Discussion: U.S. Internal Migration: Recent Patterns and Outstanding Puzzles
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Important contribution!!

Updated summary of migration trends

- Short- and long-distance migration rates have fallen since 1980.
- Broad-based decline across demographics groups
  - long migration not explained much by demographic changes.
- Decline mostly a reflection of broader decline in labor market dynamism.
- Flattening out migration since the Great Recession.

Important contribution!!

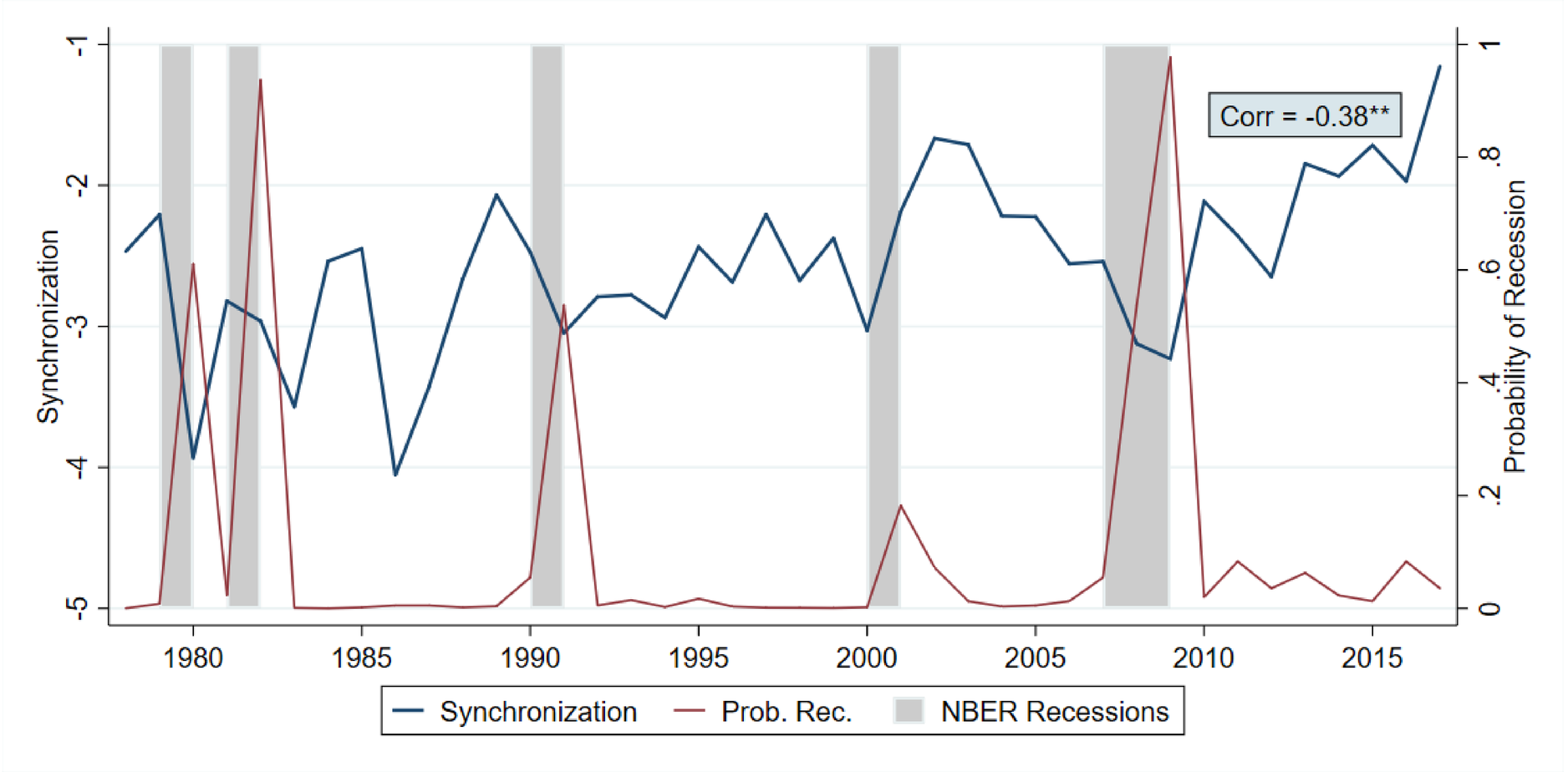
Novel analysis of differences in migration flows between strong and weak labor markets

- Greater ‘churn’ (outflows and inflows) in areas with stronger labor demand than in areas with weaker labor demand.
- Migrants from strong metro areas more likely to move to other strong metro areas; migrants from weak metro areas more evenly dispersed.
- Migrants tend to move to locations close to their origin metro.
- Youngers and better educated tend to move more, specially from weak labor markets.

