

# Labor Mobility in a Federal System: The United States

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## I. Introduction

Geographic labor mobility--the movement of people to new residences--is not often discussed in the United States but is a serious issue in the European Union. On the one hand, there is a long-standing concern on the part of the EU's wealthier countries that integration of European labor markets will lead to an influx from poorer parts of the EU of migrants in search of higher wages and social welfare benefits. Recall that the decision to mandate wage parity between the former East and West Germany was motivated by fears of an influx of "Ossis" to the West. Today similar concerns are being expressed about migration from the EU's new member states in central and eastern Europe. On the other hand, there is another long-standing but opposite concern that geographic mobility in Europe is too low within and between member countries. Because residents are reluctant to move in search of opportunities, regional unemployment persists alongside skill shortages in other regions. Large companies based in Europe are worried about labor shortages due to an aging population and, especially, to their inability to recruit sufficient high-level professionals and managers.<sup>1</sup>

Those who view Europe as having insufficient geographic mobility often draw a comparison to the United States, where mobility is higher. The assumption is that American mobility contributes to labor-market flexibility and efficiency. The disparity in mobility rates is portrayed as an innate characteristic differentiating the risk-averse, stagnant "Old" world and the mobile, opportunity-driven "New" world. As we will see, mobility rates in the United States currently *are* higher than in Europe. But as we will also show, those rates have fluctuated over time in the United States and in Europe in response to changes in economic conditions, in demographic characteristics, and in socio-legal institutions. The fact that rates can change over time should give pause to those who assert that current mobility rates stem from immutable differences between Europe and the United States.

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<sup>1</sup> PricewaterhouseCoopers, *Managing Mobility Matters: A European Perspective* (London 2002).

Before reaching these, the legal context needs be addressed. As will be seen, the legal regime in the United States is conducive of mobility: barriers imposed by the state to deter immigration have long been unlawful, as violative of a fundamental right to interstate travel within the United States; indirect barriers, though subject to less stringent examination, must also pass constitutional muster. In private law, the law of contract may abet mobility by allowing employers to dictate work location (or worker relocation), and lawful noncompetition covenants can require employees to move out of state. This will briefly be sketched in below following which the data concerning mobility, both in trends and in comparative context, will be presented.

## II. The Legal Framework

### A. The Constitutional “Right to Travel”

Under the Articles of Confederation (1778), the right of the people of each state to “have free ingress and regress to and from any other State” was explicitly provided.<sup>2</sup> Curiously, no analogous provision was made in the Constitution (1789); but such has been assumed as “fundamental to the concept of . . . [the] Federal Union.”<sup>3</sup> As a result, a constitutional right to travel has been derived from both the Equal Protection clause of the Fourteenth Amendment and from the Privileges and Immunities Clause of Art. IV, § 2 – that “The Citizens of each State shall be entitled to all Privileges and Immunities of Citizens of the several states” – though these provisions import a different level of judicial scrutiny respectively. (This produces a complicated state of constitutional law which, fortunately, need not be explicated for present purposes.<sup>4</sup>) A gloss of meaning was placed on the latter provision by the United States Supreme Court in 1869, though it lay largely dormant until revitalized for the purposes of establishing a constitutional right to travel by the Supreme Court in recent years. The provision’s purpose, the Court then opined, is

To place the citizens of each State upon the same footing with citizens of other States, so far as the advantages resulting from citizenship in those States are

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<sup>2</sup> Articles of Confederation, and IV (1778).

<sup>3</sup> *United States v. Grant*, 338 U.S. 745, 757-758 (1966). An excellent summary of this body of law is supplied by JOHN NOWAK AND RONALD ROTUNDA, *CONSTITUTIONAL LAW*, § 14.38 (4th ed. 1991).

<sup>4</sup> See generally William Cohen, *Equal Treatment for Newcomers: The Core Meaning of National and State Citizenship*, 1 CONST. COMM. 9 (1984).

concerned. It relieves them from the disabilities of alienage in other States; it inhibits discriminating legislation against them by other States; it gives them the right of free ingress into other States, and egress from them; it insures to them in other States the same freedom possessed by the citizens of those States in the acquisition and enjoyment of property and in the pursuit of happiness; and it secures to them in other States the equal protection of their laws. It has been justly said that no provision in the Constitution has tended so strongly to constitute the citizens of the United States one people as this.<sup>5</sup>

The elements of what that actually means was summarized by the United States Supreme Court in *Saenz v. Roe* in 1999:

The “right to travel” discussed in our cases embraces as least three different components. It protects the right of a citizen of one State to enter and to leave another State, the right to be treated as a welcome visitor rather than an unfriendly alien when temporarily present in the second State, and, for those travelers who elect to become permanent residents, the right to be treated like other citizens of that State.<sup>6</sup>

In that case, the Court struck down a California law setting the maximum welfare benefits of newly arrived residents at the benefits level of the state they came from for a twelve-month period. (One of the plaintiffs had been a California resident who had moved to Louisiana and returned seven years later; welfare benefits for a family of three in Louisiana at the time were \$190/month in contrast to \$640/month in California.) The state argued to the cost-saving, estimated at around \$11 million annually; but more importantly, it argued that as the benefit levels for new residents were set at that of their prior states the measure did not really penalize the right to travel.<sup>7</sup> To the Court, the wrong lay is not in a burden placed on entering the state but on the right once there to be treated equally with those already resident in the state. On that ground the Supreme Court has also struck down a state law requiring certain private employees to give a hiring preference to those already resident in the state.<sup>8</sup> So, too, has it struck down a residency requirement as a condition of licensure for the practice of law.<sup>9</sup>

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<sup>5</sup> Paul v. Virginia, 8 Wall. 168, 180 (1869).

<sup>6</sup> 526 U.S. 489, 502 (1999).

<sup>7</sup> In *Edwards v. California*, 314 U.S. 160 (1940), the Court struck down a law making it a crime knowingly to bring a nonresident indigent person into the state. In *Shapiro v. Thompson*, 394 U.S. 618 (1969), the Court struck down a durational residency requirement for eligibility for welfare benefits; and in *Memorial Hospital v. Maricopa County*, 415 U.S. 250 (1974), the Court struck down a durational residency requirement as a condition of receiving publicly-supported non-emergency hospitalization.

<sup>8</sup> *Hicklin v. Orbeck*, 437 U.S. 518 (1978).

<sup>9</sup> *Supreme Court of New Hampshire v. Piper*, 470 U.S. 274 (1985).

