

PERSISTENT PLACE-BASED INCOME INEQUALITY IN RURAL NEBRASKA, 1979–2009

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ABSTRACT—This article addresses a current gap in the inequality literature by identifying demographic and economic factors that best explain persistent income inequality across $N = 817$ nonmetropolitan block groups in Nebraska between 1979 and 2009. Over one-half of rural places in Nebraska have average levels of income inequality, one-quarter have persistently low inequality, and one-fifth of places have persistently high levels of income inequality. Results of multinomial logistic regression suggest that persistently high-inequality places in rural Nebraska tend to be smaller, more urbanized, more ethnically diverse, more wealthy, more specialized in high-skill and low-skill industries, and have experienced fast growth in urbanization, incomes, and professional services. By contrast, low-inequality places tend to be larger, less urban, less diverse, less well educated, less wealthy, less engaged in the labor force, and have experienced population declines and slower growth in urbanization, educational attainment, and incomes.

Key Words: income inequality, regional economics, rural development, subcounty geographies, economic restructuring

INTRODUCTION

Until the 1980s, the United States experienced a period of rising incomes and relatively equal income distributions that began shortly after the Second World War (McGranahan 1980). Over the past three decades, however, incomes have begun to level off and income distributions have become more unequal (Gottschalk and Smeeding 1997). Even during the economic boom on the late 1990s, when Americans became more prosperous as a whole, income inequality remained high and actually increased (Hammond and Thompson 2006). As a result of these trends, social scientists began to document the causes of rising income inequality. The bulk of this analysis has been focused on the national and state levels, and most of the conclusions from these studies hold true across most states (Lynch 2003; Partridge and Rickman 2006). What this body of research has not addressed, however, is the place-based aspects of rising income inequality. That is, most of the existing literature has focused on trends on the national and state levels, and has largely ignored trends at smaller-scale geographies, such as counties or places.

There is a need to better understand the dynamics of income inequality across time and space in order to

see how economic inequality is concentrated. Previous research has clearly demonstrated that inequality and poverty persists in the United States across regions over time (Morrill 2000; Lobao and Saenz 2002; McLaughlin 2002; Lobao 2004; Weber et al. 2005; Partridge and Rickman 2006). This body of work has demonstrated that inequality and poverty can be explained by differences in economic structures, individuals, natural resources, geography, and history. However, there have been almost no empirical studies specifically looking at the spatial distribution of income inequality across smaller geographic places (Levy and Murnane 1992; Weber et al. 2005; Lobao and Hooks 2007).

Recent advances in geographic information systems now allow researchers to address these questions more fully. The purpose of this analysis is to examine, using data from 1979 and 2009, which demographic and economic correlates of inequality best explain persistent income inequality across places in nonmetropolitan Nebraska. The analysis is unique in terms of space, using subcounty census block groups to approximate places. It is unique in terms of time, using geographically corrected subcounty data from 1979 and 2009. It is unique in terms of approach, demonstrating that changes in economic structure from an industrial to postindustrial economy