

Internal Migration, Interstate Trade, and Regional Heterogeneity in the United States

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Abstract

Internal migration and domestic trade are central forces shaping a country's economic geography. Yet the extent to which population mobility within national borders influences the flow of goods across states remains underexplored. This paper examines whether interstate migration promotes domestic trade within the United States by estimating a structural gravity model using the Poisson Pseudo-Maximum Likelihood estimator and combining bilateral trade data from the Commodity Flow Survey with bilateral migration data from the Internal Revenue Service for the period 1993–2022. We find a positive and statistically significant migration–trade relationship: a 1 percent increase in bilateral migration raises interstate trade by 0.112–0.116 percent, corresponding to an additional \$2.7–\$2.8 million in trade for the average state pair. These effects are economically meaningful and robust across alternative migration measures, lag structures, estimation strategies, and a Bartik-style (shift–share) instrumental-variable approach. Mechanism analyses indicate that migration has a stronger impact on trade in consumption-oriented goods than in capital and intermediate goods, consistent with consumer preference and information-network channels. The effects also exhibit substantial regional heterogeneity: migration into the South generates the largest trade gains; migration involving the West displays asymmetric patterns; and migration in the Midwest and Northeast produces weaker or, in some cases, negative effects. Overall, our findings suggest that interstate migration and domestic trade are complementary within the United States and highlight labor mobility as an important driver of economic integration and regional development.

Keywords: Domestic Trade, Internal Migration, the United States, Gravity Model

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