THE PHILIPPINE FOREIGN DEBT AND THE IMPACT ON WOMEN

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I. Background on the Philippine Foreign Debt Policy

Prior to 1965, the government followed a conservative policy on incurring foreign loans and even domestic loans. The Philippine Congress insisted that for every loan to be incurred by the government, there must be corresponding legislation passed to define properly the use of the loans to be incurred and the manner of payment as well as the period for paying the loans. The President of the Philippines incurred the loans on behalf of the Republic of the Philippines authorized by a law passed by Congress with a provision that the President must report to Congress on how the loans were expended as a system of accountability.

President Marcos was re-elected as President in November 1969 supposedly to serve for another four years ending December 1973. President Marcos, however, declared martial law and remained in power until his expulsion on February 25, 1986.

Among the Presidential decrees that President Marcos passed were those amending the foreign borrowing law to expand its coverage and removing the provision on the ceiling amount. The reconstituted semblance of a Legislative Assembly beginning 1978 did not have any power to check on the Chief Executive regarding his treaty-making authority nor his authority to incur loans. All that the President needed was a feasibility study from the National Economic Development Authority (NEDA) and an authorization of the amount to be incurred from the Central Bank.

By the end of the Marcos rule, the total external debt of the Philippine government was $28 billion. The Marcos administration had implemented the original provision of the foreign borrowing law that the debt service for the loans incurred should not exceed 20 per cent of the total foreign exchange earnings of the country. It may be said here that the Marcos administration had met difficulties in servicing the loans because the anticipated income from the country's international trade was not sufficient to meet the service requirements of the loans that were maturing, especially the short term and medium term loans.

The original concept behind the foreign borrowing policy was to be able to obtain capital for Philippine banks for relending to those engaged in agro-industrial development in the country as well as those engaged in equity investments. At the same time the government had a policy of attracting foreign investments to the country to generate employment. All agro-industrial investors both local and foreign were encouraged to develop products that could be exported to boost the country's international trade. The government anticipated foreign exchange earnings from international trade to help pay the foreign loans.

In addition, the government adopted a policy of exporting services as part of the Export-Incentive Law which became operational since 1970 whereby manpower services were sold abroad by deploying Filipino workers overseas. The Export Incentive Law treated labor as commodities which explains why there was no adequate protection for Filipino laborers working abroad for a long period of time. The government expected to earn income from the labor contracts of overseas workers which would augment the foreign exchange income of the Philippines. In 1974, the government also implemented the Tourism Incentive Act whereby tourists of all kinds were encouraged to come to the Philippines thereby earning foreign exchange for the country.

On paper, the grand design that could not fail was that the foreign loans of the government could be paid from foreign investments and international trade earnings, the export of manpower services and the income from tourism. Not anticipated were:

- the loans that went to governmental infrastructure were not income generating;
- the investments funded by the loans could not immediately earn enough to sustain the payment requirements;
- the investments were not adequately productive to meet some of its export objectives;
- the high cost of gasoline beginning 1973 exacerbated the balance of payment problem of the country;
- the capital equipment that came with the external loans merely worsened the country's trade imbalance;
- the industries would not absorb all the workers needing employment;
- corruption in all echelons of the bureaucracy was uncontrollable, thus wasting government funds; and
- not all foreign exchange income of the country was remitted to the Philippines, particularly from sugar exports.

Above all, the Marcoses and their cronies consumed substantial amounts of foreign loans obtained by the country through business investments. Until today, it is difficult to ascertain the real beneficiaries of the foreign loans. For this reason, during the early period of the Aquino government in 1986-1987, the recommendation of some sectors was to adopt a debt repudiation policy for what has been categorized as the Marcos' behest loans. This however did not materialize because of possible political and economic repercussions.

