Migration, Education and Work Opportunities

Esther Mirjam Girsberger

Abstract:

This paper studies endogenous migration, education and work decisions in Burkina Faso in a dynamic life-cycle model. It is estimated exploiting long panel data on migrants and stayers, combined with cross-sectional data on permanent emigrants. I find that seemingly large returns to migration from rural regions to urban centres and abroad dwindle away once the risk of unemployment, risk aversion and migration costs are factored in. Similarly, I also show that returns to education are not as large as measures on wage earners would suggest. While education substantially increases the probability of finding a well-paid job in a medium- or high-skilled occupation, I uncover that the unemployment risk for labour market entrants is hump-shaped in education, leading to a re-evaluation of net returns to education. Direct and indirect migration costs further lower net returns to education of rural individuals. Together with higher rural schooling costs they explain a large fraction of the rural-urban education gap. Using counterfactual policy simulations, I show that school building in a rural region leads to a quantitative increase in migration. Moreover, it re-directs rural migration flows going previously to destinations abroad to urban centres.