Simone Bertoli (CERDI)

Date

Le 27 November 2018 De 12:30 à 13:15

Location

Room 217, 26 avenue Léon Blum 63000 Clermont-Ferrand

Seminar

Rational inattention and migration decisions

SUMMARY :

The standard micro-foundations of migration gravity equations, based on a random utility maximization model à la McFadden, assume that the individual-specific attractiveness of each destination is remotely (and costlessly) observable. We draw on Matejka and McKay (2015), who have applied the insights from the literature of rational inattention (Sims, 1998, 2003) to discrete choice models, 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, which draws on data from Abel (2017), reveals that migration flows originating from countries characterized by stronger priors are significantly less responsive to variations in economic conditions at destination.

Simone Bertoli

CERDI (CNRS, UCA, IRD)

Institut universitaire de France(http://www.iufrance.fr/)

https://cerdi.uca.fr/english-version/news/simone-bertoli-cerdi(https://cerdi.uca.fr/english-version/news/simone-bertoli-cerdi)