Long-run spatial inequality in North America and Western Europe: Introducing the Linking National and Regional Inequalities project

Linking National and Regional Inequalities project: Working Paper 1

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Abstract

The rise of populist politics has highlighted the increasingly polarized geography of prosperity, and the rise of national income inequalities has been increasingly connected to the evolution of spatial inequalities within countries. Whilst crossnational research on income inequalities has been highly influential, there is limited comparative research into geographic income inequalities that tracks the link over time between national and subnational economic inequality. This paper is a first systematic attempt to create internationally comparable evidence showing how different countries perform in terms of geographic inequalities. We create cross-country comparable measures of spatial wage disparities between and within similarly-defined local labour market areas (LLMAs) for Canada, France, Germany, the United Kingdom and the United States since the 1970s, and assess their contribution to national inequality. By the end of the 2010s, spatial inequalities in LLMA mean wages are very similar in Canada, France, Germany and the UK. The US is the most spatially unequal; Canada has US levels of national inequality with European spatial inequality; France has very low spatial inequality in top and bottom wages; place is unusually important in the UK; and place makes a low and stable contribution to German inequality. All countries experienced an increase in spatial inequality over the period, though the degree of increase varies considerably. The contribution of inequalities between places in explaining national wage inequality has remained fairly constant over the 40-year study period, except in the United Kingdom. Whilst common social, economic and technological shocks are clearly important, the variation in levels and trends of spatial inequality across countries and over time opens the door to comparative research exploring the role of national institutions in mediating how these shocks translate into economic disparities between places.