how? what aggregation formula did you use?

If one collapses these industries into three major sectors with agriculture, forestry, fishing and mining forming the primary industries, all manufactures, the secondary industries and all services, the tertiary industries, the resulting distribution defines somewhat clearer the structure of the economy. Thus, primary production accounts for 33.15% of the total payments to labor, manufactures 15.32% and services 51.53% (see Table 3.1). In effect, such a configuration merely confirms the stage of underdevelopment about the Philippine economy to the extent that underdevelopment is defined in terms of a fairly limited range of secondary production and a disproportionate bias towards primary and tertiary lines of production.

The distribution is, to some extent, also indicative of the type of agriculture that generally prevails in the Philippines. About this time (1961), (see Table 3.2 A and B) the employed labor force in the country was distributed as follows: 51.56% in agriculture, forestry, fishing and mining, 13.74% in manufactures, and 34.70% in service industries. In short, primary production employed 51.56% of the labor force in 1961, but accounted for only around 34% of the national wage income for the same period as shown in Table 3.1B. To some extent, this can be interpreted to imply that the sort of labor skills which was applied to agriculture during that time was relatively

unproductive or only marginally productive, in brief, low productivity work. This is not saying that labor was the only primary input used in primary production. Rather, what is being said is this: That though capital inputs are factors in primary production, they have not accounted for the major portion of total inputs while labor inputs have. This point is rather obvious and need not be demonstrated.

In effect, then, if labor accounts for the greater bulk of inputs into primary production, and this labor is the generally low productivity type, one could then expect the sort of industrial distribution of the national wage income as shown in Table 3.1 (B).

Labor productivity is one explanation. Another explanation is the type of structure around which most farm operations are organized. That is, if much of primary production is organized on the basis of private proprietorship or partnerships, as in the case of self-employed farmers, then, it is possible that the returns on such operations are considered more as profits without the farmer imputing any wage returns for his labor. This is a useful explanation up to a point. It implies, as a matter of fact, that the wage payments in themselves are not an adequate measure of the level of skills and, therefore, of the productivity of farm labor.

b. As Cost Outlay

Thus far, the approach to compensation of employees has been in its aspect as a wage income distinct from other types of income. An alternative approach would be to consider it as a cost outlay, that is, a wage bill in payment for purchases of labor units as a primary input to production. This approach tells, to some extent, on the factor bias of certain industries whether they are labor-biased or capital-biased in production. To be sure, it is not the rigorous way of testing factor bias, because the latter usually measures primary inputs in physical terms as so many man-hours and so many units of capital inputs per unit of a physical output. In spite of this qualification, however, it is still useful to pursue the analysis of compensation of employees as a cost outlay, if only to clarify further the structure of the Philippine economy for the period in question.

Table 3.2 shows the distribution of industries in terms of the size of the wage cost as a per cent of industry cost. In general, primary production appears to be labor-biased relative to the tertiary and secondary lines of production, and the tertiary production is labor-biased in terms of the secondary lines of production to the extent that wage cost ratios suggest directions of factor intensities. Put

TABLE 3.2

Distribution of Industries in Terms of the Magnitude of Wage Cost as a Per Cent of Industry Cost, 1961

(A)

Sector	Wage Cost (₱1000)	Industry Cost (₱1000)	Wage Cost as Per Cent of Industry Cost	Ranking
Communication	₱ 21,701	₱ 40,370	53.75%	1
Other Services	498,193	1,423,147	35.00	2
Agriculture, Forestry and Fishing	1,164,307	3,939,885	29.55	3
Mining	54,204	227,241	23.85	4
Printed Materials	32,559	145,718	22.34	5
Footwear	33,736	216,688	15.57	6
Non-Ferrous Metal Products	26,190	178,804	14.65	7
Beverages	32,960	234,865	14.03	8
Transport equipment	24,838	184,880	13.43	9
Wood Products	49,495	369,232	13.40	10
Electricity, Gas and Water	40,123	301,131	13.32	11
Trade, Wholesale and Retail	268,913	2,119,396	12.69	12
Construction	66,076	523,442	12.62	13
Non-Metallic Products	23,183	216,108	10.73	14
Non-Electrical Machinery	21,957	211,129	10.40	15
Electrical Machinery	13,656	138,994	9.82	16
Rubber Products	15,198	161,754	9.39	17
Miscellaneous Manufactures	11,176	120,427	9.28	18
Textiles Products	49,523	535,586	9.25	19
Transport Services	168,885	1,981,331	8.52	20
Leather and Leather Products	3,177	39,508	8.04	21
Furniture and Fixtures	9,770	131,151	7.45	22
Paper and Paper Products	13,901	200,289	6.94	23
Chemicals	48,075	722,791	6.65	24
Ferrous Metal Products	13,503	210,292	6.42	25
Tobacco Products	23,107	475,630	4.86	26
Food Manufactures	111,445	3,821,843	2.92	27
Banking, Insurance, Real Estate	80,883	3,426,006	2.36	28
Petroleum Products	5,501	453,621	1.21	29
	₱2,926,235	₱22,751,259	12.86%	

