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.

![Graph showing the concentration of affluence over time.]

In the West and Northeast, county-level incomes have diverged since the 1970s, while the Midwest and South exhibit more stability. Variation in county incomes between regions remains stable.

**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.

![Graph showing the democratization of poverty over time.]

Government payments are becoming more evenly spread across communities, with the geographic concentration of income maintenance programs like the Earned Income Tax Credit, falling sharply.

**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.

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