Leaping into the unknown? The role of job search in migration decisions

RÉSUMÉ

I present evidence of a new barrier to internal migration: thin cross-regional labour markets. Because in general workers prefer to move with a job rather than speculatively, the inability to find a job remotely translates into lower mobility. This has important implications for the differences in mobility between the less and more educated in the US. Using an augmented discrete choice model, I show that the less educated move less because they tend to work in sectors and occupations where cross-regional hiring is less commonplace. I then build a structural model of job search across space to estimate the thickness of cross-regional labour markets for different groups of workers and quantify its contribution to the observed patterns in migration behaviour. I find that up to 50% of the education gap in mobility can be attributed to differences in the thickness of cross-regional labour markets. This result suggests a large social return to improving regional search and matching for less educated and the unemployed.

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