

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

Alaitz Ayarza-Astigarraga*
European University Institute

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Abstract

This paper studies the pecuniary and nonpecuniary determinants of young, highly-educated individuals' migration choices out of economically distressed regions. I conduct a survey at the time when individuals are making migration choices in one of the poorest regions of Spain, Andalusia. I collect their subjective expectations about outcomes under counterfactual migration alternatives, including no-migration, short-term migration and long-term migration. The use of the rich data on beliefs allows me to mitigate the identification problem concerning the separation of preferences and expectations to estimate a life-cycle model of migration choice. I find that average elasticity of choice is largest with respect to earnings, followed by full-time employment and study-job match prospects. Moreover, results from counterfactual exercises show that nonpecuniary factors play a larger role than pecuniary factors on migration choices. Given the large expected likelihood of short-term migration, I study the reasons for planning to migrate temporarily. Counterfactual exercises show that this option is seen as having limited value as a human capital acquisition strategy. Instead, expected short-term migration is largely motivated by preferences for nonpecuniary outcomes, which individuals believe have higher values in their region of birth over the life-cycle .

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