Problem Set One: Economics of Mobility and Migration

Instructions: Please submit one document with your answers to the prompt below. If you worked with somebody else, please include the names of all the people you worked with. Succinct answers and complete sentences are preferred. I also prefer typewritten answers. Diagrams should be labeled according to the standards I outlined in class and should be completed using the drawing functions in Word or in Extensions such as GraphSketcher an iOS program that is free on GitHub. GraphSketcher is installed on the machines in Morgan 217. You can export the files as *.png* file and embed it in your word document. This homework is due on Monday Sept 27th at 11pm on Moodle. Please refer to the syllabus for my expectations regarding homework. Finally, at the bottom of the problem set, write this: "I have not copied any material without properly referencing it, nor have I otherwise violated academic honesty policies in preparing this problem set." Signed, (your name). Failure to write the honor statement will result in a 10 point deduction.

1. (70 points) Refer to the basic labor market model of immigration in Bansak et al. depicted in Figure 1.1.
   a. How would the effects of migration on employment be different from the basic model if the wage-elasticity of supply was elastic? Draw a graph and explain. In your answer, explain what factors may affect the wage elasticity of demand and supply.
   b. Pick one theoretical effect in the model above and research if the predicted effect indeed occurs. For example, suppose you wanted to see if there is any evidence that wages in the origin country rise. Find economic journal articles that discuss this finding. You may want to pick a country first before you begin your research.
2. (30 points) Pick *one* of the data exercises from Chapter 2 in Bansak et al. In other words, complete either question 9, 10, or 11.