Economic problems of the philippines

Economics

Economic Problems of the Philippines Economic problems of the Philippines are very similar to those being battled by other underdeveloped and developing nations. After a long tryst with colonization, the nation is now grappling with increased imports and a mixed economy that is still to stabilize. The Republic of the Philippines is located in Southeast Asia and Manila is its capital city. The country comprises 7, 107 islands and ranks as the 12th most populous country in the world. Like most other southeast Asian regions, the Philippines too has a history of European colonization.

It was a colony of Spain and the USA. The country is now home to multiple cultures and traditional ethnicity. It is also looked upon as a perfect example of a 'mixed economy'. Industrialization is a new development in the Philippines. Traditionally, the economy stabilized on the agrarian contributions and the manufacture of garments, pharmaceutical products and semiconductors. In the last decade, electronic exports added to the exports, including various products obtained by mining. The economy of the nation also largely depends on the remittances from Filipinos seeding overseas and investing in the homeland.

However, exports are not evenly balanced by the imports that include heavy electronics, garments, various raw materials, intermediate goods and fuel. The influence of the Manila galleon on the nation's economy during the Spanish period, and bilateral trade when the country was a colony of the United States has resulted in the preference of a mixed economy over a centrally planned or market based one. It is very important to understand the shift during the Ferdinand Marco'sleadership, from a market economy to a centrally landed economy, to relate to the economic recession that the country is now facing.

With adverse global trends and the world economy entering a protracteddepression, in 2011, the Philippines faced another economic downturn. The country's lack of internal economic strength due to the absence of core manufacturing sector and an absence of firm and bold domestic policy initiatives have led the economy to be dependent on the state of the global economy. Thereby making it vulnerable to external shocks. Here we try to look at three possible challenges posed to growth and real velveteen of the economy in 2012, based upon the insights provided by the economic policy-making and decisions by the Aquinas administration in 2011.

Major Financial Problems of the Philippines Over-dependence on Global Economy The growth of the Philippines economy drastically slowed to Just 3. 6% in the first three quarters of 2011, which is significantly less than the 7%-8% growth targeted by administration's Philippine Development Plan (Though the slowdown may nave been due to the ongoing global crisis, it was markedly slower in comparison to other South-East Asian neighbors. Economic performance figures indicated a contraction in exports and a drop in FAD.

Though the remittances from overseas Filipinos to the country grew in the first ten months of 2011, however the compensation that overseas Filipinos received actually fell, in peso terms, due to an appreciating peso. In 2011 the Aquinas administration sought a FAT (Free Trade Agreement) with the

EX. and Join the Trans-Pacific Partnership (TAP). The administration further allowed the US to even more directly influence Philippine economic policy making in its self- interest, by entering in a Partnership for Growth (Peg).

These partnerships will consequently further the dependence of the economy on the global economy, whereas a regional arrangement between less unequal Southeast Asian countries is potentially useful. Greater attention has to be paid to addressing to the internal problems of the economy and enhancing domestic-oriented growth. A policy of removing structural impediments to growth has to be adopted with lesser focus on foreign investors and exporters. Unemployment

The official unemployment figures for the Philippines in 2011 are among the worst in Asia, higher than its South-East Asian neighbors and according to the International Labor Organization the country is among the worst one-fourth in the world in terms of unemployment rates. Without a strong manufacturing industry or real Filipino industry, the economy will be unable to create enough decent paying Jobs. Till then manufacturing or services will remain substandard, or of low value-addition. According to employment figures, Jobs in the Philippines manufacturing sector increased by Just 8% of the total employment.

Nearly three out of every ten people in the labor force are looking for work or are Jobless. The mining sub-sector said to be one of thefastest growing industryin 2011 failed to generate new Jobs Oust 0. 6 % of total employment). Steadily rising inflation has contributed to the erosion of the value of theminimum wage. Though the Aquinas administration increased the minimum wage and announced cash dole-outs but lack of quality decent paying Jobs and higher real wages continue to be a problem.