

**PATTERNS AND GROWTH OF PUBLIC EXPENDITURE
IN THE PHILIPPINES, 1965-1995**

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DECLARATION

I declare . . .

- (i) *that the substance of this dissertation has not already been submitted for any degree and is not currently being submitted for any other degree;*

- (ii) *that to the best of my knowledge, any help in preparing this dissertation and all sources used have been acknowledge.*



Angelina Y. Angeles

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ABSTRACT

The explosive growth of public expenditure as a proportion of national income at all levels of economic development is alarming. Various theories have been developed in an attempt to explain for the changing size and structure of public expenditure, both in developed and developing countries.

This study describes and analyses the patterns and growth of public expenditure in the Philippines on the basis of empirical data and historical facts over the period 1965-1995. Furthermore, it examines the general causes or influences that have contributed to the growth of public expenditure in the Philippines. The study employs two major approaches. Firstly, it considers various factors that may have affected the development of public expenditure, such as those suggested by Wagner. Secondly, it examines the time-pattern of expenditure growth and seeks to explain what happened to public expenditures as a result of different economic, social and political developments.

The conclusion derived in the case of the Philippines suggests that various “permanent” factors (as proposed by Wagner) have had an influence on the growth of public expenditure share in GDP. However, a sizeable portion of public expenditure still remains unexplained. In the historical analysis, it was found that public expenditure growth was partly influenced by the development plans of the government, involving huge investment programs which were primarily financed through public debt. In addition, public expenditure was further boosted by external disturbances which contributed to fiscal deficits, public debts and to the overall expansion of public expenditure.

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