IAB-DiskAB

Invitation

Comparative Statics Quantification of Structural Migration Gravity Models

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Recent contributions to the literature of international migration propose varieties of gravity equations to analyze international migration matrices and to estimate parameters of bilateral migration flow shifters. Multilateral resistance to migration is accounted for at the estimation stage in some works. As a result these studies provide consistently estimated partial effects. A comprehensive treatment of multilateral resistance to migration in a comparative static analysis - as Anderson and van Wincoop (2003) are prominently credited for in the international trade literature - seems to be missing. I structurally estimate a micro founded gravity equation for migration flows. The model allows me to conduct comparative static analyses which include conditional general equilibrium effects. Thus, ex-ante counterfactual analysis and the quantification of migration redirection and third country effects are possible. For a sample of 33 European Union and OECD countries I quantify effects on immigration from two scenarios. First, I provide direct and indirect immigration effects of Turkey becoming a member of the European Union. Second, I evaluate a deeper integration of the European Union single market from lowered language and correlated cultural barriers to migration. The results show that inference from consistent regression coefficients does not ensure a correct quantification of migration fows. Comparative static results differ quantitatively and qualitatively from predictions of consistently estimated coeffcients. First, comparative static effects on immigration are substantially lower and second, immigration in third countries is affected negatively by bilaterally decreased migration frictions. Additionally, the comparative static quantification depicts a pattern of heterogeneous immigration effects which again is quantitatively and qualitatively different to existing results.

Tuesday, November 22, 2016

10:45 am

Room We 126a