differently, Philippine manufacturing seems to be relatively capital-intensive with respect to the agricultural (basic) and service industries. As a matter of fact, the distribution in Table 3.2 betrays to some degree the type of manufacturing that prevails in the country, mostly the finishing type requiring substantial outlays on raw materials (working capital) which may have to be largely imported for many of the industries.

Unrigorous as it is, this test of factor-intensity is collaborated by the distribution of employed labor force in the Philippines in 1961 as shown in Table 3.3 A and B.

If per cent distribution of number of paid workers and compensation of employees is considered (Table 3.3 B), one could infer something about the type of labor skills that each of the three major industries put to their employ. Thus, service industries which employed only 34.70% of the labor force in 1961 accounted for 39.12% of the wage income for that period, while primary industries which employed 51.56% of the labor force contributed only 41.64% to the wage income. On the other hand, manufactures which employed 13.74% of the labor force accounted for 19,24% of the wage income. In terms of the structure of labor skills, it would appear that service industries employed the most skilled type of labor available in

TABLE 3.3

Percentage Distribution of Employment and Compensation of Employees in Major Industry Groups, Philippines, 1961

(A)

Sector	Major Industry Groups	Number of Paid Workers 1/		Compensation of Employees	
		Number (₱1,000)	Percent Distribution	Value (₱1,000)	Percent Distribution
1	Agriculture, Forestry and Fishing	3,726	51.09%	₱1,164,307	39.7
2	Mining	34	0.47	54,204	1.8
3	Food Manufacturing	242	3.32	111,445	3.8
4	Beverages	30	0.42	32.960	1.1
5	Tobacco	37	0.51	23,107	0.7
6	Textile Products	89	1.22	49,523	1.6
7	Footwear	166	2.28	33,736	1.1
8	Wood Products	90	1.23	49,495	1.6
9	Furniture and Fixtures	25	0.34	9,770	0.3
10	Paper and Paper Products	16	0.22	13,901	0.4
11	Printed Materials	40	0.55	32,559	1.1
12	Leather and Leather Products	7	0.10	3,177	0.1
13	Rubber Products	19	0.26	15,198	0.5
14	Chemicals	44	0.60	48,075	1.6
15	Petroleum Products	3	0.04	5.501	0.1
16	Non-Metallic Products	34	0.47	23,183	0.7
17	Ferrous Metal Products	16	0.22	13,503	0.4
18	Non-Ferrous Metal Products	39	0.53	26,190	0.8
19	Non-Electrical Machinery	28	0.38	21,957	0.7
20	Electrical Machinery	22	0.30	13,656	0.4
21	Transport Equipment	30	0.41	24,838	0.8
22	Miscellaneous Manufactures	25	0.34	11,176	0.3
23	Construction	272	3.73	66,076	2.2
24	Trade (Wholesale and Retail)	788	10.81	268,913	9.1
25	Transport Services and Communication	304	4.17	190,586	6.5
26	Electricity, Gas and Water	22	0.30	40,123	1.4
27	Other Services 2/	1,049	14.39	498,193	17.0
28	Industry not reported 3/	96	1.30	80,883	2.8
	Total	7,293	100.00%	₱2,926,235	100.

See next page for footnotes.

TABLE 3.3(cont.)

