

# Why Do People Move: How Economic Freedom Draws Even the Rooted

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Who moves to more economically free states? And do freer states mainly attract people who are already likely to move, or do they help overcome the barriers that keep many households in place? A new working paper by Tiange (Sheryl) Du examines these questions using household-level migration data in the United States. More economic freedom means people can make more economic choices with fewer government constraints. Lower tax burdens, more efficient government spending and more flexible labor-market policies can make it easier for people to work, invest, start a business or plan for the future. This study asks whether those policy differences matter for interstate migration and, more importantly, who responds most strongly to them.

## Three Big Takeaways from the Research:

- **Economic freedom is strongly linked to interstate migration.**  
Households are more likely to move when the state they move to offers a meaningfully higher level of economic freedom than the state they previously lived in.
- **Economic freedom matters most for people who usually face higher moving costs.**  
Older individuals who are not retired, homeowners and families with young or school-age children are usually less mobile, but they respond especially strongly to economic freedom differences when they do move.
- **State policy affects not only how many people move, but who moves.**  
Economic freedom does not simply attract young, unattached, already-mobile people. It appears to relax some of the constraints that keep more rooted households from relocating.

Most studies of economic freedom and migration use state-level population data. They can show whether freer states gain more residents overall, but they cannot show which households are driving those movements. This matters because migration is not the same for everyone. A young renter may be able to move quickly for a better job. A homeowner, a family with children in school or an older household may face higher financial and personal costs of moving. If economic freedom only attracts the already mobile population, then its effect on population flows is more limited. But if it also influences households that are usually hesitant to move, then state policy may have a deeper effect on long-run population and economic change.

This paper addresses the question by linking thirteen biennial waves of the Panel Study of Income Dynamics (PSID), covering 1999 to 2023, to the Fraser Institute's Economic Freedom of North America subnational index. The PSID follows households over time, which makes it possible to observe whether a household head moved from one state to another between survey waves. By combining the two sources, the paper can ask not only whether economic freedom is associated with migration, but also whether that relationship differs by age, homeownership, marital status, children and labor-market status.

The main result shows that larger economic freedom gaps are associated with a higher probability of interstate migration. But, more importantly, the strongest responses to economic freedom come from groups that usually face stronger mobility barriers. Older working individuals, homeowners and families with young or school-age children are generally less likely to move, but when they do, they are particularly responsive to differences in economic freedom.

This finding changes the way we should think about economic freedom and migration. Economic freedom is often described as a pull factor, meaning that freer states attract people. That is true, but this paper suggests a more specific mechanism. Economic freedom seems to matter most when moving is costly. For households with children, moving can disrupt schools, childcare and routines. For homeowners, moving means selling a house and taking on transaction costs. These households are unlikely to move unless the expected benefits are substantial. A more favorable economic environment may be one of the factors that makes the move worth it.

In other words, economic freedom appears to work as a constraint-relaxing force. It may reduce the perceived risks or increase the expected returns for people who would

otherwise stay put. A state with lower taxes, more flexible labor markets and a more predictable economic environment may offer households more room to adjust, work, save, or start over.

These findings have important implications for state policymakers. States often think about migration in terms of jobs, housing, taxes, climate or quality of life. All of those factors matter. But this paper suggests that the broader policy environment also affects the kinds of people a state is likely to attract. A state that improves economic freedom may not only attract young workers or renters. It may also become more attractive to homeowners, older working households and families with children — groups whose decisions can shape housing demand, school enrollment, local tax bases, community stability and long-run economic growth.

Do freer states attract more people to move? Yes. But the more important finding is that freer states may attract the people who are hardest most hesitant to move. Economic freedom matters because it can make relocation more worthwhile for households facing real constraints. For policymakers, the lesson is clear: migration policy is not only about attracting the young and mobile. States that build a freer, more predictable and more opportunity-oriented economic environment may be better positioned to attract and retain households with deeper roots, greater assets and longer planning horizons.

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