

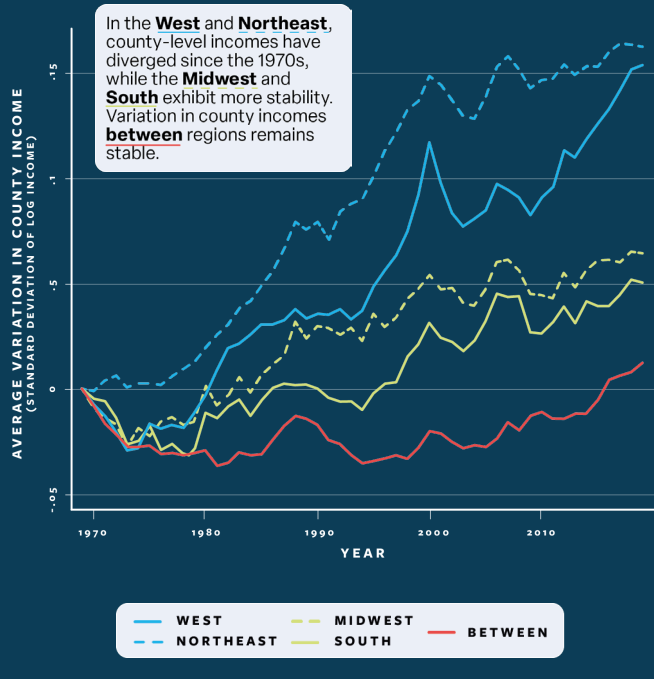
The Case for Place-Based Policies



Over the past several decades, it has become clear that inequalities in wages, wealth, and opportunity are geographically concentrated, with broad trends masking stark regional variation. Research demonstrating a “democratization of poverty” alongside “concentrat[ed] affluence” presents an opportunity to address inequality through regionally-targeted investments.

CONCENTRATION OF AFFLUENCE

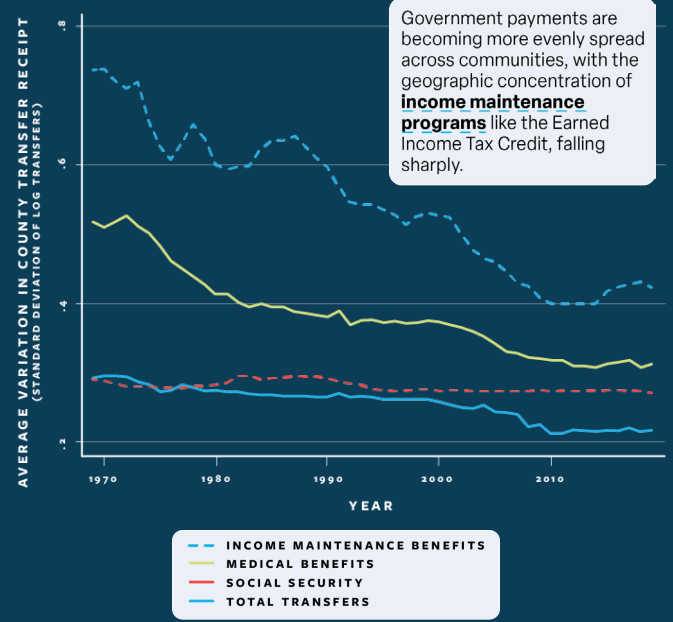
The income gap between different regions of the US is nothing new, but since the 1970s, the gap between rich and poor counties has continued to widen.



DEMOCRATIZATION OF POVERTY

At the same time, poverty has become more evenly distributed, with safety net participation equalizing across counties.

This suggests that trends in spatial inequality are driven by concentrated economic activity in a small number of cities.



POTENTIAL POLICY SOLUTIONS

- **Targeted investments** at the federal level can support the development of new industries and create new pathways into high-paying jobs.
- **State and local incentive programs** can encourage entrepreneurship and generate new opportunities for small businesses in distressed places.
- **New income support policies and pilot programs** providing direct cash assistance can be designed to account for how place influences pathways to economic opportunity and social mobility.

Learn more about how the Opportunity Lab is generating evidence on these policy solutions at bit.ly/OLab-PBP.

ABOUT

The Opportunity Lab is a research center based at UC Berkeley conducting rigorous, data-driven research on the causes and consequences of poverty and inequality in America. Learn more at olab.berkeley.edu.

SOURCE

Gaubert, Cecile, Patrick Kline, Damián Vergara, and Danny Yagan. 2021. “Trends in US Spatial Inequality: Concentrating Affluence and a Democratization of Poverty.” AEA Papers and Proceedings, 111: 520-25.