Why has migration declined?

- Not much due to changes in population demographics.
- Limited evidence that housing market-related factors matter on average.
- Stronger evidence for labor market related factors
  - Employment distribution of occupation becoming more similar.
  - Workers' inability or unwillingness to change jobs.
- Alternative/additional factors?

States are becoming more similar



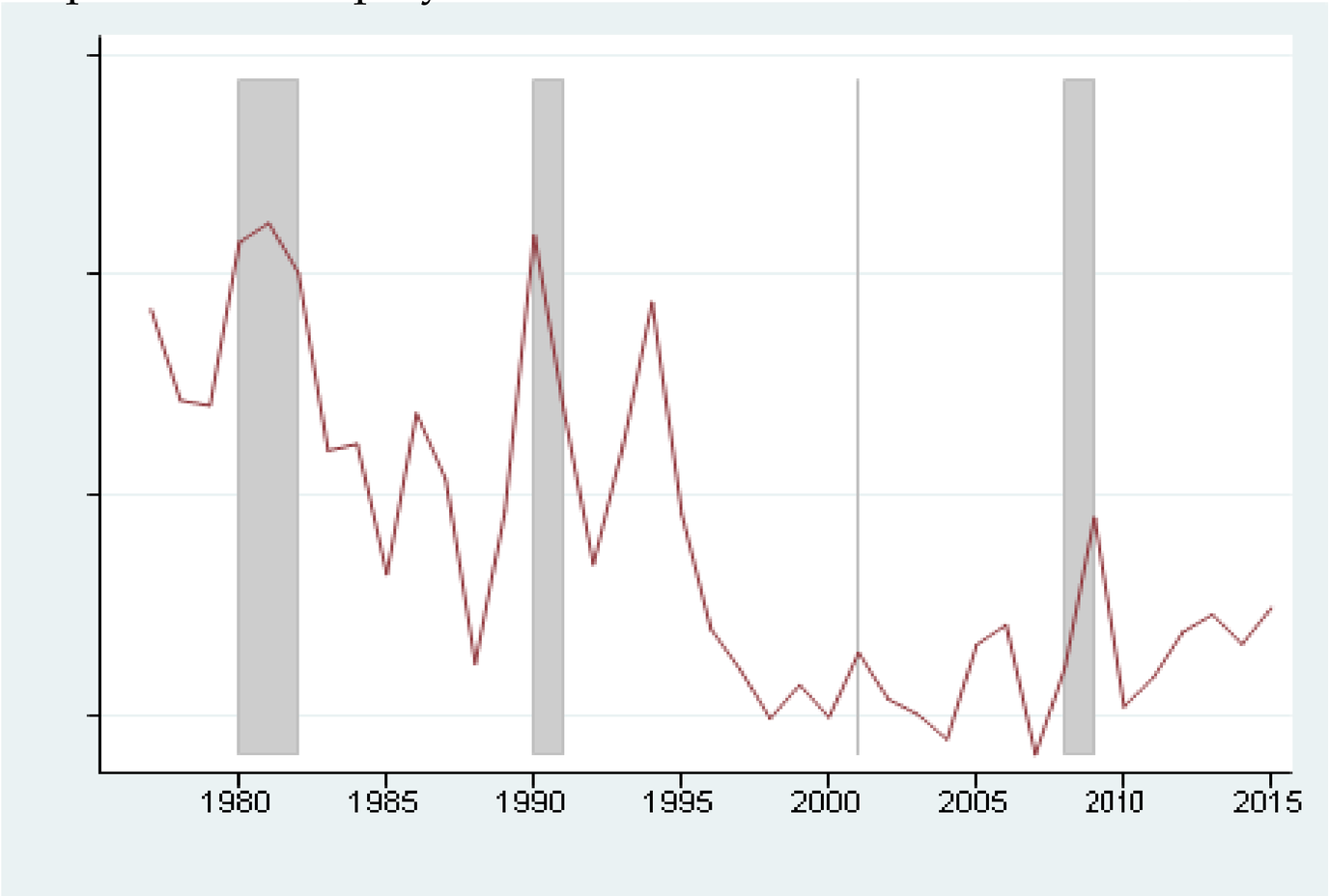
Business cycle synchronization measured as a cross-sectional average of pairwise synchronizations: $Syn_t = \sum_{ij} \varphi_{ij,t}$

where $\varphi_{ij,t} = -\left|\left(lnY_{i,t} - lnY_{i,t-1}\right) - \left(lnY_{j,t} - lnY_{j,t-1}\right)\right|$

Source: Ahn and Furceri (forthcoming).

