Antitrust Enforcement as Federal Policy to Reduce Regional Economic Disparities

Robert Manduca

Email: rmanduca@g.harvard.edu

Abstract: Regions of the United States have seen their incomes diverge dramatically over the last four decades. This article makes the empirical and political case for treating regional disparities as a national phenomenon best resolved through federal economic policy. It then considers a reinvigorated antitrust enforcement regime as an example of a federal policy that would strengthen local economies while benefitting from policy feedback effects.

Keywords: Inequality, regional disparities, antitrust, policy feedback

The last 40 years have seen a dramatic widening of economic disparities between regions of the United States. A handful of rich coastal metros have seen their incomes grow substantially, while large regions of the country struggle with unemployment and stagnation. This regional inequality is uniquely consequential for US politics because political power is distributed geographically, meaning that unlike other social groups, struggling places are guaranteed to keep their representation.

This article argues that rising regional inequality should be thought of first and foremost as a consequence of national economic policy—a political decision taken at the federal level. In addition to being an accurate portrayal of the forces that have buffeted many parts of the United States since 1980, this framing will help generate the political will to address regional divergence, particularly from within struggling regions.

Second, the article explores the policy feedback dynamics of one example national policy area with important regional implications: antitrust enforcement. There is a growing movement to strengthen antitrust policy in light of rapid corporate consolidation in recent years. Here I describe how a new antitrust regime would likely from policy feedback effects that would help entrench and expand its impact once established. I also highlight some advantages that may make antitrust enforcement easier to enact than other federal regional development policies, as well as some strategic considerations for the initial enactment.

The geographic concentration of prosperity

One of the most wrenching social and economic shifts to hit the United States over the past 40 years has been the geographic concentration of prosperity. Since 1980, the income gap between the richest and poorest regions of the country has widened by 50%, a reversal of more than 100 years of economic convergence (Barro and Sala-i-Martin 1992; Ganong and Shoag 2017). A handful of metro areas have seen concentrations of wealth almost unprecedented in human history, while a much larger set have seen their jobs evaporate and their economic bases contract. In addition to the direct economic pain this causes, it likely contributes to family instability (Autor, Dorn, and Hanson 2017; Wilson 1996), diminished mobility prospects for children (Sharkey 2013) and lower social and political cohesion (Beramendi 2012).

The size of the change is shown in Figure 1, which plots mean family income by metropolitan area as a fraction of the national mean family income in 1980 and 2013. In 1980, the picture is one of relative consistency across most of the country. New York (specifically the New Jersey suburbs) and Washington, DC stand out at cities with mean incomes more than 20% higher than the nation as a whole, while rural parts of the southeast and southwest had incomes substantially lower than average. Across the rest of the country average incomes fell into a tight band between 80% and 120% of the national mean.

[Figure 1 about here]

Figure 1. Mean family income by Commuting Zone as a fraction of the national average, 1980 and 2013

By 2013, this was no longer true. Most of the East Coast had joined New York and DC in the highest income category, as had northern California and Minneapolis-St. Paul. At the same time, rural economies across the country had hollowed out, with most rural parts of the Pacific Northwest, the Midwest, and California joining those in the southeast and southwest in the bottom income category. In total, whereas just 12% of the US population in 1980 lived in Commuting Zones with mean family incomes more than 20% higher or lower than the national average, by 2013 the share had climbed to 31% (Manduca 2019).

The unique political consequences of inequality between regions

Inequality between places is uniquely consequential for US politics because declining areas retain their political representation. No matter how much a state's population shrinks, it keeps its two Senate seats. Although House districts are redrawn according to population every 10 years, that period can accommodate a great deal of change. Moreover, the distinction between the residential and voting population is important and empowers disadvantaged places. All other social groups are represented according to their voting population—the number of their members who actually make it to the ballot box. But even if very few people vote in a particular House district, they still keep their seat. In 2018, for example, just 174,981 voters cast ballots in the election for WV-03, a contested seat where Richard Ojeda lost to Carol Miller, in a district with a median income of $36,000 (Golshan and Mark 2018). This is less than half of the 370,393 people who cast votes in MO-02, another close race in a district with a median income of $79,000. Yet both areas have the same representation in Congress. This means that the Federal government is structurally predisposed to address the concerns of districts like WV-03 far out of proportion to either their financial resources or political mobilization.

