

Column for Business Mirror
MANNY VILLAR
January 23, 2012

The Entrepreneur

What the Bishop Bill Really Means

THE Bishop bill says a lot more than discouraging American companies from outsourcing their operations to other countries like the Philippines.

I'm referring to House Bill 3596, or the "US Call Center and Consumer Protection Act," which was introduced in December by Rep. Tim Bishop to bar corporations that send US call-center jobs overseas from receiving federal grants and loans.

A statement from Bishop's office says the proposed legislation also requires overseas call-center employees to disclose their location to US consumers and gives customers the right to be transferred to a US-based call center upon request.

The measure also seeks to penalize US companies \$10,000 a day, if they fail to report their relocation to the US Department of Labor within 60 days. And it will require the US Department of Labor to track firms that move call-center jobs overseas, and that these firms will then be ineligible for any direct or indirect federal loans or loan guarantees for five years.

"It's common sense that we should not be rewarding companies that ship jobs overseas while millions of qualified Americans are looking for work," Bishop said. "Taxpayer dollars should only be used to incentivize good corporate citizens who create American jobs."

Viewed in light of the sluggish economy, the Bishop bill is laudable considering the high unemployment rate of over 9 percent in the US. The Communications Workers of America, as cited in Bishop's statement, said the total customer service/call-center employment dropped from 5.2 million in 2006 to 4.7 million in 2010, a loss of approximately 500,000 jobs in four years.

On the other hand, the business-process outsourcing industry has been a huge source of employment for Filipinos. The Department of Labor and Employment estimates employment in the BPO industry at about 500,000, overtaking India last year as the world's biggest provider of call-center agents.

Viewed in relation to the overall US economic doctrine, however, the Bishop bill is a very protectionist measure. If this is a trend then the Americans are admitting that their system is a failure.

They have been preaching to the world the virtues of free enterprise, of breaking down tariff and other barriers to free trade, opening up the economy, liberalization, deregulation, etc. They persuaded developing countries, including the Philippines, to open up as they preached the virtues of the Washington consensus, which was how the US free-enterprise doctrine came to be known.

For a long time, the US had been against protectionism, and that position had been trumpeted by our own leaders and economic officials: protectionism is bad.

Seeing the impact of the Washington consensus on the Philippine economy, both as a businessman and as a lawmaker, however, I've always felt that we have overdone it.

I really felt that while we had to open our economy as a way of gaining markets abroad, we should not have opened it as fast as we did, which was so fast that we destroyed the local manufacturing industries.

We were flooded with products made in other countries and our industries could not compete because their foreign competitors were already ahead in terms of technology and had receive massive support from their own governments.

In contrast, the Philippines, as a developing country, is just that, still developing.

Now, it's interesting to see that when their interests are affected, it's not too difficult for the Americans to abandon their long-held principles, turn around, and take an opposite stance. And, I believe, even Europe, given the crisis and looming recession, will take the same protectionist stance.

What about us? I look at the Bishop bill, together with the changing American economic stance as a wake-up call. We must wake up to the reality that we must look after our own welfare, first and foremost. And we must not take the economic principles being trumpeted by other nations as gospel truth.

Now that the US and Europe are becoming protectionist—in line with the basic instinct of survival—shouldn't we do the same?

In the end, we should do what is best for us because nobody will do it for us!

You may send your comments/feedback to mbvillar_comments@yahoo.com.

LINK:

<http://www.businessmirror.com.ph/home/opinion/22347-what-the-bishop-bill-really-means>