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Labor Economics

**HW#2** (*Please type all answers*)

- I. Use Aggregate Labor Market diagrams to show the effect of immigration when (a) all workers have identical skills and (b) native and foreign workers have different skills.
- II. Suppose that inside the United States, Americans and Mexicans workers can produce the following in a day.

	American Worker	Mexican Worker
Corn	4	2
Cars	4	1

Suppose that with immigration, one car sells for 1.5 bales of corn. Create a new table that shows how immigration effectively raises both Americans' and Mexicans' productivity.

- III. How would increased immigration from Mexico be likely to affect (a) U.S. workers in English-intensive jobs, (b) U.S. workers in non-English-intensive jobs, (c) U.S. capitalists and landowners, (d) Mexican immigrants, and (e) Mexicans who stay in Mexico? Why?
- IV. Why are Clemens' estimates of the economic harm of immigration so enormous? Why are estimates of the economic harm of protectionism so much smaller? (1 paragraph)
- V. "Strict regulation of compensation has the same effect as legal restrictions on immigration." Explain the logic of this statement. Is there any important difference? (1 paragraph)
- VI. Find an opinion piece in a newspaper or magazine that discusses immigration policy. Summarize what the author says. Which of the author's claims would Caplan be likely to dispute? To accept? (1 paragraph)
- VII. What is the single best argument against open borders? What are the main weaknesses with this argument? Describe a cheaper, more humane way to address this problem without restricting immigration. (1 paragraph)
- VIII. Pick one real government redistributive program. Which rationale would proponents most likely use to justify it - return on investment, insurance, egalitarian, or externalities? How well does this rationale actually fit the facts about the program? (1 paragraph)
- IX. Propose a change in immigration policy that would admit more immigrants without - on net - hurting *any* Americans. (Make a case that might persuade an "intelligent tribalist.") Your policies may involve redistribution to anyone you like as long as you specify tax changes to pay for it. (1 paragraph)
- X. Find an opinion piece in a newspaper or magazine that relies on the "standard view of the welfare state." What aspects of the opinion piece

would Caplan agree with? What precisely would he disagree with? (1 paragraph)