

NATIONAL INCOME ESTIMATION IN THE PHILIPPINES

By Peregrino S. Reyes *

I. Introduction.

a. The importance of national income statistics.

National income data are the most important single statistical tool for orientation in the economic world. Since they reduce the voluminous detail of economic activity to intelligible proportions, national income statistics have become widely used as the factual background for economic analysis and the preparation of economic program.^{1/} The national income accounts provide the basic statistical framework for the description of the economic structure of the country as a necessary requisite for the intelligent formulation of business and government economic policies.

No well-informed observer of a country would neglect its national-income reports. That's why the United Nations tries hard to get all countries to collect such data.^{2/}

b. Evolution of national income estimation in the Philippines.

In 1947 the first estimates of national income for 1938 and 1946 were prepared by the Joint Philippine-American Finance Commission based on data from the Economic Census of 1939 and from compilations of the Bureau of the Census and Statistics. The procedure used was the product approach. The results were considered conservative. There was a substantial lack of basic data and there were serious limitations of usable available primary statistics.

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^{1/} National Income Supplement to the Survey of Current Business, 1954 Edition, U. S. Department of Commerce, Office of Business Economics, p. 27.

^{2/} Paul A. Samuelson, "Economics, An Introductory Analysis", (Tokyo, Kagakusha Company, Ltd., Asian Students' Edition, 1958) p. 181.

In 1950 the Central Bank derived estimates of the gross national product for 1948 and 1950 based on fragmentary data then available. The product approach was found suitable to the type and nature of the data. The aggregate values were believed to be understated. Production records for some industries were far from complete.

In 1952 the Central Bank under the supervision of William I. Abraham, United Nations National Income Adviser, prepared a new and independent national income series for 1946 to 1951 based largely on the population, agricultural and economic censuses of 1948. The double-entry system of national accounts was introduced. The industrial origin approach was used. The results represented a "considerable advance in reliability over the older series." New sources of basic data were tapped and utilized.

In 1956 the Central Bank made an over-all revision of the estimates based on new and more reliable data, particularly on production costs. The methodology and presentation used earlier by Abraham was closely adhered to.

In 1957 the Office of Statistical Coordination and Standards (OSCAS) took over the function of national income estimation and analysis. Annually, thereafter, the National Income Branch of the OSCAS has been publishing the national accounts and their analysis in **The Statistical Reporter**. Data from statistical survey projects in the fields of agriculture, manufacturing, labor force, forestry, nutrition, population, and from other by-products of the administrative functions of government offices provided bases for improved estimates and for studies in national income.

In 1962 the National Income Branch of the OSCAS plans to make an over-all revision of the estimates from 1946 incorporating the results of consolidated studies and researches done for the improvement of the national income estimates and their presentation.

II. Analysis of the National Income of the Philippines.

a. The economy in 1948 and 1960.

The Philippine economy has progressed from census year 1948 to the next census year 1960. The output of the country's goods and services has almost doubled while the population increased by less than one half. The economic structure tended to shift from agriculture to industry.

The gross national product (GNP) at current prices expanded from ₱6,168 million in 1948 to ₱11,988 million in 1960, a rise of 98.4 percent. On a per capita basis, the increase was 38.6 percent from ₱311 to ₱431. The population^{1/} rose from 19,853,000 to 27,784,000. Agriculture contributed 43.3 percent to the national income of 1948 and 33.7 percent in 1960, while mining and manufacturing together contributed 8.5 percent and 19.4 percent for the same years.

When the intercensal years are considered in sequence, the rise in the gross national product represents an average annual rate of growth of 5.7 percent, the rise in per capita GNP at the rate of 2.5 percent and the increase in population at the rate of 2.8 percent over the period.

In terms of constant prices the Gross National Product rose from ₱5,373 million in 1948 to ₱10,797 million in 1960, an increase of 101.0 percent; while the per capita GNP rose from ₱271 to ₱389, an increase of 43.5 percent. The average rate of growth over the years was 6.0 percent annually for the Gross National Product and 3.1 percent annually for per capita GNP.

^{1/} Adjusted for underestimation and to midyear population. Census figures for October 1, 1948 and February 15, 1960 are 19,234,182 and 27,455,799 respectively.

a. The economy from 1958 to 1960.

The Philippine economy continued to expand in 1960 but at a slower rate than in the last two years. The total production of goods and services as measured by the gross national product increased by 5.4 percent compared to 6.5 percent in 1959 and 6.9 percent in 1958 (Table I, Account I).

