



## U. study finds American workers less incentivized to relocate

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American workers are getting fewer benefits from migration, according to a new study by economics professor Greg Kaplan and Sam Schulhofer-Wohl, an economist at the Federal Reserve Bank of Minneapolis.

In a February 2013 working paper, entitled “[Understanding the Long-Run Decline in Interstate Migration](#),” Kaplan and Schulhofer-Wohl found that declining interstate relocation is due to both an increase in the similarity of the benefits offered by labor markets across the country to workers with certain skills and to an increase in the amount of information people have about life in different areas of the country.

Discrediting other popular explanations for the decline in migration, such as the aging of the American population and the increase in the number of households with two earners, Kaplan and Schulhofer-Wohl wrote in the study that their explanations account for at least one third, if not all, of the decline in interstate migration.

The study explains that due to technological advances, people can get more information about a potential place to live by flying there, calling friends who live there and even researching online. Thus, they are less likely to move to a state where they will be unhappy and want to move to another state.

Kaplan explained that he and Schulhofer-Wohl also looked at what he called the “geographic specificity of occupations” — the extent to which occupations are segregated in certain locations or evenly dispersed over different areas — as well as the differences in wages for the same occupation in different areas. Kaplan and Schulhofer-Wohl found that segregation and wage differentiation have decreased over the past 20 years.

“Previously, if you wanted to work in finance, you had to move to New York City,” Maria Luengo-Prado, an economics professor at Northeastern University, said. “Today, this is not the case.”

Kaplan said the reasons for the decline in the geographic specificity of occupations is unclear for now. “This fact about decreasing geographic specificity of occupations is fairly new. Before our work, researchers weren’t so aware of it, and so because of that, there wasn’t a lot of work to understand the cause of it,” Kaplan explained.

One of the paper's major contributions is its explanation for the decrease in geographic specificity of occupations, Kaplan said.

He hypothesized that declining geographic specificity may be due to an increase in technology that allows firms to interact with other firms in different parts of the country, and a rise in the number of service-oriented jobs, though he plans to further investigate this idea with Schulhofer-Wohl.

“Overall, the article is very thorough,” Luengo-Prado said. “They use a lot of data and are very careful to look at the evidence from different perspectives.”

Some economists still look to other explanations for the decrease in migration. Ahmet Ali Taskin, an economics Ph.D. candidate at the University of Texas at Austin, highlights the role of dual earner families in decreasing overall migration.

“In a sense, [Kaplan] is right,” Taskin said. “There is a decline in both groups, but it’s not uniform.” His research shows that families with two earners have seen an additional drop in interstate migration compared to families with one earner, suggesting that the increase in dual earner families has in fact decreased interstate migration.

Thus, Taskin said the decrease in interstate migration “is not just coming from the mechanism [Kaplan and Schulhofer-Wohl] propose.” However, he said that Kaplan and Schulhofer’s paper will be “quite an influential paper in the years to come.”

According to Kaplan, the paper’s contributions extend beyond the field of economics to policy-making, since it tells a “cautionary tale” about some of the policy options that were offered after the 2008 recession.

Kaplan recalled a number of stories in the popular press after the recession that suggested that the reason unemployment was so high was because people weren’t where the jobs were, and they couldn’t move to where the jobs were because to do so was too costly. In contrast, Kaplan’s study suggests that people are not moving because the benefits of moving have decreased.

“We should be wary of jumping to quick policy responses that would stem from conclusions that the decline is due to more difficulty that people have in moving, as opposed to maybe that there are fewer benefits in moving,” Kaplan said, adding that perhaps the decreased benefits in moving that he finds requires no response at all.

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