

Macro-Economic Overview of Public Enterprises in the Philippines, 1975-1984

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During the period under study, both the size and the contribution to value-added of public enterprises increased markedly. In terms of contribution to total employment, however, the impact of the government corporate sector has been negligible. Moreover, the sector has contributed to the rapid expansion of the fiscal or budgetary burden of the national government. Public enterprises have thus been partly responsible for high government deficits. The performance of public enterprises with regards to production per worker and the use of capital has also been disappointing.

Objectives of the Study

This study provides an overview of the macro-economic role and impact of public enterprises in the Philippines. Specifically, it attempts to determine (1) the number and sectoral distribution of public enterprises; (2) their economic value-added contribution; (3) their impact on employment, investment, borrowings and fiscal burden; (4) their factor productivity; and (5) other characteristics of public enterprises.

Conceptual Framework and Methodology

Defining Public Enterprises

A review of the various definitions of the term "public enterprise" in the literature indicates two elements which are essential to the concept, namely: (1) government ownership and/or control of the enterprise and (2) the production of marketable and marketed goods and services as the enterprise's primary function. Enterprise output is "marketable" if exclusion is feasible and it is "marketed" if it is actually sold for a price. The second condition excludes entities engaged in the production or provision of public goods and merit goods. Some authors consider as an additional dimension the realized revenues of the enterprise which should cover at least half or a substantial proportion of cost,¹ while others suggest that the organization's

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output includes revenue which is expected to cover a substantial proportion of cost.² Thus, what emerges are two alternative economic definitions of a public enterprise: a broad definition based on the aforementioned two conditions and a limited definition which includes substantial cost recovery.

The official definition of the term "public enterprise" covers only enterprises with particular legal forms and personalities. The defunct Commission on Reorganization defines public enterprises as "corporate bodies, stock or non-stock, owned or controlled by the government and created by special law under the corporation law for the purpose of performing governmental or proprietary functions which are socio-economic in nature."³ This official usage of the term differs from the economic definition outlined in the preceding paragraph in two respects: (1) the former limits the term to those organizations of the corporate legal form and owned or controlled by the government, thus excluding departmental/ministerial undertakings of the business type, e.g., Bureau of Posts, while the latter does not; and (2) the former includes all government corporations regardless of the nature of the goods and services produced, while the latter excludes those government corporations engaged in the production of public and merit goods, e.g., Boy Scouts of the Philippines, Integrated Bar of the Philippines, and many others in the "other services" sector. Strictly therefore, public enterprise as defined by the Commission on Reorganization (renamed Presidential Commission on Reorganization or PCR), is limited to government corporations. As of the middle of 1985, the PCR has compiled a list of government corporations that includes 96 parent corporations and 139 subsidiaries for a total of 235. The sectoral distribution of these corporations is shown in Table 1. Empirically, the PCR list is not significantly different from a list that one might come up with based on an economic definition of public enterprise.⁴ Furthermore, the PCR list has been adopted by other government agencies like the Commission on Audit (COA), Office of Budget and Management (OBM), and others. For pragmatic reasons this study adopts the PCR list, despite some perceived conceptual discrepancies. Moreover, it uses the term government corporations and public enterprises interchangeably.

Sectoral Classification and Gross Value-Added Estimation

The sectoral distribution of government corporations which is reflected in the PCR inventory is reclassified according to the Philippine System of National Accounts (PSNA). The PSNA uses the Philippine Standard Industrial Classification (PSIC) system.

Gross Value-Added (GVA) is used to measure the economic contribution of government corporations. The PSNA defines GVA as the value of gross output less the sum of all non-factor costs such as raw materials and supplies, containers and packing materials, advertising, and non-industrial overhead costs. Thus, GVA is equal to the sum of compensation of employees, profits before tax, economic depreciation, indirect taxes less subsi-

dies, interest payments less interest receipts, charitable contributions, etc. GVA estimation may follow a product flow (value of gross output less total value of intermediate inputs) or an income flow (addition of factor shares or factor incomes) approach. The estimation methodology adopted in this study is the income flow approach since it is more convenient to use given the available data.

The GVA estimates for government corporations are based on financial statements submitted by public corporations to the COA and the Securities and Exchange Commission (SEC) as well as the data from a survey conducted by the PCR. It must be noted that these GVA estimates which are based on financial accounts deviate from the "true" economic contribution of government corporations, i.e., one that reflects social opportunity cost, for several reasons. Expenses and revenue losses arising from the pursuit of the non-commercial objectives are not reflected in the accounting magnitudes. The policy environment may be such that the public enterprise is implicitly subsidized by the government either through tax exemption or through underpriced inputs. For instance, public enterprise output might be sold ex-factory at a price which is less than its opportunity cost, due to a conscious government policy to subsidize consumers. The market value of output in this case is thus understated. On the other hand, public enterprise output might be underpriced because the public enterprise is exempt from input taxes. In this case, GVA estimates on financial accounts would be overstated. Although these deviations might be corrected by a system of social accounting,⁵ no such attempt at correction is made in this paper.

Fiscal Burden of Public Enterprises

Conceptually, there is a two-way flow of resources between the government and public enterprises. Public enterprises lay claim on government resources by requiring government support in the form of explicit subsidies and other current transfers, equity infusion, implicit subsidies, national government loan outlays and advances to public enterprises. Implicit subsidies to government corporations arise (1) when the government provides for the preferential tax treatment of public enterprises; (2) when the government corporate sector enjoys the use of capital at a price below its social opportunity costs;⁶ and (3) when the government exercises inadequate control over the output price of natural monopolies such that public enterprises are able to earn supernormal profits or to avoid losses despite gross cost inefficiencies. At the same time, public enterprises give rise to a flow of resources to the government in the form of financial dividends, repayments of government loans, interest payments, taxes and implicit dividends. Jones suggests that one way of explicitly dealing with the non-commercial objective of public enterprises is to treat the costs of pursuing said objectives as implicit dividends paid by the public enterprises to the government.⁷ Fiscal balance or fiscal burden of public enterprises is defined

as the net flow of resources from the government to the public enterprise sector.

This study does not attempt to measure the implicit transfers between the government and the public enterprise sector. Another constraint is the absence of readily accessible data on interest and tax payments of government corporations to the National government. Thus, the fiscal burden that is actually measured consists of (1) current budgetary transfers, (2) equity contributions, and (3) net lending. The data on the first two components are from the study of Amatong⁸ while data on the last component are from the OBM.

Factor Productivity Measures

Labor productivity is defined as the ratio of gross output to labor input or as the ratio of gross value added to labor input. Labor input is measured in terms of its monetary value, i.e., compensation, or in terms of number of workers. Similarly, capital productivity is defined as the ratio of gross output or gross value added to capital input. Ideally, capital input should be measured as the rate of return on capital multiplied by the net capital stock valued at replacement cost. Several investigators, however, have used depreciated book value of fixed assets primarily because this is readily available in the statistics.

Labor productivity is measured in two ways: (1) as the ratio of GVA to employment and (2) as the ratio of GVA to compensation. In the same manner, capital productivity is measured as the ratio of GVA to the book value of fixed assets. The data for these measures are gathered from the PCR, COA and SEC.