The gross national product reached a level of ₱11,988 million in 1960 which was ₱612 million above that of ₱11,376 million in 1959. The national income also went up to ₱10,492 million, higher by ₱477 million or 4.8 percent than its ₱10,015 million level of the previous year.

The slackening growth of the economy in 1960 was due mainly to the lesser expansion in the volume of the national output compared to the past year. The GNP index of physical volume (1955 = 100) increased by a scant 2.6 percent compared to a 5.9 percent rise in 1959, while the implicit price index gained by 2.7 percent and 0.5 percent for the same years.

The growth of the gross national product was accompanied by greater demands for consumer goods and services by the household and government sectors, a relatively small increase in expenditures on capital goods by the business sector, and a deficit in the balance of payments on current account with the foreign sector.

Private consumption expenditures which claimed more than four fifths of the national output swelled by ₱687 million or 7.3 percent to ₱10,061 million in 1960 as against a rise of 4.4 percent ₱9,374 million in 1959 (Table I, Account 1). Per capita consumption increased from ₱348 in 1959 to ₱362 in 1960.

Gross capital formation decelerated. The rate of growth in 1960 was only about one seventh of that in 1959. Private

NATIONAL INCOME ESTIMATION IN THE PHILIPPINES

investments absorbing three fourths of the total, simply leveled off as government capital expenditures slowed down. Capital outlays by the private sector amounted to ₱795.6 million in 1960, while the government sector invested ₱254.4 million.

Government current expenditures in 1960 did not rise as much as in the previous year. Government purchases of goods and services which amounted to ₱1,041 million in 1960 registered an increase of ₱55 million or 5.6 percent compared to an increase of ₱75 million or 8.2 percent in 1959.

Net exports and investment income fell by ₱142 million to land at a ₱164 million deficit in 1960, after a recovery of ₱147 million from a deficit of ₱169 million in 1958 to a lesser deficit of ₱22 million in 1959 (Table I, Account 1). While exports of goods and non-factor services exceeded imports by ₱108 million in 1959, exports were ₱13 million less than imports in 1960 (Table I, Account 5). Besides, net factor payments to the rest of the world amounting to ₱150 million in 1960 were greater than payments of ₱130 million made in the preceding year.

Expansion of the national income to ₱10,492 million in 1960 by an amount of ₱477 million over its level of ₱10,015 million in the past year was brought about by increased productive activity in all industrial sectors of the economy except in construction (Table II). Agricultural expansion slowed down. Food and commercial crops increased at a slower rate. Mining grew sluggishly. Manufacturing production quickened. Construction activity declined. Trade accelerated as transportation and communication maintained its rate. Services lagged.

Personal income increased but dissavings persisted. Personal income amounted to ₱10,103 million in 1960, representing an increase of ₱538 million (Table III). However, this rise was completely offset by a ₱7 million increase in personal direct taxes and a ₱687 million increase in private consumption expenditures, so that a dissavings of ₱168 million resulted.

In 1960 corporate taxes decreased by ₱6 million to ₱164 million as personal taxes increased by ₱7 million to ₱210 million. Government revenues from direct and indirect taxes increased by ₱77.5 million to ₱1,277.6 million in 1960 (Table I, Account 3). This amount was 10.7 percent of the gross national product and 12.2 percent of the national income.

III. Definitions, Sources and Methods of Estimation. (Refer to the attached National Accounts and Tables for the items described below).

a. General procedure of estimation.

Item (5) Total: National Income at Factor Cost was first estimated by the industrial origin approach. From this aggregate direct estimates of Item (3) Other private income [Private corporate income] and item (4) Property income of government were deducted. The difference was then distributed between Item (1) Compensation of employees and Item (2) Entrepreneurial and property income of persons by ratios derived from the 1948 Census of Population.

Total: Gross National Product at Market Prices is the sum of the direct estimates of Item (5) National Income, Item (6) Depreciation, and Item (7) Indirect Taxes less subsidies.

Total Gross National Expenditures at Market Prices is numerically equal to Total: Gross National Product. Independent estimates of Item (9) Government current expenditures, Item (10) Gross Domestic investment and Item (11) Net Exports and investment income were subtracted from Gross National Expenditures to obtain the residual estimate of Item (8) Private consumption expenditures.

b. Detail of definitions, sources of entries and methods.

Item (1) Compensation of employees includes salaries, wages and other remuneration in cash and in kind of employees and wage-earners before payment of taxes and deduc-

NATIONAL INCOME ESTIMATION IN THE PHILIPPINES

tions of contributions to life and retirement insurance and social security schemes. Income in kind refers to food, clothing, shelter and others received by employees as payment for services rendered.

