

Why Ghana Needs a Limit on Government Borrowing(Mimi)

Greetings everyone. Today, I want to discuss a crucial issue for Ghana's economic future: imposing a limit on government borrowing. According to FocusEconomics, public debt in Ghana averaged 62.4% of GDP in the decade leading to 2022, exceeding the Sub-Saharan Africa region's average of 43.7% of GDP. As of 2022, Ghana's public debt had ballooned to a concerning 92.4% of GDP. This unsustainable level of debt threatens our economic well-being.

Point 1: Unsustainable Debt (20 seconds)(Mimi)

Ghana's current debt of 92.4% of GDP is a heavy burden. It limits resources for essential services like education and healthcare and hinders economic growth. This static shows that Ghana is in a precarious economic situation. Hence, it would be ideal if Ghana stopped borrowing totally. However, Ghana is a third-world country and is incapable of fending for its needs without borrowing. To ensure that this borrowing does not go overboard, we suggest a 20% cap.

Point 2: Crowding Out Investment (20 seconds)Eureka

Excessive government borrowing competes with private sector investment for available funds. A cap on borrowing frees up resources for businesses to invest, creating jobs and boosting long-term economic health.

Point 3: Fiscal Discipline (20 seconds)(Kwaku)

A borrowing limit forces the government to prioritize spending and seek alternative revenue sources. This fosters fiscal responsibility and discourages wasteful practices.

Point 4: Long-Term Stability (20 seconds)(Kwaku)

Unchecked borrowing makes Ghana vulnerable to economic shocks. A cap promotes sustainability, safeguarding the economy from future crises.

Point 5: Future Generations (20 seconds)Kevin

Uncontrolled debt burdens future generations with the responsibility to repay. A cap protects their economic well-being and ensures a brighter future.

Point 6: International Confidence (20 seconds)Kevin

Investors lose faith in economies with excessive debt. A borrowing limit signals fiscal responsibility and attracts foreign investment, boosting economic activity. Instead of excessive borrowing, we can create convenient policies to enable investors to leverage the human capital available to Ghana which will increase productivity(catch-up effect).

Point 7: Flexibility for Growth (20 seconds) Eureka

The cap doesn't have to be rigid. A formula considering economic factors like growth and interest rates can allow for adjustments while maintaining control.

Point 8: Focus on Efficiency (20 seconds)(Eureka)

Combined with a borrowing cap, efforts to improve government spending efficiency can further reduce reliance on debt and free up resources for vital areas.

Conclusion (15 seconds)(Mimi)

By enacting a reasonable limit on government borrowing, we can ensure a more stable, prosperous future for Ghana. Let's prioritize fiscal responsibility for the benefit of all Ghanaians today and for generations to come.