2008 SRSA Presidential Address⁺

Personal Perspectives on Amenities and Migration^{*}

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The title of my talk today is “Personal Perspectives on Amenities and Migration.” I will begin with an introduction to my personal interest on this subject, and then link the personal to the professional.

My entry into regional science was through urban and regional economics at the University of Colorado in Boulder. I was fortunate to begin my studies there in 1982, when Mike Greenwood and Phil Graves offered the graduate level Urban Economics seminars and the debate over the influence of jobs and amenities on U.S. domestic migration was young and vibrant. In hindsight, I was very fortunate to have written comprehensive exams that acknowledged the contributions of both, for it gave me a breadth of perspective that can come from intellectual debate within the same academic department. The other influence on my talk today is that I grew up in rural North Dakota, whose depopulation and climate eccentricities have been very well publicized over the past two decades, so much so that *The New York Times* magazine ran a story in October 1995 entitled “The Reopening of the Frontier”, which asked the question “Is the State of North Dakota Really Necessary?” And, at the same time, two professors, then both from Rutgers University, received death threats before scheduled public appearances in towns and villages across the Great Plains. The source of enmity toward the two scholars stemmed from their initial (and continued) assertion (e.g., Popper and Popper, 1987, 1999, 2004) that those parts of the Great Plains that were never well suited to farming in the style that developed from European settlement should be turned into a “Buffalo Commons.” That is, the experiment with farming the land should be concluded and the land should be relinquished to the buffalo. It was perhaps the last time that academic ideas about economic geography entered popular discourse in a public way. I am not certain that is a bad thing.

The popular press constructs the de-populating parts of North Dakota with its human debris; that is, images of remote, rural, dying towns, perfectly straight roads, abandoned farmsteads, and railroad tracks. Some of the best I have seen published are in the January 2008 *National Geographic*.

Climate and topography receive a good deal of the media’s attention. And, indeed, some of us in this room have found that climate is a determinant of household migration and at least one of those same people has experienced –36° F in January and 112° F in August in the same location. In fact, the records for temperature were set five months apart in 1936, –60° F as the record low and 121° F as the record high temperatures. I have never read an article in a newspaper that does not use the word “vast” accompanied by the word “expanse.” A typical description appears in an August 2007, *USA Today*. The front page showed a herd of buffalo, a symbol of loss and rebirth. The first line read, “[s]ummers are scorching and winters frigid. The wind whips through the grasslands year-round, its wailing adding to the hypnotic desolation of

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the Great Plains.” The prose was reminiscent of one of American’s great literary figures, Willa Cather, who wrote of the Great Plains, “Between the earth and that sky I felt erased, blotted out.”

Today, a common argument is that the land should never have been farmed because of the whims of the weather. What is lost in this argument is that when Lewis and Clark’s Corps of Discovery came upon the Knife River villages in 1804, near today’s cities of Bismarck and Mandan, they reputedly encountered a population of Mandan Indians, about 4,000 in number. As Iverson (1994) wrote, “For well over a thousand years, Indians had farmed in the plains region, successfully confronting the icy winters and searing summers.” He claims that the Mandans had little experience of famine. Some contemporary authors criticize attempts to settle the Great Plains, mocking the European settlers, referring to the notion that rain would “follow the plow.” One such writer hailed from Tucson, seemingly unaware of the influence of water in sustaining the current growth rates of many cities of the arid regions of the West. He does not ask why we seem to behave today as though water will follow land developers. But, I digress.

Recent stories recorded in the national print media reveal local residents who meet the promise of population/economic growth in these small towns with some suspicion, implying that boom times are not desirable. In a January 2008 article, *The New York Times* reported from Stanley, North Dakota, (population, 1,200) in a piece entitled “As Oil Flows in North Dakota, Jobs Boom, and Burdens Follow.” It is a story of the consequences of living in a location that is on the margin of economically feasible energy production, where the “boom and bust” cycle of energy prices results in over-building infrastructure and housing in booms and expenses and deterioration in bust. As an aside, I have never seen articles that suggest that billions of dollars in transient Wall Street profit taking is a burden to New York City, Connecticut, and northern New Jersey.

Let us consider for a moment the claim of local skepticism regarding the state’s economy, for it is instructive, and with deep roots. The past and present of some of these locations reflect economic dependency, on both the private sector and government. North Dakota entered statehood in 1889. Robinson (1966) described the new state as “a partially settled spring wheat country and a colonial hinterland of Minneapolis and St. Paul.” It was these Twin Cities where the railroads, grain companies, and financial interests that dominated the state economy were located. It is the boosterism and political influence of the railroads that created the boom in the state upon which today’s decline is calculated. It is worth noting that the population peaked in the early 1930s at 680,845 (U.S. Census). It was a time of optimism described by Robinson as “too-much mistake,” where “too much” refers to towns, railroad tracks, churches, schools, and elected officials.

