



KATEDRA HOSPODÁRSKEJ POLITIKY



CENTRUM PRE EKONÓMIU A FINANČIE



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EUROSYSTEM



BRATISLAVA ECONOMIC SEMINAR

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Low-Skill Offshoring: Labor Market Policies and Welfare Effects

Abstract

We analyse the effects of low-skill workers offshoring on the welfare of the economy. In the context of a matching model with different possible equilibria, we discuss two policies that could potentially outweigh the negative welfare effects of offshoring, namely, an increase of the unemployment benefits and the flexibilisation of the labour market. Our results suggest that, while both policy instruments can theoretically bring the economy back to previous welfare levels, careful thought should be given to the practicability of either measure. In particular, it would take a major increase of the unemployment benefits but only a small reduction in the vacancy cost to compensate for the negative welfare effects of offshoring. In addition, we also find that the compensation can be achieved by an upgrading of the low-skill workers that varies with the equilibria.

Venue: National Bank of Slovakia, 8th Floor Conference Room 024
I. Karvaša 1, Bratislava

Date: November 28, 2014

Program: 9:50 registration
10:00 Jana Hromcová: Low-Skill Offshoring: Labor Market Policies and Welfare Effects