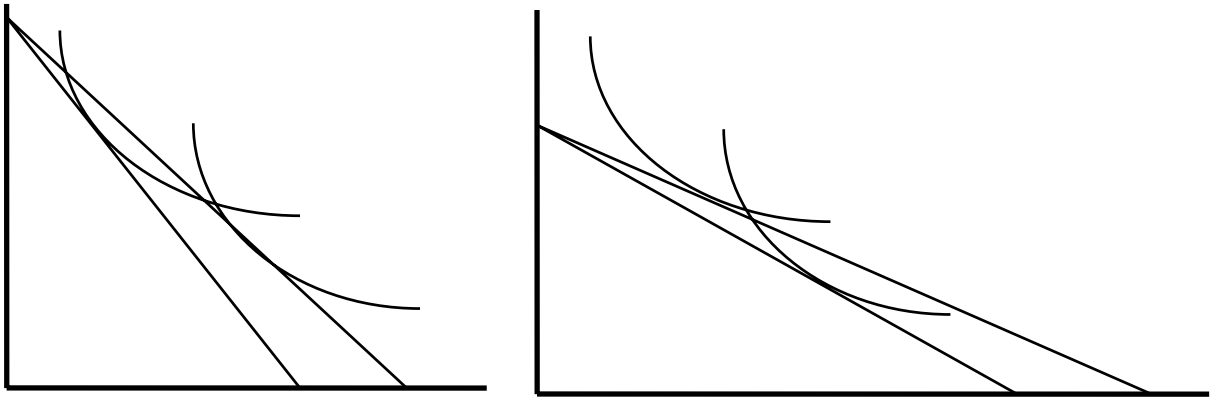
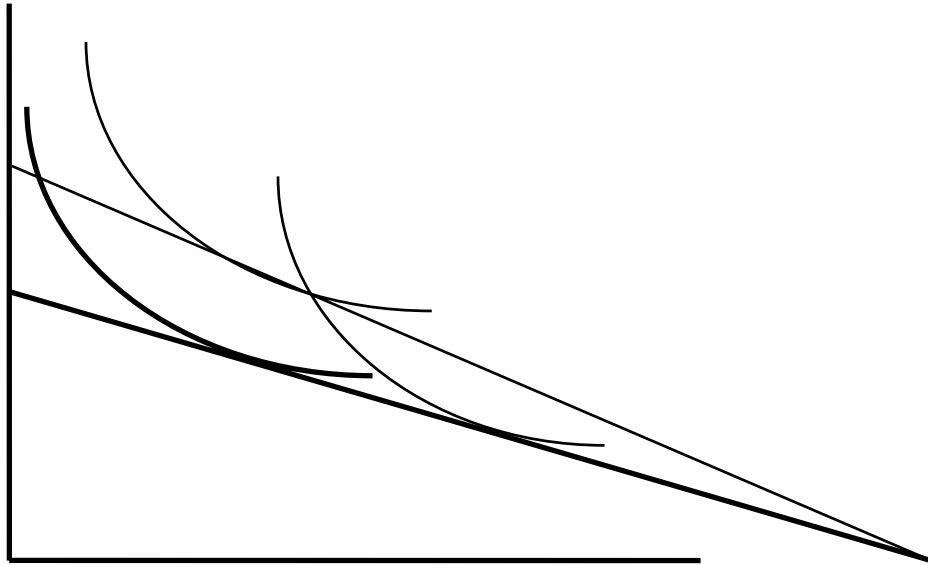


## The Lerner\_Pearce Diagram in Action

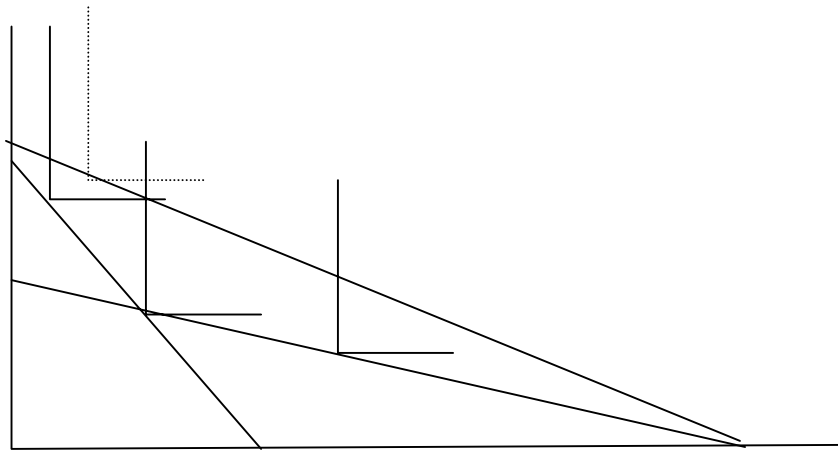
### Labor Market Distortions



### Introduction of New Technology



Used Equipment goes to the Low-Wage Country



**Talented and Untalented Workers =  
Technological Differences with Capital Mobility**