Macro-Economic Role and Impact of Government Corporations in the Philippines

Number and Sectoral Distribution

The COA reported that there were 78 government-owned or controlled corporations in 1973. In a decade, this number has more than tripled. In mid-1985, the PCR inventory of government corporations included 235 corporations. Table 1 presents the sectoral distribution of the 235 corporations in the PCR roster. In terms of number, the service sector has the biggest share, with 22.6 percent of the total number of government corporations. The manufacturing sector comprises 20.8 percent of government corporations while the financial sector accounts for 16.6 percent. Electricity, gas, and water sector has the least number of government corporations.

Table 1. Sectoral Distribution of Government Corporations, 1985a

<i>Sector</i>	<i>Parent</i>	<i>%</i>	<i>Subsidiary</i>	<i>%</i>	<i>Total</i>	<i>%b</i>
1. Agriculture, Forestry & Fishery	5	5.2	15	10.8	20	8.5
1.1 Agriculture	3	3.1	12	8.6	15	6.4
1.2 Forestry	1	1.0	1	0.7	2	0.8
1.3 Fishery	1	1.0	2	1.4	3	1.3
2. Mining & Quarrying	0	0.0	8	5.7	8	3.4
3. Manufacturing	6	6.2	41	29.5	47	20.0
4. Construction	0	0.0	4	2.9	4	1.7
5. Electricity, Gas & Water	4	4.2	2	1.4	6	2.5
5.1 Electricity	2	2.1	1	0.7	3	1.3
5.2 Gas	0	0.0	1	0.7	1	0.4
5.3 Water	2	2.1	0	0.0	2	0.8
6. Transportation, Communication, & Storage	10	10.4	15	10.8	25	10.6
6.1 Transportation and Storage	3	3.1	4	2.8	7	3.0
6.1.1 Land	3	3.1	1	0.7	4	1.7
6.1.2 Water	0	0.0	2	1.4	2	0.8
6.1.3 Air	0	0.0	1	0.7	1	0.4
6.1.4 Storage & Services incidental to Transport	7	7.3	11	7.9	18	7.6
6.1.4.1 Storage	3					
6.1.4.2 Services incidental to Transport	4	4.2	11	7.9	15	6.4
7. Trade	6	6.2	12	8.6	18	7.7

8. Financing & Housing	25	26.0	29	20.7	54	23.0
8.1 Financing	22	26.0	17	12.2	39	16.6
8.1.1 Banks	6	6.2	3	2.2	9	3.8
8.1.2 Non-Banks	11	4.5	11	7.9	22	9.4
8.1.3 Insurance	5	5.2	3	2.2	8	3.4
8.2 Housing	3	3.1	12	8.6	15	6.4
9. Services	40	41.7	13	9.3	53	22.6
9.1 Education	1	1.0	1	0.7	2	0.8
9.2 Medical & Health	5	5.2	0	0.0	5	2.1
9.3 Recreational	5	5.2	0	0.0	5	2.1
9.4 Hotel & Restaurant	0	0.0	6	4.3	6	2.5
9.5 Business	4	4.2	0		4	1.7
9.6 Other Services	25	26.0	6	4.3	31	13.2
Total	96	100.0	139	100.0	235	100.0

^aNot included in the total figure is some 58 acquired assets. These are corporations which the government has taken on as financially distressed organizations but which it intends to return to the private sector at a later time. If acquired assets were included, the total number of government corporations would reach 303.

^bPercentage distribution may not add up to 100.0 due to rounding error.

Economic Contribution (Gross Value Added)

The Gross Value Added (GVA) of government corporations by sector for the period 1975-1984 is presented in Table 2. The GVA of the public enterprise sector is growing faster than the total economy — at 24.6 percent per annum on the average over the period compared to 14.1 percent per year for Gross Domestic Product (GDP). The high growth sectors are led by mining and quarrying with a rate of growth of 125 percent, followed by transport, communication, and storage, and by electricity, gas, and water sectors which expanded by 34.2 and 33.8 percent, respectively. Financing and manufacturing sectors place fourth and fifth with rates of growth of 25.4 and 24.7 percent, respectively.

The government corporate sector's share in GDP increased from 3.4 percent in 1975, peaked at 8.72 percent in 1980 and dropped to 5.01 percent in 1984 (see Table 2). In terms of share in sectoral GVA, financing is the sector most dominated by government corporations with 94.5 percent of sectoral GVA in 1983. Government corporations in electricity, gas and water contribute 65.7 percent of the sector's GVA in 1983 (see Table 3).

**Table 2. Gross Value Added (GVA) of Government Corporations by Sector
1975-1984 At Current Prices
(in thousand Pesos)**

SECTORS	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
I. Agriculture, Forestry	444452	437451	207130	296562	2975854	271756	313308	544397	655703	713062
II. Mining & Quarrying						4218	91161	98774	169770	241318
III. Manufacturing	315687	418075	612293	515088	583519	1002081	1427747	1499256	1519064	2319916
IV. Construction					33	18985	11444	8143	13384	9804
V. Electricity	273270	327970	404376	571220	964244	12770844	1922209	2159844	3327869	3758437
VI. Transportation	57809	114716	92833	255190	336128	407792	428457	419514	776590	775899
VII. Trade	271883	82714	101372	172109	336098	696354	544418	387295	259253	822000
VIII. Financing	2474831	3304590	3982596	4858686	5969645	7829621	11383936	12954693	15132156	18417168
IX. Housing	4122	4909	21236	-13796	37342	69181	67977	109013	117376	119437
X. Services	5521	14746	67325	82278	68725	17192	25080	129615	276971	322467
Total Gross Value Added	3847575	4705171	5489161	6737337	11271588	23088024	16215737	18302544	22248136	27500388
Share to GDP	3.35	3.48	3.56	3.79	3.95	8.72	5.13	5.37	5.78	5.01

Source: Basic Data from Presidential Commission on Reorganization, Commission on Audit, and Securities and Exchange Commission.

**Table 3. Percentage Share of Government Corporations To Sectoral Gross Value Added, 1975-1984
At Current Prices**

SECTOR	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
1. Agriculture, Forestry & Fishery	1.34	1.16	.49	.62	.54	.44	.46	.71	.8	.52
2. Mining & Quarrying	—	—	—	—	—	.05	1.33	1.49	2.42	2.6
3. Manufacturing	1.12	1.27	1.64	1.18	1.12	1.56	1.9	1.8	1.6	1.69
4. Construction	—	—	—	—	—	.09	.04	.03	.04	.03
5. Electricity, Gas & Water	25.65	26.64	28.36	34.23	45.4	54.4	57.46	53.6	65.66	60.97
6. Transport, Communication, & Storage	.98	1.56	1.17	2.58	2.72	2.36	2.24	1.98	3.29	2.45
7. Trade	1.37	.87	.55	.76	1.28	1.66	1.09	.68	.4	.79
8. Financing	51.29	59.58	32.11	64.21	02.52	64.37	90.66	96.25	94.51	84.09
Housing	.17	.11	.44	-.15	.63	.97	.94	.96	.87	.63
9. Services	.95	.12	.27	.4	.32	.08	.36	.34	1.16	.94

