

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

Alaitz Ayarza-Astigarraga*

This version: October, 2022

[Click here for the latest version](#)

Abstract

This paper studies the determinants of young, highly-educated individuals' migration choices from lagging-behind regions, with a focus on expected pecuniary and nonpecuniary outcomes. I collect a rich data set on subjective expectations at the time when individuals are making migration choices in Andalusia, one of the poorest regions of Spain. Using subjective expectations data to estimate a life-cycle model of migration choice allows me to mitigate the identification problem regarding the separation of preferences and beliefs. My results show that migration choices are more sensitive to expected nonpecuniary outcomes than to pecuniary ones. For example, the change in the expected probability of choosing to not migrate is about 60% larger when individuals expect the same nonpecuniary outcomes across migration alternatives than when they anticipate equal pecuniary outcomes across them.

*European University Institute, Department of Economics; [E-mail: alaitz.ayarza@eui.eu](mailto:alaitz.ayarza@eui.eu). I am indebted to my advisors Sule Alan and Michèle Belot, for their continuous guidance and support. I thank Jesús Bueren and Alessandro Tarozi for their invaluable feedback. This work benefitted greatly from discussions with Alicia Adsera, Russell Cooper, Dalila Figueiredo, Elisa Failache, Konuray Mutluer and Lukas Nord. I also thank EUI microeconomics and macroeconomics seminar participants for helpful comments. All remaining errors are mine. I gratefully acknowledge financial support from the European University Institute's Early Stage Research fund, which allowed me to carry out the surveys. I am also indebted to the Salvador de Madariaga EUI program for financial support as I wrote the paper. This study has been approved by the EUI Research Ethics Committee.