Decline in dispersion of employment growth across states

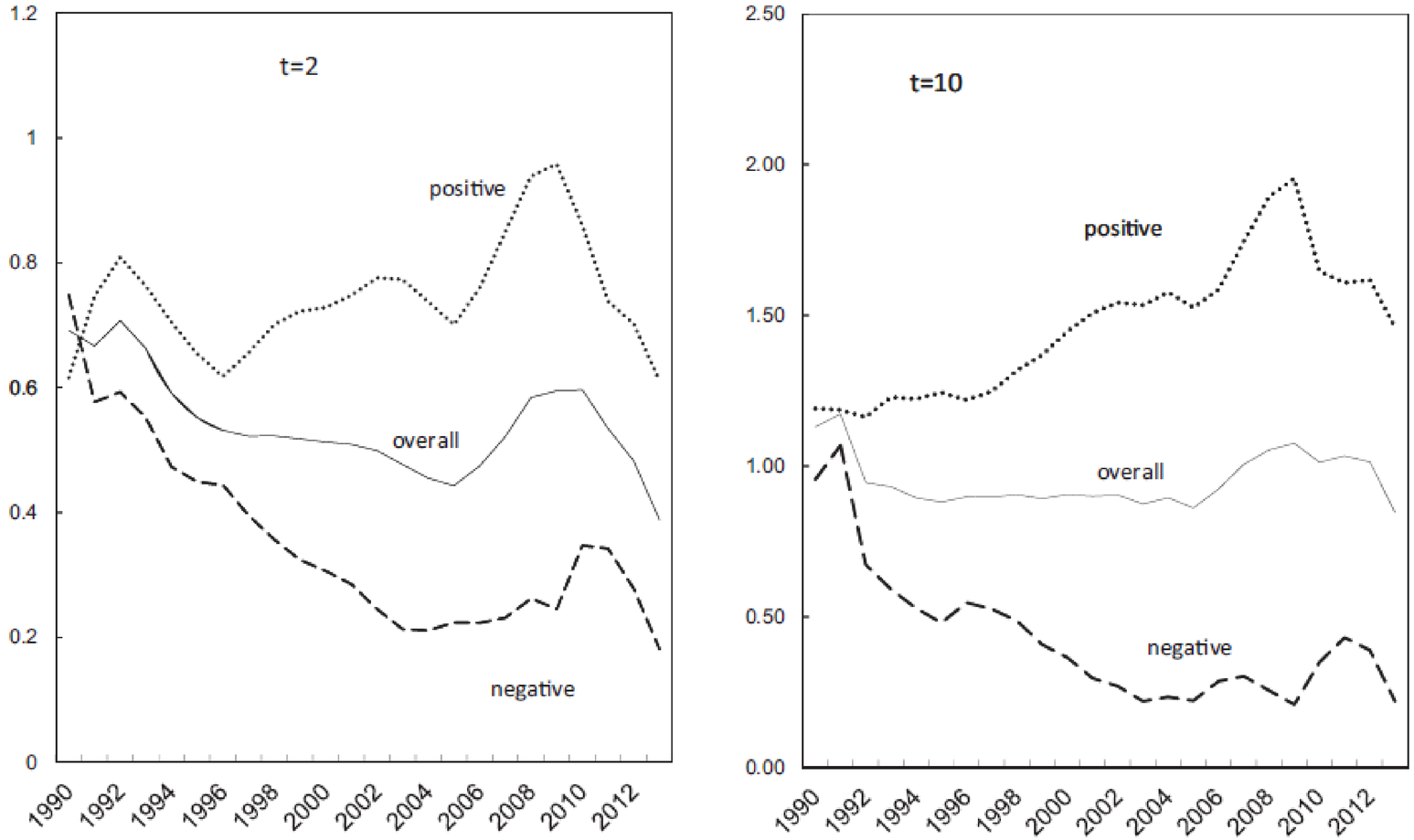
Dispersion of Employment Growth Rates across US States, 1977-2013.