Table 4. Percentage Distribution of Gross Value Added of Government Corporations by Sector, 1975-1984
(in thousand pesos)

<i>SECTORS</i>	<i>1975</i>	<i>1976</i>	<i>1977</i>	<i>1978</i>	<i>1979</i>	<i>1980</i>	<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>
1. Agriculture, Forestry	11.6	9.3	3.8	4.4	26.4	1.2	1.9	3.0	2.9	2.6
II. Mining & Quarrying						.02	.6	.5	.8	.9
III. Manufacturing	8.2	8.9	11.1	7.6	5.2	4.3	8.8	8.2	6.8	8.4
IV. Construction					.0003	.2	.7	.04	.06	.03
V. Electricity	7.1	7.0	7.4	8.5	8.6	55.3	11.9	11.8	15.0	13.7
VI. Transportation	1.5	2.4	1.7	3.8	3.0	1.8	2.6	2.3	3.5	2.8
VII. Trade	7.1	1.8	1.8	2.6	3.0	3.0	3.3	2.1	1.2	3.0
VIII. Financing	64.3	70.2	72.6	72.1	53.0	33.9	70.2	70.8	68.0	67.0
IX. Housing	.1	.1	.4	-.2	.3	.3	.4	.6	.5	0.4
X. Services	.1	.3	1.2	1.2	.6	.07	.2	.7	1.2	1.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Basic data in Table 2.

Table 5. Share of Government Corporations' Employment to Sectoral Employment and to Total Employment (in percent)

	1976	1977	1978	1979	1980	1981	1982	1983	1984
I. Agriculture, Forestry	.30	.31	.16	—	.17	.14	.18	.11	.10
II. Mining & Quarrying				—	.26	6.36	7.69	6.41	4.65
III. Manufacturing	.24	.26	.24	—	.38	.52	.63	.75	.43
IV. Construction					.02	.02	.02	.01	.01
V. Electricity	17.13	24.08	26.46	—	24.76	24.61	31.46	20.95	21.99
VI. Transportation	.98	1.54	2.00	—	1.91	1.82	1.52	1.50	1.44
VII. Trade	.54	.94	.87	—	1.03	1.12	1.25	1.03	1.01
VIII. Financing	1.01	7.99	8.17	—	9.52	10.80	9.66	11.52	10.39
IX. Services		.31	.29	—	.37	.37	.41	.39	.40
Share to Total Employment	.59	.66	.59	—	.67	.72	.77	.71	.66

The financing sector constitutes the bulk (67.0 percent) of total GVA of government enterprises for 1984, followed by the electricity, gas, and water sector with 13.7 percent (see Table 4). The top 15 nonfinancial government corporations account for 26.3 percent of GVA of all government corporations which is equal to 1.3 percent of GDP in 1984.

*Impact of Public Enterprise Sector on
Employment and Investment*

The contribution of government corporations to total employment in the economy is very small. In 1976, public enterprise jobs represented 0.59 percent of total employment. This number increased to 0.77 percent in 1982 and settled at 0.66 percent in 1984 (see Table 5). Government corporations in the electricity, gas, and water sector accounted for 17.1 percent of sectoral employment in 1976, 31.5 percent in 1982, and 22.0 percent in 1984. In the financing and housing sectors combined, public enterprises contributed approximately 8.5 percent of the sectoral employment in the period. These are the only two sectors where public enterprise employment is significant. In the other sectors, the share of government corporations is less than 2 percent of total employment.

Investment data on government corporations outside of the 15 major nonfinancial government corporations are not available. However, capital expenditures of the 15 nonfinancial government corporations for 1978-1984 shows that the fixed investment of this group of government corporations represents 15.6 percent of gross domestic capital formation during the period (see Table 6).

**Table 6. Capital Expenditures of 15 Major Nonfinancial Government Corporations and Gross Domestic Capital Formations 1978-1984
(In Million Pesos)**

<i>Year</i>	<i>Capital Expenditures of 15 Government Corporations (1)</i>	<i>Gross Domestic Capital Formation (2)</i>	<i>(1) / (2) (in Percent)</i>
1978	7281	51348	14.4
1979	9518	67687	16.2
1988	11079	81153	9.4
1981	15293	93261	16.4
1982	15028	96251	15.6
1983	19449	104414	18.6
1984	15282	188828	15.2
1978-1984	92930	595204	15.6

Source: National Economic and Development Authority

Fiscal Budgetary Burden

The fiscal burden of government corporations in relation to key national government budgetary variables and GNP is summarized in Tables 7 and 8. The fiscal budgetary burden of public enterprises has expanded very rapidly over the decade under consideration. Its average annual rate of growth of 40.9 percent compares with the yearly growth rate of 15.4 percent for national government corporation expenditures, 14.6 percent for national government total receipts, and 14.3 percent for GNP. Net lending is the fastest growing component of the fiscal burden, increasing by 63.3 percent per year on the average. Current transfers, on the other hand, barely increased over the period. These movements are reflected in the changing pattern of the percentage distribution of the three components of the fiscal burden of public enterprises. In 1975, current transfers accounted for 30.7 percent, equity infusions for 56.2 percent, and net lending for 13.1 percent of the budgetary burden. In 1984, the share of current transfers was 2.1 percent, equity contributions with 48.3 percent, and net lending with 49.6 percent (see Table 8). In a sense, a shift from a more overt to a more covert way of national government financing of public enterprise deficits could be observed. Amamong has pointed out that the distinction among the three components of the fiscal burden is not well-defined outside of the OBM/National Treasury Accounting frameworks. According to her:

The reason for treating equity contribution as subsidy is that except for two or three, public corporations in general, have not paid dividends to the National Government on the paid-in capital stock; secondly, capital contributions have generally been used by public enterprises to fund operating expenditures. While net lending by the National Government to government corporations, strictly speaking, is expected to be repaid, there were instances in the past that the net lending accounts were transferred or connected into equity contributions.⁹

Government corporations have a considerable impact on the fiscal performance of the National Government. The budgetary burden of public enterprises averaged 18.2 percent and 21.3 percent of national government expenditures and revenues, respectively, in 1975-1984. In 1975, the fiscal burden was 5.1 percent of the national government expenditures and 5.5 percent of the national government receipts. These ratios increased continuously, until they reached 21.9 percent and 30.2 percent in 1982. In 1983 the ratios declined significantly, but in 1984 they increased again such that the fiscal burden for that year stood at 30.6 percent of total expenditures and 35.3 percent of total receipts (see Table 8).