Nevertheless, the state may restrict some specific kinds of benefits to those who are *bona fide* residents; and there is a rich texture of law on what that requires – on who is and is not a *bona fide* resident – especially in the distinction the states have been allowed to draw for charging lower tuition to publicly operated institutions of higher learning for residents than non-residents: “The State can establish such reasonable criteria for in-state status as to make virtually certain that students who are not, in fact, bona fide residents of the State, but who have come solely for educational purposes, cannot take advantage of the in-state rates.”<sup>10</sup>

## B. The Indeterminate Effect of Public Law on Interstate Mobility

Public law may have an indirect impact on worker mobility. Some states are far more generous than others in terms of laws and programs affecting economic security, such as minimum wage, worker compensation, and unemployment compensation; there are also significant differences in the extent of other labor-protective laws, *e.g.* governing physical well-being and respect for individual dignity and liberty.<sup>11</sup> However, there is rather little systematic evidence of what bearing these differing schemes have on labor mobility, if any. (Minnesota, for example, is far more generous and protective than Indiana,<sup>12</sup> but that fact alone has not induced droves of workers to leave Indiana for Minnesota.) Whether or not the degree of labor protection has an indirect bearing on mobility by affecting the ability of the state’s economy to generate jobs will be discussed presently. But, in terms of direct effect, these systems seem indeterminate as to their bearing on worker mobility: Two of the more ubiquitous features of labor regulation might be illustrative in this regard: occupational licensure and eligibility for unemployment compensation.

### 1. Occupational Licensure

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<sup>10</sup> *Vlandis v. Kline*, 412 U.S. 441, 453-454 (1973). On how “virtually certain” the state can be required to be – short of creating irrefutable presumptions (as in the law truck down in *Vlandis*) *see, e.g.*, *Teitel v. Univ. of Houston Bd. of Regents*, 285 F. Supp. 2d 865 (S.D. Tex. 2002) (“residence” for in-state tuition eligibility requires full-time employment for the entire year preceding matriculation; as the University’s rules forbid full-time employment while a full-time student, the claimant – who had a house, an automobile license, and had registered to vote – would have to leave school and work full-time for a full year in order to be eligible for in-state tuition).

<sup>11</sup> Some of these are set out in Matthew Finkin, *International Governance and Domestic Consequence in Labor Law as Seen from the American Market*, 76 *INDUS. L.J.* 143 (2001).

<sup>12</sup> *Id.*

In total, 492 occupations, trades or professions require a license in order to be practiced in any one or more states.<sup>13</sup> It has been estimated that as much as a fifth of the workforce is governed by state licensing laws.<sup>14</sup> Inasmuch as a durational residence requirement (for admission to the practice of law) was held by the United States Supreme Court to infringe upon the right to travel, it follows that the state cannot limit eligibility for occupational licensure on that basis; but licensure commonly requires completion of an approved course of study (or apprenticeship) and demonstration of ability to perform competently as manifested, for example, by passage of an examination. Because each state is free to set its requirements more or less exactly, the weltered world of licensure law could pose a practical obstacle to the free movement of labor.<sup>15</sup> Such difficulties are sometimes ameliorated by statutory or regulatory provision for reciprocity whereby a license issued in one state may be taken by a second state as an adequate basis for it to license the applicant. Simple as this sounds, the result may be a bewildering array of educational and formal requirements, *e.g.* for the practice of medicine: certification of educational background, post-graduate training, hospital privileges, examination scores, references, profiles, and reviews.<sup>16</sup> (The practice of medicine via the interstate (and international) transmission of data has presented a challenge to the system of state licensure and has raised the prospect of the need for a more uniform system.<sup>17</sup>) Suffice it to say, the fact that one's ability to engage in a particular trade or occupation – of glazier or hairdresser, for example – is made more difficult in New Mexico than in New York, either because a license is required in New Mexico when none is required in New York<sup>18</sup> or because the requirements of securing a license are more exacting in one than in the other, poses no greater obstacle for the immigrant

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<sup>13</sup> See AMERICA'S CAREER INFO NET, LICENSED Occupations, at [http://www.acinet.org/acinet/lois\\_occ.asp?by=occ](http://www.acinet.org/acinet/lois_occ.asp?by=occ) (last visited Jan. 6, 2004); and S. DAVID YOUNG, THE CONCISE ENCYCLOPEDIA OF ECONOMICS: OCCUPATIONAL LICENSING, at <http://www.econlib.org/library/Enc/OccupationalLicensing.html> (last visited Dec. 1, 2003).

<sup>14</sup> YOUNG, *id.*

<sup>15</sup> The United States Department of Labor offers advice to aid in the mobility of workers who need to secure a license. U.S. DEPARTMENT OF LABOR, BACKGROUND ON CREDENTIALING: FREQUENTLY ASKED QUESTIONS, at <http://umet-vets.dol.gov/background-cred.htm> (last visited Dec. 1, 2003).

<sup>16</sup> See PHYSICIAN LICENSING SERVICE, homepage at <http://www.physicianlicensing.com/State%20Medical%20Boards%20that%20offer%20Reciprocity.htm> (last visited Dec. 1, 2003).

<sup>17</sup> RONALD L. SCOTT, STATE LICENSURE ISSUES HAMPER TELEMEDICINE, at <http://www.law.uh.edu/healthlawperspectives/HealthPolicy/981125State.html> (last modified Nov. 25, 1998).

<sup>18</sup> Four states – California, Connecticut, Nevada, and New Mexico – require a license in order to be employed as a glazier. AMERICA'S CAREER INFO NET, *supra* note 13.

from New York than for the resident of New Mexico. The license barrier, such as it is, is uniform for all.

## 2. Unemployment Insurance

The unemployment compensation system in the United States is a complex federal-state scheme largely in the hands of the latter. It is premised on the need to afford an income stream for eligible employees who involuntarily lose their jobs, to enable them to find new ones. Accordingly, most compensation statutes deny benefits to employees who voluntarily leave “without good cause.” The prevailing rule is that “an employee who for personal, though perhaps compelling reasons voluntarily terminates employment because of a change of location of residence is ineligible” for benefits.<sup>19</sup> However, in some jurisdictions, a claimant with a sufficiently compelling reason, one that leaves the claimant no reasonable alternative, which may include a need to relocate even out-of-state, may be entitled to benefits.<sup>20</sup> Thus, whether or not an employee seeking to relocate can secure unemployment benefits turns upon the statutory construction in the particular jurisdiction and, more importantly, on the precise facts of his or her situation.<sup>21</sup> As in the case of occupational licensure, the need to relocate – which may or may not justify the grant of benefits – is indeterminate as to interstate mobility. *I.e.* one may need as much to relocate within a state as outside of it.

### C. The Effects of Private Law

Most employment in the United States is on an “at-will” basis – the employee can be discharged at any time for almost any reason. Consequently, employers have near plenary power to order an employee to relocate – intrastate or interstate – on pain of termination should he or she refuse.

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<sup>19</sup> Annot., 21 A.L.R.4th 317, 322 (1983).

<sup>20</sup> *Id.*

<sup>21</sup> *Compare* Claim of Montgomery, 599 N.Y.S.2d 645 (App. Div. 1993) (claimant who voluntarily left job to accept employment in another state is not entitled to benefits for the interim between termination of old employment and commencement in new one) *with* Marvin v. Giles, 463 N.E.2d 80 (Ohio App. 1983) (employee who quit job in Ohio after God told him to move to Alabama to raise his deceased sister’s six children is entitled to benefits).