The way representation is apportioned should lead the Federal government to spend disproportionate effort addressing the challenges facing struggling regions, all else equal. But such action has been largely absent. In part this is because local economic performance is not typically discussed as a national political issue, but rather as the responsibility of local governments and civic leaders. This article argues that local economic performance should be treated as a national issue on both empirical and political grounds.

Local economic performance is a national political issue

At first glance, it is not necessarily apparent that the economic performance of local regions should be thought of as a national issue. Just as an individual's eco- nomic success in the United States is often attributed primarily to his or her personal actions and character traits, so regional economic success is frequently described as stemming predominantly from local actions. Conversely, regional economic difficulties are often attributed to local failings.

This "local responsibility" view of regional economic development pervades much of the writing, both academic and popular, that examines the plight of struggling regions. Popular writers have profiled successful regions in the hope that other places can adopt the strategies they have taken (Fallows and Fallows 2018). Academic researchers, too, have sought to identify the local characteristics that predict economic success, using both case studies (e.g. Saxenian 1996; Storper et al. 2015) and large sample quantitative analyses (e.g. Benner and Pastor 2012; Kemeny and Storper 2012). Some findings of this literature have emphasized the importance of developing tightly knit "clusters" of interrelated industries (Porter 1998). Other studies have encouraged regions to develop urban amenities that can attract the highly skilled workers who are most in demand right now (Clark et al. 2002; Florida 2002; Glaeser, Kolko, and Saiz 2001), while a third set highlights the role of integrated leadership networks that allow diverse groups of local stakeholders to jointly solve local problems (Benner and Pastor 2015; Storper et al. 2015).

These recommendations are typically aimed at local policy-makers, suggesting actions that can be undertaken independently by individual regions. There are good reasons for this approach: in the absence of a concerted national effort, individual places can only control what goes on within their borders, and some places have been remarkably effective at navigating the twenty-first-century economy. But as a diagnosis of why so many places are currently struggling, and as a proposal for fixing this problem at scale, the local responsibility view is incorrect empirically and misguided politically.

Empirics: Regional disparities largely result from national trends

The local responsibility view of regional economic development, and the associated focus on restoring prosperity by improving local competitiveness, fundamentally misunderstands the changes that have caused regional disparities to increase. There has always been a vigorous economic competition between cities in the United States—nineteenth-century civic boosters make that abundantly clear. But for more than 100 years up to the 1970s, poor regions still gained on rich ones on average (Barro and Sala-i-Martin 1992). Starting in the late 1970s, some aspect of the competition changed, and rich regions began pulling further ahead. The core question about regional divergence, then, is not why some regions do better than others economically. It is why the gap between winners and losers suddenly started increasing in the late 1970s.

Much of the research studying this reversal has attributed it to a change in the spatial distribution of different types of workers. Starting around 1980, college educated workers in particular began to cluster in a relatively small number of cities (Moretti 2012). Possible explanations for this concentration include the rise of industries with strong economies of agglomeration (Kemeny and Storper 2012), the increasing importance of urban amenities to high income workers (Clark et al. 2002; Florida 2002; Glaeser, Kolko, and Saiz 2001), or the implementation of increasingly restrictive zoning and occupational licensing laws that make it more difficult for people to move to prosperous areas (Ganong and Shoag 2017; Schleicher 2017). In line with these findings, the most prominent policy proposals to reverse regional divergence focus on undoing this sorting and spatially redistributing good paying jobs and highly skilled workers back to struggling areas. Some would do this by subsidizing employment in struggling regions (Austin, Glaeser, and Summers 2018), while others would make it easier for lower income workers to move to thriving metros (Avent 2011; Yglesias 2012), or directly relocate institutions and government agencies away from coastal metros (Douthat 2017; Yglesias 2016).

These policies are unlikely to have success on their own because they misunderstand the core driver of regional economic divergence. While there has indeed been a spatial concentration of college educated workers, and a sorting of people across metro areas by income, its contribution to divergence is relatively small. A more important factor has been rising income inequality at the national level. If there had been no income sorting whatsoever, rising income inequality alone would still have increased the economic disparities between regions by more than half as much as actually occurred. If income inequality had been kept constant, the observed amount of sorting would have only increased disparities between regions by about a quarter of the true amount (Manduca 2019). The widening gap between rich and poor regions is thus first and foremost a reflection of the widening gap between rich and poor people. And while the causes of rising inequality are hotly debated, they almost certainly include the many changes to national economic policy made beginning in the 1970s and 1980s (Hacker and Pierson 2010).