Note: Authors' calculations based on data from the BLS Local Area Unemployment Statistics (LAUS). Each data point corresponds to the standard deviation of employment growth rates across all US States in the given year. Shaded areas represent years with NBER-dated recessions.
Source: Dao, Furceri and Loungani 2017.

Widening differences in asymmetric responses

Response of cumulative net migration to a 1 percent relative positive vs. negative labor demand shock.



Note: Absolute response of net migration to a 1 percent relative positive labor demand shock (Δrimix = 0.01) and relative negative labor demand shock (Δrimix = −0.01), for 1 and 10 years after the shock, are derived from the system of equations (9) in the text. The overall response is derived from the baseline (symmetric) model (4). Source: Dao, Furceri and Loungani 2017.

Role of risk-sharing and transfers

- Krugman emphasized role of fiscal transfers in US vs. EMU ("Lessons of Massachusetts for EMU", 1993): without fiscal transfers, migration has to play a greater role.

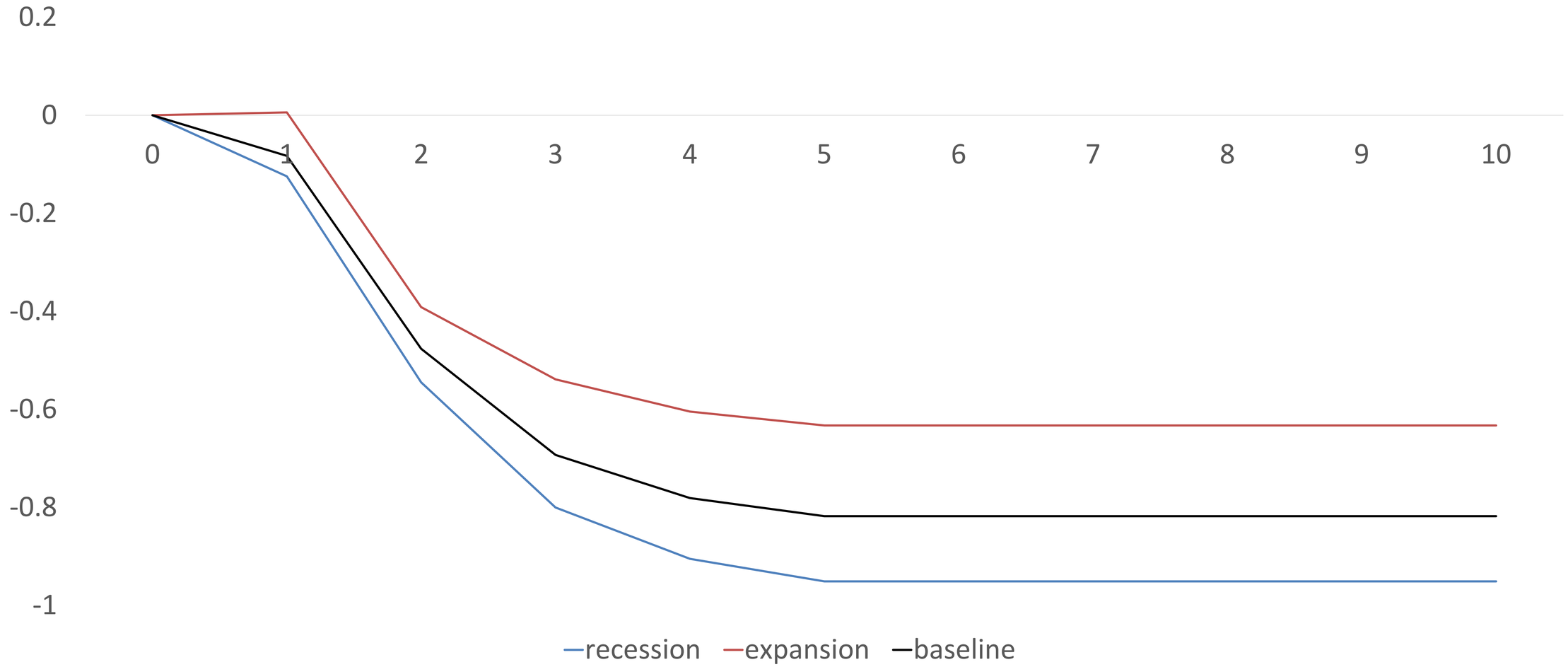
- In the US, degree of uninsured risk has declined from 44 percent in 1964-85 to 33 percent in 1985-2005 (Hoffman and Shcherbakova-Stewen, REStat 2011).

