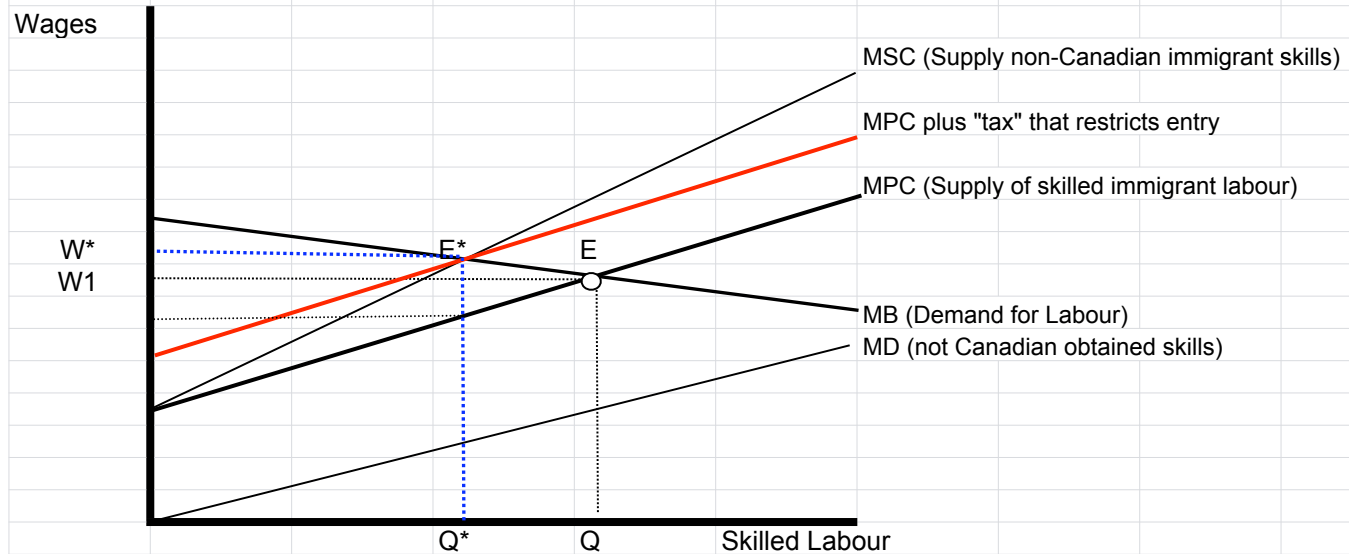


Market for Skilled Labour in Manitoba **

Using a Pigouvian tax/Pigouvian subsidy model



Notes:

1. Demand is shown as relatively inelastic, given the low employment rates currently in Manitoba
2. MPC are immigrants wanting to supply / gain access to the skilled labour market
3. MD is the expressed devaluing, or perceived liability of their skills, because they are not of Canadian origin
4. E is the equilibrium of supply of skilled labour and demand for it
5. Q is how much skilled immigrant labour is employed
6. MPC plus tax represents the entry tax imposed on immigrants because of their undesirable, non-Canadian skills
7. E^* represents the new equilibrium of supplied labour in the 'skilled labour' market

DISCUSSION:

Q^* is the new equilibrium that arises after imposition of the 'tax' upon the immigrants supplying labour. By 'taxing' them

Thus, the skilled immigrant is forced to move to another market, the low or no skilled labour market, to find

** note that this is the market for skilled labour, it is not the labour market in general