Thus, purely as a matter of policy, reinvigorating the economies of struggling regions and reducing the gaps between rich and poor places is likely to require national action. Framing regional divergence as a national policy decision is also more likely to generate the political will needed to address it.

Political consequences of treating regional divergence as a national policy issue

In addition to being empirically accurate, framing regional disparities as the consequence and responsibility of federal economic policy rather than local failings is likely to be a potent political message. Rather than telling rural or rust belt voters that their hometown economic struggles are their fault and that their cities need to "shrink to greatness" (Glaeser 2010), this approach would rightly attribute economic difficulties to national policy changes made largely outside their control. It is far less condescending, more likely to match voters' lived experiences, and gives a clear direction for action: updating national eco- nomic policy to meet the needs of the regions it has left behind (Glastris 2019).

As commentators (e.g., Catte 2019; Kelloway 2019) have noted, while rural and rust belt areas are often viewed as conservative, that hides a strong strain of economic populism (Levitz 2019). Individual progressive economic policies can do very well in red states: Missouri decisively rejected a right to work referendum in 2018, just as Oklahoma rejected a so-called right to farm referendum in 2016. A platform of economic populism that explicitly draws the line between national economic policy and local economic struggles would likely be compelling to voters in these areas.

Addressing regional economic difficulties with national policy is a promising strategy as a matter of both policy and politics. The remainder of this paper considers one possible national policy with important regional effects: antitrust enforcement. It outlines how the lack of effective antitrust enforcement has contributed to regional divergence, how a renewed antitrust movement might build on itself through policy feedback effects, and how advocates of new antitrust regime might approach it to maximize the chance of effectiveness.

Antitrust Enforcement as Federal Regional Convergence Policy

An increasing number of scholars and policy-makers recognize that many American companies have gotten too big (Wu 2018). In industry after industry, the major players have consolidated until only a handful of firms control the large majority of the market. Some conglomerates, most infamously Amazon.com, have attained dominant positions in multiple markets simultaneously, and adeptly use their position in one market as leverage over competitors in another (Khan 2017).

The result of this consolidation has been a rise in economic inequality. At the most fundamental level, when a firm acquires a competitor, it reduces the number of alternatives available to its employees, customers, and suppliers, increasing its power over anyone who interacts with it (Emerson 1962; Coleman 1982). As a result, firms in concentrated markets are able to hold down wages (Wilmers 2018; Azar et al. 2018). This is a core reason that the share of national income going to labor has declined by 6 percentage points since 1980 (Autor et al. 2017; Barkai 2016).

The negative consequences of market concentration for regional economies are particularly severe (Salerno 2017). The waves of corporate consolidation over the past four decades have deprived many cities and towns of the corporate headquarters and local businesses that used to be a source of high paying jobs and demand for professional business services (Longman 2015). The loss of these high paying jobs is amplified by economic multipliers: the local spending of each accountant or lawyer may support two or three restauranteurs or gas station attendants. Beyond strictly economic effects, local business owners are often a key source of charitable donations, a role that absentee owners do not continue at the same levels (Brunell 2006). More broadly, local business ownership is a strong predictor of community and civic health on a number of indicators (Tolbert et al. 2002; Tolbert, Lyson, and Irwin 1998).

For rural areas, often dominated by a small number of employers or industries, the consequences of consolidation have been particularly severe. Consider agriculture. In the 1980s, 37% of every dollar consumers spent on food ended up with the farmer who produced it. Today, the farmer receives less than 15% (Kelloway 2019). Taking economic multipliers into account—agriculture often forms the economic base of rural areas—that change alone can plausibly account for a substantial portion of rural America's struggles. It has come largely because of consolidation in both the buyers and suppliers to farmers. Where there used to be dozens of seed companies, now there are just three (Charles 2016). Prices for seed have risen accordingly. And where there were once many buyers for farm products, now there are just a handful: in meatpacking, for instance, four companies control 85% of the market for beef (Leonard 2014). This consolidation was a direct result of changes to the interpretation of antitrust law, and could be reversed through updated policy.