The budgetary burden of public enterprises may be met by increasing government revenues and/or cutting down on other government expenditures, or they may be passed forward into higher government deficits which are then financed by borrowings and/or money creation. The Philippine experience in the last decade suggests that the fiscal burden imposed by

Table 7. Percentage Distribution of the Components of the Fiscal Burden,
1975-1984 (in Million Pesos)

Year	Current Transfers		Equity Contribution		Net Lending		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
1975	284.8	30.7	499.2	56.2	122.0	13.1	905.9	100.0
1976	390.2	17.1	1804.8	78.1	100.0	4.4	2294.2	100.0
1977	9.5	9.7	2214.2	4.4	45.0	1.8	2268.6	100.0
1978	627.7	20.3	2219.1	72.1	238.0	7.6	3084.8	100.0
1979	477.5	10.1	3383.0	71.8	853.0	18.1	4713.5	100.0
1980	511.4	8.5	4743.9	80.1	675.0	11.4	5930.3	100.0
1981	563.7	6.0	7854.0	84.0	965.9	10.0	9383.6	100.0
1982	860.8	7.7	8561.5	73.1	2290.3	10.0	11712.6	100.0
1983	499.6	7.5	50288.7	61.8	2392.5	30.7	7901.0	100.0
1984	263.2	2.1	9914.5	48.3	1019.6	49.6	20287.3	100.0
1975- 1984		7.3		66.9		25.8	68538.0	100.0
Average Growth Rate		4.6		38.5		63.3		40.9

Table 8. Fiscal Burden of Government Corporations and its Relationship to National Government Expenditures, National Government Receipts, National Government Fiscal Deficit, and Gross National Product, 1975-1988
(in Million Pesos)

Year	National Government Budgetary Expenditures	Ratio of Fiscal Burden to Total Expenditures	National Government Budgetary Receipts	Ratio of Fiscal Burden to Total Receipts	National Government Deficit	Ratio of Fiscal Burden to Gov't. Deficit	Gross National Product Current Prices	Ratio of Fiscal Burden to GNP	Ratio of Government Deficit to GNP	National Government Deficit (Surplus) net of Fiscal	Ratio of Simulated Deficit/Surplus to GNP
	Amount	%	Amount	%	Amount	%	Amount	%	%	Amount	%
1975	18259	5.1	16856	5.5	1403	66.2	114260	.8	1.2	497.1	.4
1976	20438	11.2	18089	12.7	2349	97.7	132210	1.7	1.8	54.8	.1
1977	22811	11.1	19959	12.7	2852	89.2	154260	1.6	1.8	583.3	.2
1978	26240	11.9	24073	12.9	2167	143.7	170070	1.7	1.2	-917.8	-.5
1979	29812	15.8	29470	16	342	1380.7	218260	2.2	.2	-4371.5	-.2
1980	38118	15.8	34731	17	3387	174.8	264270	2.2	1.3	-2543.2	-.9
1981	48079	19.5	35933	26	12146	77.6	265000	3.5	4.6	2762.4	1.1
1982	52618	21.9	38205	30.2	14405	80	305500	3.7	4.7	2692.4	.1
1983	53063	14.7	46641	16.7	6422	121.5	335412	2.3	1.9	-1478	-.4
1984	66352	30.6	57638	35.3	8714	233.3	379345	5.4	2.3	-11573.27	-3.1
1975-1984	375782	18.2	321595	21.3	54187	126.5	2345607	2.9	2.3	0	-.6
Average Growth Rate		15.4		14.6				14.3			

government corporations on the National Government is passed forward to a significant extent and is partly responsible for the high levels of government deficits. A comparison of the growth rates of the fiscal burden and of government deficits indicates that an increase/decrease in the budgetary burden is usually associated with a corresponding movement in the same direction in the budget deficit. This is true in six out of the nine years compared. Exceptions are the years 1978, 1979, and 1980 (see Table 9).

**Table 9. Comparative Growth Rates of the Fiscal Burden and National Government Deficit, 1975-1980
(In Percent)**

<i>Year</i>	<i>Fiscal Burden</i>	<i>Budget Deficit</i>
1976 - 1975	112.5	50.0
1977 - 1976	(5.9)*	0.0
1978 - 1977	6.2	(33.3)
1979 - 1978	29.4	(83.3)
1980 - 1979	0.0	550.0
1981 - 1980	59.1	253.8
1982 - 1981	5.7	2.2
1983 - 1982	(37.8)	(60.0)
1984 - 1983	134.8	21.0

*Figures in parenthesis indicate negative growth rate.

On the average, during 1975-1984, the fiscal burden is 1.26 times the budget deficit. If the budgetary burden of the government corporations is netted out of total government expenditures, budget surpluses would have been posted in 1978, 1979, 1980, 1983 and 1984. Also, for the ten-year period, there would have been a budget surplus equal to more than half a percent of GNP, instead of the budget deficit equal to 2.3 percent of GNP (see Table 8).

Looking at the fiscal burden of public enterprises in the different sectors, Table 10 shows that the financing sector accounted for the biggest share from 1975 to 1977 (29.1 percent in 1975 to 44.5 percent in 1977), for 1981 (50.4 percent) and for 1984 (77.2 percent). In the other years, the lion's share of the fiscal burden went to the electricity, gas and water sector, with 44.1 percent in 1978 and 44.2 percent in 1979, 40.3 percent in 1980 and 26.1 percent in 1983.

Table 10. Components of the Fiscal Budgetary Burden of Government Corporations, by Sector, 1975-1984
(in thousand pesos)

	S E C T O R									TOTAL		
	I	II	III	IV	V	VI	VII	VIII	IX			
	Agric., Forestry & Fishery	Manu- facturing	Elect., Gas & Water		Transp. Com. & Storage		Trade	A. Banks NonBanks Insurance	B. Housing		Banks, Nonbanks, Insurance, & Housing	Service
Year												
1975												
Current transfers	55498.00	189426.00					34513.00				5312.00	284749.00
Equity contributions	51000.00	72500.00	119000.00		26353.00	2300.00	228000.00		228000.00			499153.00
Sub-total	106498.00	261926.00	119000.00		26353.00	36813.00	228000.00		228000.00		5312.00	783902.00
% to total	13.59	33.41	15.18		3.36	4.70	29.09		29.09		.68	100.00
Net Lending*												122000.00
Grand Total*	106498.00	261926.00	119000.00		26353.00	36813.00	228000.00		228000.00		5312.00	905902.00
% to total	11.76	28.91	13.14		2.91	4.06	25.17		25.17		.59	100.00
1976												
Current transfers	101508.00	216570.00		345.00	809.00	53914.00					17009.00	390155.00
Equity contributions	182000.00	14000.00	597000.00		60000.00	189000.00	709000.00	11000.00	720000.00	42000.00		1804000.00
Sub-total	283508.00	230570.00	597345.00		60809.00	242914.00	709000.00	11000.00	720000.00	59009.00		2194155.00
% to total	12.92	10.51	27.22		2.77	11.07	32.31	.50	32.81	2.69		100.00
Net Lending*												
Grand Total*	283508.00	230570.00	597345.00		60809.00	242914.00	709000.00	11000.00	720000.00	59009.00		2294155.00
% to total	12.36	10.05	26.04		2.65	10.59	30.90	.48	31.38	2.57		100.00

