

# Outsourcing and the Relative Demand for Low-skilled Labour: exemplary evidence from German input-output data

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## **Abstract**

Against the background of deteriorated fortunes of low-skilled workers in terms of their relative earnings and employment position, this paper analyses how international outsourcing may affect the relative demand for low skilled workers. Contrary to previous empirical work the single elements of the input-output-matrix are used to disentangle international outsourcing and trade in final goods more accurately. The main finding is that while in most industries international outsourcing had no significant impact on the relative demand for low skilled workers, there are however some industries such as the air- and spacecraft, electrical engineering, chemical, office machinery and computers as well as the paper industry where international outsourcing has been of high importance, explaining up to 28% of the change in the relative demand for low-skilled labour between 1978 and 1993.

<http://www.aea.fed-eco.org/fr/archives/2002Bruxelles/programme.asp>