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Geographic mobility and redistribution

Abstract

I study the effect of progressive income redistribution on human capital investment and welfare in a new dynamic Roy model of migration. The model features an arbitrary number of labor markets and finitely-lived agents, yet it is analytically tractable. The model's key parameters are estimated using panel data on migration and wage growth from the PSID.

The quantitative model is used to perform counterfactual analysis. A more progressive tax-transfer scheme is shown to reduce migration rates. This distortion to human capital investment induces the welfare-maximizing social planner to select a less progressive tax system than under exogenous geographic mobility.

Thursday 20th April
from 1pm to 2pm
Campus Luigi Einaudi

Seminar room n. 36
Building D1 - 3rd Floor
Lungo Dora Siena 100/A, Turin