Does Economic Freedom Lead to Selective Migration by Sex and Race?

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Abstract

Although states with more economic freedom witness net in-migration, the composition of this migratory response may vary by sex, race, or ethnic background (Ashby, 2007). Bowles (1970) finds that African Americans are considerably less responsive than whites to the expected income gain from moving. Lee and Roseman (1999) argue that "expected economic benefits were more significant in their impact upon the destination choice of Black families than for white families." Using the 2000 Census PUMS data, we find that non-Hispanic whites and Hispanic men migrate to U.S. states with more economic freedom. Asian men and women and white, non-Hispanic women migrate to states with less economic freedom. We then investigate how components of the Economic Freedom index are associated with these migratory patterns. Our findings suggest that if the variation in economic freedom continues to widen and selective migration continues, the polarization of the U.S. states may increase as well.

1 Introduction

Throughout the latter half of the 20th century, migration played an increasingly important role in the distribution of the U.S. population. "According to Census 2000, over 22 million people were domestic migrants who changed their state of residence between 1995 and 2000"; these migrants made up almost 8 percent of the 2000 U.S. population (Franklin, 2003, p.1). Many studies have intensively and extensively investigated the factors driving migration (Sjaastad, 1962; Greenwood, 1975; Greenwood et al., 1991; Carrington et al., 1996; Nechyba, 2000; Cebula and Alexander, 2006; Chi and Voss, 2005; Conway and Houtenville, 2001; Landry et al., 2007; Partridge and Rickman, 2006; Schoolland et al., 2004). In 1998 the Current Population Survey began tracking reasons for domestic migration. The survey suggests that most people move to live in a better house or apartment, purchase a home, or accept a new job (Schachter, 2001). All three reasons for migration are likely to be affected by state and local government policy. In addition, moves may also result from government policies that affect, among other things, relative wage differences, the size of the labor market, and local amenities. As Tiebout noted, in a world where local jurisdictions provide unique rules and institutions, people can vote at the polling station or with their feet (Tiebout, 1956).

Historically, migration patterns in the U.S. have varied systematically by race. A northern migration by African Americans followed the conclusion of the Civil War. Between 1916 and 1930, the Great Migration witnessed about 1.5 million African Americans moving from the south to the north (Carrington et al., 1996). Jim Crow laws and other discriminatory policies caused many African Americans to move from the rural south to the urban north and west (Lee et al., 1957). With the increased availability of automobiles and interstate highways, many whites began to flee the urban centers in the 1950s and 1960s. In the last 50 years, Hispanic migration into and within the U.S. has also followed a south to north and west pattern. Over the same period, African Americans have been migrating back toward the south (McHugh, 1989).

In the past, many of these large-scale migrations were driven by differences in both social and economic freedoms. Since the Civil Rights gains of the 1950s and 1960s, and supreme court cases such as Roe v. Wade (1973) and Virginia v. Loving (1967), state differences in social freedoms have diminished.[1], Economic freedom also declined into the early 2000s (Karabegović and McMahon, 2005). However, since the early 2000s, state differences in social freedoms have decreased while differences in state economic freedom have been increasing. For example, in Freedom and the 50 States, Ruger and Sorens (2018) construct separate indices for personal and economic freedom in each state from 2000 – 2018. In 2000, the standard deviation in raw state scores reported by Ruger and Sorens for personal freedom was 0.075; for economic freedom, it was 0.194 or over two and half times as large. In 2016, the standard deviation in raw state scores for personal freedom had declined to 0.072, while the standard deviation in raw state scores for economic freedom increased to 0.230. If migration rates by race and ethnicity vary based on economic freedom and economic freedom differences continue to widen, polarization may increase both in terms of policy views and race (Calderon et al., 2021; Carlson and Gimpel, 2019; Tam Cho et al., 2013; McDonald, 2011).

Given the considerable variation in economic freedom, this paper examines how men and women from various racial and ethnic backgrounds respond to the differences in economic freedom between the states. Using the Census PUMS available from Ruggles et al. (2010), this study shows that Hispanic and non-Hispanic white males migrate towards areas with more economic freedom. For each percentage point increase in economic freedom, white, non-Hispanic men are 1.8 times more likely to in-migrate, and Hispanic men are 6.2 times more likely to in-migrate. On the other hand, Asian men and women and white women are less likely to migrate to states with higher economic freedom. Asian men are 93 percent less likely to migrate to a state for each one percentage point increase in economic freedom. For Asian women, this figure is 97 percent. White women are 25 percent less likely to migrate for each one percentage point increase in economic freedom.

2 Motivation

Much of the research on migration looks at the relationship between an individual or household's characteristics and their overall propensity to migrate (Greenwood, 1975, 1985, 1997; Cadwallader, 1992; Cebula, 1974; Plane and Bitter, 1997; Cushing and Poot, 2004; Shefer and Primo, 1985). For instance, those with higher education levels are more likely to migrate (Carrington and Detragiache, 1998; Docquier and Marfouk, 2004). Another vein of the migration literature examines the magnitude of migration in response to policy differences. Some studies have examined how individuals' residential choices are affected by state and local taxes, typically finding that people move away from places with higher taxes (Hamilton, 1976; Islam et al., 1989).

