

The Oxford Handbook of OFFSHORING AND GLOBAL EMPLOYMENT

OFFSHORING AND GLOBAL EMPLOYMENT

Edited by

ASHOK BARDHAN, DWIGHT M. JAFFEE





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Editors' Note

How global economic integration and technological change impact job creation in countries around the world is a matter of acute interest for policy makers and scholars. We began our study of globalization and offshoring in the mid-1990s. The offshoring of manufacturing had accelerated and changing telecommunications technology was just beginning to enable global trade of many services activities previously thought to be firmly in the local or domestic sphere. The global labor market for many occupations and activities initially seemed a one-way migration of jobs from developed to developing economies, but it soon became evident that a more complex mix of effects and impacts was under way in both sets of countries. Data limitations and even conceptual issues related to measuring services trade and trade in intermediate goods made analysis of employment effects challenging. However, over the past decade, a rich body of literature has emerged that has effectively confronted this challenge. The collection of essays in this book pulls together work of some of the most eminent scholars and thinkers in the field as well as some "emerging" experts. The work is unique on two counts: first, it looks at both sides of the offshoring divide—from the point of view of countries that have offshored jobs, as well as the perspective of countries in the developing world that have been at the receiving end; and second, many of the chapters also deal with the impact of the global economic crisis, which brought all these issues into sharper focus.

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SECTION IA

GLOBALIZATION AND EMPLOYMENT IN THE DEVELOPED WORLD

SECTION IA

GLOBALIZATION
AND EMPLOYMENT
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CHAPTER 1

THE GLOBAL LESSONS OF OFFSHORING

ASHOK BARDHAN, DWIGHT JAFFEE, AND CYNTHIA KROLL

OVER recent decades, the issue of globalization has generated animated debate and discussion among policymakers, academics, and affected citizens alike. In the aftermath of the Great Recession of 2008 and the continuing tepid recovery in the global economy, the topic has acquired a renewed urgency and edge. The offshore migration of jobs, first from manufacturing and later from services, has led to a contentious debate over the costs and benefits of globalization. In the developed economies, there is growing concern over the prospects for job creation, competitiveness, and future standards of living. At the same time, developing countries and the hitherto fast-growing emerging economies are feeling increasingly insecure about the sustainability of their recent economic boom. While many emerging countries have been significant beneficiaries of the offshoring phenomenon, they increasingly face their own social and economic problems, in some cases arising out of the very success story of their economic growth. There are widespread challenges from growing inequality, uneven economic development, widening rural-urban divide, and educational, infrastructural and institutional constraints. These concerns are an understandable response as long as it remains unclear to what extent the "winners" will share the dividends of globalization to achieve broader social goals.

Technological change, the other iconic phenomenon of our times, has been closely intertwined with the impacts of globalization. Technological advances have been a major driver of economic growth. At the same time, they have had a disruptive effect, particularly when seen as the source of job losses. Indeed, the costs to those losing their jobs may be virtually the same whether the actual causative factor is offshoring or domestic technological change.

How globalization and technological change interact to impact employment, the key politico-economic variable of interest globally, is the central purpose and objective of this book. Two other defining characteristics of this volume, that set it apart from other edited