

The debt of the pandemic



The collective debt of the world is unbelievably high.

Apart from COVID-19's high human and health costs, the pandemic has brought about a series of economic disruptions worldwide, most notably an uncontrolled increase in debt, for both countries and the business sector.

A study conducted by Argentinian specialists Francisco Cantamutto and Lucas Castiglioni, published in the newspaper Página 12, indicates that the obligations currently amount to the staggering figure of \$298 billion, or 331 percent of the world's Gross Domestic Product.

Simply stated, to pay all that is owed to the public and private sectors, it should be used 3.3 times all the wealth generated in one year, without diverting a single penny for other purposes, which is practically impossible.

And if the pandemic lasts longer and gets worse, as news reports are saying, the debt will be much heavier. This is not something that affects only poor nations, which are linked by the common burden of owing much more than they are able to produce, because also the industrialized countries are at an impasse.

In the United States, for example, this year, the amount of debt exceeded what was registered in 2008, when the housing and financial bubble burst, and they even go beyond the Great Depression of 1930.

Likewise in Argentina, the government of Cambiemos, headed by Mauricio Macri, left the country practically bankrupt, with obligations of over 320 billion dollars. Although the new Argentinian administration managed to renegotiate part of this amount with a group of creditors, the same maneuver has yet to be done with the International Monetary Fund.

According to the World Bank, the global economy is experiencing the most difficult scenario since World War II. This is believed to be the first time since the 1960s that such a large group of countries are found simultaneously in the midst of a recession.

The loss of formal jobs has reached record high figures, which makes poverty and extreme poverty indicators consequently rise.

Specialists remark that unless strict fiscal adjustments are made, the cost of the debt will prevent resources from being available to face the health crisis which, in turn, will further depress the economies of the world.

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