In response to dependency on private entities from outside the state, North Dakotans voted into office a populist political party that created a state-owned bank, which still exists, and enacted other political reforms that attempted to shift the balance of economic power from Minneapolis-St. Paul to locally owned businesses, some of them then, as today, organized as co-operatives. The story of dependency on outside interests is not unique to North Dakota and is a key finding from research that some of you have performed. In a farm- and energy-dominated economy that produces for national and global markets, it is a complex combination of market forces—federal government policies, technological change, and cost of financial capital—that influences economic growth or decline and forms much of the discussion about rural economic development.

De-population is a condition of the rural western parts of the Dakotas, Nebraska, and Kansas, and the eastern portions of Montana and Colorado. Agglomeration as a driver of

population dynamics is not suspended, but its greatest impact is in the industries upon which agriculture and energy extraction depend, contributing to the oft-reported redistribution of population within these states and the region. In North Dakota, the cities of Fargo, Bismarck, and Grand Forks have recently increased in population. In 2007, *The Wall Street Journal* wrote this of Bismarck, the capital city: “At a time when the much-celebrated coasts creak from rising interest rates, faltering income levels and soaring energy prices, this windswept, energy-rich city of 57,000 on the western edge of the Dakota plains is experiencing the best of times...[t]he portraits of a dying region are increasingly dated.” *The Chicago Tribune* dispatched a writer to Grand Forks ten years after the 1997 flood. The author wrote in April 2007 of a “lavishly rebuilt” Grand Forks, with a population greater than it was in 1997 and “[a] new greenway of dikes and flood walls...features golf courses, picnic shelters, campgrounds, a sledding hill, and a 20 mile recreation trail” plus a \$100 million hockey arena. The author continued with “North Dakotans think putting up with a little weather is a small price to pay for good schools, safe surroundings and life spans that would impress Methuselah.”

Those are the accounts of historians and the popular press. The remainder of my address today comes from my personal experience as a homesteader’s great-granddaughter and a migration researcher who was eager to leave the rural Great Plains. It was not the winters or the wind or the hard work or the open expanse of desolate countryside. I left because I grew up thinking that anyplace was more advanced and infinitely more interesting than a grain and dairy farm in Central North Dakota. I left because so many before me had set the example of leaving; my mother is one of eleven who stayed and my father is among three of nine who stayed. My exit strategy was simple: get good grades, go to college, and, as Debra Marquart describes in *The Horizontal World: Growing Up Wild in the Middle of Nowhere* (2006), **do not date farm boys**. My personal story forms a basis for my professional suggestions about the need to understand more fully the puzzles of migration by understanding locations, including the people, for whom change occurs more slowly than their economic circumstances, the incentives they face, and the institutions they have created.

The addition of amenities to the study of the determinants of migration has been a useful contribution to the literature. But I will propose that we have much to learn about amenity demand, including how we choose our first, independent migration, how our migration decisions are affected not only by changes in our income but also by changes in the distribution of income, and how our income aspirations affect our location decisions.

The idea that households “vote with their feet” is well-established [see Dowding, John, and Briggs (1994) for a thorough review of the empirical literature following Tiebout]. Empirical tests of the Tiebout hypothesis from the late 1960s and through the 1970s were aimed at analyzing suburbanization. At the same time, urban economists began studying the role of non-traded goods on household migration. Many of these studies derive from Rosen’s (1974) theoretical paper, where household utility depends on goods and services that are traded in markets and those which are non-traded goods, including a location’s climate. Following Rosen, Graves (1979) and Graves and Linneman (1979) analyzed the role of climate measures in the study of the determinants of migration, concluding that amenities were normal goods; that is, goods whose demand increases as income rises.

Let us play together with ideas about amenity demand. Demand, we teach our students, is influenced by changes in tastes and preferences and changes in income and its distribution. Let me first comment on tastes and preferences in the models of migration and amenity demand. One of the issues that migration researchers who use micro-data confront is the question of the appropriate locational choice set of a potential migrant. We also tinker with features of origin

and destination in our models. Krupka (2009) offers some interesting possibilities. He has found evidence that our amenity demands depend upon our “exposure” to amenities. Our taste for mountains, for example, is related to our experience of them. He has found that we move to locations that are similar to those we leave. This suggests that models of migration and amenities should include both origin and destination features and that our choice set might be constrained to locations that have similar characteristics, where the origin provides useful information on the conditioning of migrants to a set of locational attributes. Without both, we may be attributing too much explanatory power to the features of destinations; that is, the fast-growing parts of the country may be increasingly attractive because more of us are conditioned to live in these regions. Additional evidence of the role of exposure comes from Cheshire and Magrini (2006) who found in a study of European Union countries that climate variables influenced the migration decision within a given country, but not across national borders.