A not altogether uncommon scenario is that of an employee in one state who accepts a job of no stated duration in another state and who, after relocation but before commencing to work, is told that the offer has been withdrawn or the position terminated. The majority view is that the employer is not liable for breach of contract in such cases. Inasmuch as no firm duration had been agreed upon, as, that is, the offered employment was of an at-will nature, it is irrelevant that the employee relocated (and incurred other expenses) in reliance on it.<sup>22</sup> So, too, are the courts divided on whether an interstate relocation is adequate consideration to support the contractual enforceability of a promise of “permanent” employment – to convert it to something other than on an “at-will” basis; but again, the majority view is that it is not.<sup>23</sup> From an economic perspective, it could be argued that the want of legal liability might actually encourage the liberality with which such promises are made and so serve to foster greater mobility. More likely, employees give little thought (if any) to the law when they accept and act on such ostensibly firm offers.

In addition, most jurisdictions are hospitable – though to varying degrees – to covenants not to compete.<sup>24</sup> These are enforceable if they meet a test of reasonableness including scrutiny of the geographic scope of the restriction. Thus, a reasonable restriction foreclosing competitive activity with a state would require interstate mobility if the former employee wishes to continue in the competitive trade or occupation – a likely scenario given the employee’s acquisition of skills and knowledge best suited to a particular kind of employment. Again, there are no data correlating the macroeconomic effects of covenants not to compete with worker mobility. (Note, for example, that California strongly disfavors such restrictions while Massachusetts will enforce them. Though there is evidence that California’s policy conduces toward a higher velocity of technological change than does Massachusetts’,<sup>25</sup> there is no evidence of high tech workers leaving Boston for Palo Alto because employers impose such restrictions in the former jurisdiction but cannot in the latter.) The law is simply indeterminate on this question.

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<sup>22</sup> Annot., 21 A.L.R.5th 401 (1992).

<sup>23</sup> 1 SPECTER & FINKIN, *INDIVIDUAL EMPLOYMENT LAW AND LITIGATION* § 2.11 (1989).

<sup>24</sup> *See generally*, COVENANTS NOT TO COMPETE: A STATE-BY-STATE SURVEY (Brian Malsberger ed., 2d ed. 1998).

<sup>25</sup> Ronald Gilson, *The Legal Structure of High Technology Industrial Districts: Silicon Valley, Route 128, and Covenants Not to Compete*, 74 N.Y.U. L. REV. 575 (1999).

Within this legal framework, attention should next turn to the experience of worker mobility – over time and in comparison with Europe.

### III. Mobility

#### A. Current Mobility Rates

There are different ways of measuring geographic mobility and numerous definitional issues. Hence it is difficult to find comparable mobility data for Europe and the United States. One of the first postwar studies was done by the OECD in the mid-1960s, when there was a concern--as today-- that European labor markets were too rigid.<sup>26</sup> The OECD compared job mobility (labor turnover) in the two regions. Of course, turnover is an imperfect measure of geographic mobility since some separations involve changes between jobs in the same area and some residential moves are by persons outside the labor force. Inferring geographic mobility from job mobility would require knowledge of the proportion of separations that entail a move (around 40 percent in the late 1970s in the United States) and the proportion of moves that entail a separation (around 60 percent).<sup>27</sup> Taking that caveat into account, the OECD nevertheless found sizeable disparities: In the late 1950s there were about 50 separations annually per 100 occupied U.S. manufacturing jobs versus 30 to 40 separations in France, Germany, and the United Kingdom.<sup>28</sup>

Looking more directly at geographic mobility, there are comparable data from 1971 and again from 1981 showing the proportion of the population that changed residence within the year in developed countries around the world. Interestingly, the highest rates were found not only in the United States but also in Australia and New Zealand, countries that share cultural and settlement characteristics with the United States. Rates in these three countries were around 17-18 percent per annum, about double the rates found in Europe and Japan.<sup>29</sup> At the time Ireland had the lowest annual mobility rate, standing at 5.1 percent in 1971 and 6.1 percent in 1981. These comparative rates do not change much if immigrants from abroad are excluded from the

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<sup>26</sup> OECD, *Wages and Labour Mobility* (Paris, 1965).

<sup>27</sup> Ann P. Bartel, "The Migration Decision: What Role Does Job Mobility Play?" 68 *American Economic Review* (December 1979), 775-786.

<sup>28</sup> *Wages and Labour Mobility*, 50.

<sup>29</sup> Larry Long, *Migration and Residential Mobility in the United States* (New York: Russell Sage, 1988), 260; Michael J. Greenwood, "Internal Migration in Developed Countries" in Mark Rosenzweig and Oded Stark, eds., *Handbook of Population and Family Economics*, vol. 1B (Amsterdam: Elsevier, 1997), 653.

data. Also, if we extend the time range to the percent moving in five years between 1967 and 1971 and 1977 and 1981, the relative magnitudes do not change. Finally, if the data are confined to moves between (as opposed to within) local areas, U.S. rates become three times as large as the rates observed in Ireland and Japan.<sup>30</sup>

During the 1980s, the U.S.-European disparity persisted. Again, if we eliminate local moves (within the same city or conurbation) and examine longer-distance moves between states (in the United States) or their European equivalent, Americans were more mobile than Europeans by a factor of two. In 1987, 2.8 percent of Americans moved between state boundaries versus 1.1 percent of Germans, 1.1 percent of Britons, and 0.5 percent of Italians.<sup>31</sup>

The rate of mobility did not change much in Europe during the 1990s despite the formation of the European Union. In 2000, only 225,000 persons with EU citizenship changed their residence to another EU country. This comprises around 0.1 percent of the EU population and may be contrasted to an interstate mobility rate in the United States of around 4 percent, although this may not be an appropriate comparison. As a proportion of the EU's labor force, foreign EU citizens are most important in Belgium, Ireland, and Luxembourg and least important in Greece and Italy.<sup>32</sup>

Unfortunately these data ignore foreign-born persons without citizenship. Immigrants--temporary as well as permanent residents--have constituted an important source of European and American labor-market flexibility in the postwar decades. The German guestworker program was initiated in the 1960s at around the same time that the United States liberalized its immigration laws. The United States also had its own temporary foreign worker measure--the Bracero program--which brought Mexican nationals to work on U.S. farms and railroads from the 1940s through the 1960s, and which is the model for President Bush's recent proposal to re-establish a temporary worker program.<sup>33</sup> In the EU, the countries with the largest proportion of foreign-born workers who are not EU citizens are Luxembourg and Switzerland. The foreign-born constitute ten percent or less of the labor force in Austria, Belgium, France, and Germany,

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<sup>30</sup> Ibid., 654.

<sup>31</sup> Alan B. Krueger, "From Bismarck to Maastricht: The March to European Union and the Labor Compact," NBER working paper no. 7456, January 2000.