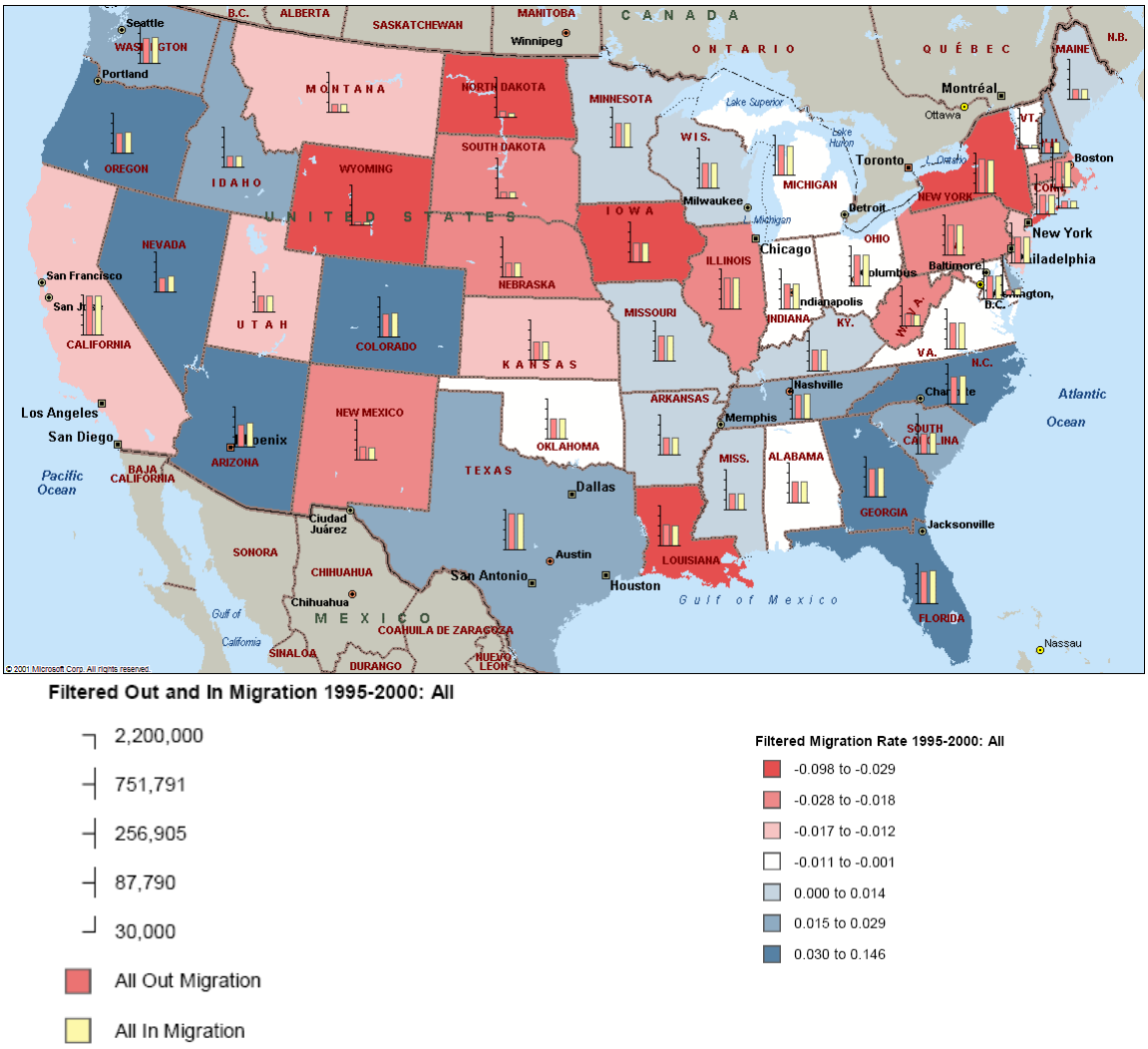
Another strand of migration research investigates differences in Blacks' and whites' migration patterns in the United States. Many studies find that African Americans are less responsive than whites to the potential income gains from migration (Long, 1988; Navratil and Doyle, 1977; Newbold, 1997; Bowles, 1970; Lee and Roseman, 1999). Lower response rates may be because African Americans are less able to convert their income and education into mobility and higher-income neighborhoods than whites (Pais et al., 2012; Quillian, 2015). Kritz and Gurak (2018) find that all "foreign- and native-born minority groups are less likely to move counties than native-born non-Hispanic Whites." "Native-born Asians and Hispanics moved comparable distances as native-born Whites, but that was not the case for native-born Blacks" (Kritz and Gurak, 2018, p.179).

Many states, including Alabama, Mississippi, and South Carolina, require employers to use systems that verify a potential employee's immigration status. When Arizona enacted a law requiring the use of an E-Verify system at the beginning of 2008, it witnessed a 40 percent decline in undocumented workers and a 16 percent decline in Mexican-born residents over the following five years (Lopez et al., 2021). A similar situation played out in Hazleton, Pennsylvania in 2006. That year Hazleton officials began greater enforcement of immigration law and nearly eliminated the Hispanic community. Hispanics with little schooling migrate to places with better economic conditions in response to a recession (Cadena and Kovak, 2016).

[1]Not withstanding the Dobbs (2022) decision which predates this study. Still, within states, individuals continue to tend to live in areas with people of similar income, ethnicity, and race (Jargowsky, 1996)

Over the past three-plus decades, scholars have investigated the relationship between economic freedom and economic activity and well-being. Much of the literature looks at economic freedom and either the level or growth rate of real GDP (or GSP) per capita (Cebula, 2011; Cebula and Mixon, 2012; Clark and Lawson, 2008; Dawson, 1998, 2003; De Haan and Siermann, 1998; De Haan and Sturm, 2000; Hall et al., 2010; Heckelman, 2000; Heckelman and Stroup, 2000). Smaller veins of research have looked at economic freedom and health (Stroup, 2007), life satisfaction and happiness (Ovaska and Takashima, 2006), housing prices (Campbell et al., 2008), and inequality (Clark and Lawson, 2008; Ashby and Sobel, 2008), just to name a few. As noted in Stansel et al. (2016), a small subset investigate whether differences in economic freedom are associated with migration patterns (Andersson and Taylor, 2012; Ashby, 2007, 2010; Ashby et al., 2013; Baughn et al., 2013; Cebula, 2014; Cebula and Clark, 2011; Cebula et al., 2016; Clark and Pearson, 2007; Mulholland and Hernández-Julián, 2013).

