

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

Alaitz Ayarza-Astigarraga*
European University Institute

Job Market Paper

This Version: November, 2022. [Latest Version Here](#)

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.

*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 Tarozzi for their invaluable feedback. This work benefitted greatly from discussions with Alicia Adsera, Russell Cooper, Elisa Failache, Alessandro Ferrari, Dalila Figueiredo, Konuray Mutluer and Lukas Nord. I also thank EUI microeconometrics 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.