Agriculture is just one sector where the results of consolidation have been especially pernicious for regional economies. Another example is air travel, which has been felt most noticeably by midsize cities. The number of major airlines has fallen steadily since deregulation in the 1970s, from more than twenty to just four as of this writing. As a result of consolidation, air service has become more con- centrated in major cities, with connectivity to small and midsize airports drop- ping substantially since 2007 (Wittman and Swelbar 2014). The lack of convenient air service is a major constraint on cities' economic competitiveness and is often cited as a reason that corporate headquarters leave smaller cities and towns (Longman and Khan 2012).

The lack of effective antitrust enforcement over the past 40 years has been a major contributor to economic stagnation in many parts of the country, and a reinvigorated approach to enforcement offers a promising route to help restore prosperity across the country. If implemented carefully, with attention to potential policy feedbacks, a renewed antitrust movement could maintain and expand itself over time.

Policy feedback considerations in the development of new antitrust policy

There are several features of antitrust enforcement as a political issue that make it a particularly promising federal regional development policy. These features occur with respect to all of the "three E's" that Jacob Hacker mentions in his article in this issue (Hacker, this volume). Its bipartisan appeal to voters, potential to attract business support, and logistical ease of enactment make the establishment of a reinvigorated antitrust regime likely to be easier than many other regional development policies. Once established, initial successful anti- trust actions are likely to change the politics of the issue in ways that make its entrenchment and expansion more likely. Here I briefly describe these attractive features and potential for policy feedbacks, along with certain strategic recommendations related to sequencing and the use of federalism in the initial establishment phase.

Note that two types of regulatory action form the core of the antitrust toolkit. One is to block proposed mergers, preventing new monopolies from being created. The second is to break up currently existing companies with excess market power into their component parts. Both types of enforcement would benefit from the promising political considerations facilitating the establishment of a renewed antitrust movement. But many of the most promising feedback effects related to the entrenchment and expansion of such a movement will be felt most strongly with the successful breakups of currently existing firms. For this reason, a revitalized antitrust movement should strongly consider pursuing such breakups when- ever possible, even though regulators have been hesitant to pursue them in the past (Wu 2018).

Features of antitrust enforcement that make its establishment more likely

Among possible federal regional development policies, reinvigorated antitrust enforcement stands out in several ways that make its establishment as a policy more likely. First, it is salient and familiar to voters. Most voters have encountered monopolies in their daily lives, whether they be airlines, utilities, internet providers, or tech platforms. Almost everyone has had a negative experience with a company too large or omnipresent to avoid in future transactions. Arguing to break such companies up offers a response to angry customers who would otherwise not have any way to express their frustration.

Moreover, aggressive antitrust enforcement has a long history in the United States, and was the widely practiced within the lifetimes of many voters. It has been a stated principle of capitalist economics since Adam Smith (Smith 1827), albeit one that has often been honored in the breach. In the United States specifically, antitrust enforcement fits with a longstanding American skepticism towards bigness (Lemann 2016; Rosen 2016) that has in recent decades that skepticism has been expressed primarily through hostility toward government, with pernicious effects (Hacker and Pierson 2017). For all of these reasons, support for antitrust enforcement in general and against specific companies is often quite high among voters of both parties. A poll conducted in September 2018, for instance, found that 65% of Americans—and

54% of Trump voters—think the government "should do more to break up corporate monopolies" (Dayen 2018). And leading proponents of antitrust enforcement in Congress and the media are found on both sides of the aisle (Crane 2018).

Perhaps more important than its broad appeal among voters, antitrust enforce- ment has the potential to attract support, or at least avoid opposition, from a wide range of organized interest groups. Of particular note is the potential for corpo- rate ambivalence on this issue. Unlike many progressive economic policies, many companies—including quite powerful ones—stand to benefit from a reinvigorated antitrust regime. Yelp, for instance, has been a major critic of Google's abuse of its search monopoly for several years (Dougherty 2017). When AT&T attempted to acquire T-Mobile in 2010, some of the most vocal opposition came from competitor Sprint (Singel 2011), though that did not stop Sprint from initiating its own bid for T-Mobile recently. Even Walmart, the largest retailer in the country, recently joined with other brick and mortar retailers to call on the Federal Trade Commission (FTC) to examine "persistent oligopolies in other parts of the retail system," specifically singling out the market power of Amazon and google (Dodge 2019). Companies like these could potentially become strong supporters of specific antitrust enforcement actions or a new antitrust movement in general.