(B)

Sector	Major Industry Groups	Number of Paid Workers 1/		Compensation of Employees	
		Number (₱1,000)	Percent Distribution	Value (₱1,000)	Percent Distribution
1	Agriculture, Fishing, Forestry and Mining	3,760	51.56%	₱1,218,511	41.6
2	Services	2,531	34.70	1,144,774	39.1
3	Manufactures	1,002	13.74	562,950	19.2
	Total	7,293	100.00%	₱2,926,235	100.0

1/ Excludes unpaid family workers of 2,283,000, out of the 9,576,000 total labor force in 1961.

2/ Includes government, community, domestic, business, recreational, personal, etc. services.

3/ Includes among others, banking, insurance, real estate.

Sources: BCS Economic Census of the Philippines, Vol. III (Manufacturing and the BCS Survey of Households (Labor Force, May and October, 1961) and the BCS-UP 1961 Inter-Industry Table.

the country at the time, manufactures the semi-skilled labor, and agriculture, forestry, fishing and mining mostly the unskilled or the undifferentiated labor.

2. Profits, Rents, Interests, and Income of Self-Employed

In 1961, profits, rents, interest payments and the income of the self-employed amounted to ₱10.9 million, or 64.79% of the GNP. The size of this magnitude reflects basically the sort of shortages about the existing Philippine economic structure, viz., capital shortages, shortages of entrepreneurial skills and in terms of habitable or cultivable space relative to present population pressures in the country.

The bulk of this magnitude is accounted by service industries which as a group contributed 61.29% of the profits, rents and interest bill of ₱10.9 million, with manufactures accounting for 31.34% and agriculture, forestry, fishing and mining industries 7.37%. As a matter of fact, 94.58% of the total profits, rents, interest and income of the self-employed have been generated by only ten sectors, and the other 5.42% by the remaining 19 sectors of the economy, as Table 3.4 shows.

In many respects, the sectoral contribution to the national profits, rents, interest, and income of the self-employed is analogous to the economist's measure of the

TABLE 3.4.

Distribution of the Total Profits, Rents, Interest Income - Selected Sectors, 1961

(A) Sector	Per Cent Share of Profits, Rents and Interest	Value of Total Profits, Rents and Interest (₱1000)
Banking, Insurance, Real Estate	29.59%	₱ 3,229,719
Food Manufactures	22.25	2,428,509
Trade, Wholesale and Retail	16.11	1,757,825
Transport Services	7.69	838,893
Agriculture, Forestry and Fishing	7.14	778,841
Other Services (business, personal, education)	6.24	681,029
Petroleum Products	1.62	177,198
Textile Products	1.44	157,465
Electricity, Gas and Water	1.3	143,112
Chemicals	1.19	129,806
Sub-total	94.58%	₱10,322,397
All Other Sectors	5.42	592,090
Total	100.00%	₱10,914,487
(B)		
Agriculture, Forestry, Fishing and Mining	7.37%	804,292
Manufactures	31.34	3,421,438
Services	61.29	6,688,757
TOTAL	100.00%	₱10,914,487

utility of the sector to the national economy in terms of its social marginal productivity.

In fact, if the household sector of any economy fails to generate much of the investible surplus, as would generally be the case where the country is disproportionately peopled by low-income groups so that the rate of marginal savings as a whole can be expected to be rather low, then national accumulation(capital formation) would largely depend first on the level of profits, rents, interest and income of the self-employed and, secondly, on the proportion of these that gets ploughed back into industry. Obviously, this fraction is the net product of government tax policy, corporate dividend policy, and the sense of thrift of the unincorporated business operator.

Table 3.5 presents another dimension to profits. It tabulates rates of profits of individual industries. It differs from the preceding table which attempts to specify the contribution of each industry to the total profits income of the economy. In this regard, one could test whether sectors which are individually characterized by the highest rate of return or profits are also the largest contributors to the profits income of the whole economy. In other words, is the sector which registers the highest rate of returns on private capital also the sector which accounts for the highest

TABLE 3.5

Distribution of Industries in Terms of Magnitude of Profits, Rents and Interest as a Per Cent of Industry Output