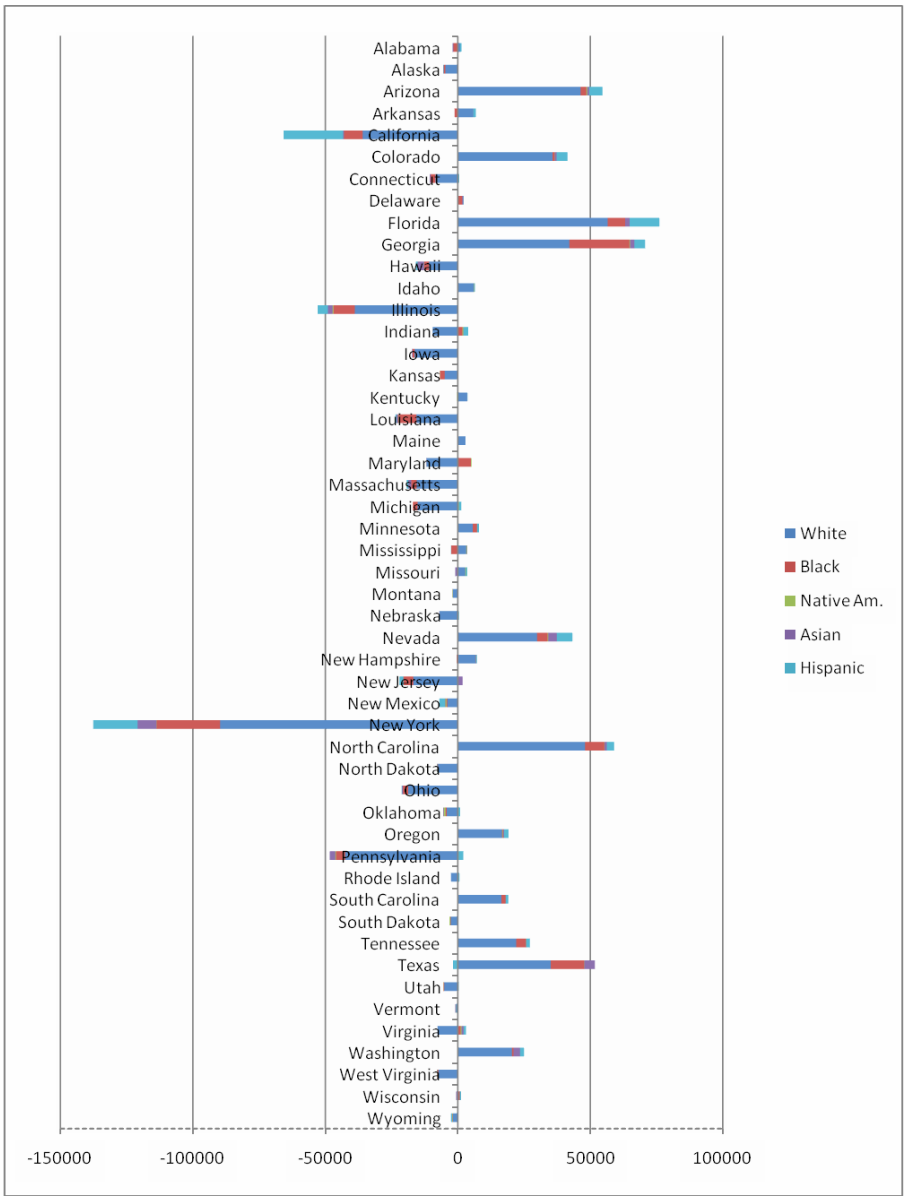
Figure 1: Filtered Migration Rate 1995-2000: All



Cebula and Clark (2011) find that locations with higher "economic freedom and personal freedom can be expected to experience higher net in-migration rates and hence higher population and economic growth rates, ceteris paribus" (p. 57). Ashby (2007) finds that individuals are particularly responsive to the size of government, tax rates, and labor market characteristics such as union concentration and the minimum wage. Cebula et al. (2016) Cebula, Foley, and Hall (2015) show that post-Great Recession, migrants move to states that offer higher levels of economic freedom. Mulholland and Hernández-Julián (2013) find that states

with greater economic freedom attract those with a secondary education. They also show that states with a higher share of union labor witness a net out-migration of residents no matter their educational background.

Figure 2: Filtered Migration Rate 1995-2000: All



This paper extends Ashby (2007); Cebula et al. (2016); Mulholland and Hernández-Julián (2013) by investigating our understanding of economic freedom and the migratory response by gender, race, and ethnicity. If migration rates by race and ethnicity vary based on economic freedom, we may witness declines in within-state diversity. This selective migration may help explain the increasing polarization of states and regions across the United States (Carlson and Gimpel, 2019; Tam Cho et al., 2013; McDonald, 2011) (Carlson and Gimpel, 2019; Cho et al., 2013; McDonald, 2011). Moreover, if the variation in economic freedom continues to widen and selective migration continues, the polarization of the U.S. states may increase as well (McDonald, 2011).

To answer this question, we use the 2000 Census Public Use Micro Sample (PUMS) question that asks 5 percent of U.S. residents where they were living five years before the Census. From these data, it is easy to separate those who moved in the last five years from those who did not. More importantly, it also allows one

to identify an individual's state of residence in 1995 and 2000. Figure 1 shows the overall net migration by state within the U.S. from 1995 to 2000. States that witness net in-migration are blue. Those states realizing net out-migration are red.[2] Individuals may migrate towards economic freedom for two reasons. First, they may prefer a lower tax burden and less government regulation. Second, as Grubel (1998) argued, economic freedom generates enough economic opportunities to overcome the costs of relocating and reestablishing social networks. Conversely, individuals may migrate towards those places with less economic freedom if the government policy offers compensating benefits significant enough to offset the costs of moving and lower economic freedom. For instance, single mothers tend to migrate towards those areas where welfare benefits are more generous (Enchautegui, 1997). These higher welfare benefits would be, in most indexes, associated with a lower level of economic freedom overall. However, they would still result in a net benefit for some individuals and families.

Figure 2 shows the overall level of migration within each state by race. Although migration by race often mirrors the net in- or out-migration, a few states realized an increase in one race and a decline in another. For instance, Alabama witnessed a net gain of 563 Hispanics and 840 non-Hispanic whites while also realizing a net loss of 1,600 Blacks, 372 Asians, and 34 Native Americans.[3]

3 Estimation Strategy and Data

Typical migration papers separate the migratory choice into two steps. First, the individual decides whether to move. For those who choose to move, the individual selects a location in a second stage. This study will analyze the migration choice differently. Every individual decides where to live by comparing their current location with all possible destinations. Each person compares the policies of their state to those of the other states. Once the individual has compared states, they move to the state that maximizes their welfare. That state may be their current residence, but it may also be another. Each of these state options is an observation whose dependent variable equals one for the actual state chosen by the individual and zero otherwise. We estimate how the probability of residing in a location is related to that area's economic freedom.

Some characteristics of an individual will affect his choice of where to live. However, some factors affecting this decision depend on the relationship between the current state and potential states. The regression includes a dummy for the choice to remain in the same state: it is likely that, ceteris paribus, an individual would be less likely to cross state lines. An individual may be less likely to choose a residential location far away than a closer one. Therefore, we also include the straight-line distance between a person's home state's capital and all other potential future states' capital and whether a person's initial state of residence borders a possible future state of residence. We can thus estimate how the individual's choice to migrate is affected by the distance between the states.

To perform this investigation, we need measures of state-to-state migration by race and sex and economic freedom by state-year. Nationally representative, publicly available data on domestic U.S. migration is available from the U.S. Census, in the form of the decennial Census and more recently in the annual American Community Survey (ACS); the Annual Social and Economic Supplement of the Current Population Survey (CPS); and the Internal Revenue Service (IRS). Ultimately, we use the 2000 Census to investigate our question for several reasons. First, the IRS migration data do not include sex and race identifiers. Second, the Decennial Census is approximately 100 times larger than the CPS and three times larger than the ACS. Third, because we are investigating the domestic migration of minority groups who often represent small fractions of state populations, we use a longer time frame, such as 5-year or 10-year mobility measures, to observe as many state-to-state movers for each group as possible. Luckily, the ACS and the Decennial Censuses asked respondents their place of residence five years ago. Fourth, we want to investigate migration when all states were experiencing either economic growth or decay so that regional downturns or state-specific business cycles are not driving migration decisions.[4]. Therefore, given the larger sample size, the desire for

[2]Figure 1 shows the net migration by state for those individuals whose characteristics match those included in this study, plus those individuals listed as married head of household whose current spouse reports a different residence than their spouse in 1995. Tables A1 and A2 provide more details on how we construct our sample.