This item is a residual estimate and it comprises 44 percent of the difference after deducting Items (3) and (4) from the national income at factor cost.

Item (2) Entrepreneurial and property income of persons records income from property and financial assets, before levy of direct taxes, of persons and non-profit institutions. It is composed of the incomes of farmers, unincorporated enterprises and self-employed persons, actual rent and imputed rental value of owner-occupied dwellings, and dividends paid by corporations.

This item is also a residual estimate. It comprise 56 percent of the difference after deducting Items (3) and (4) from the national income at factor cost.

Item (3) Other private income (private corporate income) consists of the undistributed profits of private corporations and the corporate profits taxes paid. Data on net income and tax assessments of taxable corporations are compiled by the Bureau of Internal Revenue. Seventy four (74) percent of the income after tax represents the undistributed profit.

Item (4) Property income of government represents the profits after deducting all administrative, operating, financial and other expenses from gross profit) of some 25 government owned or controlled corporations. Their losses are excluded in this flow and are treated as subsidies. Sources of data are the financial statements or summary reports of these corporations which are given either in fiscal or calendar years. Calendar year revised estimates are averages of two succeeding fiscal years, while the preliminary estimate assumes the figures of the last fiscal years.

Item (6) Depreciation refers to the consumption of public and private fixed assets based on current replacements costs. No depreciation allowance is made for government construction, but government equipment are depreciated along with private equipment because there is no way of identifying them from the import and production statistics.

A fixed depreciation allowance of ₱230 million is imputed to private construction which includes major alteration and repairs. Durables are given an economic life of 10 years. The wholesale price indices (1949-1960) of the Central Bank for imported durable equipment are used to adjust for price changes forward to the current year.

Item (7) Indirect taxes less subsidies. — **Indirect taxes** are those taxes chargeable as business expenses consisting of direct levies on goods and services, rather than directly on income, that affect relative prices. Treated as indirect taxes are excise tax, custom duties, business license tax, real estate tax, etc. including the profits of such public monopolies as the Bureau of Posts and Telecommunications. The average of two consecutive fiscal year reports of the General Auditing Office give revised calendar year estimates, while the last fiscal year figures are used in the preliminary estimate.

Subsidies consist of government grants to private producers to stabilize prices and provide incentives for increased production. At present there are no subsidies in this form included in the estimates. However, the losses of government corporations which are primarily engaged in performing services without covering their costs by the charges made are treated as subsidies.

Item (8) Private consumption expenditures summarizes the expenditures of households and non-profit institutions on goods and services.

This flow is a residual estimate. It is the difference between the Gross National Expenditures at market prices and

NATIONAL INCOME ESTIMATION IN THE PHILIPPINES

the sum of Items (9), (10) and (11).

Item (9) Government current expenditures on goods and services are payments by general government (national and local) for salaries, wages and supplements to employees; life and retirement insurance premiums; traveling, communication and transportation services; repair and maintenance of facilities; and other services.

Data on these components are directly compiled from fiscal year reports of the General Auditing Office. Two succeeding fiscal years are averaged to derive revised calendar year estimates while the last fiscal year gives the preliminary estimate.

Item (10) Gross domestic investment represents the gross value of the goods added to the domestic capital stock of the country. It consists of the expenditures by private business and government on new fixed assets like construction and durable equipment plus the value of change in inventories.

A comprehensive list of durable equipment comprising of agricultural machinery and implements, electrical machinery and appliances, transport equipment, other machinery and miscellaneous metal manufactures were identified from the imports and production records of the Central Bank using a durability criterio of two years. Capital-consumer ratios (ranging from 10 percent to 100 percent) from the results of a mail-questionnaire survey and consultation with experts sometime in 1955 were applied to each type of equipment. Fifty percent (50%) of the CIF value imported durables and twenty five percent (25%) of the ex-factory value of locally manufactured durables were allowed for adjustment to market valuation.

Changes in livestock and poultry, and sugar inventories are estimated from reports of the Agricultural Economics Division and the Sugar Quota Administration. Mining, manufacturing and trade inventories are fixed percentages of gross production or gross sales.

Item (19). (b). Government which is a direct estimate of other construction and works by general government and government corporations, **Item (10). (a). Private** is a residual.