(A) Sector	Profits as Per Cent of Industry Output	Value of Profits Rents and Interests (₱1000)	Value of Total Industry Output (₱1000)
Banking, Insurance and Real Estate	94.27%	₱3,229,719	₱3,426,006
Trade, Wholesale and Retail	82.95	1,757,825	2,119,396
Food Manufactures	63.54	2,428,509	3,821,843
Furniture and Fixtures	57.68	75,658	131,151
Other Services	47.85	681,029	1,423,147
Electricity, Gas and Water	47.52	143,112	301,131
Transport Services	42.34	838,893	1,981,331
Petroleum Products	39.06	177,198	453,621
Beverages	37.95	89,134	234,865
Rubber Products	31.51	50,972	161,754
Textile Products	29.40	157,465	535,586
Agriculture, Forestry, and Fishing	19.77	778,841	3,939,885
Tobacco	18.15	86,347	475,630
Chemicals	17.96	129,806	722,791
Printed Materials	17.47	25,452	145,718
Wood Products	16.65	61,497	369,232
Non-Metallic Products	15.30	33,076	216,108
Footwear	13.91	30,132	216,688
Mining	11.20	25,451	227,241
Non-Ferrous Metal Products	10.00	17,880	178,804
Electrical Machinery	8.15	11,338	138,994
Construction	6.78	35,490	523,442
Leather and Leather Products	6.82	2,696	39,508
Communication	6.66	2,689	40,370
Non-Electrical Machinery	5.94	12,554	211,129
Paper and Paper Products	5.49	10,999	200,289
Ferrous Metal Products	4.94	10,394	210,292
Transport Equipment	4.88	9,034	184,880
Miscellaneous Manufactures	1.08	1,302	120,427
(B)			
Agriculture, Forestry, Fishing and Mining	19.30%	₱ 804,292	₱4,167,126
Manufactures	39.01	3,421,438	8,769,310
Services	68.15	6,688,757	9,814,823

social returns for the whole economy?

If one considers the ranking of the first ten sectors in Tables 3.4 (A) and 3.5 (A), it is evident that industries which are individually the most profitable are also socially the most profitable. As a matter of fact, if the various sectors are collapsed into three major groups, as are done in Tables 3.4 (B) and 3.5 (B), there is a perfect convergence between private and social returns to the extent that the measures embodied in the tables are meaningful on this issue.

3. Indirect Taxes Less Subsidies

The estimation of subsidies does not include commodity taxes waived by the government as part of its broad program of incentives to stimulate manufacturing activities. It includes, however, losses of semi-public corporations and the more conventional form of subsidy in terms of outright cash grants. Indirect taxes include local commodity taxes and import duties.

For the period in question, indirect taxes less subsidies contributed ₱947.9 million or 5.63% of the GNP. The level of any tax receipt is the product of the size of the tax base and the rate applied to this base, assuming a given level of efficiency about tax collection.

For indirect taxation, the size of the tax base or

tax liability depends on the extent to which the marketable surplus of commodities enters the monetized sector of the economy especially if taxes are ad valorem other than specific. This consideration is rather important to take into account in the context of an underdeveloped economy characterized by a certain degree of economic dualism, in which the bulk of the money supply circulates within a fairly delimited modern sector, while the subsistence agricultural sector continues to include significant trading on a barter basis or worst still, where vendible surpluses are simply doled out for free on purely non-economic considerations.

Alternatively, one could argue that if much of the labor force and a notable portion of national output are related to agriculture, and the latter is largely of the subsistence type, that is, farm operators on the whole succeed in producing a volume of output just sufficient for their present consumption and reproduction requirements, the taxable base for indirect taxation is already from the very start fairly limited insofar as this form of taxation depends, in the first instance, on a marketable surplus of produce.

Some evidence on the above line of argument is shown in Table 3.6 which describes the relative shares of major sectors of the economy with the total net indirect taxes collected in 1961.

TABLE 3.6

An Aggregated Industry Distribution of Relative Shares in the Total Net Indirect Taxes, 1961

Sector	Per Cent Share in Total Net Indirect Taxes	Value of Total Net Indirect Taxes (₱1000)
Agriculture, Forestry, Fishing and Mining	2.61%	₱ 24,705
Manufactures	57.15	541,797
Households	26.64	252,516
Government	0.71	6,747
Fixed Capital Formation	7.46	70,678
Net Inventory Change	5.43	51,529
Total Net Indirect Taxes	100.00%	₱947,972

The fact that agriculture, fishing, forestry and mining yielded only 2.61% of the net indirect tax revenue further betrays to some extent the very subsistence character of Philippine primary production, since previous tables tell us that for the period under consideration, two-thirds of the employed labor force were engaged in primary production.

