



**UNIVERSITÉ
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GENEVA SCHOOL OF ECONOMICS
AND MANAGEMENT

As part of the Geneva Trade and Development Workshop, we are pleased to announce the presentation

"Understanding Migration Responses to Local Shocks"

(co-authored with Kirill Borusyak and Brian Kovak)

By Professor Rafael DIX-CARNEIRO (Duke University, USA)

The workshop will take place on **Monday 26 September from 14:15 to 15:15 at the University of Geneva, Uni Mail, room M 3250**, Boulevard du Pont-d'Arve 40. It will be hybrid **via Zoom**. Please click [here](#) to participate via Zoom.

On the day of the workshop, the presenter will be available for **5-7 bilateral meetings of 15-30 minutes** upon request to be sent to Professor Marcelo Olarreaga (Marcelo.Olarreaga@unige.ch) by **Friday 23 September at the latest** on a first-come, first-served basis.

Abstract

We examine how to interpret estimates from a commonly used migration regression relating changes in local population to exogenous local labor demand shocks. Using a simple model of local labor markets with mobility costs, we find that common conclusions drawn from migration regression estimates are likely to be substantially misleading. Intuitively, the conventional migration regression is misspecified due to the bilateral nature of location choices. Workers choose where to live based not only on the shock to their current location, but also on the shocks to potential alternative locations, which are omitted from the regression. Analytical results and simulations based on Brazilian data show that conventional migration regression estimates are inaccurate for the within-sample effects of observed shocks on local populations and uninformative on the effects of counterfactual shocks to local labor demand. These problems are particularly acute when workers face industry switching costs in addition to geographic mobility costs. A simple alternative approach leveraging the model's structure exhibits far better performance.

Biographical note:



Rafael Dix-Carneiro is an Associate Professor of Economics at Duke University; holds affiliations to the National Bureau of Economic Research (NBER) and the Bureau for Research and Economic Analysis of Development (BREAD); is an Editor at *Economia*, the Journal of LACEA; and an Associate Editor at *Quantitative Economics*. He started his academic career as an Assistant Professor at the University of Maryland after completing his PhD at Princeton University in 2011.

His work focuses on the labor market adjustment process in response to globalization and trade liberalization, including: i) the dynamics of adjustment to trade; and ii) the margins of adjustment to trade. Additional research includes how trade-oriented firms respond to exchange rate fluctuations and the impact of economic shocks on crime. His research has been published in journals such as *Econometrica*, the *American Economic Review*, the *Journal of International Economics* and the *American Economic Journal: Applied Economics*.

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