Item (11) Net export and investment income is the share of the foreign sector in the gross national expenditures. It is the difference between **Item (33) Exports of goods and non-factor services** minus **Item (36) imports of goods and non-factor services** plus **Item (34) Net factor income from the rest of the world**. See **Items (33), (3) and (36)**.

Item (13) Direct taxes refers to all taxes levied on the profits, capital or net worth of corporations and cooperatives and those levied as a charge on the income of households and private non-profit institutions, including related personal non-tax levies as fines and fees.

Data on various tax receipts by national and local government such as residence tax, income tax, immigration tax, inheritance tax, marriage license fees, court collections, etc. are taken from fiscal year records of the General Auditing Office. Calendar year revised estimates are the averages of two consecutive fiscal years, while the preliminary estimate assumes the figures of the last fiscal year.

Item (14) Private saving is the balancing item of Income and Outlay in the Private Appropriation Account. It represents the savings of households and non-profit institutions and the undistributed corporate profits. It is equal to the sum of personal and corporate savings.

NATIONAL INCOME ESTIMATION IN THE PHILIPPINES

Item (17) Transfer payments is the amount received by households and non-profit institutions from the government which are not compensations for services rendered. It includes unilateral payments in the form of pensions, retirement, gratuities, interests, aids and grants to institutions, etc., data for which are obtained from the fiscal year reports of the Auditor General. Calendar year revised estimates are averages of two succeeding fiscal years, while the preliminary estimate is the total for the last fiscal year.

Item (19) Total: PERSONAL INCOME is the sum of Items (15) through (18). It is the income of households and private non-profit institutions from all sources.

Item (23) Government saving is the balancing item of Receipts and Outlay in the Government Appropriation Account. It measures the surplus of national and local government on current transactions.

Total GOVERNMENT RECEIPTS is the sum of Items (24) through (27). It represents the total revenue of the national and local governments from taxation and other sources.

Item (33) Exports of goods and non-factor services is the sum of **Item (33)**. (a) **Merchandise, freight and insurance** which represents the receipts for exports of merchandise, its transportation and insurance, and **Item (33)**. (b) **Others** which includes the net non-monetary gold movement representing gold production, purchases of dollars from incoming tourists, U. S. military expenditures and disbursements made in the Philippines by other U. S. government agencies and other foreign governments, and receipts covering remittances for services and miscellaneous items based on foreign records.

Item (34) Net factor income from the rest of the world refer to net receipts of direct investment, other interest and other equity.

Item (35) Net donations to the Philippines is the sum of **Item (35). (a) Government** representing official grants under USOM and aids and grants received from U.N. agencies and other welfare organizations, and **Items (35), (b) Private** representing net receipts of personal and institutional remittances including other private transfers based on exchange records and customs manifests, and reparations received from Japan.

Item (35) Imports of goods and non-factor services is the sum of **Item (36). (a) Merchandise, freight and insurance** representing payments for imports of merchandise, its transportation an insurance, and **Item (36). (b) Others** which includes payments covering sales of foreign exchange to residents for for foreign travel, education, subsistence and other similar expenses abroad; Philippine government expenditures abroad other than amortization of government obligations and interest payments; and payments covering remittances for services and miscellaneous items based on foreign exchange records.

Item (37) Net lending to the Philippines refers to the net receipts of the total current transactions in the Balance of Payments Summary of the Central Bank. It is the balancing item between Total Receipts and Total Payments in the Rest of the World Account.

Derivation of national income by industrial origin.

The national income at factor cost is derived as the sum of all the industrial sector contributions estimated through various approaches. For agriculture, mining and manufacturing whose contributions can be traced from the flow of products, values added were derived by deducting the cost of intermediate purchases from their gross production. For trade, transportation and communication, recreational and personal services, where the 1948 benchmark estimates of income originating (values added) were obtained by summing up the remunerations accruing to the factors of production employed, appropriate extrapolators were applied. For cons-

NATIONAL INCOME ESTIMATION IN THE PHILIPPINES

truction, ownership of dwellings, government, professional, education and other services, different approaches were used.

Agriculture. — Value added in agriculture is the aggregate of values added in all crops, livestock and poultry, fishing and forestry.

Annual crop survey results and crop forecasts of the Agricultural Economics Division (AED) give data on the gross volume and value of agricultural crop production on the crop (fiscal) year basis. Ratios of cost to gross production computed from the 1948 agricultural census and available statistics of government and private agencies are applied for each crop to obtain the value added.

Livestock and poultry inventories as of March 1 are reported annually by AED. This are adjusted for under-reporting and to year-end inventories. The value added by each livestock and poultry is obtained after applying the suitable cost ratio to the gross value of changes in inventory.