This potential to attract corporate support is a key advantage of antitrust enforcement as a policy. A major question will be whether proponents of the new enforcement regime will be able to secure support, or at least neutrality, from overarching corporate lobbying organizations like the US Chamber of Commerce. As discussed below, choosing initial enforcement targets to maximize the possibility of such support or neutrality is a strategic imperative for the new antitrust movement.

A third advantage of antitrust enforcement relative to many potential federal redevelopment policies is the relative ease with which it could be enacted. For the most part, the current antitrust movement is calling for better enforcement of laws already on the books, by agencies that already exist. This means that large parts of the policy could be implemented without creating new government entities or requiring large increases in federal spending, and perhaps even without new legislation.

These three features of reinvigorated antitrust enforcement—its widespread support among voters, potential for ambivalence from corporations, and legislative ease of enactment—suggest that it may be easier to enact than many other federal regional development policies. Once certain enforcement actions are enacted, they are also likely to entrench the policy and lay the groundwork for further expansion.

Entrenchment and expansion: the finality of breaking up companies

Should initial enforcement actions succeed—and specifically should existing oligopolistic companies be broken apart—they are likely to alter the political landscape in ways that entrench the new enforcement regime and promote future regional development efforts in general.

This will be felt most straightforwardly in the specific arena of a given enforcement action. Should a company be successfully split apart, it will no longer exist as an independent entity capable of political action. That in itself may remove the single biggest source of potential backlash to a given enforcement action—as Patashnik describes, sometimes the most effective way to reduce backlash is to fully eliminate the organizations that might create such backlash (Patashnik, this volume).

The entrenchment effects of breaking up monopolies will not be limited to their particular enforcement action. Monopoly rents are a key source of political donations, either from the companies themselves or from the individuals who own them (Skocpol and Williamson 2012). Reducing those rents through increased competition will thus decrease the money available to fund future anti-enforcement lobbying.

Beyond reducing the availability of monopoly rents to fund pro-corporate political activities, successful enforcement actions may reduce the political clout of targeted industries by changing the number and nature of corporate players. In the case where one company is split horizontally into several competitors, this would occur by increasing the total number of actors that need to be coordinated for industry-wide lobbying, which is likely to make such coordination more difficult, especially for firms that are direct competitors. In the case where a company is split vertically into firms that each occupy different stages in the chain of production, the successor firms may have policy interests that directly conflict. Amazon the online market platform and its client Amazon the bookseller are likely to have a tense relationship, and might end up on opposite sides of debates about Internet policy.

A particularly promising dynamic, which is plausible though by no means guaranteed, would be if the successor companies created by one round of trust- busting become agitators for the next round. Firms in some cases pursue mergers and acquisitions defensively in response to observed or anticipated consolidation in their own or related industries (Gorton, Kahl, and Rosen 2009; Ahern and Harford 2014). This process can lead to vertical or horizontal merger waves where all tiers of an industry's supply chain quickly consolidate. If some of these mergers were undone, the resulting smaller companies might push for further antitrust enforcement up or down their supply chain to even the playing field once more. That could create a virtuous cycle in which the successor companies from one enforcement action lobby for the next action.

Should a more assertive antitrust regime become established, it is quite possible that it will induce beneficial feedback effects that could entrench and expand it relatively quickly. It is important to note that many of these feedback effects would stem from the changes to the marketplace and political arena that result from breaking up firms that are currently consolidated vertically or horizontally into their component pieces. This dynamic suggests that proponents of the new enforcement regime would be wise to push for the full breakup of consolidated companies rather than simply imposing fines or attempting to regulate them through consent decrees. A powerful firm that has just been hit with a major fine is likely to redouble its efforts at political influence; a firm that is split in two will likely find that its successor companies have both less total power and conflicting goals.

Strategic considerations in establishing a reinvigorated antitrust regime

Despite the many features that make antitrust enforcement a promising candidate for establishment, it is important that advocates pursue the issue carefully and strategically. Here I briefly discuss some strategic considerations related to the initial establishment of a reinvigorated antitrust regime. These recommendations include embracing the political nature of antitrust enforcement, thinking carefully about the sequencing of enforcement actions, and taking advantage of federalism to force progress at the state level if federal regulators continue with a lax approach.