<sup>32</sup> Jan Kunz, "Labour Mobility and EU Enlargement: A Review of Current Trends and Debates," working paper, European Trade Union Institute, 2002, p. 13; Pricewaterhouse Coopers, *Managing Mobility*, 4.

<sup>33</sup> Ernesto Galarza, *Merchants of Labor: The Mexican Bracero Story* (Charlotte, NC :McNally, 1964).

and five percent or less in the other countries of the EU. Australia--at 25 percent--and the United States--at 12.7 percent--had larger shares of the labor-force born outside the country.<sup>34</sup>

Nevertheless, the foreign-born have been an important source of labor-force growth in both Europe and the United States during the 1990s. In Norway, for example, the share of the foreign-born in the labor force doubled over the decade and it nearly tripled in Italy, rising from 1.3 to 3.6 percent. In the United States, the foreign-born share of the labor force rose from around 9 percent in 1990 to around 10 percent in 1996 to 12.7 percent in 2000. Yet these seemingly modest increases constituted nearly half of the net labor force increase in the United States between 1996 and 2000.<sup>35</sup>

### B. Determinants of Mobility

Among the earliest research on the causes of geographic mobility was an article by geographer Ernst G. Ravenstein on “The Laws of Migration,” which was published in 1885. Ravenstein inferred mobility rates from the percentage of people in English census records who were living outside their place of birth. From these data, Ravenstein posited a gravity model of migration, which makes the fundamental point that migration declines (rises) with distance (propinquity).<sup>36</sup> Since then, a slew of studies have tried to explain why there is an inverse relation between geographic mobility and distance, relying on factors such as information costs and moving costs. Interestingly, one study that compared Sweden and the United States in the 1970s found that Americans and Swedes had similar mobility rates for moves of varying distance except for very long moves (over 300 kilometers), which were about four times more prevalent in the United States than in Sweden. In large European countries like Sweden, long moves are often comprised of one-way movement from an undeveloped hinterland to urban areas. In the United States, however, urban areas exist in several parts of the country, which permits two-way movement over long distances and may boost the aggregate geographic mobility rate.<sup>37</sup>

Demographic characteristics also influence mobility, especially age and marital status. Throughout the developed world, mobility rates peak when a person is in their early- to mid-

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<sup>34</sup> OECD Statistics, [www.oecd.org/dataoecd/24/2](http://www.oecd.org/dataoecd/24/2)

<sup>35</sup> Abraham T. Mosisa, “The Role of Foreign-born Workers in the U.S. Economy,” 125 *Monthly Labor Review* (May 2002), 3-14.

<sup>36</sup> E.G. Ravenstein, “The Law of Migration,” 48 *Journal of the Statistical Society* (June 1885); Waldo Tobler, “Migration: Ravenstein, Thorntwaite, and Beyond,” working paper, Department of Geography, U.C. Santa Barbara, n.d.

<sup>37</sup> Long, *Migration and Residential Mobility*, 271.

twenties and decline steadily after that. Thus despite national variations in the *level* of mobility, the age-mobility profile has a similar shape in Europe, Japan, and the United States.<sup>38</sup> On the other hand, national variations in demographic profiles can generate national differences in geographic mobility. Countries with high birth rates and relatively large youth cohorts--e.g., the United States in the late 1960s and early 1970s--would be expected to produce relatively high aggregate geographic mobility rates, *ceteris paribus*.

Another predictor is homeownership, which is negatively associated with geographic mobility. Renters are more likely to move. For example, in the United States in 1996, one-third of persons living in renter-occupied housing units moved in the previous year whereas only 8 percent of persons in owner-occupied housing moved in the same period.<sup>39</sup> This is a complex relationship, however, since renters are, on average, younger than homeowners and less likely to have lived in a community for a long time. Residential tenure is another mobility predictor: The longer people live in one place the less likely they are to move, perhaps because they form social capital over time that is place-specific and would have to be liquidated upon a move. An example of this is the finding that Americans who belong to strict, conservative religious organizations--which often require sizeable time investments--have lower mobility rates than their less religious peers.<sup>40</sup>

At least in the United States, race and gender have an effect on mobility rates. Women are slightly less likely to move than men. White non-Hispanics ("Anglos") are less likely to make local moves than blacks, Asian and Pacific Islanders, and Hispanics (of any race), and Anglos are less likely to make interstate moves than any other group except Hispanics.<sup>41</sup> However, if we focus specifically on those affected by job loss as a result of plant closures in the 1990s, the data show that Anglo job losers were *more* likely to move to a different county or city than were blacks or Hispanics. It is not clear what to make of these findings, in part because race is associated with a variety of other variables such as homeownership and residential tenure.<sup>42</sup>

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<sup>38</sup> *Ibid.*, 263.

<sup>39</sup> U.S. Department of Commerce, Economics and Statistics Administration, Current Population Reports, "Geographical Mobility: March 1995-March 1996", report P20-497 (Washington, D.C., 1997).

<sup>40</sup> Julie DaVanzo, "Repeat Migration, Information Costs, and Location-Specific Capital," 4 *Population & Environment* (1981), 45-73; Scott N. Myers, "The Impact of Religious Involvement on Migration," 79 *Social Forces* (December, 2000), 755-783.

<sup>41</sup> U.S. Department of Commerce, Census Bureau, Current Population Reports, "Geographical Mobility: Population Characteristics, March 1999-March 2000," report P20-538 (Washington, D.C., 2001).

<sup>42</sup> Steven Raphael and David A. Riker, "Geographic Mobility, Race, and Wage Differentials," 45 *Journal of Urban Economics* (1999), 17-46.

In recent years, education has been positively associated with mobility. College-educated Americans are more likely to migrate than those without college education and are much more likely to make long-distance moves between regions and between noncontiguous states.<sup>43</sup> In the nineteenth and early twentieth centuries, however, mobility was associated with lower levels of education and with lower socio-economic status.<sup>44</sup> For some reason this relationship changed in the last eighty years, an issue to which will we return. In contemporary Europe, mobility also is associated with education and skill, although, as in the United States, this pattern is a reversal of an earlier tendency for low-skilled and less-educated workers to be relatively mobile.<sup>45</sup>

In addition to the demographic factors just discussed, another set of factors has to do with labor market conditions. Numerous studies have shown that geographic mobility is the result of area wage differences: people move from lower-wage to higher-wage areas so as to raise their incomes. The data for both the United States and for Europe show a rural-to-urban movement during the course of industrialization that is consistent with the effort to boost wages, what the French called “l’attraction des grandes villes.”<sup>46</sup> The data also suggest that there is greater regional wage variation in the United States, hence greater incentives for people to move and larger benefits conferred by moving.<sup>47</sup>

However, there is a trade-off here: the advantages of a higher wage must be weighed against the cost of moving as well as the probability of finding a job. There is a long-standing debate in the literature as to whether it is geographic wage differentials or job vacancies that induce mobility.<sup>48</sup> We do know that unemployed family heads are more likely to move and are more sensitive to differences in unemployment rates than employed persons, *ceteris paribus*.<sup>49</sup> Also, states with low (high) employment growth tend to be associated with high rates of outmigration (in-migration) of college-educated individuals, although it is worth noting that not every college graduate is a pure *homo economicus*, since a high fraction of moves are to states

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<sup>43</sup> Yolanda K. Kodrzycki, “Migration of Recent College Graduates,” *New England Economic Review* (January/February 2001), 13-34.