If the above explanation is meaningful, then it implies that conventional measures of the regressivity about a tax structure would have to be significantly qualified. As a matter of fact, in the light of the above considerations, the base for such measures would have already been reduced only to commodities entering the monetized sector of the market; in short, considerably understated, more or less in proportion to the prevalence of subsistence agriculture in the economy.

Assuming that the above modifications are adequately taken into account, one could still get some idea of the regressivity of the tax structure insofar as indirect taxes are concerned. In this regard, Table 3.7 suggests some ideas.

Thus, the single largest percentage contribution to net indirect tax revenue in 1961 was generated by the household sector. Whether this necessarily implies that the structure of indirect taxes in the Philippines at the time is regressive or not, depends on the income distribution for that period

TABLE 3.7

Distribution of Industries in Terms of Relative Contribution to Total Indirect Taxes Less Subsidies, Income, 1961

Sector	Per Cent Share in Total Net Indirect Taxes	Value of Total Net Indirect Taxes (₱1000)
Households	26.64%	₱ 252,516
Tobacco Products	15.48	146,737
Petroleum Products	9.94	94,256
Fixed Capital Formation	7.46	70,678
Net Inventory Change	5.44	51,529
Beverages	4.28	40,596
Food Manufactures	4.14	39,283
Transport Equipment	3.86	36,563
Chemicals	3.23	30,604
Non-Electrical Machinery	2.83	26,799
Ferrous Metal Products	2.41	22,832
Textile Products	2.39	22,662
Paper and Paper Products	1.79	17,028
Agriculture, Forestry and Fishing	1.65	15,665
Non-Ferrous Metal Products	1.62	15,377
Electrical Machinery	1.54	14,629
Mining	0.96	9,040
Non-Metallic Products	0.87	8,195
Miscellaneous Manufactures	0.72	6,861
Government	0.71	6,747
Rubber Products	0.52	4,961
Footwear	0.37	3,513
Wood Products	0.35	3,353
Furniture and Fixtures	0.33	3,147
Leather and Leather Products	0.24	2,209
Printed Materials	0.23	2,192
Total Net Indirect Taxes	100.00%	₱947,972

and on the type of commodities which account for the major portion of household expenditures for the same period.

With respect to the Lorenz curve in 1961, available evidence shows that of the 4.4 million families, 76.1% were low-income households, if low-income is defined in terms of at most ₱2,400.00 annual family income. The distribution of family expenditures at the time was biased towards purchases, actual and imputed, of agricultural and fishing products (18.29%) and of food manufactures (23.26%) which together accounted for 41.55% of household expenditures. On the basis of these figures, and subject to some qualifications, the structure of indirect taxes in 1961 could be described as rather regressive.

Table 3.8 below presents the distribution of industries in terms of the magnitude of net indirect taxes as a percent of industry cost.

4. Depreciation Allowances

Depreciation allowances in 1961 amounted to ₱1.3 billion, representing 7.76% of the GNP. Under any given conditions, the value of depreciation allowances generally depends on the size of the capital base and the industrial distribution of this base inasmuch as the rate of depreciation charges, whatever method is used to identify this, reflects

TABLE 3.8

Distribution of Indirect Taxes Less Subsidies
as a Per Cent of Industry Cost

Sector	Net Indirect Taxes as Per Cent of Industry Cost	Value of Net Indirect Taxes (₱1000)	Value of Total Industry Cost (₱1000)
Tobacco Products	30.85%	₱ 146,737	₱ 475,630
Petroleum Products	20.78	94,256	453,621
Transport Equipment	19.78	36,563	184,880
Beverages	17.28	40,596	234,865
Non-Electrical Machinery	12.69	26,799	211,129
Ferrous Metal Products	10.86	22,832	210,292
Electrical Machinery	10.52	14,629	138,994
Non-Ferrous Metal Products	8.60	15,377	178,804
Paper and Paper Products	8.50	17,028	200,289
Miscellaneous Manufactures	5.70	6,861	120,427
Leather and Leather Products	5.59	2,209	39,508
Chemicals	4.23	30,604	722,791
Textile Products	4.23	22,662	535,586
Mining	3.98	9,040	227,241
Fixed Capital Formation	3.86	70,678	1,830,624
Non-Metallic Products	3.79	8,195	216,108
Rubber Products	3.07	4,961	161,754
Net Inventory Change	2.92	51,529	1,762,962
Furniture and Fixtures	2.40	3,147	131,151
Households	2.10	252,516	12,047,623
Footwear	1.62	3,513	216,688
Printed Materials	1.50	2,192	145,718
Food Manufactures	1.03	39,283	3,821,843
Wood Products	0.91	3,353	369,232
Government	0.44	6,747	1,529,317
Agriculture, Forestry and Fishing	0.39	15,665	3,939,885

