

Rahn: A tale of two pairs of states

Richard W. Rahn

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From the beginning of time, people have moved from less desirable to more desirable places. In early times, the main driver of migration was the availability of food. In the modern world, the big drivers of migration are economic opportunity, including well-paying jobs and personal freedom, as well as climate.

This past week, the Cato Institute published its fifth edition of “Freedom in the 50 States,” authored by professors William Ruger and Jason Sorens. The authors include 230 policy variables in developing their index, ranging from tax burdens to the freedom to gamble. They published all of the variables and their relative weights so that individuals can adjust the weights to fit their own personal preferences and adjust the index to reflect their own values.

In the new edition, Florida is ranked as the most free overall, and New York the least free. This result is not surprising, and is implicitly understood by most Americans, and demonstrated by the fact that Florida has a positive net migration rate of 13.6 while New York has almost the mirror opposite with a negative net migration rate of minus 14.1. The neighboring states of Vermont and New Hampshire are also opposites in many respects, which again is illustrated by the fact that New Hampshire’s net migration rate is positive and Vermont’s is negative.

People voting with their feet is the strongest indication of whether they approve or disapprove of the policies of any state or country. There is no great line of people trying to move to Venezuela, North Korea, Cuba, New York or Vermont. The lines are longer in the other direction.

Florida and New York present an almost perfect study of what to do and not do. In 1960, Florida had a population of only about a quarter of its current size, while New York had a population of about 84 percent of its current size. New York for many decades was the most populous state, and then lost its crown to California more than a half-century ago, then Texas overtook it, and finally last year Florida moved past New York.

Before WWII, Florida was a relatively poor state, and New York was the great rich state – “The Empire State.” A little more than a century ago, western New York, particularly the area around Rochester, was the “silicon valley” of the time – with great “high-tech” firms like Kodak and

Bausch and Lomb. Now, much of the area is a wasteland. Cities like Rochester and Buffalo are mere shadows of their past, and population totals are far below their peak of decades ago. None of this had to happen.

The politicians in the state capital of Albany bled the upstate areas through endless rounds of higher and non-competitive taxes and regulations – which drove businesses and then their workers away. The state survives primarily on the New York City financial industry, which, because of a unique history, still serves as the financial capital of the world. Travel, entertainment and media are still big employers – but all of this is also fragile and could go the way of upstate manufacturing and farming.

New York claims that it still has a high per capita state income, but Florida's per capita income has risen from less than 70 percent to 90 percent of New York's; and with the lower cost of living in Florida, most Floridians are better off than New Yorkers in real terms. Florida has no state income tax, and New York has about the highest state and local taxes, thus increasing numbers of the wealthy are migrating to Florida. Florida and a number of other states that have no state income tax have proven that it is possible to have a good level of government service sufficient to attract people from other states without crushing tax burdens.

New York state politicians have proven to be stupid and mean-spirited by denying upstate New York the great wealth generated by fracking for natural gas. The more enlightened political class in Pennsylvania, Ohio and West Virginia have encouraged the development and fracking of the same shale deposit that also underlies New York.

The overblown claims of fracking opponents are not borne out by facts and experience. Ground water wells are near the surface – usually not more than a few hundred feet. Oil and gas are most often thousands of feet below the surface. To say you cannot have both safely makes as much sense as saying that airplanes that fly thousands of feet over cars and trucks should not be allowed because a plane might crash into a car.

Florida does have the advantage of better winter weather and great beaches, but New York has better summer weather and considerable natural beauty. People are still moving to New Hampshire that has colder weather than much of New York, albeit many are moving from Vermont that has the same weather but a much more oppressive tax system and overbearing nanny government.

America is a federal republic, which means states can experiment with different policies and allow the evidence to show what works – Florida and New Hampshire show that freedom works.