<sup>44</sup> Stephan Thernstrom, *The Other Bostonians: Poverty and Progress in the American Metropolis, 1880-1970* (Cambridge, MA: Harvard University Press, 1973).

<sup>45</sup> Kunz, “Labor Mobility.”

<sup>46</sup> OECD, *Wages and Labour Mobility*, 137.

<sup>47</sup> Joan Rodgers and John Rodgers, “The Effect of Geographic Mobility on Male Labor-Force Participants in the United States,” working paper, Department of Economics, Wollongong University, Australia, 1998.

<sup>48</sup> E.g., *Wages and Labour Mobility*, passim; Charles A. Myers, “Labor Mobility in Two Communities” in E. Wight Bakke, ed., *Labor Mobility and Economic Opportunity* (Cambridge: MIT Press, 1954), 68-79.

<sup>49</sup> Greenwood, “Internal Migration,” 684.

that offer worse economic conditions in some respect. This could be due to spousal preferences or to a variety of other factors including climate, which has a powerful independent effect on migration decisions.<sup>50</sup> Finally, we know that information about job vacancies induces movement, whether the information is supplied by friends or relatives-- as in chain migration--or whether it is provided by employer representatives and other recruiters.<sup>51</sup>

Because a substantial portion of geographic mobility is comprised of job leavers and job losers, there is an indirect connection between the factors that determine labor turnover and levels of geographic mobility. Generally, these factors are consistent with lower turnover rates in Europe. First and foremost in causing voluntary turnover (quits) are wage differentials, which, if compressed--as they are in Europe as compared to the United States--will inhibit turnover. Quits also are caused by the absence of opportunities for resolving problems and grievances at work (causing employees to rely on "exit" instead of "voice"). All other things equal, then, higher unionization rates in Europe, as well as the presence of works councils and the like, should result in lower turnover as compared to the United States.

Quits also rise, other things being equal, when employers rely on general skills or industry-specific skills that do not tie an employee to a particular employer, unlike firm-specific skills. Silicon Valley is often given as an example of a labor market where there is little employer-provided training, considerable industry-specific skill, and high turnover. However, when employers provide firm-specific training, it makes employees reluctant to quit because their productivity is greater at their incumbent employer than elsewhere. This explanation is consistent with the observation of higher levels of employer-provided training and lower job and geographic mobility rates in Germany and Japan as compared to the United States.<sup>52</sup> However, there is a bit of a chicken-and-egg problem here. Because job-specific training often is inseparable from general skills training (which makes employees potentially mobile), employers will tend to do more vocational and more firm-specific training if there is some pre-existing

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<sup>50</sup> Kodrzycki, "Migration of College Graduates"; Greenwood, "Internal Migration," 679.

<sup>51</sup> U.S. Area Redevelopment Administration, "The Geographic Mobility of Labor," (Washington, D.C.: U.S. Government Printing Office, 1964); Joshua L. Rosenbloom, *Looking for Work, Searching for Workers* (Cambridge, U.K.: Cambridge University Press, 2002).

<sup>52</sup> Lisa M. Lynch., ed., *Training and the Private Sector: International Comparisons* (Chicago: University of Chicago Press, 1994).

tendency for labor to be immobile. We don't really know which came first: immobility or employer-provided training.<sup>53</sup>

Involuntary job mobility results from economic or noneconomic (dismissals) job loss. When faced with cyclical or structural economic problems, employers have the choice of adjusting wages, hours, or employment levels. To the extent that they rely on employment adjustments--layoffs or downsizing--involuntary job mobility will rise and this will boost, to some extent, geographic mobility rates. Unfortunately, we don't well understand what are the forces that determine the choice of adjustment mechanism. Factors inhibiting layoff include employer training investments, downward compensation flexibility, and hours adjustments. Thus one explanation for relatively low unemployment rates in Japan in response to the oil shocks of the 1970s was that reliance on wage bonuses provided an element of pay flexibility that was lacking in U.S. compensation schemes.<sup>54</sup>

In any country, companies that have made substantial investments in their employees may prefer to retain or transfer them instead of laying them off. Even during good times, employers might transfer incumbent employees to even out labor utilization or as part of a scheme for career development. During the 1960s and 1970s, corporate transfers accounted for a substantial amount of geographic mobility in the United States, with over one million persons annually affected by transfer of job location, of which some proportion required a residence change.<sup>55</sup>

There also are constraints on adjustment choice that derive from collective bargaining. For example, U.S. unions in the 1960s and 1970s preferred a system of temporary layoffs instead of having the employer rely on wage and hours cuts.<sup>56</sup> Corporate governance may also play a role in determining choice of adjustment mechanism. In the United States, the shift to a more shareholder-oriented type of corporate governance was one reason that companies restructured, downsized and laid workers off in the 1980s and 1990s. One consequence is that workers changed both occupation and industry more frequently in 1981-1992 than 1969-1980,

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<sup>53</sup> Rainer Winkelmann, "How Young Workers Get Their Training: A Survey of Germany Versus the United States," 10 *Journal of Population Economics* (1997), 159-170; Sanford M. Jacoby, *Employing Bureaucracy: Managers, Unions, and the Transformation of the Workplace in the Twentieth Century* (Mahwah: Erlbaum, 2004).

<sup>54</sup> Martin Weitzman, *The Share Economy* (Cambridge, MA: Harvard University Press, 1984).

<sup>55</sup> Ralph R. Sell, "Migration and Job Transfers in the United States" in James H. Johnson and John Salt, eds., *Labour Migration: The Internal Geographical Mobility of Labour in the Developed World* (London: David Fulton, 1990), 17-31.

<sup>56</sup> Richard Freeman and James Medoff, *What Do Unions Do?* (New York: Basic Books, 1984).

and, in contrast to the earlier period, workers who shifted occupation and industry in the 1981-1992 period generally had lower, not higher, wages. Perhaps the prospect of having to take a pay cut induced exit from the labor force such that the greater churning of the labor force in the 1980s was not associated with an overall rise in residential mobility, although this is speculation.