the basic circumstances surrounding individual industries, e.g., technological innovations may proceed faster and at more massive proportions in industry x than in industry y, which would make for a higher rate of depreciation in industry x as well as a larger share of industry x in the national depreciation bill.

In the present situation of the Philippines, both primary and secondary lines of production are generally labor-intensive which prima facie would explain the relative share of depreciation allowances in GNP. Much of the manufacturing in the country is limited to packaging or assembling semi-processed materials requiring relatively modest capital bases. Service industries, on the other hand, appear in general to require rather substantive capital bases particularly the construction, transport services, communication and the electricity, gas, and water industries. This is evident from inspection of Table 3.9 . As it shows, depreciation cost counts for 5% of total cost only in six industries, most of which are service industries with the exception of mining and wood products.

It has been said that the relative size of depreciation cost to total cost in each industry is determined by the magnitude of the capital base and the effective rate of

TABLE 3.9

Distribution of Industries in Terms of the Percentage Share of Depreciation Cost in Industry Cost

Sector	Depreciation as Per Cent of Industry Cost	Value of Depreciation Cost (₱1000)	Value of Total Industry Cost (₱1000)
Construction	36.31%	₱ 190,093	₱ 523,442
Transport Services	33.35	660,757	1,981,331
Communication	11.10	4,480	40,370
Mining	8.96	20,353	227,241
Electricity, Gas and Water	5.93	17,863	301,131
Wood Products	5.08	18,757	369,232
Non-Metallic Products	4.87	10,532	216,108
Printed Materials	3.77	5,489	145,718
Textile Products	3.63	19,467	535,586
Footwear	3.51	7,599	216,688
Electrical Machinery	3.29	4,580	138,994
Beverages	3.25	7,632	234,865
Transport Equipment	3.02	5,585	184,880
Paper and Paper Products	2.76	5,522	200,289
Rubber Products	2.69	4,355	161,754
Other Services	2.60	36,998	1,423,147
Petroleum Products	2.57	11,656	453,621
Miscellaneous Manufactures	2.40	2,886	120,427
Non-Ferrous Metal Products	2.23	3,996	178,804
Ferrous Metal Products	2.20	4,621	210,292
Agriculture, Forestry and Fishing	2.19	86,475	3,939,885
Chemicals	1.92	13,885	722,791
Leather and Leather Products	1.75	691	39,508
Trade, Wholesale and Retail	1.73	36,755	2,119,396
Furniture and Fixtures	1.33	1,747	131,151
Non-Electrical Machinery	1.28	2,710	211,129
Tobacco Products	1.00	4,761	475,630
Food Manufactures	0.80	30,284	3,821,843
Banking , Insurance, Real Estate	0.20	6,691	3,426,006

depreciation applied to this base. To measure, however, the relative contribution of an industry to the total depreciation bill of the whole economy for a given period, one must further determine the volume of business handled by each industry insofar as this defines the absolute value of the capital base required by the industry under a given production function in each industry. In short, it is necessary to specify the relative contribution of an industry or sector to national output in order to estimate its relative contribution to the national depreciation bill.

Table 3.10 shows the relative contribution made by each industry to the national depreciation bill in 1961 and clearly reflects a sector's relative share in the national output. Thus, for the period in question, service industries made the largest contribution to national income or output, followed by manufacturing and agricultural-mining industries in that order. The same distribution holds for the national depreciation bill, as confirmed by Table 3.10. The fact that the relative contribution of primary production, i.e., agriculture, forestry, fishing and mining, is less than 10 per cent also reflects a relatively labor-intensive production function in this particular area of economic activity.