    - state-level banking deregulation in the mid-1980s improved access of small businesses to credit: "consumption risk sharing is almost 20 % points higher than it used to be before deregulation in the average recession."

- Hershbein and Stuart (2019) study the impact of recessions on local labor markets

    - Recessions lead to very persistent reductions in per capita incomes in local labor markets, but transfers do play a buffering role.
    - More important, transfers generally "remain elevated throughout the entire post-recession period, even through the next business cycle peak."

Additional stylized fact: net migration is countercyclical



Source: Dao, Furceri and Loungani 2017.

Additional stylized fact: net migration is countercyclical

TABLE 3.—DIRECT ESTIMATION OF COUNTERCYCLICAL MIGRATION RESPONSE

	Dependent Variable: Net Migration Rate m_t, from:					
	Census PEP			Census PEP (MSA)		
	(1)	(2)	(3)	(4)	(5)	(6)
m_{t-1}	0.417**	0.403***				
	(0.168)	(0.143)				
$rimix_t$	0.041					
	(0.056)					
$rimix_{t-1}$	0.417***			1.349***	0.810**	
	(0.085)			(0.393)	(0.341)	
$D(Exp)_t \times rimix_{t-1}$ (γ_1)		0.272***	0.343***			0.757**
		(0.092)	(0.124)			(0.374)
$D(Rec)_t \times rimix_{t-1}$ (γ_2)		1.013***	1.182***			2.008***
		(0.193)	(0.177)			(0.420)
Time FE	Yes	Yes	Yes	Yes	Yes	Yes
$H_0 : \gamma_1 = \gamma_2$						
p-value		0.01	0.00			0.01
N	1,122	1,122	1,173	447	393	393
Years in sample	1992–2013	1992–2013	1992–2013	2005–2014	Dropping 2006 (Katrina)	Dropping 2006 (Katrina)

Estimates are based on equation (10) in the text using different sources of net domestic migration data. Census PEP refers to state-level net domestic migration data from the Census Population Estimates Program. Census PEP (MSA) refers to MSA-level net migration data from the Census Population Estimates Program. $D(Rec)$ denotes a dummy variable that equals 1 if the observation year contains at least 1 NBER recession quarter, and $D(Exp)$ equals one if the observation year contains none. Columns 5 and 6 drop observations in 2006 to exclude outliers from migration waves following Hurricane Katrina. Robust standard errors clustered on states/MSA are provided in parentheses. All regressions include a set of state/MSA and year fixed effects. Regressions are weighted by state's/MSA's average population over the sample. Significant at $*p < 10\%$, $**p < 5\%$, $***p < 1\%$.

Source: Dao, Furceri and Loungani 2017.

Additional stylized fact: net migration is countercyclical

- Composition effect?

Mobility higher among the unemployed (increasing number in recessions).

- Liquidity constrained?

Uninsured risk higher in recessions.

Consumption Smoothing: dependent variable $c_{it} - \bar{c}_t$

	(1) Baseline	(2) Prob. Rec.	(3) NBER Rec.
$(y_{it} - \bar{y}_t)$	0.4129***		
	(0.0296)		
$(y_{it} - \bar{y}_t)P_{Rec}$		0.3859***	0.3617***
		(0.1032)	(0.0570)
$(y_{it} - \bar{y}_t)(1 - P_{Rec})$		0.4168***	0.4317***
		(0.0329)	(0.0346)
R-Squared	0.09	0.09	0.09
Num. of Obs.	2040	2040	2040

Source: Ahn and Furceri (forthcoming).

Analysis of strong vs weak labor markets

- Interesting and novel results.
- Do differences between strong and weak labor market area explain declining migration trends? Current approach does not allow testing it.
- Hard to differentiate strong vs. weak demand from non-labor market conditions (amenities, cultural preferences, etc.).
- Why not a panel approach (rather than averaging across all years)? This would:
    - Allow computing the contribution of the difference between strong and weak labor markets over time to declining migration;
    - Allow controlling for unobserved pair-wise metro area factors.

Future work to resolve the puzzle

- Possible to do more on characteristics of migrants?
  - Health-insurance coverage->changes in health regulation over time.
  - Number of dependents->childcare policies.
  - Types and sectors of job-> implication for misallocation.
- Comparing US experience to that of other countries
  - Is migration declining elsewhere? Is geographic distance between strong and weak labor markets similar to that in the US?
  - For euro area: ongoing work by Furceri, Loungani & Pizzuto suggests modest increase in mobility, partly due to out-migration from new member states.