S E C T O R

	I	II	III	IV	V	VI	VII	A.	VIII	Banks, Nonbanks, Insurance, & Housing	IX	TOTAL
	Agric., Forestry & Fishery	Manu- facturing		Elect., Gas & Water	Transp. Com. & Storage		Trade	Banks Nonbanks Insurance	B. Housing		Service	
1977												
Current transfers											9494.00	9494.00
Equity contributions	123000.00	41250.00		877000.00	185000.00		57000.00	887910.00	102888.00	989918.00	21088.00	2214150.00
Sub-total	123800.00	41250.00		877800.00	185800.00		57000.00	887910.00	989918.00	989910.00	38494.00	2223654.00
% to total	5.53	1.86		39.44	4.72		2.56	39.93	4.59	44.52	1.37	100.00
Net Lending*												4500.00
Grand Total*	123000.00	41250.00		877000.00	105000.00		57000.00	887910.00	102800.00	989910.00	30494.00	2268554.00
% to total	4.42	1.82		38.66	4.63		2.51	39.14	4.50	43.63	1.34	100.00
1978												
Current transfers	106090.00	368870.00			31140.00		50380.00		17090.00	17090.00	62130.00	627700.00
Equity contributions	69100.00	51000.00		1256000.00	58000.00		88000.00	58000.00	8200.00	668000.00	29000.00	2219100.00
Sub-total	175190.00	411870.00		1256000.00	89140.00		138380.00	586000.00	99090.00	685090.00	91130.00	2846800.00
% to total	6.15	14.47		44.12	3.13		4.88	20.58	3.48	24.07	3.20	100.00
Net Lending*												238000.00
Grand Total*	175190.00	411870.00		1256000.00	89148.00		138380.00	586000.00	99090.00	685090.00	91130.00	3084800.00
% to total	5.68	13.35		48.72	2.89		4.49	19.00	3.21	22.21	2.95	100.00

S E C T O R

	I	II	III	IV	V	VI	VII	VIII		IX	TOTAL	
	<i>Agric., Forestry & Fishery</i>		<i>Manu- facturing</i>		<i>Elect., Gas & Water</i>	<i>Transp. Com. & Storage</i>	<i>Trade</i>	<i>A Banks NonBanks Insurance</i>	<i>B. Housing</i>	<i>Banks Nonbanks, Insurance & Housing</i>	<i>Service</i>	
1979												
Current Transfers	244340.00		103370.00			26350.00	44480.00	11000.00		11000.00	48000.00	477540.00
Equity contributions	130000.00		157000.00	1707000.00		190000.00	124000.00	827000.00	22000.00	1047000.00	28000.00	338300.00
Sub-total	37430.00		260370.00	1707000.00		216350.00	168480.00	838000.00	220000.00	1058000.00	76000.00	3860540.00
% to total	9.70		6.74	44.22		5.60	4.36	21.71	5.70	27.41	1.97	100.00
Net Lending*												853800.00
Grand Total*	374340.00		260370.00	1707000.00		216350.00	168480.00	838000.00	220000.00	1058000.00	76000.00	4713508.00
% to total	7.94		5.52	36.21		4.59	3.57	17.78	4.67	22.45	1.61	100.00
1980												
Current transfers	248020.00		25390.00			900.00	114550.00	22200.00	36600.00	58800.00	63690.00	511350.00
Equity contributions	285000.00		152000.00	2117000.00		427859.00	128000.00	1411000.00	159000.00	157000.00	64000.00	4743859.00
Sub-total	533020.00		177390.00	2117000.00		428759.00	242550.00	1433200.00	195600.00	1628800.00	127690.00	5255209.00
% to total	10.14		3.38	40.28		8.10	4.62	27.27	3.72	30.99	2.43	100.00
Net Lending*												675000.00
Grand Total*	533020.00		177390.00	2117000.00		428759.00	242550.00	1433200.00	195600.00	1628800.00	127690.00	5930209.88
% to total	8.99		2.99	35.70		7.23	4.09	24.17	3.30	27.47	2.15	100.00

S E C T O R

	I	II	III	IV	V	VI	VII	VIII		IX	TOTAL	
	<i>Agric., Forestry & Fishery</i>	<i>Manu- facturing</i>	<i>Elec., Gas & Water</i>		<i>Elec., Gas & Water</i>	<i>Transp. Com. & Storage</i>	<i>Trade</i>	<i>A. Banks NonBanks Insurance</i>	<i>B. Housing</i>	<i>Banks, Nonbanks, Insurance & Housing</i>	<i>Service</i>	
1981												
Current transfers	139170.00	160600.00				2840.00	48420.00	19260.00		19260.00	193433.00	563723.00
Equity contributions	784000.00	203000.00	2118000.00	183000.00	142000.00	3514000.00	705000.00	4219000.00	205000.00	7854000.00		
Sub-total	923170.00	363600.00	2118000.00	185840.00	190420.00	3533260.00	705000.00	4238260.00	398433.00	8417723.00		
% to total	10.97	4.32	25.16	2.21	2.26	41.97	8.38	50.35	4.73	100.00		
Net Lending	416130.00	27790.00	24650.00	482800.00	5520.00	367500.00	76300.00	443880.00	-350.00	965900.00		
Grand total	1339300.00	391390.00	2142650.00	234120.00	195940.00	3900760.00	781380.00	4682140.00	390083.00	9383623.00		
% to total	14.27	4.17	22.83	2.49	2.09	41.57	8.33	49.90	4.24	100.00		
1982												
Current transfers	169524.00	15450.00	7590.00	20225.00	180000.00	46873.00		46873.00	239183.00	8600845.00		
Equity contributions	1418000.00	146000.00	2817000.00	382519.00	209000.00	2534000.00	868000.00	3402000.00	187000.00	8561519.00		
Sub-total	1587524.00	161450.00	2824590.00	584744.00	389000.00	2580873.00	868000.00	3448873.00	426183.00	9422364.00		
% to total	16.85	1.71	29.90	6.21	4.13	27.39	9.21	36.60	4.52	100.00		
Net Lending	650730.00	35770.00	528420.00	140220.00	61330.00	753700.00	119350.00	873050.00	750.00	2290270.00		
Grand Total	2238254.00	197220.00	3353010.00	724964.00	450330.00	3334573.00	987350.00	4321923.00	426933.00	11712634.00		
% to total	19.11	1.68	28.63	6.19	3.84	28.47	8.43	36.90	3.65	100.00		