[3]Focusing on migration by race, Figure 2 shows the state-level migration rate by race/ethnicity.

[4]From 1997-2000 all states witnessed growth except for Alaska, which saw a decline in state GSP (Bureau of Economic Analysis, 2019)

longer-term mobility measures, and the desire to avoid state or regional specific business cycles, we use the 2000 Decennial Census. Ideally, we would also investigate more recent migration by using the 2010 Census information to look at state-to-state migration from 2005 to 2010. However, the 2000 Decennial Census was the last Decennial Census to use the long-form, and thus 5-year mobility data were not collected by the 2010 Census.[5] Therefore, we use the 2000 Decennial Census because it is the largest, it avoids the Great Recession, and it is the most recent 5-year state-to-state migration measure available.[6]

We measure differences in states' economic policies by using the economic freedom and its components from the 2005 Economic Freedom of North America publication written by Karabegović and McMahon (2005) and published by the Fraser Institute.[7]. We use the same source as Ashby (2007) because the Fraser Institute was the first to publish an annual measure of economic freedom of states of the U.S.[8]

Economic freedom indices measure state economic policies.[9] Policymakers can only affect the level of economic freedom through new legislation. Therefore, we also disaggregate the economic freedom index into its components to determine what policies, or at least policy areas, such as the size of government or labor market regulations, drive residents' migratory response. We combine the states' economic policies indexes in 1995 and 2000 with the information on the individuals' migration from 1995 to 2000. We expect individuals to migrate to states with greater relative economic freedom overall.

Each observation unit is a two-state combination expressing a potential move by an individual (Mulholland and Hernández-Julián, 2013). The individual's former state of residence is combined with all potential future lower 48 states of residence, including the choice to stay in the same state. As a result, there are 48 state-state observations for each individual. One state-state combination represents the individual's initial home state in 1995 and their home state in 2000. The remaining 47 represent the individual's home state in 1995 and the other 47 states to which they could have migrated. The variation in the dependent variable comes from the individual's choice of residence: the dependent variable is a dummy variable that takes on a value of one for the state-state combination where an individual chooses to reside in 1995 and 2000, and zero for the other state-state combinations. We then logistically estimate the individual's choice on the difference in the characteristics of the state the individual comes from and states the individual could migrate to. That is,

$$\begin{aligned} choice_{ijk} = \alpha &+ \gamma(samestate_{jk}) + \delta(miles_{jk}) + \mu(border_{jk}) + \lambda(Economicfreedom_{jk}) + \theta(F_j) \\ &+ \gamma(black_i)(samestate_{jk}) + \delta(black_i)(miles_{jk}) + \mu(black_i)(border_{jk}) \\ &+ \lambda(black_i)(Economicfreedom_{jk}) + \theta(black_i)(F_j) \\ &+ \gamma(native_i)(samestate_{jk}) + \delta(native_i)(miles_{jk}) + \mu(native_i)(border_{jk}) \\ &+ \lambda(native_i)(Economicfreedom_{jk}) + \theta(native_i)(F_j) \\ &+ \gamma(asian_i)(samestate_{jk}) + \delta(asian_i)(miles_{jk}) + \mu(asian_i)(border_{jk}) \\ &+ \lambda(asian_i)(Economicfreedom_{jk}) + \theta(asian_i)(F_j) \\ &+ \gamma(Hispanic_i)(samestate_{jk}) + \delta(Hispanic_i)(miles_{jk}) + \mu(Hispanic_i)(border_{jk}) \\ &+ \lambda(Hispanic_i)(Economicfreedom_{j_k}) + \theta(Hispanic_i)(F_j) + s_i + \epsilon_{ijk} \end{aligned} \quad (1)$$

where $choice_{ijk}$ equals one if individual i moves from state j to state k, and zero otherwise. All coefficients are reported as odds-ratios. Therefore, coefficient values larger than one are associated with positive migration probabilities for any increase in the independent variable. The variable $samestate_{jk}$ equals one if the from-state j is the same as the to-state k. Coefficient gamma, is the probability of staying in the $samestate_{jk}$, which should be greater than one and significant. The variable border equals one if the states border each other. The variable $miles_{jk}$ is the distance from the capital in state j to the capital in k, and

[5]Moreover, the 2005-2010 period includes the Great Recession, which likely affected the level and composition of state and regional migration.

[6]The CPS does report 5-year mobility measures from 2005-2010. However, given its much smaller sample size, finer geographic and sub-population data analysis is often problematic. For more information, see Ihrke and Faber (2012).

[7]More recent versions, such as Economic Freedom of North America Ashby et al. (2011), include the economic freedom of Canadian Provinces and Mexican states. For more information on economic freedom and quality of life worldwide, see Gwartney et al. (2011) and Miller et al. (2012)

[8]One other source is Cato's Freedom in the 50 States, first published in 2009 by the Mercatus Center.

[9]Hall and Lawson (2011) discuss the causes and consequences of economic freedom.

equals zero if *samestate* equals one. The coefficient estimate on miles should be less than one and significant if individuals like to stay close to their point of origin, but larger than one and significant if individuals tend to move farther away. $Economicfreedom_{jk}$ calculates the percentage difference in economic freedom measure from the home $state_j$ in 1995 to all potential home states k, in 2000. If individuals prefer more economic freedom, lambda will be larger than one; if they prefer less, lambda will be less than one. F_j is a matrix that measures the difference in specific characteristics between the from-state and the to-state. The matrix F_j includes information on the difference in the population density, the difference in the number of heating days, the difference in the annual precipitation, the percentage difference in the median income, and percentage difference in the CPI from j to state k. Because many of the Economic Freedom index components, directly and indirectly, affect state income and cost of living, including income and cost-of-living measures biases the Economic Freedom index's coefficient and many of the Economic Freedom indexes components' coefficients toward zero. The regression also includes individual-level fixed effects, s_i. We include the person weights provided by PUMS and cluster the standard errors by the individual.

To determine whether migratory behavior differs by race, we interact these measures with a dummy variable for the race of individual i. These interactions will generate estimates of whether individuals of different races respond differently to economic freedom and other state characteristics. To determine the overall effect by race, we linearly sum the level of these measures with the interaction coefficient. The excluded race is white, non-Hispanic.

