

Determinants of Migration Choices: The Role of Beliefs about Pecuniary and Nonpecuniary Outcomes

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Abstract

Why do young adults migrate? This paper studies the reasons behind migration choices of young, highly educated individuals from lagging-behind regions. I collect a rich dataset on subjective expectations at the time when respondents are making their choice of whether to migrate out of Andalusia, one of the poorest regions of Spain. I then use the data to estimate a life-cycle model of migration choice, taking migration duration into account. Crucially, the collected data allow me to separate preferences from beliefs and to distinguish between pecuniary and nonpecuniary factors. Regarding pecuniary factors, I find that migration decisions are more sensitive to earnings, followed by the prospects of full-time employment and a better match between studies and job. Although there is sorting on expected labor market outcomes, my results show that the set of nonpecuniary factors such as being close to family and quality of social life, play a larger role in choosing whether to migrate. Given the large expected likelihood of short-term migration, I study the reasons for planning to migrate temporarily. Counterfactual exercises show that a human capital acquisition strategy plays a small role on the plan to migrate short-term. Instead, expected short-term migration is largely motivated by preferences for nonpecuniary outcomes.

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