Farm marketings and direct consumption of livestock and poultry and their by-products are estimated mainly from AED reports.

Gross value of production in commercial fishing, fishponds, and municipal and sustenance fishing are compiled on a calendar year basis by the Bureau of Fisheries. Value added in Fishing is derived by deducting from the reported gross value the costs of operating the three types of fishing.

Monthly volume of timber and lumber production is compiled by the Bureau of Forestry from reports of timberland concessionaires and sawmill operators. On the basis of the conversion ratio of 1,000 board feet timber into 500 board feet lumber, the volume of timber used in the production of lumber was deducted from the total volume of timber reported. The result together with the reported lumber production were mul-

multiplied by the corresponding wholesale prices of timber and lumber to obtain their gross values. Value added by Forestry is the difference between the gross value of production minus the cost.

Mining. — The mining industry includes the extraction of all metallic and non-metallic minerals, except clay and clay products and crushed stones and rocks. Gross mineral production data are compiled on calendar year basis by the Bureau of Mines. A cost ratio established by the Office from a mailed questionnaire survey of mining companies in 1958 is applied to the reported gross value of mineral production to derive the value added in mining.

Manufacturing. — Production activities in this sector are the manufacture of durable and non-durable goods including products manufactured principally for export, and the processing of palay to rice, corn to milled corn, and sugarcane to centrifugal sugar, together with their byproducts. Excluded from this sector are the production of copra and lumber which are included in agriculture and the manufacture of cement and salt which are accounted for in mining.

Data on volume and value of durable and non-durable manufactures of cooperating firms are obtained from the Central Bank; on centrifugal sugar, from the Sugar Quota Administration; and on palay and shelled corn, from the Agricultural Economics Division.

The value added in manufacturing represents the aggregate value added of the different activities considered in this sector.

Construction. — This sector includes the construction of public and private buildings, structures, and other construction and works. Permit values for private buildings in Manila and five suburban towns and 33 cities are taken from the Bureau of the Census and Statistics. Reported by the Bureaus of Public Highways and Public Works are expenditures for

NATIONAL INCOME ESTIMATION IN THE PHILIPPINES

public roads and bridges, buildings, irrigation systems, ports, and other works. The report of the General Auditing Office includes data on expenditures of local governments for "improvement of land." Expenditures for the construction of NEC-ICA development projects are recorded at the Office of Foreign Aid Coordination, NEC. Expenditures for construction and major repair of building and other structures of corporation are reported directly to the Office.

The total private construction is estimated on the assumption that private construction in Manila is equivalent to 30 percent of the total. Farm construction is fixed at ₱10 million. Public construction includes all expenditures from the NEC-ICA projects. General Fund, Special Fund, Fiduciary Fund, Bond Fund, government owned or controlled corporations, and 50 percent of the item "improvement of land." Gross value of construction is the sum of the estimates for private and public construction.

Income originating in construction is a ratio estimate on the basis of the 1948 benchmark figures of ₱451.3 million gross value and ₱307 million income originating.

Trade. — Wholesale and retail business, and transactions of banks, other financial institutions, and real estate firms comprise the activities for the trade sector. Income originating in trade is computed by applying to the 1957 estimate a trade index of total available goods ordinarily handled in trade channels.

Transportation and communications. — Income originating in this sector refers to the income arising out of the activities of transport, storage, communication and utility industries. This is basically a benchmark (1948) estimate. A weighted composite index of employment and average monthly earnings of employees and wage earners in transport, communication and electricity, gas and heat, and water and sanitary services was used to extrapolate value added from 1957.

Government. — Income originating in government consists of salaries, wages, and supplements paid to employees; contributions to life and retirement insurance premiums; and all similar remunerations in exchange for services rendered by employees of the National and local government and government corporations. Data on these items are obtained from fiscal year reports of the General Auditing Office and financial statements of government corporations. Revised calendar year estimates are averages of two succeeding fiscal years while the preliminary estimate assumes the figures of the last fiscal year.

Personal services. — Income originating from personal services represents the net income earnings of personal service establishments. The current estimate is obtained by extrapolation from the 1957 estimate.

Recreational services. — This sector includes all establishments furnishing recreational services as theaters, radio broadcasting stations, television networks, and other recreational and amusement centers. The current estimate was extrapolated from the 1957 estimate.