S E C T O R

	I	II	III	IV	V	VI	VII	VIII	IX	TOTAL
	Agric., Forestry & Fishery	Manu- facturing	Elec., Gas & Water	Transp. Com. & Storage	Trade	A. Banks NonBanks Insurance	B. Housing	Banks, Nonbanks, Insurance & Housing	Service	
1983										
Current transfers	101763.00	119000.00	6320.00	8140.00	47953.00	45910.00	34000.00	79948.00	136464.00	499500.00
Equity contributions	956000.00	309000.00	1433000.00	296000.00	141000.00	833000.00	758000.00	1591000.00	282875.00	5008875.00
Sub-total	1057763.00	428000.00	1439320.00	304140.00	188953.00	878940.00	792000.00	1670940.00	419339.00	5508455.00
% to total	19.20	7.77	26.13	5.52	3.43	15.96	14.38	30.33	7.61	100.00
Net Lending	852000.00	-2090.00	1104240.00	117860.00	50310.00	239250.00	26310.00	265560.00	4500.00	2392540.00
Grand Total	1909843.00	425910.00	2543560.00	422000.00	239263.00	1118190.00	81831.00	1936500.00	423919.00	7900995.00
% to total	24.17	5.39	32.19	5.34	3.03	14.15	10.36	24.51	5.37	100.00
1984										
Current transfers	7570.00	14890.00		9040.00	12130.00	44560.00	40010.00	84570.00	134000.00	263200.00
Equity contributions	284760.00	7080.00	1016050.00	445630.00	168620.00	7487550.00	285720.00	7773270.00	219060.00	9914470.00
Sub-total	292330.00	21970.00	1016050.00	454670.00	100750.00	7532110.00	325730.00	7857840.00	354060.00	10177670.00
% to total	2.87	.22	9.98	4.47	1.78	74.01	3.20	77.21	3.48	100.00
Net Lending	938240.00	110.00	1641500.00	266920.00	86440.00	7046230.00	37230.00	7083460.00	92930.00	10109600.00
Grand Total	1230570.00	22080.00	2657550.00	721590.00	267190.00	14578340.00	362960.00	14941300.00	446990.00	20287270.00
% to total	6.07	.11	13.10	3.56	1.32	71.06	1.79	73.65	2.20	100.00

*Sectoral breakdown of net lending is not available for 1975-1980.

The 15 major nonfinancial government corporations, on the other hand, consistently captured more than two thirds of the total fiscal burden of public enterprises from 1975-1983. Their peak share reached 86.4 percent in 1979. However, in 1984, their share of the budgetary burden plummeted to 27.9 percent, reflecting the increase in national government assistance to the government corporate financial sector in 1984, particularly for the financially-strapped Development Bank of the Philippines (DBP) and the Philippine National Bank (PNB) (see Table 11).

Government corporations which individually contributed significantly to the fiscal burden of the public enterprise sector are presented in Table 12. National Power Corporation (NPC), DBP and National Irrigation Administration (NIA) are the major recipients of national government contributions in 1975-1984 (see Table 12).

Other Sources of Financing of Public Enterprise Deficits

In addition to national government contributions, government corporation deficits are financed by borrowings from the domestic banking system and other domestic sources, as well as from external/foreign borrowings. Domestic borrowings of public enterprises may replace credit that would otherwise go to the private sector, i.e., crowd out private borrowings. At the

Table 11. Components of the Fiscal Burden of the Top 15 Government Corporations, 1975-1985 (in thousand of pesos)

	1975			1976				
	current transfers	equity cont.	net lending	TOTAL	current transfers	equity cont.	net lending	TOTAL
NIA	54773	51000		105773	52001	161000		213001
PNOC	183000	50000		233000	206250			206250
MWSS		20000		20000	345	1000		1345
NPC		99000		99000		596000		596000
PPA		2454		2454				
PNR		13899		13899		60000		60000
MMTC		10000		10000				
LRTC								
NFA	21695			21695	20735			20735
EPZA						71000		71000
LWUA						96000		96000
NEA		78000		78000		141000		141000
NDC						7000		7000
NHA						11000		11000
HSDC								
Total	259468	324353		583821	279331	1144000		1423331

Share of Top 15 to

Fiscal Burden of

all government corporations

74.5

64.9

	1977				1978			
	current transfers	equity cont.	net lending	TOTAL	current transfers	equity cont.	net lending	TOTAL
NIA		98000		98000	45010	38000		83010
PNOC		38250		38250	349520	49000		398520
MWSS		10000		10000		61000		61000
NPC		867000		867000		1195000		1195000
PPA		1000		1000				
PNR		80000		80000				
MMTC		15000		15000				
LRTC								
NFA					39170			39170
EPZA		10000		10000		27000		27000
LWUA		53000		53000		67000		67000
NEA		150000		150000		230000		230000
NDC		38000		38000		38000		38000
NHA		102000		102000	17090	80000		97090
HSDC								
Total		1462250		1462250	450790	1785000		2235790
Share of Top 15 to Fiscal Burden of all government corporations				65.8	78.5			

	1979				1980			
	current transfers	equity cont.	net lending	TOTAL	current transfer	equity cont.	net lending	TOTAL
NIA	42750	84000		126750	21800	249000		20700
PNOC	91730	156000		247730	10000	152000		162000
MWSS		79000		79000		122000		122000
NPC		1628000		1628000		1983000		1983000
PPA						232859		232859
PNR		136000		136000		130000		130000
MMTC		35000		35000		65000		65000
LRTA								
NFA	398000			398000	44550			44550
EPZA		64000		64000		61000		61000
LWUA	11000	75000		86000	2200	115000		117200
NEA		220000		220000		278000		278000
NDC		94000		94000	20000	618000		638000
NHA		208000		208000	36600	154000		190600
HSDC		12000		12000		5000		5000
Total	543400	2791000		3334480	135150	4164859		4300009
Share of Top 15 to Fiscal Burden of all government corporations				86.4	81.8			

	1981				1982			
	<i>current transfers</i>	<i>equity cont.</i>	<i>net lending</i>	<i>TOTAL</i>	<i>current transfers</i>	<i>equity cont.</i>	<i>net lending</i>	<i>TOTAL</i>
NIA	20000	706000	388330	1114330	1116000	625750	1741750	
PNOC	144000	200000	-1410	342590	142000	-64830	77170	
MWSS		265000	-16620	248380	301000	5000	306800	
NPC		1834000	41270	1875270	2504000	522620	3026620	
PPA			4590	4590	201505	6519	12720	220744
PNR	2000	106000	43620	151620	102000	72190	174190	
MMTC		15000	70	15070		220	220	
LRTC		62000		62000	274000	53530	327530	
NFA	48420	44000	310	92730	48520	41000	20140	110390
EPZA		78000	5180	83100	106000	11260	117260	
LWUA		135000	32860	167860	8253	80000	54910	143163
NEA		302000	55260	357260	199000	52970	251970	
NDC		1873000		1873000	893000		893000	
NHA		363000	76380	439380	355000	119350	474350	
HSDC		342000		342000	513000		513000	
Total	214420	6325000	629840	7169260	259088	6632519	1486630	8378157

Share of Top 15 to

Fiscal Burden of

all government corporations

76.4

71.5

	1983				1984			
	<i>current transfers</i>	<i>equity cont.</i>	<i>net lending</i>	<i>TOTAL</i>	<i>current transfers</i>	<i>equity cont.</i>	<i>net lending</i>	<i>TOTAL</i>
NIA		891000	851380	1742380	6840	205000	932940	1144780
PNOC		300000	-2090	297910			110	110
MWSS		346000	-8870	337130	3000000	-16010	2983990	
NPC		1060000	1104540	2164540	711990	1667510	2369500	
PPA			20030	20030			72110	72110
PNR	7650	79000	56140	142790	8560	76000	86540	171100
MMTC			6950	6950		7000	-2950	4050
LRTC		210000		210000	362630	111770	474400	
NFA	35000	48000	-320	82680	18870	13950	32820	
EPZA		50000	65020	115020	39000	72490	111490	
LWUA	12000	60000	45380	117380	46800	28460	75260	
NEA		137000	160140	297140	90000	376950	466950	
NDC		406000	-9350	396650		170930	88000	258930
NHA	34000	168000	1660	203660	40010	233940	-3470	270480
HSDC		269000		268000		6786		6786
Total	88650	4023000	2290610	6402260	55410	4968946	3418400	8442756