We analyze the migratory response by race using the five percent Census Public Use Micro Sample (PUMS), which provides a sizeable nationwide sample that includes individual and household information. We employ six steps to narrow the entire set of observations to the sample of individuals in the regressions. First, we separate the sample by sex and keep those individuals who report being a member of the five largest race/ethnic categories: White, African-American, Native-American, Asian-American, and Hispanic.[10] Then, we drop those individuals who moved from abroad, whose state residences in 1995 were not reported, and those who did not move between 1995 and 2000. Third, we filter out those less than 21 years old, older than 64, enrolled in school, and military members. Therefore, we avoid migration decisions based on college enrollments, retirement, or military transfers. This step drops those individuals who were less than 24 in 2000 and those attending college. Step 4 eliminates all those individuals that were not part of the labor force. Also, step four filters out non-citizens who may not be able to move freely from job to job within the U.S. Step 5 focuses on the head of households who are single or whose spouse is present. It drops those divorced, widowed, or married with a non-present spouse. To eliminate the possibility that individuals moved to follow their spouse, step 5 drops those married heads of households whose current spouse reports a different residence than their spouse in 1995. Due to the lack of information from the economic freedom index, Step 6 drops all individuals living in the District of Columbia in 1995 or 2000. These steps increase the share of whites in the male sample and the share of Blacks in the female sample. This change is mostly from steps 2, dropping individuals from abroad, and step 4, dropping individuals not in the labor force. The results from this process for males are shown in Appendix Table A1 and for females in Appendix Table A2

These filtered migration rates for all races are shown in Figure 1. From 1995 to 2000, many southern, western, and mountain west states witnessed a net in-migration, while many northeastern and midwestern states witnessed a net out-migration. Figure 2 reports the migration patterns for Asians, Blacks, Hispanics, Native Americans, and Whites, respectively, by state. Appendix Table A3 reports the summary statistics by the individual for both males and females before we expand the data set to include all possible states of residence. All statistics that calculate the difference or percentage change use the values for the home state in 2000 and the state of residence reported in 1995.

Economic Freedom information comes from The Fraser Institute. The index quantifies the differences in economic policies among the states. The index ranges from 1 to 10 and captures the state and local governments' level of restrictions on economic activities. A higher value denotes more economic freedom and less regulation. Our analysis calculates the percentage difference in the level of economic freedom of the person's home state in 1995 and economic freedom in the person's potential home states in 2000. For those who do not move states, this represents the percentage change in economic freedom witnessed for a single state over time. For those who move, this represents the corresponding change in economic freedom both over time and across the two states where the person resides.

[10] Those listed as Hispanic are excluded from the other categories

The summary statistics are in Appendix Table A3. About 82 percent of men and women lived in the same state in 1995 as they did in 2000. Just under six percent of men and women moved to a bordering state between 1995 and 2000. Overall economic freedom increased from 1995 to 2000, and all but one component of the economic freedom index shows increases in economic freedom. Only the percent change in the share of government employment increased, which lowers economic freedom according to the index.

Figure 3: Economic Freedom Index 1995

Figure 4: Economic Freedom Index 2000

Figure 3 and Figure 4 show the levels of Economic Freedom in the states in 1995 and 2000. Most states witnessed an increase in economic freedom over the period. In 1995, economic freedom ranged from a low of 5.2, in New York, to a high of 8.2 in Tennessee. The standard deviation in 1995 was 0.75. By 2000, the standard deviation of economic freedom across states had fallen to 0.68. The maximum was 8.3 in Tennessee, and the low was in West Virginia with 5.5. In addition to an overall economic freedom index, we investigate whether individuals may migrate in response to various economic freedom index components that measure the change in particular types of taxes, subsidies, and regulation.

4 Results

4.1 Male Migration

Table 1 reports our logistic estimation results for the filtered male sample using odds ratios instead of the raw coefficient. Odds ratios greater than one represents an increase in the probability that the individual will choose to reside in a state when an independent variable is positive, and odds ratios below one represent a decrease in that probability. For instance, the coefficient estimate of 3.684 on bordering states for white males reveals that a non-Hispanic, white men are 3.7 times more likely to migrate to a bordering state than a non-bordering state. Robust adjusted standard errors are reported.[11]

Table 1: Fixed Effect Logit: Components of Economic Freedom and Male Migration

Variables	1	2	3	4	5
truemove	level	black interation terms	asian interaction terms	native american interaction terms	hispanic interaction terms
moved within the state	177.443***	1.205**	0.465***	0.777	0.805**
	[3.578]	[0.093]	[0.052]	[0.194]	[0.074]
to and from state border each other	3.684***	0.919	0.610***	1.047	0.679***
	[0.075]	[0.074]	[0.078]	[0.243]	[0.066]
miles from one state to the other	1.000***	1	1	1	1.000**
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
percent change in overall economic freedom	1.861***	0.797	0.037***	1.138	3.347***
	[0.156]	[0.270]	[0.018]	[1.097]	[1.205]
percent change in population density	1.355***	1.099*	0.821**	0.903	1.106
	[0.018]	[0.063]	[0.065]	[0.150]	[0.071]
difference in heating days	1.000***	1.000**	1.000***	1	1.000***
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
difference in annual precipitation	0.984***	1.009**	0.997	0.998	0.978***
	[0.001]	[0.004]	[0.005]	[0.010]	[0.004]
percent change in median income	1.527***	9.161***	28.086***	0.407	0.977
	[0.143]	[3.312]	[14.780]	[0.505]	[0.416]
percent change in cost of living	0.075***	0.007***	8.415**	0.084	4.428**
	[0.012]	[0.004]	[7.779]	[0.179]	[3.099]
migratory response by race		1.484	0.0685***	2.118	6.23***
		[0.487]	[0.0331]	[2.035]	[2.182]

Notes: Observations: 1,864,512. Degrees of freedom: 45. Pseudo R-squared: 0.705. ***p<0.01; **p<0.05; *p<0.10. Robust adjusted standard errors in brackets (adjusted standard errors also adjusted for 135,763 clusters.

The first column of Table 1 reports the level odds ratios for the non-interacted group: non-Hispanic, White males. White males are significantly more likely to move within a state than to move to a different one. They are also more likely to move to denser areas, states with higher median income, states with less

[11] The corresponding z-value used to determine whether the odds ratio is statistically different from one is the raw coefficient divided by the robust unadjusted standard error. The raw coefficient is the natural log of the odds ratios reported in the results tables. For example, the odds ratio for the percentage change in economic freedom in Table 1 is 1.861. Therefore, the raw coefficient is 0.621 (or the natural log of 1.861).The unadjusted standard error is the square root of the adjusted standard error squared divided by the odds ratio squared or

$$\sqrt{\frac{adjusted\ standard\ error^2}{odds\ ratio^2}} \tag{2}$$

For example, the adjusted standard error for the percentage change in economic freedom is 0.156, and the odds ratio is 1.861. Therefore the unadjusted standard error is

$$\sqrt{\frac{0.156^2}{1.861^2}} \tag{3}$$

or 0.0862. Dividing the raw coefficient, 0.621, by the unadjusted standard error, 0.0862, results in a z-statistic of 7.20. A z-statistic of 7.20 exceeds 2.58 (the z-value for the 99 percent confidence interval). Therefore, the estimated odds ratio for the percentage change in economic freedom is statistically different from one at an alpha equal to 0.01.

precipitation, and lower costs of living. The second column in Table 1 reveals that Black male migration is similar to white male migration patterns, in terms of direction, except that they are more likely to move towards places with more precipitation. Asian-American males are less likely than white males to move within a state or to a bordering state. They are more likely to move to a higher cost of living state. Again, in terms of direction, Hispanics are less likely to move within a state or to a bordering state. Hispanics are also more likely to move to a higher cost of living state. Native American males do not respond significantly differently from non-Hispanic white males.