The two Philippine administrations after the Marcos' twenty year rule, that of President Corazon Aquino and President Fidel

Ramos, have not deviated from the policy of obtaining foreign loans to fund its economic development programs. At the end of the Aquino government, the country's external loan was $31 billion and now under the Ramos administration, it is $33 billion. The funds that will be used to implement the President's economic program for "Philippines 2000," it appears, will still have to come from more foreign loans to add to what the government anticipates to generate from foreign investments and domestic sources. The last credit tranche from the International Monetary Fund (IMF) which will be granted in 1994 will add to the increase of the foreign debt. The debt service under the Aquino government constituted 40-44 % of the annual national budget; this was reduced to 30-35% under the Ramos administration.

II. The Effects of Foreign Debt on the Country

The infrastructure development in the country from the period 1968 to the present was mostly funded by foreign loans. The capital investments in most business enterprises were loans obtained from local banks that were the beneficiaries of capital reloaned to them from foreign loans to government financial institutions. Some big investments and joint ventures were also direct foreign borrowers guaranteed by the Philippine government. Both industrial and agricultural ventures became export-oriented as a requirement of the loans they had obtained for capital. But even as the Philippines obtained more external loans, the Philippine peso was devalued to control inflation in compliance with the regulatory measures of the IMF. Today the peso rate is pegged within the rate of P28 to $1. The more the peso is devalued the less its purchasing capacity.

The negative aspect of this is that the prices of commodities in the country and the cost of consumers' goods for people's daily needs seem to be controlled by the peso ratio with the dollar. Business firms have to cope with the banks' high interest rates that had gone as high as 36% during the Marcos years, going down during the Aquino administration and now varying from 13 to 20% depending on the transactions. From 1983 to 1989 several firms had to retrench their personnel and cut down on operating costs to cope with the unfavorable economic climate in the country compounded by the problems brought about by political instability. Inevitably, the high cost of commodity production was passed on to the consumers in the form of higher prices..

This retrenchment in a greater number of cases resulted in unemployment and the economic destabilization of the family. The export orientation for most commodities and agricultural products also affected the market supply of food products. This hiked the prices of these commodities making it difficult for ordinary people to afford basic needs. The government also adopted a retrenchment policy by merging and abolishing certain offices that left a number of government employees jobless. On top of it all, the government also practices deficit budgeting, which means programming projects that would be funded by future loans. The government has not changed its policy on foreign borrowing despite its difficulty in debt servicing. With the negative balance of international trade, the only two other sources of foreign exchange for the country that remain are those from tourism and the export of manpower. The income of the overseas and migrant workers remitted to their families in the Philippines has become a major support of the economy.

While tourism has earned foreign exchange for the country and provided jobs for some sectors, it has also encouraged certain immoral activities such as the prostitution of adults and children, the presence of pedophiles, the prevalence of sexually transmitted diseases such as AIDS and the attendant social problems of drug trafficking, child abandonment and petty crime. The policy of screening overseas workers before deployment has earned the government a substantial amount in fees paid to the Philippine Overseas Employment Administration (POEA).

But while overseas workers are a boon to the economy, very often each one has a sad story to tell about her/his experiences under a foreign employer. Under the Aquino government, the incomes of the overseas workers were considered lucrative enough for a proposal to use the workers' money to pay the foreign loans of the government through a government bond that shall represent their savings. The idea was later abandoned because of the risks to both workers and the government.

III. The Impact on Women and the Family

The heavy debt burden that did not generate productivity resulted in high prices of commodities and consumers' goods and in unemployment because of the retrenchment in business firms and the bureaucracy. The people's lack of purchasing capacity affected the family's economic and social life, creating a heavy burden for the mothers whose moral responsibility is to see to it that the children and the family are fed. The men alone could not adequately contribute to the economic needs of their families. The problem of the government is they can not adequately provide the social services for the people. With debt service eating up a greater part of the government's budget, the share for social services became much smaller than it would have been otherwise.Subsidized medicines for the indigent could not even be provided by government hospitals. Ill health therefore added to the burden of the less affluent mother when children and other family members were afflicted. At the same time, children had to be sent to school and had to be clothed and fed. The burden of economic survival, therefore, fell heavily on the women who had to work doubly hard to support the family.