TABLE 3.10

Distribution of Industries in Terms of Magnitude of Relative Contribution to the Total Depreciation Cost

Sector	Per Cent Share in Total Depreciation	Value of Total Depreciation Cost (₱1000)
Transport Services	50.51%	₱ 660,757
Construction	14.53	190,093
Agriculture, Forestry and Fishing	6.61	86,475
Other Services	2.83	36,998
Trade, Wholesale and Retail	2.81	36,755
Food Manufactures	2.32	30,284
Mining	1.56	20,353
Textile Products	1.49	19,467
Wood Products	1.44	18,757
Electricity, Gas, and Water	1.37	17,863
Chemicals	1.06	13,885
Petroleum Products	0.89	11,656
Non-Metallic Products	0.81	10,532
Beverages	0.58	7,632
Footwear	0.58	7,599
Banking, Insurance, and Real Estate	0.51	6,691
Transport Equipment	0.43	5,585
Paper and Paper Products	0.42	5,522
Printed Materials	0.42	5,489
Tobacco Products	0.36	4,761
Ferrous Metal Products	0.35	4,621
Electrical Machinery	0.35	4,580
Communication	0.34	4,480
Rubber Products	0.33	4,355
Non-Ferrous Metal Products	0.31	3,996
Other Manufactures	0.22	2,886
Non-Electrical Machinery	0.21	2,710
Furniture and Fixtures	0.13	1,747
Leather and Leather Products	0.05	691
	93.82%	₱1,227,220
Households	5.56	72,759
Government	0.62	8,070
	100.00%	₱1,308,049

B. The Distribution of Final Expenditures 1961

1. Households Expenditures

These, it should be recalled, represent besides personal consumption also non-personal or institutional consumption of such entities as private, non-profit groups, e.g., charitable asylums and hospitals. The proportion of these expenditures to the gross national product, viz., 71.51%, can be interpreted as the average propensity to consume of the entire Philippine population for 1961.

Table 3.11 shows the distribution of household expenditures. As one would expect, 41.55% of these went into food purchases, in processed or unprocessed form. As a matter of fact, 23.26% or ₱2.8 billion represents food manufactures, and ₱2.2 billion or 18.29% unmanufactured agricultural and fish products. Purchases of transport services account for 12.22% or ₱1.5 billion of household expenditure, banking, insurance and real estate (rent) for 8.26%, trade margins (wholesale and retail) for 6.73% other services such as medical care and education for 4.67%, tobacco products for 3.71%, imports for 3.70%, chemicals (medical drugs) for 3.09%, textile products for 2.28%, and indirect taxes for 2.10%.

TABLE 3.11

Distribution of Household Expenditures by Industry, 1961

	Sector	Industry Purchases as Per Cent of Total Household Expenditures	Value of Household Expenditures (₱1000)
3	Food Manufactures	23.26%	₱ 2,802,317
1	Agriculture, Forestry and Fishing	18.29	2,203,319
25	Transport Services	12.22	1,472,582
28	Banking, Insurance, Real Estate	8.26	994,774
24	Trade, Wholesale and Retail	6.73	810,324
29	Other Services (Health, Education)	4.67	563,081
5	Tobacco Products	3.71	446,763
30	Imports	3.70	446,342
14	Chemicals	3.09	372,779
6	Textile Products	2.28	274,934
31	Indirect Taxes	2.10	252,516
4	Beverages	1.72	207,012
23	Construction	1.62	195,542
7	Footwear	1.26	151,647
9	Furniture and Fixtures	1.03	124,371
8	Wood Products	0.94	113,545
15	Petroleum Products	0.79	95,052
32	Depreciation	0.60	72,759
27	Electricity, Gas and Water	0.60	72,314
10	Paper and Paper Products	0.52	62,655
13	Rubber Products	0.45	54,226
11	Printed Materials	0.44	52,949
20	Electrical Machinery	0.38	46,153
16	Non-Metallic Products	0.34	40,971
21	Transport Equipment	0.33	39,097
33	Domestic Services (Maids)	0.31	36,796
26	Communication	0.11	13,008
18	Non-Ferrous Metal Products	0.09	11,099
22	Miscellaneous Manufactures	0.08	9,576
19	Non-Electrical Machinery	0.07	8,382
12	Leather and Leather Products	0.01	738
		100.00%	₱12,047,623