

# MENA Seminar Series : Rational Inattention and Migration Decisions

Published on March 5, 2019 – Updated on March 6, 2019

Dates

on the February 28, 2019

Simone Bertoli, World Bank



Simone Bertoli gave a seminar at the [World Bank Department for the Middle East and North Africa Region](http://www.worldbank.org/en/region/mena) (<http://www.worldbank.org/en/region/mena>) on February 28. He presented *Rational Inattention and Migration Decisions*, co-auteurs : [Jesús Fernández-Huertas Moraga](http://www.eco.uc3m.es/personal/jfhuertas/index.html) (<http://www.eco.uc3m.es/personal/jfhuertas/index.html>) (Universidad Carlos II de Madrid) and Lucas Guichard (Institute for Employment Research - IAB and Cerdí).

## ABSTRACT

The standard micro-foundations of migration gravity equations, based on a random utility maximization model, assume that the individual-specific attractiveness of each destination is remotely and costlessly observable. We apply the insights from the literature on rational inattention in discrete choice models to migration decisions, to allow for a cost related to information acquisition. Such an extension of the canonical model entails that individuals with stronger priors about the identity of their utility-maximizing alternative rationally invest less in information acquisition. The theoretical model gives us an analytical expression for the expected value of information that can be computed from past bilateral migration flow data. Our econometric analysis reveals that migration flows originating from countries characterized by stronger priors are significantly less responsive to variations in economic conditions at destination.

CERDI (CNRS, UCA, IRD)

Membre de l'Institut universitaire de France

<https://cerdi.uca.fr/english-version/news/mena-seminar-series-rational-inattention-and-migration-decisions/>

<https://cerdi.uca.fr/english-version/news/mena-seminar-series-rational-inattention-and-migration-decisions/>