

ECON 136, Fall 2016  
Homework assignment #4  
Factors of production  
Due Mon. Oct. 3

*Write your answers on a separate sheet, preferably typed. Attach a copy of this question sheet. Be sure your name is on your paper.*

1. Explain why organized labor opposes FDI by U.S. corporations
2. Suppose capital moves from the U.S. to India, in search of higher returns. For each group, indicate whether their revenue (welfare) increases, decreases, or cannot be determined.
  - U.S. laborers
  - U.S. capital owners
  - India laborers
  - India capital owners

Also, what happens to economic output

- In the U.S.
- In India
- In the world as a whole

3. Suppose laborers emigrate from India to the U.S. and nothing else changes. For each group, indicate whether their revenue (welfare) increases, decreases, or cannot be determined.
  - U.S. laborers
  - U.S. capital owners
  - India laborers who remain in India
  - India laborers who emigrate to the U.S.
  - India capital owners

Also, what happens to economic output

- In the U.S.
- In India
- In the world as a whole

4. The analysis of international factor movements include somewhat drastic simplifying assumptions. In reality, does immigration lower wages? Compare typical rates of immigration with typical labor force growth rates. Distinguish short-term from long-term effects.
5. Describe the Mariel boatlift. When did it happen and why? You will have to do a little online research. What was the effect of this event on wages in the Miami area?