The variable of interest is the measure of economic freedom. White, non-Hispanic and Hispanic males are more likely to move to higher economic freedom areas. White men are 1.86 times more likely to migrate for each one percent increase in a state's economic freedom relative to their home state. Hispanic men are 3.35 times more likely to migrate to a state whose economic freedom is higher by one percent relative to their home state in 1995. Though the overall response by African American and Native American males is positive, the coefficients on economic freedom are imprecisely estimated. Asian-Americans, however, tend to migrate toward states where economic freedom is lower. This finding for Asian males is consistent with many studies finding that Asian residents tend to settle in more progressive, urban locations (Ramakrishnan et al., 2012; Raychaudhuri, 2020).

Table 2: Fixed Effect Logit: Components of Economic Freedom and Male Migration

	1	2	3	4	5
Variables	level	black interation terms	asian interaction terms	native american interaction terms	hispanic interaction terms
percentage difference in measure of consumption	1.029	6.265	23.668	0.185	0.458
by government as a percentage of gdp	[0.302]	[7.859]	[54.627]	[0.537]	[0.594]
percentage difference in measure of transfers and	1.207	0.175	0.005**	9.595	5.161
subsidies as a percentage of gdp	[0.367]	[0.221]	[0.010]	[30.290]	[7.362]
percentage difference in measure of social security	0.191***	1.752	22.413**	3.364	1.946
payments as a percentage of gdp	[0.045]	[1.660]	[35.264]	[6.750]	[2.340]
percentage difference in measure of total tax revenue	2.454***	0.613	0.026	184.076	0.394
as a percentage of gdp	[0.832]	[0.933]	[0.061]	[902.443]	[0.553]
percentage difference in measure of top marginal	0.734*	0.5	2.466	0.237	1.109
income tax rate and income at which it begins	[0.119]	[0.343]	[2.186]	[0.467]	[0.812]
percentage difference in measure of indirect	1.234	2.013	0.992	0.004	4.672
tax revenue as a percentage of gdp	[0.324]	[2.295]	[1.444]	[0.014]	[5.411]
percentage difference in measure of sales tax	0.560***	2.306	0.959	0.013	0.395
collected as a percentage of gdp	[0.104]	[1.663]	[1.091]	[0.035]	[0.328]
percentage difference in measure of minimum wage	1.657***	1.757	0.306	0.609	0.513
legislation as a percentage of gdp	[0.213]	[1.072]	[0.284]	[0.575]	[0.305]
percentage difference in measure of government	5.191***	1.604	0.046**	1.234	0.281
employment as a percentage of total employmen	[1.103]	[1.492]	[0.058]	[2.597]	[0.264]
percentage difference in measure of union density	1.1	0.251**	0.162**	1.741	0.431
	[0.146]	[0.152]	[0.122]	[1.716]	[0.234]

Notes: Estimation also includes levels and interactions with border status, distance, population density, median income, . heating days, and precipitation. Weighted using PUMS weights. Errors clustered by individual. Observations: 2,150,208. Pseudo R-squared: 0.708. ***p<0.01; **p<0.05; *p<0.10 (Sig. Different from one). Robust adjusted standard errors in brackets (adjusted standard errors clustered at the individual level

To identify why migration may differ by race and ethnicity, we estimate the same regression but replace the percentage difference in the overall Economic Freedom Index with the percentage difference of its ten components:

- General Consumption Expenditures by Government as a Percentage of GDP
- Transfers and Subsidies as a Percentage of GDP
- Social Security Payments as a Percentage of GDP
- Total Tax Revenue as a Percentage of GDP
- Top Marginal Income Tax Rate and the Income Threshold at Which It Applies

- Indirect Tax Revenue as a Percentage of GDP
- Sales Taxes Collected as a Percentage of GDP
- Minimum Wage Legislation
- Government Employment as a Percentage of Total State/Provincial Employment
- Union Density

All component measures range from 1 to 10, with ten representing the highest level of economic freedom through less government spending or taxes relative to state GDP, less regulation of the labor market, or lower union density.

The disaggregated results for males, reported in Table 2, provide a few additional insights. White men migrate toward states with lower overall taxes (recall the components are higher when spending and taxes are lower), lower minimum wages, and a smaller share of government employees. White men migrate away from states with a lower share of social security payments, a lower share of sales taxes relative to GDP, and lower top marginal income tax rates. African American men respond similarly to non-Hispanic white men for all components except African American men move to states with higher union density relative to white men. Compared to whites, Asian-American males are more likely to migrate toward states with a larger share of transfers and subsidies as a percent of GDP, a smaller share of social security payments as a percent of GDP, a larger share of government employees, and a larger share of union representation. The finding for Asian males is consistent with many studies finding that Asian residents tend to settle in more progressive, urban locations (Ramakrishnan et al., 2012; Raychaudhuri, 2020). Native Americans and Hispanic men respond to the economic freedom components similarly to non-Hispanic white men.

4.2 Female Migration

Table 3 reports how women migrate in response to various state characteristics. White women tend to respond more strongly to an increase in an area's median income than white men. White women are more likely to move within a state and to a neighboring state than white men. Although white males migrate toward states with greater economic freedom, white females tend to move to states with less economic freedom. White women are 32 percent less likely to migrate to a state for each one percentage point increase in economic freedom. For Asian women, this figure is 98 percent. As noted above, this finding for Asian females is consistent with many studies finding that Asian residents tend to settle in more progressive, urban locations (Ramakrishnan et al., 2012; Raychaudhuri, 2020). African American and Hispanic women respond to economic freedom in a statistically similar way as non-Hispanic white women.

