

Introduction

Economics is a branch of social science which talks about resource allocation and the factors of production, consumption and distribution of the final services and goods (Marshall, et.al. 1879). In relation to this, many economists have given their opinions and theories to prove their facts and ideas. Among them, Adam Smith presented the theory of self-interest in the market, which is considered to be one of the very powerful motives within the behavior of human beings.

Adam Smith and Role of Self-interest in the Market

The concept of self-interest means those actions which extract some personal benefit, or become the reason for the benefit of the human beings. The concept of self-interest in the market has been given by Adam Smith who is considered to be the pioneer of present day economics.

Impact of Immigration

Immigration is a hotly debated topic in the western world. The shortage of labor impelled western governments to open their doors to immigrants after the Second World War. However, today the same countries are faced with a question as to the benefit and usefulness of immigration to their economies, especially in the wake of the current global recession. In addition to economic concerns, immigration also poses social, cultural and political challenges for the host communities as well as for the immigrants.

Long-Term versus Short-Term Approach

The issue of immigration to Canada is one of continuous debate and controversy in Canadian politics and in economic circles. Canada has traditionally and historically been a country dependent on immigration. After the First World War, there was a need to restore population levels in the country and to stimulate economic activity. Immigration was thus encouraged and continues to attract immigrants from around the world.

Stakeholders and policy makers have held two confictions. One is the long-term view that equates immigration with the need to achieve a desired level of demographic equilibrium and to maintain adequate labour pools to ensure economic growth over the long term. The short-term view to immigration advocates that immigration be encouraged during periods of labor shortages and slow economic growth. As the labor and economic situation improves, immigration should be cut back.

The current immigration policy of Canada is based on the long-term approach. Hence, it can

Assignment 3

Q. 1(a)

According to the CIA World Factbook (2014), Canada does not have an official poverty line, and the number of people below poverty is calculated by using Low Income Cut-Off (LICO). According to this measure, 9.4% of Canadians were below poverty in 2014. According to Statistics Canada (2012), poverty rates for Canada are as follow:

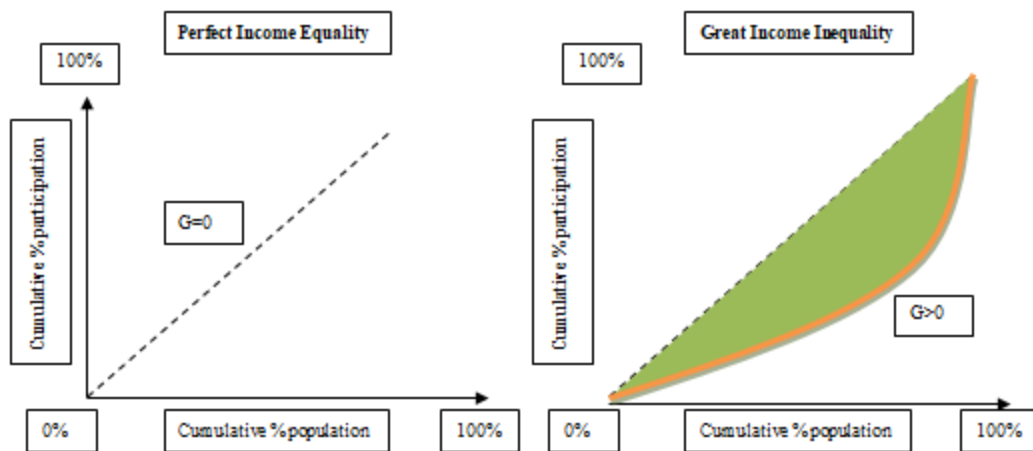
Year	2010	2009	2008	2007	1996	1989	1981
Below poverty %	9.0	9.5	9.3	9.1	15.2	10.2	11.6

As the data show, poverty rates have marginally increased between 2007 and 2009. According to Index Mundi (2012), the population living below the poverty line in Canada was 9.4% in 2011 and in 2012. Thus the proportion of people living below poverty in Canada has remained steady since 2011 after increasing between 2007 and 2010.

Q. 1(b)

According to Echenberg (2009), a common cause of poverty in Canada is people's inability to meet their needs through private earnings or government transfers. Poverty is largely associated with unemployment; hence, old age, physical or mental disability and insufficient skills. Immigrants to Canada experience poverty as they try to adjust in the Canadian economy and seek employment. Low literacy, women subjected to violence, Aboriginal people and children are at high risk of poverty in Canada, due to income inequality.

shaded area shows the region of income inequality.



Q. 1(d)

Skill-based technical change is one of the reasons for income inequality in Canada. As the economy moves towards high-skill-intensive industries, the rewards to low-skill workers become reduced (Lazear, 2006). Globalization is another reason which is making sustainable wages for low-skilled Canadians difficult. In addition, reduced unionization, stagnant minimum wages and deregulation have increased the wealth of the rich at the cost of the poor (Krugman, 2007). Governments can reduce the income inequality through transfer programs such as old age support, unemployment allowance, child benefits, welfare support, etc. Governments can also

Labor Economics

Introduction

Immigration is one of prominent events in Canadian history that has been facilitated with the government policies to encourage more skilled workers into the labour force. In post Second World War period, high rates of immigration is observed in Canada. Initially, more immigrants belong to Mexico and Europe. With the passage of time and development of countries in Asia, the number of South Asian and South East Asian immigrants surpassed European immigrants in Canada. Presently, the Asian immigrants considered as the largest immigrant population, contributing in every domain of labour force in Canada. According to 2016 Census, the percentage of immigrants with a Bachelor's degree and above is twice of the Canadian born population (Statistics Canada, 2017). Despite the high levels of education attainment, immigrants entering the Canadian labour market observe their earnings to be substantially different from those of Canadian born. There are number of obstacles hinder development of immigrants in Canada. The discrimination on the basis of education, language, race, and other factors is evident for immigrants. Lack of education as compared to non immigrants can be a viable factor of getting low wages. Age and gender are also concerned as important variables in labour force. According to [Hasmath \(\)](#), The channel of economic and social equity is based in the formal education that creates the level of achievement for general population. Thus, the achievement of social and economic security is directly linked with education. On the other hand, the ethnic

A. current state of the economy

In view of the latest available data, following important indicators of Canadian economy, retrieved from Statistics Canada (2016) website:

Economic Indicator	Value	Period till
Population estimate	36,048,521	January 2016
nominal GDP	1,985,654	December 2015
real GDP	1,768,242	December 2015
Real GDP growth rate	0.2%	December 2015
GNP	1974612.00	March, 2016
per capita real GDP	38293.28	
unemployment rate	7.3%	February, 2016
inflation rate	1.4%	February, 2016
interest rates	0.5%	December 2015
exchange rate(s)		February, 2016
USD	1.379610	
UK Pound	1.971645	

The European Union

The European Union

Introduction

The European Union (EU) is the “economic as well as political” (Soetendorp, 2014) union of 27 states in Europe. It operates via a structure of supranational sovereign association and intergovernmental decisions by the members. The major institutions of the EU incorporate the European Council, the European Commission, the European Central Bank, and Court of Justice of the European Union. The economy of the European Union is considered as the largest economy globally with GDP of more than 18 trillion USD. Moreover, EU is also the leading exporter in the world and the trade activities among the member states is supported by the elimination of hurdles like high tariffs and border restrictions.

History

The history of the EU started soon after the Second World War. During that time extended in Europe a powerful insurgency against national enmities and narrow-minded loyalties. Whereas postwar resurgence was motivated by the Marshall Plan, the plan of a cohesive and unified Europe was considered to be the foundation for European power as well
