The New York Times

December 10, 2013

Why Are So Many Americans Staying Put?

By ANNIE LOWREY

Economists admire Americans for many traits: our profound respect for property rights, our tendency to forgo vacation days, our ingenious methods of mass-producing “food.” Another important attribute is our willingness to move, between houses, between states and across the country. Some economists believe our inborn rootlessness makes the country’s work force more dynamic and strengthens our economy’s growth. Imagine how much worse off the country might be if the 49ers had decided against making the trek to California or the sharecroppers chose to stay in the South.

Economic mobility and geographic mobility have been closely linked for much of American history, so economists find it troubling that migration rates have been in decline lately. The proportion of Americans moving has fallen to new postwar lows in the past few years. According to Census Bureau data from 2013, about 4.8 million Americans moved across state lines in the previous year. That is down from 5.7 million in 2006 and 7.5 million in 1999. All in all, the percentage of Americans moving across state lines has fallen by about half since the 1990s.

The slowdown represents a tectonic shift in our economy and labor market: It has affected a huge swath of Americans across all industries and of all incomes and ages. Even immigrants to the United States are more likely to stay put where they first settle than they were 30 years ago. But economists are divided on why that is and on what it all means — and especially on whether a less-mobile labor force will mean a more sluggish economy.

Clearly, the recession has something to do with declining mobility. You can’t move for a job if no job exists. You can’t buy a house if nobody gives you a mortgage. And you can’t sell your place and take off if nobody is buying. “This triple whammy of forces made it riskier for would-be home buyers to find financing, would-be sellers to receive good value for their home and potential long-distance movers to find employment in areas where jobs were previously plentiful,” William H. Frey of the Brookings Institution wrote in a report on the falling migration rate. The aging of the population might be another factor, because older people tend to move less often than younger ones do.

The rising cost of living in the most desirable and fastest-growing areas of the country could be another explanation. Many people, in particular the young, flock to creative-class capitals, but it's possible that more of them would be moving in if they could make the rent. Jed Kolko, chief economist at Trulia, the real-estate website, recently indexed the 100 larg by their affordability, finding, not surprisingly, San Francisco and New York we bottom of the list and hollowed-out cities like Gary and Dayton were at the top. help explain a phenomenon that started in the boom years before the recession: Americans do move, they often move to places like the Inland Empire in Califor lower housing costs and a cheaper way of living might outweigh the reduced eco opportunity.

“This decline in migration has been going on for a long time now, through all sorts of ups and downs in the housing market,” said Greg Kaplan of Princeton University, who, along with Sam Schulhofer-Wohl of the Federal Reserve Bank of Minneapolis, has studied the issue in depth. But even with the pressure of high housing costs in many areas, Americans are moving less, Kaplan said. “That might explain why people are moving from San Francisco to, I don't know, Houston,” he said. “But you've seen a decline in migration from Texas to California as well as California to Texas.”

This is not a short-term supply-and-demand issue or a side effect of a slow-growth economy or a shift in demographics. The change is deeper. Kaplan and Schulhofer-Wohl have won applause from other economists for developing a novel theory to explain this creeping inertia: labor markets in the United States have simply become more homogeneous. Earnings have become more similar across the country, meaning there is less incentive to move from one place to another in search of a raise. The country has also become less diverse, work-wise. Pick any two cities, and chances are they offer a more similar mix of jobs than they did 20 or 50 years ago. We have become less a nation of Pittsburghs and more a nation of Provos.

This is in part a result of the decline of manufacturing and the rise of the service economy. Heavy industries like steel making tend to cluster in certain parts of the country, whereas services like fast-food sales, pool cleaning and day care tend to blanket it. Even in the heyday of American steel making, a smelter operator's job search was rather limited geographically. Today, a day care worker can look for a job anywhere — and she would probably be able to find one close to home.

There is a kink to that story, Kaplan noted: Migration has fallen for workers both in manufacturing and in services. But that might be because of changes in manufacturing itself.

“Manufacturers use labor differently than they did 30 years ago,” he said. “A lot more workers are in sales and back-office, rather than manual labor.” In other words, a lot more manufacturing workers are really service workers that happen to work for a manufacturing company. And those service jobs tend to be less location-specific.

The rise of the Internet can explain much of the rest of the decline in mobility, Kaplan and Schulhofer-Wohl said, by reducing the chance that a worker will move and move and move again in search of a good neighborhood or a good job. A worker moving to a new town 30 years ago took a huge leap of faith about her new home and workplace. By making information more accessible, the Internet has improved the quality of any given move. As a result, Americans’ moves are stickier these days.

Despite these logical explanations, the fact that Americans are not moving still tends to leave economists a little unsettled. A more mobile labor force is a more nimble and fluid one. It means businesses have an easier time finding the right workers, and workers have a bigger pool of employers to choose from. Moreover, geographic mobility has deep linkages with economic mobility. A computer programmer moving from a rural area to Silicon Valley might triple her wages and be 10 times as productive, which benefits the whole country.

Even so, many economists believe that if Kaplan and Schulhofer-Wohl’s narrative is right, there is reason to suspect that a less-mobile populace might not mean a less-dynamic economy. Workers haven’t stopped moving because housing prices or other financial or social concerns are holding them back. They’ve stopped moving because they just don’t see the need to. “Whether it’s a good thing depends on why,” Kolko said. “If your job prospects don’t depend on having to move someplace else, the decline in mobility might be a good thing.”

Annie Lowrey is an economics reporter for The Times.