

First of all, I would like to say thank you for yours comments. I hope you find satisfactory my answer.

### **Regarding to the point (a)**

As I said the main objective of a point-based immigration system is to attract high skilled immigrants. The education variable is one of the several variables for which points are awarded by Immigration Officers in determining whether a skilled immigrant applicant will be accepted or refused. The other variables are: language skills, work experience, age, etc. Focusing on education, to be eligible, or to get points, what is needed is to have at least completed high school which it is what it is assumed in my paper. For instance focusing on the Canadian point system, the maximum number of points by education is 25. But without an university degree an immigrant can get as maximum 22 points. So, if I assume, or I do the simplification, that high skilled immigrants have completed an university degree, I would be losing a quite significant quantity of potential immigrants. Note that I am assuming at least completed high school but since the decision on years of schooling is continuous I can find a significant quantity of agents which decision is to study more than high school but less than an university degree.<sup>1</sup>

In the human capital literature is quite accepted that high skilled means at least completed high school.

Finally, under the assumption that to get points an immigrant must have completed an university degree, it would imply that the point system increases the immigrants' average years of schooling more.

### **Regarding to the point (b)**

The interest rate for the U.S. is a target. The discount factor  $\beta$  is calibrated to get this target. Then, the interest rate in Mexico is a result by itself. The production function for human capital in this paper is very similar to the one in "How Important is Human Capital? A Quantitative Theory of World Income Distribution," (A. Erosa T. Koreschkova and D. Restuccia) and to my previous work "A macroeconomic analysis on immigrants' self-selection and its implications". Since the main and more controversial parameters to be calibrated come from the production function of human capital, in this paper I follow an approach similar to them. Focusing on the interest rate, in all these papers the discount factor is set to target an annual interest rate of 5%, which is roughly the return on capital in the U.S. economy as measured by the average return on non-financial corporate capital net of taxes in 1990-1996 (Poterba, 1997). It is true that some of the other targets are for more recent data but those targets have remained quite constant in the last decade so I decided to update them.<sup>2</sup>

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<sup>1</sup>Find more detailed information about how are the points distributed for the variable of education for Canada here: <http://www.canadavisa.com/canadian-skilled-worker-immigration.html>. For Australia and UK the point system is very similar to the Canadian point system.

<sup>2</sup>The alternative would be the same numbers but for the last decade.

Finally, the results are not sensitive to the target of the interest rate since all the parameters are calibrated together. Anyway I could add a sensitive analysis to proof this point.

#### **Regarding to the point (c)**

It is assumed that migration costs are fixed through the transition. If the migration costs are endogenous the computation of the model is very costly. As I say in the paper, an extension of the model is to make endogenous these migration costs, they could depend on previous migration flows or on the quantity of immigrants from the native country residing in the host country. The study of the transitions in a model with these features could capture the idea in the immigration literature that gradual accumulation of network connections and migratory knowledge creates spill-over effects which make migration less selective.

Nevertheless since these effects would happen under both migration policies, qualitatively the results would not change. Moreover, quantitatively I do not expect any significance difference in the first periods of the transition because these are long run effects. So my feeling is that to add endogenous migration cost would just affect to the length of the transition. Unless the migration costs would be defined more carefully and the length of the periods would be lower to allow more differences between both migration policies.

#### **Regarding to the point (d)**

I completely agree. I do not why when I did the E-journal format these typos occurred with the references. I am very sorry for that and I have been trying to solve it but I can not log in as an author. I have been talking with the Editorial Office and I am going to attached again the paper but as a reader (if it is possible) while I am trying to do it as an author.