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We don't know precisely how unemployed workers make decisions to search for new jobs or to exit the labor force, nor, if they plan to search for a new job, how they decide whether to move to a new place in search of work. As noted, in both Europe and the United States, there are persistent regional unemployment differentials, which, in places like Appalachia and southern Italy, may last for many years. Interestingly, however, in Europe regional unemployment rates are positively correlated, whereas in the United States the correlation between state unemployment rates is negative, perhaps as a result of the greater geographic variety of the American economy or because of less synchronized labor markets. Whatever the explanation, it does suggest another reason why there is less mobility in Europe than in the United States: there is less regional variance in vacancy rates and hence less incentive to move.<sup>58</sup>

Finally, there are constraints on employers that arise from labor-market regulations such as minimum wage laws and laws regulating mass layoffs and unfair dismissals. Measuring the impact on labor-market outcomes of particular laws is difficult to do because there are a variety of confounding variables. For example, there remains considerable disagreement over the effect of wrongful-discharge laws in the United States (which vary by state) on outcomes such as employment growth at the state level. The methodological problems are vast: discharge regulations may be endogenous (states with sluggish labor-market performance may be prone to wrongful-discharge laws, either by direct causation or by association of both factors with a third variable, such as a liberal judiciary). Also, comparing the pre- and post-legal situations is a technique fraught with fallacies of the *post hoc, ergo propter hoc* variety.<sup>59</sup> That said, the research does indicate that, at least in the United States, wrongful-discharge regulations--legislative and judicial--are associated with modestly slower employment growth. To my

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<sup>57</sup> William Baumol, Alan Blinder, and Edward Wolff, *Downsizing in American: Reality, Causes, and Consequences* (New York: Russell Sage, 2003).

<sup>58</sup> Peter Frederiksson, "The Dynamics of Regional Labor Markets and Active Labor Market Policy: Swedish Evidence," 51 *Oxford Economic Papers* (1999), 623-648.

<sup>59</sup> David Autor, John Donohue, and Stewart Schwab, "The Employment Consequences of Wrongful Discharge Laws: Large, Small, or None at All?", working paper, Economics Department, MIT, 2004.

knowledge, no one has considered the implications of this finding for geographic mobility. On the one hand, slower employment growth may be a “push” factor driving employees to seek better job opportunities in faster-growing jurisdictions. On the other hand, the jurisdictions offering wrongful-discharge protection may be viewed as relatively attractive places to work, which would inhibit mobility. For example, research on minimum wage laws shows that increases in the minimum wage level in Puerto Rico reduce emigration to the mainland, which means that wrongful-discharge legislation may similarly discourage mobility.<sup>60</sup>

Data on the Latin American and Caribbean nations show that various forms of job security legislation (advance notice, compensation for dismissal, payment of foregone wages during unfair dismissal proceedings) are associated with reduced voluntary job turnover. Again, employees appear to value these protections and respond by reducing turnover, which, presumably, has a negative effect on geographic mobility.<sup>61</sup> The unanswered question is whether job security and wrongful-discharge regulations can account for geographic mobility differences between Europe and the United States. On the one hand, the greater stringency of regulation in Europe may inhibit quits and thereby depress mobility as compared to the United States. On the other hand, it’s possible that Western European mobility rates have been lower than those in the United States for a long time, well before the advent of modern labor-market regulations. One-hundred seventy years ago, the French traveler Alexis de Tocqueville observed of the United States: “An American will build a house in which to pass his old age and sell it before the roof is on; he will plant a garden and rent it just as the trees are coming into bearing; he will clear a field and leave others to reap the harvest; he will take up a profession, settle in one place and soon go off elsewhere with his changing desires.”<sup>62</sup> Therefore, we turn our attention now to historical trends in mobility, first in the United States and then in Europe.

### C. Mobility Trends in the United States

Back in the mid-nineteenth century, few would have challenged de Tocqueville’s observations about peripatetic Americans. But there also was a widespread belief that mobility eventually would decline after the settlers had filled up the vast hinterlands, sunk roots in new

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<sup>60</sup> Carlos E. Santiago, “The Migratory Impact of Minimum Wage Legislation: Puerto Rico, 1970-1987,” 27 *International Migration Review* (Winter, 1993), 772-795.

<sup>61</sup> James Heckman and Carmen Pages, “Law and Employment: Lessons from Latin America and the Caribbean”, NBER working paper 10129 (2003).

<sup>62</sup> Alexis De Tocqueville, *Democracy in America*, ed. J. P. Mayer, trans. George Lawrence, vol. 2 (Garden City: Doubleday 1969), 536.

communities, and twisted shut the frontier “safety valve,” the term used by historian Frederick Jackson Turner in his famous 1893 paper, “The Significance of the American Frontier.”<sup>63</sup> Until the 1970s, historical research on U.S. geographic mobility had relied either on Census measures of the percentage of the population living in a state other than their state of birth or on estimates of net migration into and out of a local area. The problem with the former measure is that it excludes the foreign born. The problem with net migration is that it is the intersection of two--potentially huge--population flows. For example, net migration into and out of Boston in the ten years after 1880 totaled 65,170 persons, whereas the gross flows involved nearly 1.5 million people. And the 1880s were a relatively stable decade: 64 percent of the adult male population in 1880 still resided there ten years later as compared to an average decennial persistence rate between 1830 and 1920 of 40 percent.<sup>64</sup>

Unfortunately, data on residential persistence are not available from standard government reports. Instead, they have been pieced together by urban and social historians from city directories, tax records, and other sources. Thernstrom’s study of Boston relied on these sources to chart persistence rates in Boston from the early nineteenth century through the 1960s. It is interesting that he did not observe *any* trend in persistence over that long period of time. However, he did find a change in the characteristics of people who moved in and out of Boston. Prior to 1920, it was manual workers who were the most mobile members of the community, while white-collar professionals and proprietors were the least mobile. Sometime between 1920 and 1950, however, these groups switched positions. “All of the evidence points to a reversal of the long-established pattern in which the tendency of men to remain in the community varied directly rather than inversely with socio-economic rank.”<sup>65</sup> We don’t know what caused this reversal, although undoubtedly it had something to do with the decline in immigration and with changes in the workplace. Blue-collar workplaces became more secure (job turnover declined) while white-collar labor markets increasingly were organized on a national, rather than a local, basis.<sup>66</sup> In the past, then, migrants were unskilled and propertyless; now they are more likely to be educated professionals.

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<sup>63</sup> Frederick Jackson Turner, *The Frontier in American History* (New York: Holt Rinehart, 1947).

<sup>64</sup> Thernstrom, *The Other Bostonians*.

<sup>65</sup> *Ibid.*, 229.

<sup>66</sup> Sanford M. Jacoby and Sunil Sharma, “Employment Duration and Industrial Labor Mobility in the United States, 1880-1980,” *52 Journal of Economic History* (March 1992), 161-179.

