

Economics of European and International Integration

Lecturer: Rosella Nicolini

Problem set

**(to be turned in on December 12th 2016-
Late deliveries will not be considered)**

Question 1: (4 points)

One of the immediate consequences of opening the borders between the East and West Germany was the potential for migration between the two regions. Because of a more productive capital stock and more know-how, wages in the West were about three times as much as those in the East. Consequently, many East Germans moved to West. What are the consequences for this migration for real wages (a) in West Germany, (b) in East Germany? (c) for the employment in the two regions? Can you explain why West German trade unions were eager to organize their comrades in the East?

Discuss your answer with the theoretical framework discussed in class by referring to the proper graph.

Question 2: (6 points)

Refer to the article

De la Rica, Sara, Albrecht Glitz and F. Ortega, "**Immigration in Europe: Trends, Policies and Empirical Evidence**", in B. Chiswick and P. Miller, eds, Handbook of the Economics of International Migration, Elsevier, 2014

(A pdf version can be also found as IZA DP here: <http://ftp.iza.org/dp7778.pdf>)

Choose one of the four sections (i.e. Historical Migration Trends, Policies Regulating Migration, Immigrants' Outcomes, Economic Consequences of Immigration) and make a critical review of the correspondent content by referring to the current EU situation or by discussing your argument with updated data.

This review should not be longer than 3 pages.