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Drivers of Interregional Labor Migration and Effects to Wages: An Empirical Analysis on the Regions of Great Britain Accounting for Selectivity Biases

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ABSTRACT

While migration literature on wages and inequality is abundant, there are limited and obsolete research that associate drivers of migration to wage differences, particularly in a sub-national scale while at the same time considering the possibility selectivity biases. This paper aims to assess the level of this relationship and identify how individual characteristics of the labor migrants are correlated to the current degree of wage differences in each of the region of Great Britain. With the use of British Household Panel Survey (BHPS) data from 1991 to 2007 for all the 6 broad regions of Great Britain - Greater London, the Midlands, the North, the Rest of the South, Wales and Scotland, the research identified different determinants that affect the interregional migration flows and how migration impacts regional wages. The findings indicate that oversight on the regional variations are often frequent as migration is mostly studied on a national scale. This and other lapses in studying the economics of migration leads to questionable findings.

KEYWORDS Interregional; Great Britain; Wage Differences; Heckman

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