How representative was the Boston experience? An urban geographer compared Thernstrom's Boston data to persistence data from historical studies of other American communities during the nineteenth and twentieth centuries. By making various ad hoc adjustments, a long-term trend line can be derived for five-year intervals between the 1830s (when de Tocqueville visited America) and 1965. In contrast to the Boston experience, the aggregate data from twelve other cities show a move toward greater persistence--residential stability--over the course of the 1830-1965 period, with the shift occurring sometime between the 1910s and the 1950s.<sup>67</sup>

Unfortunately, most of the persistence studies do not include Southern communities and therefore miss one of the key events of the late nineteenth and early twentieth centuries: the huge outmigration from the South to other U.S. regions. One recent study that tracks native-born persons through consecutive Censuses finds, in contrast to the persistence studies, that interstate migration fell from 1850 to 1900 and then rose gradually over the course of the twentieth century. The discrepancy could be due to inclusion of regions not covered in the persistence studies. However, as with the persistence studies, we have to take these findings with a grain of salt because the data omit the foreign-born and omit families without children. Yet the main point is this: rather than being stable over time, geographic mobility in the United States has waxed and waned in response to long-term changes in population density, demographic characteristics, and social institutions, especially those embedded in the labor market.<sup>68</sup>

For the period since the Second World War, we have reliable federal statistics on annual geographic mobility rates, broken down into short-distance and longer-distance (interstate) moves. These data shows a steady downward trend in geographic mobility since the late 1940s: From 1947 to 1970 there was only a single year when the percent of the population making an interstate move fell below 3 percent. However, half of the years in the 1980s had interstate mobility rates below 3 percent. And in every year since 1990, interstate mobility was below 3 percent. The overall mobility rates recorded in 2000-2001 were the lowest on record since 1947.<sup>69</sup> Lest one think that the postwar decline in U.S. mobility was due to the maturation of the baby-

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<sup>67</sup> James P. Allen, "Changes in the American Propensity to Migrate," *67 Annals of the American Association of Geographers* (December 1977), 577-587.

<sup>68</sup> Rosenbloom, *Looking for Work*; Joshua L. Rosenbloom and William A. Sundstrom, "The Decline and Rise of Interstate Migration in the United States: Evidence from the IPUMS, 1850-1990," NBER working paper, no. 9857, July 2003.

<sup>69</sup> <http://www.census.gov/population/www/socdemo/migrate.html> contains historical data to the present.

boomers and an aging U.S. population, consider the finding that the annual propensity to make an interstate move by persons aged 20-24 fell from .091 in 1960, to .089 in 1970, to .058 in 1980 and 1990.<sup>70</sup> The propensity of other age cohorts to make interstate as well as shorter-distance moves also has fallen since the 1950s.

None of the usual demographic explanations account well for the decline in U.S. mobility between the late 1940s and the present. In fact, geographic mobility fell despite a big population shift back to the South and despite a rise in immigration since 1965.<sup>71</sup> Some have said that the decline in mobility might have something to do with higher rates of homeownership, but this doesn't explain why twenty-somethings--who rarely own homes--are less mobile today than thirty years ago. Another explanation could be that two-earner families are more prevalent today than in the past and that this depresses residential moves by one of the spouses in search of a (better) job. These are plausible explanations but the truth is that, at this point, no one know why mobility has fallen in the United States or what are the consequences for economic and social life.

Robert Putnam, author of the highly acclaimed book, *Bowling Alone*, has to do some serious backpedaling to square the decline in geographic mobility with his claim that American communities have collapsed since the war, causing a decline in civic engagement and social capital. Putnam says that even if Americans are moving less today than fifty years ago, they are more likely to be living in "sprawl cities" where they are forced to spend considerable time commuting and thus are less able to contribute to civic endeavors than their more transient forebears. It could be that sprawl corrodes social capital more powerfully than residential stability builds it. But the proposition doesn't make intuitive sense.<sup>72</sup>

For our purposes, there are two interesting points to consider. First, even though current U.S. mobility rates are higher than in Europe, it's possible--although we lack the data to prove this--that the mobility gap between the United States and Europe may be smaller now than earlier in the postwar period. And second, if we go further back in time, we find that the

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<sup>70</sup> Greenwood, "Internal Migration," 657.

<sup>71</sup> Roger Waldinger and Michael Lichter, *How the Other Half Works: Immigration and the Social Organization of Labor* (Berkeley: Univ. of California Press, 2003); Saskia Sassen, *The Mobility of Labor and Capital* (Cambridge: Cambridge University Press, 1988).

<sup>72</sup> Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000), 204-215.

propensity of Americans to move started to fall even before the postwar period, perhaps as early as the 1910s. Maybe Frederick Jackson Turner had it right after all.

#### D. Mobility Trends in Europe

Just as it would be wrong to characterize the United States as a place of perpetual movement, so would it be incorrect to say that Europe has forever been mired in immobility. According to historian Leslie Moch, “Our image of a sedentary Europe . . . is seriously flawed.” In the seventeenth and eighteenth centuries, says Moch, “movement was a normal part of rural routines as young people sought work in agriculture, harvest teams moved across the countryside, and people moved to marry or acquire land; cities could not maintain their numbers without the intrepid newcomers who streamed through their gates.”<sup>73</sup> As industrialization proceeded in the eighteenth century and nineteenth centuries, a steady flow of labor moved from rural areas to industrial villages and towns. Some of these were permanent migrants; others were seasonal and temporary workers.

Under feudalism and during the early centuries of capitalism, governments strictly regulated movement within and between their borders. Part of the reason was insure performance of military service. Another reason was to limit access to work opportunities and to poor relief. Sixty years after England passed its Poor Law Act, it adopted the Settlement and Removal Act of 1662, defining which parish had responsibility for an indigent person and permitting removal of indigents to their parish of settlement. Persons moving from one parish to another were required to carry with them a certificate of settlement. Elsewhere in Western Europe similar laws could be found. Over time, however, these regulations loosened as feudalism faded, as nation states like Prussia formed out of smaller territories, and as industrial employers sought fresh supplies of labor. By the early nineteenth century, there were fewer legal restrictions on the movement of labor in England and on the Western continent, which was both a cause for, and a reaction to, a rise in labor mobility.<sup>74</sup>

Around 1800, there were at least seven major migratory labor systems in Europe, including the “pull” area of eastern England, the Paris basin, the North Sea region, the Catalonian coast up to Provence, the Po Valley, and central Italy. The North Sea system, for

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<sup>73</sup> Leslie Page Moch, *Moving Europeans: Migration in Western Europe since 1650* (Bloomington: Indiana University Press, 1992), 1-2.

