HOW MUCH PHILIPPINES IS IN DEBT?

by:

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Due to the coronavirus outbreak, the Philippine government's outstanding debt was at P9.615 trillion as of end-August 2020, according to the Bureau of the Treasury (BTr). While the country's debt appears to be significant at first look, the most recent figures given by the BTr must be seen in the light of a number of circumstances.

Is it possible for the Philippines to repay its debts? When total loans are compared to the size of the economy, as measured by the debt-to-gross domestic product (GDP) ratio. A low number indicates that a country's GDP is larger than its liabilities. According to Department of Finance data, the debt-to-GDP ratio reached 48.1 percent at the end of the first half of 2020. This is significantly greater than the 39.6% recorded as of the end of 2019. According to official economists and credit rating organizations, the statistic represents the Philippines' ability to repay its debts. In short, there is still plenty of room for borrowing in the country.

Economists and academics argue that the Philippines is borrowing and spending insufficiently to combat the pandemic. It is truly the Philippines is indebted, but it should be taken note that this is for the protections of the citizens. Vaccination programs, medical health workers and recovery programs are the main expenses of the government. Whether how this loans are spent by the government is a different issue.

It is critical that developing countries like the Philippines are not allowed to fend for themselves. Lenders must recognize that a considerable portion of the debts accumulated by developing countries are fraudulent. Furthermore, we must acknowledge the historical, social, and ecological obligations owed to countries in the
global south because of colonial and post-colonial exploitation. Developing countries will only be able to recover if those debts have been acknowledged and eliminated.

Reference:

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