Share of Top 15 to

Fiscal Burden of

all government corporations

81

27.9

Table 12. Major Contributors to the Fiscal Burden of Public Enterprises, 1975 -- 1984
(In Million Pesos)

<i>Corporation</i>	<i>Current Contribution</i>	<i>Equity Contribution</i>	<i>Net Lending *</i>	<i>Total</i>
1. National Power Corporation	—	12478	3325.94	15803.94
2. Development Bank of the Philippines	—	7339	6418.53	13757.53
3. National Irrigation Administration	20	4137.9	—55	4157.35
4. National Development Company	295.5	3599	2798.37	6692.87
5. National Electrification Administration	984.5	1087.3	—68.22	2003.58
6. Philippine National Oil Company	—	1863	645.32	2500.32
7. National Housing Authority	134.4	1674.9	193.92	2003.22
8. Philippine National Bank	—	1650.1	348.06	1998.16
9. Metropolitan Waterworks & Sewerage System	7	1505	—35.7	1476.3
10. Human Settlement Development Corporation	—	1146.8	—	1146.8

*Net Lending data is from 1981-1984, Office of Budget Management.

Source: Juanita Amatong, "Explicit Budgetary Contributions of National Government to Government Corporations," Unpublished Staff Paper, Philippine Institute of Development Studies, 1985.

Table 13. Sources of Financing of 15 Major Nonfinancial Corporations, 1978 – 1984
(in million pesos)

<i>Year</i>	<i>Contribution from National Government</i>	<i>Ratio of Contributions to GNP (in per cent)</i>	<i>Net External Financing</i>	<i>Ratio of Net External Financing to GNP (in per cent)</i>	<i>Net Domestic Borrowing</i>	<i>Ratio of Net Domestic Borrowings to GNP (in per cent)</i>	<i>Total Financing</i>	<i>Ratio of Total Financing to GNP (in per cent)</i>	<i>Ratio of Total Financing to Capital Expenditures</i>
1978	2235.8	1.6	2512	1.8	907	.6	5644.8	4.1	77.5
1979	3334.5	2	5519	3.4	-2253	-1.4	6600.5	4	69.4
1980	4300	2.1	5680	2.8	16		9996	5	90.1
1981	7169.3	3.1	2933	3	-514	-.2	14588.3	6.3	95.2
1982	8378.2	3.3	7934	3.1	701	.2	17013.2	6.6	113.6
1983	6402.2	2.3	10557	3.6	600	.2	17559.2	6	90.3
1984	5663.5	1.3	10108	2.4	-3320	-.8	12451.5	2.9	81.5

Source: National Economic and Development Authority.

Table 14. Share of Gross Value Added (GVA) to Compensation of Government Corporations by Sector, 1975-1984
(in thousand pesos)

SECTORS		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
I.	Agricultural, Forestry	4.87	4.13	1.67	2.22	15.86	1.75	1.29	2.32	3.25	2.69
	GVA	444452	437451	207130	296562	2975854	271756	313308	544397	655703	713062
	Compensation	91253	105926	123934	133712	187634	155342	242450	234960	201652	264650
II.	Mining & Quarrying						1.24	1.04	11.95	1.39	1.67
	GVA						4218	91161	90774	169770	241318
	Compensation						3407	87464	7594	122252	144719
III.	Manufacturing	6.04	6.08	9.04	8.70	8.56	6.71	7.21	6.35	4.98	6.10
	GVA	315687	418075	612293	515088	583519	1002081	1427747	1499256	1519064	2319916
	Compensation	52253	68712	67740	59228	68144	149323	198117	236082	304876	380327
IV.	Construction						4.91	2.39	2.35	4.13	4.40
	GVA						18985	11444	8143	13384	9804
	Compensation						3864	4797	3454	3237	2228
V.	Electricity	5.00	4.93	5.27	5.71	5.85	57.99	6.56	5.98	8.27	7.50
	GVA	273270	327970	404376	571220	964244	12770844	19222809	2153844	3327869	3758437
	Compensation	54686	65773	76715	99985	164857	220246	293861	381285	402214	501195

SECTORS	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
VI. Transportation	.87	1.32	1.18	2.07	2.13	2.36	2.26	2.20	3.81	3.16
GVA	57809	114716	92833	255190	336128	407792	428457	419514	776590	775893
Compensation	66541	86986	79742	123501	157916	172564	189393	190805	203092	245713
VII. Trade	7.25	1.81	1.53	1.40	2.06	3.46	2.16	1.34	.77	2.18
GVA	271883	82714	101372	172103	336058	696354	544418	387295	259253	822880
Compensation	37513	45677	66244	123119	163425	201521	251522	283321	335886	377341
VIII. A. Financing	7.77	7.24	7.51	6.71	6.42	6.93	8.48	8.34	9.51	10.43
GVA	2474831	3334590	3982596	4858686	5369645	7823621	11383936	12954693	15132156	18417169
Compensation	318670	456685	530188	724199	929374	1129854	1342648	1553014	1591083	1765436
B. Housing	.92	.53	1.18	-.66	1.32	1.57	1.04	1.37	1.30	1.14
GVA	4122	4903	21236	-13796	37342	69181	67977	109213	117376	119437
Compensation	4466	9249	18056	21001	28319	44169	65270	79624	90281	104458
IX. Services		.28	1.13	1.08	.65	.12	.13	.58	1.15	1.00
GVA	5521	14746	67325	82278	68725	17192	25080	129615	276971	322467
Compensation	21509	53414	53460	76295	126326	146437	188879	222104	241151	323661
GRAND TOTAL	5.95	5.27	5.38	4.95	6.21	10.37	5.66	.01	6.36	6.69
GVA	3847575	4705171	5489161	6737337	11271588	23088024	16215737	18302544	22248136	27506388
Compensation	646891	832422	1020991	1361031	1806595	2225927	2863601	3.24325e9	3496524	4109928

same time, public enterprises may also lead to an increase in the overall credit creation. On the other hand, foreign borrowings may have also grave implications on the foreign debt burden in the long run.

It is unfortunate that statistics on the borrowings of government corporations are not available except for the 15 major nonfinancial government corporations. However, in a recent speech, Prime Minister Virata gave some indication in this regard:

The government corporate sector has laid claim in recent years to up to about a third of outstanding domestic public debt and about three-fourths of outstanding external debt.¹⁰

The total financing of the deficits of the 15 major nonfinancial government corporations are presented in Table 13. Net external borrowings, which averaged around 2.5 percent of GNP, constituted more than two-thirds of total financing. The contribution of net domestic borrowings was practically nil. Total financing of the 15 government corporations was approximately 3.5 percent of GNP. More than 80 percent of capital expenditures were financed from outside sources, i.e., from funds that were not internally generated. Amamong contends that government corporations borrow for reasons other than for financing their deficits, e.g., they borrow for their working capital requirement.¹¹

Factor Productivity

A comparison of the existing estimates obtained for the whole economy or subsectors of the economy was initially envisioned but was not made possible due to differences in timeframes. Results of attempts to measure partial factor productivity for government corporations are shown in the estimates given in Tables 14 and 15.

