69	-3.56	5.19	2.12	-3.07

^a Less than .01 per cent.

Source of Basic Data:

For median expenditure: Martin Alison and Arthur Lewis, *op. cit.*

For Philippine national figures: Budget Commission, *Budget, FY 1962.*

For Philippine local figures: General Auditing Office, *Report of the Auditor General to the President and the Congress of the Philippines on the Local Government, FY 1960.*