Table 4 uses the economic freedom index components to investigate which components women of various races find attractive. This decomposition suggests that non-Hispanic white women respond positively to lower indirect tax revenue, lower minimum wages, and a lower percentage of employees that work for the government. White women migrate away from states with lower social security payments, lower income taxes, lower sales taxes, and lower union density. Therefore, it appears that white women's overall desire for less economic freedom is driven by a desire for higher social security payments, higher income taxes, higher sales taxes, and higher union density. Relative to non-Hispanic white women, African American women have a higher propensity to migrate toward states with smaller government consumption as a share of GDP and lower indirect tax rates as a share of GDP. African American women are more likely to migrate toward states with higher overall tax revenue and higher union density than white women.

Asian women are much more likely than white women to migrate to states with a smaller share of government consumption. They are also more likely to move to states with lower sales tax as a percent of GDP. On the other hand, Asian women are likely to migrate toward states with higher transfer and subsidies, higher overall tax revenue, a higher share of government employment, and higher union density than non-Hispanic white women. Native American women are more likely to migrate to states with a larger share of government workers than white women. Hispanic women have a higher propensity of migrating toward states with lower income taxes than non-Hispanic white women. However, Hispanic women are more

Table 3: Fixed Effect Logit: Components of Economic Freedom and Female Migration

Variables	1	2	3	4	5
truemove	level	black interaction terms	asian interaction terms	native american interaction terms	hispanic interaction terms
moved within the state	174.079***	1.505***	0.521***	1.462	1.037
	[7.022]	[0.157]	[0.113]	[0.593]	[0.181]
to and from state border each other	3.813***	0.810**	0.764	1.753	0.718*
	[0.157]	[0.085]	[0.181]	[0.673]	[0.129]
miles from one state to the other	1.000***	1.000*	1.000**	1	1
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
percent change in overall economic freedom	0.676**	1.251	0.025***	0.422	1.437
	[0.113]	[0.553]	[0.021]	[0.684]	[0.971]
percent change in population density	1.369***	1.108	1.157	0.510***	1.198
	[0.034]	[0.079]	[0.150]	[0.126]	[0.134]
difference in heating days	1.000***	1	1.000***	1	1.000***
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
difference in annual precipitation	0.978***	1.016***	0.986	1.037**	0.985**
	[0.002]	[0.0005]	[0.008]	[0.017]	[0.007]
percent change in median income	1.936***	8.167***	24.308***	5.61	1.669
	[0.357]	[4.035]	[22.924]	[11.733]	[1.267]
percent change in cost of living	0.424***	0.002***	0.065*	1.58	0.127
	[0.125]	[0.002]	[0.101]	[5.132]	[0.162]
migratory response by race		0.8458	0.0172***	0.285	0.9721
		[0.3460]	[0.0141]	[0.4598]	[0.6367]

Notes: Observations: 1,864,512. Degrees of freedom: 40. Pseudo R-squared: 0.718. ***p<0.01; **p<0.05; *p<0.10. Robust adjusted standard errors in brackets (adjusted standard errors also adjusted for 44,796 clusters.

Table 4: Fixed Effect Logit: Components of Economic Freedom and Female Migration

	1	2	3	4	5
Variables	level	black interation terms	asian interaction terms	native american interaction terms	hispanic interaction terms
percentage difference in measure of consumption	1.026	2.110*	93.646***	5.29	1.478
by government as a percentage of gdp	[0.163]	[0.889]	[111.555]	[7.407]	[1.035]
percentage difference in measure of transfers and	0.995	1.31	0.100*	1.24	2.223
subsidies as a percentage of gdp	[0.168]	[0.612]	[0.119]	[1.886]	[1.751]
percentage difference in measure of social	0.381***	1.087	0.668	1.215	0.661
security payments as a percentage of gdp	[0.046]	[0.398]	[0.440]	[1.438]	[0.383]
percentage difference in measure of total tax	1.103	0.402*	0.053***	0.246	1.515
revenue as a percentage of gdp	[0.198]	[0.200]	[0.059]	[0.416]	[1.045]
percentage difference in measure of top marginal	0.836**	1.249	1.135	0.592	2.203**
income tax rate and income at which it begins	[0.075]	[0.327]	[0.550]	[0.580]	[0.818]
percentage difference in measure of indirect	2.357***	4.282***	2.487	0.983	0.414
tax revenue as a percentage of gdp	[0.333]	[1.940]	[2.349]	[1.475]	[0.251]
percentage difference in measure of sales tax	0.800**	0.86	2.800*	1.936	0.763
collected as a percentage of gdp	[0.080]	[0.241]	[1.681]	[1.972]	[0.318]
percentage difference in measure of minimum	1.334***	0.973	0.941	1.981	0.612*
wage legislation as a percentage of gdp	[0.097]	[0.195]	[0.387]	[1.424]	[0.171]
percentage difference in measure of government	2.852***	0.829	0.057***	0.149**	0.162***
employment as a percentage of gdp	[0.343]	[0.270]	[0.039]	[0.141]	[0.070]
percentage difference in measure of union density	0.750***	0.565***	0.280***	0.612	0.815
	[0.055]	[0.116]	[0.117]	[0.443]	[0.204]

Notes: Estimation also includes levels and interactions with border status, distance, population density, median income, . heating days, and precipitation. Weighted using PUMS weights. Errors clustered by individual. Observations: 1,864,512. Pseudo R-squared: 0.720. ***p<0.01; **p<0.05; *p<0.10 (Sig. Different from one). Robust adjusted standard errors in brackets (adjusted standard errors clustered at the individual level

likely to migrate toward states with higher minimum wages and a higher share of government employees

than non-Hispanic white women.

5 Conclusion

This paper extends our understanding of migration by finding that the migratory response to economic freedom varies by race and gender. Increases in economic freedom are associate with the in-migration of non-Hispanic white men and Hispanic men. Black men to not appear to migrate in responses to differences in economic freedom. This finding is consistent with Crowder (2001), who finds that Blacks are significantly less able than whites to actualize benefits by moving. Asian men migrate away from states with greater economic freedom. Compared to whites, Asian-American males are more likely to migrate toward states with a larger share of transfers and subsidies as a percent of GDP, a smaller share of social security payments as a percent of GDP, a larger share of government employees, and a larger share of union representation.

For women, a decrease in overall economic freedom is associated with net in-migration for non-Hispanic whites and Asian-Americans. African American women have a higher propensity to migrate toward states with smaller government consumption as a share of GDP and lower indirect tax rates as a share of GDP. African American women are more likely to migrate toward states with higher overall tax revenue and higher union density than white women. Asian-American women move to states with higher transfers and subsidies, higher total tax revenue as a percentage of GSP, a higher share of government employment, and higher union density. Although white women are more likely to move to states with lower indirect taxes, lower minimum wage rates, and a smaller share of government employees, overall, white women migrate toward states with less economic freedom. White women move to states with higher social security payments as a percent of GSP, higher income tax as a percent of GSP, higher sales tax as a percent of GSP, and higher union density.

