

Intergenerational Returns to Migration: Evidence from Italian Migrants Worldwide

Authors: Chiara Malavasi (ZEW and University of Mannheim) and Guido Neidhöfer (Turk-Alman Universitesi and ZEW)

The main rational motivation behind migration decisions is to improve future life chances, both for migrants themselves and their descendants. Using unique administrative data on Italians living abroad and cross-country harmonized national household survey data, we estimate the effects of migration on education, employment and income opportunities of migrants' descendants, by comparing the performance of Italian second-generation immigrants worldwide to that of Italians residing in Italy with similar demographics and parental background. To account for self-selection, we estimate a multinomial selection bias correction model, and adopt an IV approach. We find heterogeneous returns to migration across the eleven destination countries in our sample; mostly higher returns in terms of predicted income than education; and observe important differences by gender and parental background. Finally, we test whether the expectation of better opportunities for children plays an important role for the choice of the destination country and find that both parents' and children's income opportunities in the host country matter. However, parents that migrated after the birth of their first child put a stronger weight on their children's future than their own income returns. Suggestive evidence indicates that this result is driven by higher educated migrants.