

Column for Business Mirror
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The Entrepreneur

Buying Time

ECONOMIC growth this year, as in the past many years, will again be driven by consumption, which, in turn, will be fueled by remittances from overseas Filipino workers (OFWs) estimated at \$21.1 billion, up from \$20.1 billion in 2011.

The other growth driver is the business- process outsourcing (BPO) industry, which was projected to generate \$11 billion in services export revenues in 2011. In addition to boosting the retail businesses, remittances and BPOs are also the main factors behind the boom in the real-estate sector.

Without these two factors, the Philippines would have joined the United States and many countries in recession during the global financial crisis of 2008, and would not have achieved even the slow growth of 3.7 percent in 2011.

Remittances and the BPOs are also expected to help the economy achieve higher growth this year, estimated at 4.2 percent by the World Bank, 4.8 percent by the Asian Development Bank and as high as 6 percent by the government.

I feel that we are becoming too dependent on remittances and the services sector for consumption-led growth to the extent that we are becoming complacent in pursuing growth in other sectors of the economy, particularly manufacturing.

We literally killed our manufacturing industries when we followed the liberalization trend without putting safety nets in place to protect our industries. We were led to believe that it was better for us to import goods because they were cheaper. And then we fell in love with BPOs, which admittedly opened employment opportunities for hundreds of thousands of college-educated Filipinos.

In my view, the jobs being generated by the services sector are nowhere near the volume that we need to seriously address the employment problem, nor are we attracting as much investments as we would have from manufacturing industries.

Consider this: according to the Bangko Sentral ng Pilipinas, net foreign direct investments (FDI) amounted to \$782 million in the first 11 months of 2011, reflecting a 38.5-percent drop from \$1.3 billion in the same period in 2010. The total FDI of \$1.7 billion recorded in 2010, however, was lower by 12.7 percent compared with the \$2.0 billion net inflow in 2009. With respect to remittances, gone are the double-digit growth rates. The dollar figures are substantial, but year-on-year growth is actually on the decline. The estimate for 2012 reflects a 5-percent growth from 2011, when remittances grew 7 percent, which was slower than the 8.13-percent increase in 2009.

Of course, I don't see the flow of remittances stopping in the near future because our workers are still in high demand overseas. Many of our countrymen continue to seek employment abroad because of the lack of opportunities here. And this is the reason many still refuse to come home despite the worsening security problem in Syria.

I also don't see our BPO industry slowing down because it continues to attract foreign companies looking to cut costs in their headquarters. This is why industry players are not so worried about moves in the United States to discourage their companies from outsourcing their operations.

Nevertheless, the BPO and OFWs must always be viewed as stop-gap measures; they are not the permanent solutions to our employment and growth problems. In the long run, they present adverse social consequences. Can you imagine our people, especially

the youth, who have to sleep during the day to stay awake and work at night because BPO clients are in countries with different time zones?

I tend to agree with the observation of Ramon Magsaysay Awardee Harish Hande of India, the Philippines's close rival in the outsourcing industry, who said India's call-center culture has produced "glorified secretaries" who have become pessimistic about their future.

"What has happened in India," Hande said, "is that you have also created a bunch of frustrated young people in the future, who have become more cynical, saying that I can't do anything else, because I have spent my valuable years in a call center."

Indeed, in the long run, we cannot claim to be a self-respecting nation if our citizens continue to leave because their country cannot offer employment, and whose youth are deprived of opportunities to realize their full potential because they have to work as telephone operators.

True, we have to continue relying on BPOs and OFWs to keep our economy afloat and growing, but we should consider that they are also giving us time to focus on developing a permanent solution to our employment problem, which means rebuilding our manufacturing base.

We need such a definite program, and pursue it with at least the same passion as in running after the corrupt in our country.

(To be continued)

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