Let us now turn to recent changes in income distribution in the U.S. and its possible effects on amenity-induced migration decisions. Cornell University behavioral microeconomist Robert H. Frank has written that changes in technology have caused a proliferation of “winner-take-all markets” beyond entertainment and sports to other professions (for example, finance, consulting, medicine) where a few salaries rise much faster than those of other workers. The rise in the incomes of the top sets in motion changes in the consumption patterns that are similar to an arms race. These so-called “positional goods” are goods and services that have “additional value based on their reputation as the best or most prestigious in their category” (Frank, 1997, p. 217).

What if location is a positional good? At its most basic level, where we live reveals a set of consumption decisions that are important to the way we view ourselves and create our identities. What if the “winners” in migration, in part, are a consequence of the location choices of a few “winners” in finance, medicine, entertainment, or sports and their imitators? I am asking a straightforward question that I believe is worth further study: is it both changes in income and income distribution that influence our migration decisions, the latter which influences our own incomes and the income class to which we aspire?

If our location decisions are consumer choices related to identity from income and its distribution, what are the consequences? University of Maryland political scientist Benjamin Barber takes the idea into the realm of “identity politics,” where producers sell goods and services that do not serve a need or even a want, but create “lifestyles.” When identity is grounded in lifestyle, which is created and reinforced by a consumer culture, we can have the image of being someone/thing without actually participating in the attributes of the lifestyle. It is possible to “be” someone/thing without “doing.” That is, we buy some goods and services to create an image of a particular lifestyle rather than really living it. Barber (2007) argues that brand identity is “facilitated by American mobility and suburban life, which uproot individuals from traditional communities and local civic life and make them susceptible to the thin commercial appeal of a brand.” When we substitute these manufactured communities, which are based on image, for real community, we become much more suggestible to branding, and in the context of location decisions, we may lose our ties to place. And, one might argue, it is the weakened sense of place that makes us more susceptible to branding of locations that serve as positional goods.

What if non-traded features of a location, such as natural amenities, are both positional goods and are related to the income or lifestyle to which we aspire? What if migration to “amenity rich” locations is related to the image of a lifestyle that the location provides? What if

population dynamics are increasingly driven by, shall I say it, branding of lifestyle that is captured in amenity variables such as access to coasts and verticality?

The issue is this. Location choice is fundamentally related to our ability to consume goods and services, our social and/or familial relationships. Our location decision has the potential to influence all of the factors that are known to influence well-being. If in our location decisions, we are purchasing, to use a term from Thorsten Veblen that has been adapted by Frank, conspicuous consumption and not inconspicuous consumption, we are not making ourselves better off. The reason is that we humans are known to adapt quickly to bigger houses, bigger cars, better skis, and the image of lifestyle; that is, the gains in utility from conspicuous consumption are fleeting. Inconspicuous consumption, such as good schools, low crime rates, shorter commutes, and real ties to community provide lasting gains in well-being. Therefore, a migration based on conspicuous, status-driven consumption to a “high amenity” location does not make the migrant better off; instead, it misallocates human and other resources, and, if along coasts or in mountains contributes to degradation of a fragile environment.

It also encourages a loss of real community. When a location consists of consumers of a lifestyle, the sense of citizenship may be lost such that residents are more likely not to participate in voting for better schools or lower crime rates. They may simply move to another community just as they may buy a newer Lexus or a bigger boat.

These ideas of conspicuous and inconspicuous consumption make sense in understanding the challenges of depopulation of the rural plains states, including North Dakota. *The Economist* of January 19, 2008 wrote generally about the depopulating plains states, citing features such as cohesive community, little crime, and high performance on standardized tests. North Dakota is in the top 10-15 of the “nation’s healthiest places”, has the lowest violent crime rate in the country, the second highest performance of students on the SAT test, some of the lowest high school dropout rates, moderate housing prices, low unemployment rates, good air quality, plenty of sunshine, low humidity, and the shortest average commute times in the country. If locations are positional goods and we are increasingly susceptible to conspicuous consumption, where we systematically undervalue the things that contribute lasting gains to our well-being, and we are interested in populating places like my home state, maybe the appropriate response is not a “Buffalo Commons” but a plan to make the Great Plains an exclusive, private, gated community and call it Windermere Creek.

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