

There are two very good reasons to focus this question on the migration flow between the U.S. and Mexico. Firstly, the immigration flow from Mexico to the U.S. is quantitatively the most significant. Secondly, the data shows that immigrants from India or China are highly educated so since they are already self-selected on their level of education the effect of the policy based on a point system will be quite insignificant. Anyway the exercise can be done for different source countries although due to the previous explanations the effect of a point system would be qualitatively and quantitatively unimportant.

Regarding to the pecuniary migration cost, I am not estimating or calculating it. I assume that it is one year of the average earnings of an old agent in the U.S. I agree that it may appear very high but, as I said in the paper, the literature about estimations of the migration costs is scarce and not conclusive. There are few recent works that report estimates for migration costs between the U.S. states.¹ In these papers the estimated pecuniary migration cost is between 0.5 and 6 times the U.S. average annual household income. The main variable is the distance between states which is used to estimate the migration cost and also it is used as a proxy for the unobserved component of the moving cost as the psychic cost (leaving the family and friends) and the time cost (packing and unpacking). There is no obvious relation between these estimates for migration costs between the U.S. states and migration costs across countries but it is unlikely that migration costs across countries are lower than across U.S. states, especially when these costs are estimated using the distance as the main explanatory variable.

To understand the results you must see that at time $t = 0$ there is a steady state equilibrium characterized by a distribution of abilities, once you allow for migration this distribution is changing every period until a new steady state equilibrium is reached. There is a correlation between the distribution of ability of the old agents and the distribution of ability of young agents through the Markov chain so the selection on levels of ability is the main force which explains the results, something that it is very nice because I show that the migration policies are not just affecting the observable years of schooling, they are also affecting the unobservable level of ability of the immigrants.

Finally regarding to the typos I completely agree. In my previous answer I explained why it has happened and I have tried to solve it. In fact you can find the same paper without the typos in the references in one of my replies.

¹(i) Davies, P. S., Greenwood, M. J., and Li, H. (2001). A Conditional Logit Approach to U.S. State-to-State Migration. *Journal of Regional Science*, 41(2): 337-360. (ii) Kennan, J., and Walker, J. R. (2003). The Effect of Expected Income on Individual Migration Decisions. NBER Working Papers 9585, National Bureau of Economic Research, Inc. (iii) Bayer, C., and Juessen, F. (2008). On the Dynamics of Interstate Migration: Migration Costs and Self-Selection. IZA Discussion Papers 3330, Institute for the Study of Labor (IZA).