Educational services. — The net receipts of private educational institutions constitute the income originating from educational services. The number of schools by type of courses offered is obtained from the Bureau of Private Schools. Types of courses offered include kindergarten, primary, intermediate, secondary, collegiate, and vocational courses. Corresponding average incomes established from a survey of private schools in 1956 are applied to each school group to derive income originating.

Professional services. — Income originating from professional services represents the net earnings of professionals from the independent practice of their professions. Professionals include accountants, engineers, lawyers, dentists, physicians, nurses, pharmacists, midwives, architects, chemists, and others. The number of new professionals is compiled

yearly from the records of the Bureau of Civil Service and the Supreme Court to update the total number estimated as of 1956. Data on average incomes were established from a survey of professionals in 1956.

Rental value of owner-occupied dwellings. — This aggregate represents the imputed rental income from the ownership of dwellings. On the basis of population estimates adjusted to the 1960 census results, and an average of 5.84 persons per household, the total number of owner-occupied houses was computed. Net rental value is the product of the number of houses multiplied by the rate of rental per unit.

Others. — This sector includes all other service industries not covered elsewhere. The value added is an extrapolation from the 1957 estimate.

IV. Current and Future Work Program of the National Income Branch, OSCAS.

The National Income Branch plans to revise the national accounts from 1946 to the present. Efforts are directed towards the evaluation of all available data for usability in national income estimation. Among the more important activities included in the program are the following:

a. In the agricultural sector, (1) revision of the understated cost of production for each of the major crops and livestock, (2) estimation of by-products in forestry and fishing to include those consumed locally, and (3) checking of estimate in fishing against results of the nutrition surveys.

b. In the mining sector, (1) expansion of the mailed questionnaire survey to include all metallic mining companies and a sample of the non-metallic mining establishments, and (2) estimation of sand, gravel and lime production with technical ratios of these items to concrete.

c. In the manufacturing sector, revision of estimates with the results of the Philippine Statistical Survey of Manufactures adjusted to conform with national income concepts; the present method of inflating the average production of co-operating firms to full coverage is not satisfactory.

d. In construction, (1) expansion of the coverage in the present permit valuation reporting system of the Bureau of the Census and Statistics to include more permit areas, (2) determination of the time lag from permit date to actual construction period, and (3) estimation based on the "materials approach" or technical ratios between costs of material, labor, profit and overhead expenses.

e. In the trade sector, (1) survey of wholesale and retail trade establishments in selected trading centers and (2) estimation of income from financial institutions based on their financial statements submitted to regulatory government agencies.

f. In transportation and communication, (1) estimation of income from the Philippine Air Lines, the Manila Railroad Company, big overland companies and subsidiaries based on their financial statements, and income from small transportation units from sample surveys, and (2) estimation of income from the Philippine Long Distance Telephone Company, MERALCO, MAGASCO, a few private telegraph companies and other big utility establishments from their annual financial statements and income from small plants from sample surveys.

g. In the government sector, (1) estimation on a semi-annual basis from monthly statements of income and expenditure from the Bureau of Internal Revenue and Bureau of Treasury respectively with supplementary data of the Budget Commission and the General Auditing Office, (2) inclusion of Income and expenditure items of the fiduciary, sinking and other funds in the estimates from the general, bond and special

NATIONAL INCOME ESTIMATION IN THE PHILIPPINES

funds, and (3) reclassification of government corporations in accordance with United Nations recommendations.

h. In the rental value of owner-occupied dwellings, revision of estimates adjusted to the results of the PSSH surveys and the new population census of 1960.

i. In capital formation, (1) revision of estimates to expand its coverage and to include the results of the last survey of capital formation in agriculture, and (2) revision of tax and trade mark-up ratios.

j. In the distribution of national income by type, (1) estimation of compensation of employees in the government from annual reports of the General Auditing Office or Budget Commission and in private industries from reports of the Social Security System, (2) estimation of income in kind from the Philippine Statistical Survey of Households detailed tables, and (3) estimation of income of non-corporate business enterprises from the BIR records of single proprietorship and partnership.

k. In the expenditures on the National Products, estimation of private consumption expenditures from PSSH data.

V. Conclusion

The National Income Branch hopes that the development of new sources of primary data basic to national income estimation will continue and expand. National income estimates can only be as reliable, up-to-date and adequate as the set of statistics used in the derivations.

With the accomplishment of the work program outlined above, the Branch expects in the near future to present new revised series from 1946 which will be more useful for long and short term analysis, economic programming and policy formulation.

