

Econ 340

Lecture 10 Migration

Outline: Migration

- Why People Migrate
- Why Wages Differ across Countries
- Effects of Migration
 - On Payments to Factors
 - Labor
 - Other
 - Other Effects
- Policies to Affect Migration
- The U.S. Experience

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Why People Migrate

- Main Reason for Migration: Better Wages
- Other Reasons
 - Better living conditions
 - Freedom/Persecution
 - Climate

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Why Wages Differ across Countries

(Mostly these are the same reasons we've seen before, for why countries trade)

- Relative Factor Endowments
 - Of labor relative to other factors, such as land, capital, natural resources
 - Countries that have an abundance of these other factors tend to have
 - High demand for labor, and thus
 - High wage
 - They are likely to attract migration

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Why Wages Differ across Countries

- Differences in Technology
 - Advanced technology makes labor more productive
 - Causes higher wages, and attracts migration

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Why Wages Differ across Countries

- Other causes for a country to have high wages
 - Infrastructure
 - Competitive and efficient markets
 - Strong institutions ("Intangible wealth")
 - trust among people in a society
 - an efficient judicial system
 - clear property rights
 - effective government

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Why Wages Differ across Countries

- Labor Unions?
Do these contribute to high wages and thus attract migration?
 - This cuts both ways:
 - Labor unions do seek to increase wages and improve working conditions for their members
 - But one way to do that is to keep out migrant labor

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