

The “Inconvenient Truth” about Skilled Labor Outsourcing

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Abstract

In the 1980s and 90s, empirical research led some economists to the conclusion that trade was not a significant factor in the observed long term trend of income disparity in the United States. However, since 2000 a growing tide of opinion suggests that outsourcing and more recently skilled labor outsourcing may be at the root of the US's economic woes. This paper considers evidence of earlier studies and analyzes current wage and income trends. Results indicate that various economic factors including outsourcing may be expected to continue to drive a wedge between the household incomes of the wealthiest and poorest segments of the population.