Table I. THE NATIONAL ACCOUNTS, CY 1958-1960
Account I. National Income and Product Account

(At Current Prices in Million Pesos)

I t e m	1958 ₱/	1959 ₱/	1960 ₱/
(1) Compensation of employees (15)	<u>3,961</u>	<u>4,131</u>	<u>4,345</u>
(a) Agricultural	882	953	991
(i) Cash	706	762	793
(ii) In kind	176	191	198
(b) Other	3,079	3,178	3,354
(2) Entrepreneurial and property income of persons (16)	<u>5,042</u>	<u>5,258</u>	<u>5,529</u>
(a) Agricultural	2,267	2,451	2,548
(i) Cash	1,700	1,838	1,911
(ii) In kind	567	613	637
(b) Other	2,775	2,807	2,981
(3) Other private income / Private corporate income / (20)	367	547	543
(4) Property income of government (26)	66	79	75
(5) Total: NATIONAL INCOME At Factor Cost	<u>9,436</u>	<u>10,015</u>	<u>10,492</u>
(6) Depreciation (32)	499	554	611
(7) Indirect taxes less subsidies (24)	749	807	885
Total: GROSS NATIONAL PRODUCT At Market Prices	<u>10,684</u>	<u>11,376</u>	<u>11,988</u>

(Table I Continued)

(8) Private consumption expenditures (12)	8,982	9,374	10,061
(9) Government current expenditures (21)	911	986	1,041
(10) Gross domestic investment (28)	<u>960</u>	<u>1,038</u>	<u>1,050</u>
(a) Private	733	794	796
(b) Government	227	244	254
(11) Net export and investment income (33 — 36 34)	(169)	(22)	(164)
Total: GROSS NATIONAL EXPENDITURES At Market Prices	<u><u>10,684</u></u>	<u><u>11,376</u></u>	<u><u>11,988</u></u>

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Source of Basic Data: Cooperating government agencies.

NIB, OSCAS, NEC. 3/17/61 PSR.

Account 2 Private Appropriation Account, CY 1958-1960

(At Current Prices in Million Pesos)

I t e m	1958 ^{r/}	1959 ^{r/}	1960 ^{p/}
(12) Private consumption expenditures (8)	8,982	9,374	10,061
(13) Direct taxes (25)	<u>354</u>	<u>373</u>	<u>374</u>
(a) Personal	237	203	210
(b) Corporate	117	170	164
(14) Private saving (30)	160	365	211
Total: PRIVATE OUTLAY	<u><u>9,496</u></u>	<u><u>10,112</u></u>	<u><u>10,646</u></u>

(15) Compensation of employees (1)	3,961	4,131	4,345
(16) Entrepreneurial and property income of persons (2)	5,042	5,258	5,529
(17) Transfer of payments (22)	67	90	110
(18) Net donations from abroad (35b)	59	86	119
(19) Total: PERSONAL INCOME	<u>9,129</u>	<u>9,565</u>	<u>10,103</u>
(20) Other private income / Private corporate income / (3)	367	547	543
Total: PRIVATE INCOME	<u>9,496</u>	<u>10,112</u>	<u>10,646</u>

r/ Revised

p/ Preliminary

Source of Basic Data: Bureau of Internal Revenue, General Auditing

Office and Central Bank of the Philippines.

NIB, OSCAS, NEC. 3/17/61 PSR

Account 3. — Government Appropriation Account, CY-1958-1960

(At Current Prices in Million Pesos)

I t e m	1958 <u>r/</u>	1959 <u>r/</u>	1960 <u>p/</u>
(21) Government current Expenditures (9)	911	986	1,041
(22) Transfer payments (17)	67	90	110
(23) Government saving (31)	230	230	224
Total: GOVERNMENT OUTLAY	<u>1,208</u>	<u>1,306</u>	<u>1,375</u>
(24) Indirect taxes less subsidies (7)	749	807	885
(25) Direct taxes (13)	354	373	374
(26) Property income of government (4)	66	79	75
(27) Net donations from abroad (35a)	39	47	41
Total: GOVERNMENT RECEIPTS	<u>1,208</u>	<u>1,306</u>	<u>1,375</u>

r/ Revised

p/ Preliminary

Source of Basic Data: General Auditing Office, Government Corporations,
Central Bank of the Philippines.

