

Name \_\_\_\_\_  
Economics 320  
Problem Set 8

The March 7, 2006 Pew Hispanic Center report, “The Size and Characteristics of the Unauthorized Migrant Population in the U.S.” <http://pewhispanic.org/files/reports/61.pdf> estimated that there were 12 million undocumented aliens living in the United States in 2005. The study contends that the unauthorized population is now larger than the number of legal permanent residents in the United States.

- 1) Using the human capital investment model, who is more likely to be an illegal immigrant? Explain.
  - a) A single household composed of a single person or a household with children?
  - b) A person aged 65 or one aged 25?
  - c) A person from Canada or one from England?
  - d) A person residing in Iowa or one residing in Texas?
- 2) Do your answers to the questions above correspond to stylized facts on immigration? You can access those from the Problem Set Section of the course web page. <http://www.econ.iastate.edu/classes/econ320/orazem/illegal.ppt>
- 3) Use the theory of human capital investment to propose a policy that could lower the population of unauthorized workers in the United States other than increased enforcement (which raises cost of migration).