DANIEL RICHARD VERNAZZA

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UNDERGRADUATE STUDIES:

BSc Econometrics and Mathematical Economics, London School of Economics, 2005, First Class Honours

GRADUATE STUDIES:

MRes Economics, London School of Economics, 2008, Distinction

PhD Economics Candidate, London School of Economics

DATES: 2008 - present

THESIS TITLE: "Essays on the Causes of Migration"

EXPECTED COMPLETION DATE: 2012

THESIS ADVISOR AND REFERENCES:

Professor Silvana Tenreyro (Advisor) Department of Economics London School of Economics Houghton Street London WC2A 2AE <u>s.tenreyro@lse.ac.uk</u> Tel. (44-20) 7955-6018 Fax (44-20) 7831-1840

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VERNAZZA

DESIRED TEACHING AND RESEARCH:

Primary Fields:	Macroeconomics, Labour Economics
Secondary Fields:	Applied Econometrics, Development Economics

TEACHING EXPERIENCE:

From Sep 2009 to Aug 2010	Macroeconomics for MSc Students, LSE
Autumn 2008, 2009	Maths and Statistics for MSc Students, LSE
From Oct 2007 to Jun 2009	Economic Analysis of the EU (3rd year undergraduate course), LSE

RELEVANT POSITIONS HELD:

From Sep 2009 to Oct 2010 Tutorial Fellow, LSE, Department of Economics

LANGUAGES

English (native speaker)

CITIZENSHIP: British

HONORS, SCHOLARSHIPS AND FELLOWSHIPS:

2006-2010Economic and Social Research Council (ESRC) research scholarship2009LSE Teaching Prize

COMPLETED PAPERS:

Job Market Paper:

"Does Absolute or Relative Income Motivate Migration?", Working Paper, November 2012

This paper examines the extent to which relative income -- that is, one's position in the income distribution -- matters in migration choice. Virtually all studies of migration focus on absolute income. This is at odds with the mounting evidence that suggests people care about their relative position in the income distribution. We argue that, in order to test between the absolute income and relative income theories of migration, one needs individual-level panel data on before and after migration outcomes. Indeed, since one has to estimate counterfactual migrant earnings of non-migrants, if migrants are selected on unobservables then cross-sectional estimates will systematically bias the predicted migrant earnings of non-migrants. We estimate the relative importance of the two main theories in explaining interstate migration in the U.S. using a panel of individuals. Relative income is calculated with respect to those persons in the same U.S. state. We find that, although migration leads to a substantial rise in absolute income, the trigger for migration is low relative income and not low absolute income.

Other Papers:

"Wealth, Intertemporal Choice and Return Migration", Working Paper, September 2012

This paper shows analytically that, under some conditions, return migration is optimal. We build a model where consumers choose either to: (1) permanently migrate; (2) never migrate; or (3) migrate and subsequently return. To generate an incentive for return migration, the model assumes a nominal income differential between the source and destination and a compensating differential -- which exerts a counter-balancing force to the income differential. Examples of compensating differentials may include differences between the source and destination in climate, place attachment, price levels, unemployment and average consumption. We characterise the optimal migration decision space with respect to the three key variables: initial wealth, the income differential and the compensating differential between the source and destinations. First, consumption and time usage (hours worked and leisure) have to be spent in the region of residence. Second, marginal utility of consumption and time usage is assumed to be location-dependent. Intuitively, when the region with the best economic opportunities is not the source region, there is a trade-off between income maximisation on the one hand and the marginal utility of consumption and time usage on the other. Those with low wealth are more likely to migrate and, conditional on migration, those with higher wealth are more likely to return migrate, all else equal. We present some empirical evidence that is consistent with the model.

"Place Attachment, Job Search and Migration: A Structural Estimation", Working Paper, September 2012

This paper seeks to estimate a key obstacle to migration: place attachment. Place attachment refers to the emotional bonds a person feels towards the place (or area) he or she resides. We estimate place attachment within a structural model of spatial job search where migration is a by-product of accepting a job offer from another region. The paper can broadly be split into two parts. The first takes a standard job search model and adapts it to allow search in many potential destinations. Acceptance of an offer from a destination necessarily involves migration to that destination and its associated costs. We consider two types of costs: a cost of migration that is related to distance-to-destination and a non-pecuniary cost of leaving the current region. The latter is deemed to be the negative of place attachment. In the second part, we estimate the structural model for a sample of individual durations in a U.S. state. Our estimates suggest that place attachment is steeply increasing in duration for our reduced-form model; however, the opposite is true for our structural model. We also find that for half the population, the dollar values of place attachment are prohibitively large.