NIB, OSCAS, NEC. 3/17/61 PSR

Account 4. — Combined Capital Account, CY-1958-1960

(At Current Prices in Million Pesos)

I t e m	1958 ^{r/}	1959 ^{r/}	1960 ^{p/}
(28) Gross domestic investment (10)	960	1,038	1,050
(29) Net lending abroad (37)	(71)	111	(4)
TOTAL	<u>889</u>	<u>1,149</u>	<u>1,046</u>
(30) Private saving (14)	160	365	211
(31) Government saving (23)	230	230	224
(32) Depreciation (6)	499	554	611
TOTAL	<u>889</u>	<u>1,149</u>	<u>1,046</u>

^{r/} Revised

^{p/} Preliminary

() Negative

Source of Basic Data: Cooperating government agencies and private firms.

NIB, OSCAS, NEC. 3/21/61 PSR

**Account 5. — Rest of the World Account, CY 1958-1960
(At Current Prices in Million Pesos)**

I t e m	1958 <u>r/</u>	1959 <u>r/</u>	1960 <u>p/</u>
(33) Exports of goods and non-factor services	<u>1,274</u>	<u>1,344</u>	<u>1,375</u>
(a) Merchandise, freight and insurance	994	1,065	1,111
(b) Others	280	279	263
(34) Net factor income from rest of the world	(95)	(130)	(150)
(35) Net donations to the Philippines	98	133	160
(a) Government (27)	39	47	41
(b) Private (18)	59	86	119
Total: CURRENT RECEIPTS	<u><u>1,277</u></u>	<u><u>1,347</u></u>	<u><u>1,384</u></u>
(36) Imports of goods and non-factor services	<u>1,347</u>	<u>1,236</u>	<u>1,388</u>
(a) Merchandise, freight and insurance	1,262	1,152	1,308
(b) Others	85	84	80
(37) Net lending to the Philippines (29)	(71)	111	(4)
Total: CURRENT PAYMENTS	<u><u>1,277</u></u>	<u><u>1,347</u></u>	<u><u>1,384</u></u>

r/ Revised

p/ Preliminary

() Negative

Note: Components may not add up to given total because of rounding.
Source: of Basic Data: Central Bank of the Philippines.

NIB, OSCAS, NEC. 3/17/61 PSR

Table II. — National Income by Industrial Origin, CY 1958-1960
(At Current Prices in Million Pesos)

Industry Classification	1958 <u>r/</u>	1959 <u>r/</u>	1960 <u>p/</u>
NATIONAL INCOME AT FACTOR COST	<u>9,436</u>	<u>10,015</u>	<u>10,492</u>
Agriculture	3,149	3,404	3,539
Mining	142	172	181
Manufacturing	1,677	1,734	1,853
Construction	297	332	316
Trade	1,125	1,160	1,248
Transportation and Communication	351	367	383
Services	2,695	2,846	2,972
Government	743	789	823
Personal services	599	637	670
Recreational services	32	34	35
Educational services	76	79	82
Professional services	284	305	323
Rental value of owner-occupied dwellings	827	853	880
Others	134	149	159

r/ Revised

p/ Preliminary

Source of Basic Data: Cooperating government agencies.

NIB, OSCAS, NEC. 3/16/61

**Table III. Relation Between Gross National Product,
National Income, Personal Income, Disposable
Income, and Personal Savings,
CY 1958-1960**

(At Current Prices in Million Pesos)

I t e m	1958 ^{r/}	1959 ^{r/}	1960 ^{v/}
GROSS NATIONAL PRODUCT at Market Prices	<u>10,684</u>	<u>11,376</u>	<u>11,988</u>
Deduct : Depreciation	499	,554	611
Indirect taxes less subsidies	749	807	885
Equals : NATIONAL INCOME at Factor Cost	9,436	10,015	10,492
Add : Transfer payments by the government	67	90	110
Net donations from abroad	59	86	119
Deduct : Property income of government	66	79	75
Equals : PRIVATE INCOME	<u>9,496</u>	<u>10,112</u>	<u>10,646</u>

Deduct :	Other private income (Private Corporate Income)	367	547	543
	Undivided corporate profit	250	377	379
	Corporate profit taxes	117	170	164
Equals :	PERSONAL INCOME	9,129	9,565	10,103
Deduct :	Personal direct taxes	237	203	210
Equals :	DISPOSABLE PERSONAL INCOME	8,892	9,362	9,893
Deduct :	Private (Personal) consumption expenditures	8,982	9,374	10,061
Equals :	PERSONAL SAVINGS	(90)	(12)	(168)

r/ Revised

p/ Preliminary

() Negative

Source of Basic Data: Cooperating government and private agencies.

NIB, OSCAS, NEC. 3/24/61 PSR

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