

From the Editor

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ONE of the perversities of modern life is the tendency to accentuate the negative and ignore the positive. This is particularly the case for globalization and jobs.

The closure of bank branches, like those announced last week by the Bank of Melbourne, are front-page news and the focus of public angst. Conversely, the creation of new jobs—such as call centres—are largely ignored or dismissed as 'sweatshops'.

These two phenomena—the reduction in bank branches and the growth of call centres—are driven by the same forces: technological change, competition and consumer preferences. Indeed, they are two sides of the globalization coin.

The globalization coin is indeed bent. But, contrary to public perception, it is bent not in favour of job destruction, but in favour of job creation.

People are not using bank branches as much as they did in the past, particularly in rural areas. They are taking advantage of new technologies such as ATM, EFTPOS and the Internet. And banks are facing intense competition from a growing assortment of new competitors, many of whom have no branches at all. As a result, banks are closing branches, reducing counter staff and rolling out new services and delivery systems.

At the same time, people are increasingly using phones and the Internet to communicate with businesses, and businesses are facing intense pressure to get it right. Technology is allowing specialization of this task with lower costs and better services. As a result, call centres are one of the world's fastest growing businesses.

The US currently has about 70,000 call centres employing over 2.5 million people—about two per



cent of the US workforce, equivalent to the entire civilian workforce of the US Federal Government.

The Australian call centre industry was held back until 1996 by import restrictions on telecommunications equipment. Since then, the industry has blossomed. The number of centres has grown from 600 in 1996 to 5,000 in 1999 and its workforce has grown over the period from 10,000 to 160,000. The experts expect the industry to continue to grow at a rate in excess of 20 per cent per annum over the next five years.

Call centres now employ more people than the big-four banks. They have created more jobs over the last three years than were shed by all government-owned electricity, gas, rail and telecommunication firms in the last ten years. Over the next two years they are expected to create more jobs than were lost by the big-four banks over the last ten years.

Contrary to the critics, the industry is not a 'low-tech sweatshop'. Wages are on a par with bank clerks' wages and above those in the retail and restaurant sectors. Although some call centres are technologically simple—a large room full of people answering phones—they are becoming more complex.

Importantly, call centres are one of the brightest hopes for regional

Australia, as they can be located anywhere. Call centres need good telecommunication facilities, low-cost, high-quality office space, and a motivated, flexible workforce. Many regional centres—such as Bendigo and Albury—have these in abundance and are attracting call centres from the metropolitan areas.

Luckily, while public debate remain focused on the negative, others are thinking positive and are grasping opportunities and creating jobs.

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Note

As you may have noticed from this column or from the media, Michael Warby is no longer Editor of the *IPA Review*. Michael stepped down from the editorship late in February following the revelation that he had used factual material from an article published on the Internet without attribution. The IPA has clear standards on plagiarism and Michael contravened them. I will act as Editor until a new one is appointed.

Michael discusses his action and the resultant decision in the next story.

Michael remains on the staff of the Institute. Michael has been an excellent contributor to the debate, particularly with his work on the ABC and bias in the media. Moreover, his actions were very uncharacteristic as he is by nature a highly original, thorough and thoughtful person. He has learnt a valuable lesson and we believe that he deserves a second chance.

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