The National Statistics Office (NSO), a Philippine government agency, made a statistical profile on women's increasing labor participation. The record showed that more women have joined the labor force from 40.4% in 1975 to 47.5% in 1990. Women were engaged in the wholesale and retail industry as well as in community, social and personal services from 1977 to 1991. One-fourth of the total work force in agriculture were women. Women were also in professional, technical and related work as well as in clerical, sales and services. In 1990, there was a total of 1.247 million unemployed, 10% of whom were household heads. Twenty percent of these household heads were women.

In 1991, the majority of overseas workers were male. Three percent of the women overseas workers, like the males, worked in production and transport equipment as operators and laborers. Of the women overseas workers, 82% were engaged in services. An average contract worker remitted P6,741.00 a month to the family. The number of economically active women increased by 85% from 4.9 million in 1975 to 9.1 million in 1990.

In 1992, there were 14.2 million employed men and 8.3 million employed women. In July 1987, there were 1.27 million men looking for work which increased to 1.4 million in July 1991. Of the women, 1.22 million were seeking work in 1987. This number decreased to 1.1 million by July 1991. It can be surmised that more women obtained employment overseas, working as domestic helpers and other services. The report indicated that from the period 1987 to January 1992, the employment rate of women ranged from 81.7% to 90.8% while the men ranged from 88.1% to 93.5%. The statistics showed that more and more women have joined the labor force because of the need of the family for economic survival.

Another area where women are found is in the wholesale and retail trade where women comprised 67.2% by 1991. Women are also in manufacturing comprising 46.4% in 1991. Those in real estate and business services comprised 35.2% to 38.4% respectively. Those in social and personal services ranged from 54.3% in 1977 to 56.2% in 1991. The four areas of work where women outnumbered the men are in the professional and technical and related works, clerical work, sales and services. There has been an increase in the number of women employees that comprised 10% in 1976 to 20% in 1990.

IV. Women's Options

In the Philippines, it is the perception of the man in the street that while the external debt of the country is a heavy burden for the government and the economy, any government in power could not do without it because the power elites have to show some kind of performance and accomplishments to obtain the votes of the people during the elections. The country therefore continues to avail of stabilization funds of the IMF even if it means complying with its regulatory measures of import liberalization and the imposition of more tax laws on the people. Meanwhile, the government continues to make plans and programs even without funds but only with the anticipation that loans could be later obtained from a foreign source to implement the plan. With this reality and the ensuing economic difficulty that goes with it, the people, especially the women, have chosen certain options that would help them improve their income and purchasing capacity.

Basically, the women have made themselves educationally competitive enough for the job market. Thus, there are women occupying very high positions in the government and the private sectors. But even while the literacy rate of the country is 93.5%, many women still undergo livelihood training programs at their own expense or avail of skills training programs offered by benevolent NGOs concerned with women's welfare. Women are also trained as entrepreneurs marketing handicrafts and home products they have learned to manufacture on a cottage industry scale. They put up small businesses in food and clothing to help support the family. Women also work as market vendors using their own capital or selling goods on consignment basis. They put up retail stores in their own homes.

In many places, women put up flea markets and eateries on a small scale basis. Housewives prepare preserved foods for sale to their neighbors and friends. Many families have survived economically through the effort of the mothers or the sisters who have become the bread winners of the family.

In the rural areas, women are engaged in backyard gardening and even in full scale field cultivation not only of rice but also of other agricultural products that they could easily sell to the markets to obtain the necessary cash. Women in the fishing communities are engaged in fishing and the preparation of fish to be sold in the market or in the neighborhood. Some women are also engaged in reforestation projects in their upland communities. Some women have revived the art of weaving the traditional cloth for sale to the market or the department stores or on special orders by customers. Women also are self-employed as embroiderers and as dressmakers. In a sense, there are many options for women who need to earn enough to support themselves and the whole family.

Unfortunately, however, there are also women whose options in coping with economic difficulties are not only very lowly but also criminal, such as prostitution and petty crime. In the Philippines, there are concerned women NGOs that attempt to assist these women in trouble the moment they try to seek assistance to change themselves. At the moment, one big problem confronting concerned women is the need to assist the women overseas workers who are subjected to indignities by their employers. There are very few foreign governments who are willing to protect these migrant workers when they need help.

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