

**Off-Shoring of White Collar Employment
Readings for Week of October 18^h**

Distribution: How gains from outsourcing get divided up.

The principle of comparative advantage indicates that trade between countries with different specializations produces benefits to both parties. In theory, the windfall benefit to a developed country that offshores its non-competitive sectors – be they agriculture, manufacturing or services – should be so large as to easily compensate those displaced as a result. This is the mantra that economists tend to repeat when confronted with the reality of welfare losses as a result of international integration, but they leave describing the actual mechanics of this process to others.

This week we will look at economic redistribution in a number of advanced countries. Redistribution has been a fact of life in all of these for most of the 20th century as a means of smoothing over class antagonisms produced by market-based production. Different states have come up with different institutions and regimes of redistribution, varying from the market-driven tough-love of the Anglo-Saxon countries to the expansive welfare states of Europe. These regimes have responded differently to the pressures of globalization, offering different levels of egalitarian redistribution but also gaining different prospects for sustainability. We will also look at redistribution from other perspectives – what does globalization mean for the relative strength of different social and economic groups? And are there new distributive innovations that can replace or augment the regimes that different societies have inherited?

Readings: (all readings are available on-line in PDF format, but will be emailed to the class with subsequent news articles)

Please read 3 of the following papers.

Globalization and the Reform of European Social Models

André Sapir, Bruegel Institute, September 2005

Sense and Nonsense in the Globalization Debate

Dani Rodrik, *Foreign Policy*, Summer 1997

Reworking Work: Tough Times Ahead

Joseph F. Coates, *Annals of the American Academy of Political and Social Science*, March 1996

Globalization and Stakeholder Conflicts: A Corporate Perspective

Deanne Julius, *International Affairs*, July 1997

Worthwhile background works include:

Peter Hall and David Soskice, *Varieties of Capitalism*. Oxford UP, 2001.

Gosta Esping-Anderson, *The Three Worlds of Welfare Capitalism*. Princeton UP, 1990.

Dani Rodrik, *Has Globalization Gone Too Far?* IIE, 1997