

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 right 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. 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. Moreover, results from counterfactual exercises show that nonpecuniary factors, such as being close to family and quality of social life, play a larger role than pecuniary factors on 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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