<sup>74</sup> John C. Torpey, *The Invention of the Passport: Surveillance, Citizenship, and the State* (Cambridge: Cambridge University Press, 2000); Karl Polanyi, *The Great Transformation* (New York: Farrar & Rinehart, 1944).

example, brought workers from what is today Belgium and Germany to work in Holland in agriculture, peat cutting, and industrial jobs. But even though these systems had slowly formed over the course of centuries, they were not stable. The North Sea system gradually came to an end in the mid-nineteenth century as Germany industrialized. Now huge numbers of migrant workers flowed into Germany, the largest number of them being Poles, followed by Italians, Ukrainians, Belgians, and Netherlanders. Over one million migrant workers were employed in Germany in 1910.<sup>75</sup>

Efforts to promote greater freedom of movement were part of the vast array of changes associated with liberalism. Yet efforts to decriminalize travel by the lower classes were sometimes opposed by skilled workers--in guilds and trade unions--who feared that liberalization would undermine their ability to control local labor markets. Also, municipalities feared that they would be stuck with what today we would call “unfunded mandates”: the requirement to provide services to underemployed migrants. In 1865, the Reichstag enacted a Passport Law and then found itself two years later debating revisions that would limit the power of local governments to exclude or expel unwanted persons. Said one Reichstag legislator, “this law transforms the worker’s duty (*Pflicht*) when he no longer finds work in the place where he normally resides, to seek work elsewhere, into his right and his matter of honor. It is a horrible contradiction in the existing legislation that the worker is threatened with disadvantages for his unemployment and neediness, and, when he seeks work, is subjected to a scrupulous police surveillance, which, if he ignores it, puts him in danger of being punished as a vagabond and of suffering damage to his property, his honor, and his self-esteem.”<sup>76</sup>

The steady industrialization and urbanization of Europe sustained the pace of internal migration in the nineteenth century. The urban population of Germany grew by more than nine times during the century and that of Britain by more than eight times.<sup>77</sup> It was against this background of ceaseless movement between country and city that Ravenstein developed his “laws of migration.” In addition to urbanization, the end of feudal conditions in agriculture--accompanied by rising agricultural productivity and rural overpopulation--constituted a “push” factor driving people to seek work in the cities or abroad. Vast numbers of Germans, Poles,

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<sup>75</sup> Jan Lucassen, *Migrant Labour in Europe, 1600-1900: The Drift to the North Sea* (London: Croom Helm, 1987), 189.

<sup>76</sup> Quoted in Torpey, *Invention of the Passport*, 87.

<sup>77</sup> Dudley Baines, “European Labor Markets: Emigration and Internal Migration” in Timothy J. Hatton and Jeffrey G. Williamson, eds., *Migration and the International Labor Market* (London: Routledge, 1994), 37.

Portuguese, Scandinavians, Irish, and Italians moved to North and South America in search of work. In the century following 1820, about 50 million Europeans set sail for the New World, with about three-fifths going to the United States. The only comparable migration was that of African slaves to the New World and it was not until the 1880s that the cumulative European emigration exceeded that of the slaves. Many of the factors that caused emigration from Europe were similar to those driving intra-national and intra-regional mobility. Gradually, disparate labor markets within and between countries were being knit more closely together.<sup>78</sup>

As in the United States, “extreme transience” characterized European cities in the nineteenth and early twentieth centuries. Geographic mobility increased steadily between 1815 and 1914, peaking in the years before the First World War. Annual in-migration to German cities reached 18 percent in 1912, rising to above 25 percent in some German cities such as Dusseldorf and Duisburg. Low persistence rates characterized other European cities, such as Amsterdam, and these high German rates were on par with those of American cities like Boston.<sup>79</sup>

It was only after the First World War that one saw the emergence of what today is regarded as “traditional” European immobility. As in the United States, European states moved to limit immigration after the war and adopted stricter laws regarding passports, birth certificates, and the like. Sharper distinctions were drawn between citizens and non-citizens with respect to suffrage and legal rights. Moreover, the nature of geographic mobility within countries changed. Rural areas were relatively empty now, and urban workers sank down roots in the communities near their workplace. After the Second World War, internal migrants were more likely to be managers than montagnards, the same shift that occurred in the United States.<sup>80</sup>

The postwar years saw a decline in overall European geographic mobility, similar to what occurred in the United States. After a flurry of postwar mobility--including refugees and international migrants from the Mediterranean regions to European cities--European mobility rates began to decline. In Germany and the Netherlands, internal mobility rates fell from 1970 to

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<sup>78</sup> Timothy J. Hatton and Jeffrey G. Williamson, “International Migration: 1850-1939” in Hatton and Williamson, eds., *Migration and the International Labor Market*, 4; Timothy J. Hatton and Jeffrey G. Williamson, *The Age of Mass Migration: Causes and Economic Impact* (New York: Oxford University Press, 1998).

<sup>79</sup> Moch, *Moving Europeans*, 4; Baines, “European Labor Markets,” 39.

<sup>80</sup> *Ibid.*, 161.

1985.<sup>81</sup> And despite the removal in the early 1990s of restrictions on mobility between EU countries, international mobility rates in the EU remain flat and low.<sup>82</sup>

#### E. Summary

To sum up thus far, it is risky to generalize from the present and assume that the United States has always been a more dynamic and more mobile region than Europe. In fact, over the last two hundred years, both regions have shown dramatic changes in their mobility rates and these changes have occurred roughly in tandem: Europe and the United States shifted from high geographic mobility prior to the First World War to lower mobility rates since the 1960s or so; from ease of cross-national movement in the late nineteenth century to stricter regulation of international migration in the twentieth century; and from movement dominated by rural residents and manual workers to movement by urban professionals. A mobility gap does presently exist between Europe and the United States but the gap is a dynamic phenomenon; it is not cast in stone. Indeed, the gap maybe smaller now than in the 1960s. Finally, as we have seen, long-term mobility rates in Europe and the United States are affected by a society's demographic structure and by the ever-changing rules and regulations governing labor markets.

#### IV. Conclusion

There are obvious economic advantages to labor markets characterized by geographic mobility. Movement assures what economists term allocative efficiency: that workers are being employed in the jobs that best suit them and that pockets of unemployment are reduced by labor demand in growing regions. But those who lament Europe's relatively low mobility rates (or who are worried by the downward drift in U.S. mobility) should bear in mind that there are some advantages to residential stability. Relatively stable communities are associated with marital stability and with civic engagement through voting, volunteer activity, club membership and religious involvement.<sup>83</sup> These activities constitute the social capital of a particular place or region, and that social capital, in turn, is a crucial foundation for the development of economic relations built on trust instead of opportunism. Out of stability and trust there can develop a set of economic advantages that are different from those associated with mobility: lower transaction

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<sup>81</sup> Greenwood, "Internal Migration," 657.

<sup>82</sup> Krueger, "From Bismarck to Maastricht," 25.

<sup>83</sup> Putnam, *Bowling Alone*; Myers, "The Impact of Religious Involvement."

costs in dealings between economic agents; longer time horizons for capital investments; and a willingness of citizens to invest in place-specific infrastructure like schools and transportation.<sup>84</sup> This is not to say that the accumulation of social capital trumps allocative efficiency in its economic importance. Rather it is to suggest that there are trade-offs to be considered in policies affecting mobility. There is no evidence that “more” (mobility) is better than “less.”

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<sup>84</sup> Robert D. Putnam et al., *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1994); Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Free Press, 1996); Paul C. Glick, “The Impact of Geographic Mobility on Individuals and Families,” 19 *Marriage and Family Review* (1993), 31-54.