Table 15. Share of Gross Value Added (GVA) to Book Value of Government Corporations by Sector, 1975 – 1984
(In Thousand Pesos)

<i>Sector</i>	<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>
1. Agriculture, Forestry and Fishery				
Ratio	.084	1,981	.971	.837
GVA	18.6	548.4	677.9	722.8
Book Value	7638.1	276.8	697.8	863.1

<i>Sector</i>	<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>
2. Mining and Quarrying				
Ratio	.282	.141	.155	.096
GVA	911.6	987.5	169.8	241.3
Book Value	323.0	644.7	1097.5	2511.0
3. Manufacturing				
Ratio	.908	.875	.517	.742
GVA	14444.1	1498.4	1535.8	2316.2
Book Value	1590.7	1712.4	2968.7	312.5
4. Construction				
Ratio	2.91	.383	.627	.537
GVA	114.4	8.1	13.2	9.5
Book Value	3.9	21.1	21.0	17.7
5. Electricity				
Ratio	.056	.049	.051	.037
GVA	1922.2	2159.8	3327.8	3758.4
Book Value	34107.7	43876.8	54833.2	10427.1
6. Transportation				
Ratio	.084	.068	.063	.06
GVA	439.6	822.0	822.0	811.1
Book Value	5221.6	6234.2	12776.6	13568.1
7. Trade				
Ratio	.211	.061	.063	.06
GVA	439.6	377.6	841.9	612.6
Book Value	2050.5	6175.1	12775.5	13366.3
8. A. Financing				
Ratio	4.192	1.679	3.969	.124
GVA	19977.7	17357.5	27000.3	2566.7
Book Value	4765.5	10340.4	6623.6	21307.3
B. Housing				
Ratio	.066	.02	.027	.028

<i>Sector</i>	<i>1981</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>
GVA	71.3	57.1	94.9	93.9
Book Value	1073.8	2840.2	3548.2	3308.5
9. Services				
Ratio	.539	.047	.093	.124
GVA	132.6	127.2	256.5	462.7
Book Value	246.3	2720.1	2771.7	3715.5
Grand Total				
Ratio	.437	.303	.321	.072
GVA	24951.4	22857.8	34760.1	11793.8
Book Value	57842.9	74542.0	106314.9	163466.9

Factor productivity measures were computed from the 1981 Census of Establishment. From Table 16, it was found out that the capital productivity of Census Establishments is only slightly over one-half of that of government corporations. This finding is perhaps partly due to the high capital intensity of government corporations.

The Total Factor Productivity (TFP) of Census Establishments is 2.2 times that of government corporations. While a one year comparison of factor productivity is admittedly risky, nevertheless, the results are presented to give some indication of how government corporations compare with private corporations using the present data on public enterprises.¹² In a study on the manufacturing sector, Hooley had similar findings:

Total Factor Productivity in private corporations was only 12.4 percent higher than in government corporation during the fifties. A decade later, however, it was 56.2 percent higher. So the shift of corporate assets from the private to government-controlled must have had a significant downward impact on TFP performance for all corporations taken in aggregate. Looking further at the partial productivity comparisons, production per worker was essentially the same for private and government corporations in 1958-1968. But from 1968-1978, the government sector recorded a partially disappointing performance with production per worker falling to about one-fourth that in the private sector. On the contrary, it performed better than the private sector with regard to the use of intermediate inputs, and only somewhat more poorly in its use of capital.¹³

**Table 16. Factor Productivity of Government Corporations
and Census Establishments, 1981**

GVA (in million pesos)				
Government Corporations				16198
Census Establishments				105309
Book Value of Fixed Assets (in million pesos)				
Government Corporations				40056
Census Establishments				122009
Compensation (in million pesos)				
Government Corporations				2462
Census Establishments				27697
GVA — Fixed Assets				
Government Corporations (1)				.333
Census Establishments (2)				.863
(2)	(1)	100		259.2
GVA — Compensation				
Government Corporations (1)				6.579
Census Establishments (2)				3.002
(2)	(1)	100		57.8
GVA — Fixed Assets plus Compensation (Total Factor Productivity)				
Government Corporations (1)				.317
Census Establishments				.703
(2)	(1)	100		227.1

aThe data presented here excludes those pertaining to the agriculture sector since agriculture is not included in the 1981 Census of Establishments.

Source: National Census and Statistics Office

Conclusion

The extent of the public enterprise sector's contribution to the national economy has yet to be ascertained. The study indicates that the sector's contribution to employment is very limited. Data available on investment shows that the fixed investment of the 15 nonfinancial corporations for 1978-1984 represents only 15.6 percent of gross capital formation during the period whereas the contribution on investment of the larger number of corporations remains unreported. A critical area that should be addressed by policy makers is the budgetary burden of public enterprises. The sector has continually expanded and, as a consequence, has contributed significantly in increasing government deficits. Given this effect on government economic performance, appropriate policies and measures have to be instituted to make public enterprises a viable sector in the national economy.

Endnotes

¹Leroy P. Jones, *Public Enterprises and Economic Development: The Korean Case* (Seoul: Korean Development Institute, 1925). See also Malcolm Gillis, "The Role of State Enterprises in Economic Development," *Social Research*, Vol. 47 (Summer 1988), pp. 248-289.

²Robert Floyd, Cline Gray and R. Short. *Public Enterprises in Mixed Economies: Some Macroeconomic Aspects* (Washington D.C.: International Monetary Fund, 1984).

³Commission on Reorganization, *Integrated Reorganization Plan*, Manila, March 1972.

⁴Rosario Manasan, "Public Enterprises in the Philippines in 1982: A Definitional and Taxonomical Exercise," Unpublished Staff Paper Series No. 84-02, Philippine Institute for Development Studies, 1984.

⁵Leroy P. Jones, "Towards a Performance Evaluation Methodology for Public Enterprises: With Special Reference to Pakistan," Unpublished, 1981.

⁶In the Philippines, except for a couple or so, government corporations have not paid dividends to the National Government on the government's share in equity. Furthermore, there were also instances in the past when net lending which is equal to loan outlays of the National Government to the government corporate sector less repayments was converted to equity shares. See Juanita Amatong, "Explicit Budgetary Contributions of National Government to Government Corporations," Unpublished Staff Paper, Philippine Institute for Development Studies, 1985.

⁷Jones, *Op. cit.*

⁸Amatong, *Op. cit.*

⁹*Ibid.*

¹⁰Cesar E. A. Virata, Keynote Address delivered in the International Seminar on "The Role and Performance Evaluation of Public Enterprises," June 17, 1985, State Accounting and Auditing Center, Commission on Audit, Quezon City.

¹¹Amatong, *Op. cit.*

¹²In a sense, we wanted to check our own data.

¹³Richard Hooley, "Productivity in Philippine Manufacturing," Philippine Institute for Development Studies, 1985.