These selective migration findings extend Ashby (2007), Mulholland and Hernández-Julián (2013), and Cebula et al. (2016) by showing that the migratory response to economic freedom varies by gender, race, and ethnicity. If the migratory response to economic freedom differs by these characteristics, we may witness decreases in within-state diversity in terms of both race and political views. For example, Cho et al. (2013) find that migrants tend to relocate in areas populated with co-partisans. Given this tendency, this selective migration may help explain the increasing polarization of states and regions across the United States (Carlson and Gimpel, 2019; Cho et al., 2013; McDonald, 2011). Selective migration in the last five years of the 20th century may also explain why Ruger and Sorens (2018) report an increase in the standard deviation in raw state scores for economic freedom from 2000 – 2016. Moreover, if the variation in economic freedom continues and selective migration continues in response to these differences in economic freedom, we may witness an acceleration in the polarization of the U.S. states in to the future (McDonald, 2011).

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Appendix

Table A1: Sampling Processes by Race and Ethnicity: Males 2000

Steps	Restriction	White	%	Black	%	Native Amer.	%	Asian	%	Hispanic	%
Step 1	If Male and Race/Ethnicity is defined	988,866	71.96	150,758	10.97	12,285	0.89	49,455	3.6	172,905	12.58
Step 2	If Residency is reported, was within the United States, and changed between 1995 and 2000	368,294	70.58	61,350	11.76	4,852	0.93	18,214	3.49	69,112	13.24
Step 3	Filters by Age, Schooling, and Military	221,278	72.74	31,564	10.38	2,655	0.87	10,230	3.36	38,460	12.64
Step 4	Filters by Labor Force and Citizenship	189,022	80.77	20,972	8.96	2,022	0.86	5,390	2.3	16,617	7.1
Step 5	If head of household and either married with spouse present in both 1995 and 2000 or single/never married	122,676	83.79	9,845	6.72	1,012	0.69	3,526	2.41	9,343	6.38
Step 6	If not a resident of DC in 1995 or 2000	115,005	84.03	9,043	6.61	933	0.68	3,175	2.32	8,704	6.36

Table A2: Sampling Processes by Race and Ethnicity: Females 2000

Steps	Restriction	White	%	Black	%	Native Amer.	%	Asian	%	Hispanic	%
Step 1	If Male and Race/Ethnicity is defined	1,038,650	72.12	170,178	11.82	12,872	0.89	52,947	3.68	165,503	11.49
Step 2	If Residency is reported, was within the United States, and changed between 1995 and 2000	389,694	71.01	68,439	12.47	5,191	0.95	19,351	3.53	66,117	12.05
Step 3	Filters by Age, Schooling, and Military	225,036	72.68	35,409	11.44	2,760	0.89	11,219	3.62	35,182	11.36
Step 4	Filters by Labor Force and Citizenship	160,801	77.71	24,552	11.87	1,789	0.86	5,164	2.5	14,606	7.06
Step 5	If head of household and either married with spouse present in both 1995 and 2000 or single/never married	28,510	69.41	8,338	20.3	379	0.92	938	2.28	2,908	7.08
Step 6	If not a resident of DC in 1995 or 2000	27,158	69.32	7,998	20.42	367	0.94	884	2.26	2,768	7.07

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Table A3: Summary Statistics

		Male					Female				
Variable	Description	Obs	Mean	Std. Dev.	Min	Max	Obs	Mean	Std. Dev.	Min	Max
self	stayed or moved within the state	135,763	0.8196	0.3845	0.0000	1.0000	38,844	0.8249	0.3801	0.0000	1.0000
border	to and from state border each other	135,763	0.0589	0.2354	0.0000	1.0000	38,844	0.0552	0.2284	0.0000	1.0000
distance	miles from one state to the other	135,763	162.69	465.30	0.00	3138.00	38844	162.21	481.92	0.00	3138.00
deltaindex	percent change in overall economic freedom (ln(econ free2000) - ln(econ free1995))	135,763	0.0516	0.0741	-0.3994	0.4676	38,844	0.0536	0.0760	-0.3994	0.4676
delta1a	percent change in measure of in consumption by government as a percentage of gdp	135,763	0.0163	0.1177	-0.8391	0.6242	38,844	0.0224	0.1204	-0.8391	0.6103
delta1b	percent change in measure of transfers and subsidies as a percentage of gdp	135,763	0.1423	0.1559	-0.3321	0.7133	38,844	0.1505	0.1570	-0.3321	0.7133
delta1c	percent change in measure of social security payments as a percentage of gdp	135,763	0.0756	0.1448	-0.8190	1.0561	38,844	0.0785	0.1466	-0.7523	1.0561
delta2a	percent change in measure of total tax revenue as a percentage of gdp	135,763	0.0935	0.1482	-1.0087	1.0561	38,844	0.0981	0.1531	-1.0087	1.0561
delta2b	percent change in measure of top marginal income tax rate and income at which it applies	135,763	0.0334	0.1772	-0.9163	0.9163	38,844	0.0298	0.1760	-0.9163	0.9163
delta2c	percent change in measure of indirect tax revenue as a percentage of gdp	135,763	0.0954	0.1028	-0.7366	1.1407	38,844	0.1007	0.1011	-0.7366	1.0769
delta2d	percent change in measure of sales tax collected as a percentage of gdp	135,763	0.0094	0.1389	-1.0014	1.3762	38,844	0.0088	0.1356	-1.0014	1.3762
delta3a	percent change in measure of minimum wage legislation as a percentage of gdp	135,763	0.0267	0.1432	-0.9163	0.8440	38,844	0.0262	0.1364	-0.9163	0.8440
delta3b	percent change in measure of government employment as a percentage of total employment	135,763	-0.0015	0.0916	-1.0484	1.0586	38,844	-0.0007	0.0906	-0.9111	1.0169
delta3c	percent change in measure of union density	135,763	0.0515	0.2001	-1.1206	1.2745	38,844	0.0533	0.2050	-1.1206	1.2745
ddens	percent change in population density	135,763	0.1805	0.5096	-5.0702	5.2904	38,844	0.1915	0.5080	-4.0723	5.4768
dheat	difference in heating days	135,763	-48	1175	-8753	8753	38844	-68	1124	-8062	8062
dprecip	difference in annual precipitation	135,763	0.0416	6.3939	-50.6400	50.6400	38,844	-0.0756	6.1816	-50.6400	49.5200
dy	percent change in median income	135,763	0.2154	0.0715	-0.3846	0.7372	38,844	0.2170	0.0707	-0.3601	0.7324
deltacpi	percent change in cost of living	135,763	0.1292	0.0461	-0.1982	0.4228	38,844	0.1288	0.0473	-0.1975	0.4172