Embrace the political nature of antitrust

Antitrust policy is fundamentally a political issue. It centers on questions about resource distribution and power that are at the core of any political system. This means that any attempts to remove it from public debate and treat it as a purely technical question are likely to fail: entrenched interests will continue to correctly see it is as vitally important to their interests, and without a countermobilization bureaucrats will almost certainly succumb to their lobbying.

Rather than searching for an illusory econometric magic bullet, supporters of stronger antitrust enforcement should fully embrace its political nature. This means building an antitrust movement that mobilizes a large number of people, uses high-visibility platforms to describe the problems of consolidation—and even the specific harms caused by specific companies—and pressures public figures, both elected and unelected, to take clear stances in favor of competition. Antitrust is an issue with great power to energize everyday consumers and voters, and that power should be utilized.

A corollary to the political nature of antitrust is that, as with other political issues, fighting for greater enforcement and campaigning against predatory companies may result in political progress even in instances where the immediate objective is defeated. Just as an initial electoral loss can lay the groundwork for future victories, so each attempt to fight a merger or break up a monopoly moves the national conversation forward, generates awareness of the harms of consolidation, and makes further mergers appear more costly to businesses.

Careful sequencing to build momentum

Because a new antitrust enforcement regime is likely to face substantial pushback from corporate interests, the initial targets for enforcement actions should be carefully chosen for political as well as legal viability. Enforcers should aim to set precedent and build momentum by choosing targets for enforcement that are in politically precarious positions, and that offer the possibility of dividing corporate lobbies.

Companies that are already distrusted by consumers and politicians are in a politically weak state that may make them easier targets for initial enforcement. Facebook offers a potentially useful example. It is increasingly disliked by consumers after a multitude of hacking, fake news, and privacy scandals. At the same time, it is distrusted by conservative politicians for its perceived liberal bias. This weak position means that government intervention to protect its customers may face less skepticism than similar action against a more popular company—the need for some sort of corrective action is widely apparent. Equally important, while industry lobbying groups and the politicians who depend on them might be concerned about the implications of a successful dismantling of Facebook, they may hesitate to face the political consequences of aligning themselves with an unpopular company.

As described above, an important feature of antitrust enforcement is that many companies stand to benefit from it alongside consumers and workers. Antitrust advocates would do well to choose initial enforcement targets that maximize the chance of gaining support from other corporations and keeping industry- or economy-wide business lobbying groups on the sidelines. The most promising cases will be ones that have relatively powerful interests on both sides, such as Walmart and Amazon, mentioned above, or google and News Corp, who recently squared off in Australia (Meade 2018).

By picking initial targets that are politically weak or have strong corporate opponents, antitrust enforcers will be more likely to win their initial cases in the courts of law and public opinion. Once some initial victories are achieved, further enforcement actions can build on their precedent and benefit from the more favorable political landscape.

Federalism and the advantageous position of state Attorneys General

A third strategic consideration concerns the level of government at which to pursue establishment of a new antitrust regime. Ideally, aggressive enforcement should be pursued concurrently wherever possible, be that through the FTC, the U.S. Department of Justice (DOJ), Congress, or the states. However, action may not always be possible at the federal level, and in recent years the FTC and DOJ have generally looked favorably on mergers (Tepper 2019). Thus, it may be advantageous to initially pursue enforcement at the state level. A number of state attorneys general (AGs) have already begun investigations into google and Facebook (Romm 2019), and ten state Ags recently sued to block the proposed merger between T-Mobile and Sprint (Harding Mcgill 2019).

Besides the possibility of short term action, state AGs have a number of advantages as antitrust enforcers. The most important of these is that they are elected politicians. This means that they are well equipped to treat antitrust as a political issue—they have more reason than career bureaucrats to consider the political optics of particular stances, and are more likely to be adept at communicating with the media and the public. They also stand to see personal electoral benefits from popular enforcement actions, and are directly susceptible to pressure from organized advocates. State AGs thus occupy a unique position. Unlike federal enforcers at the DOJ or FTC, they are elected politicians who know how to mobilize voters and can be directly pressured to adopt pro-competition stances. But unlike members of Congress, they have direct enforcement power.

A state-level strategy also offers the possibility of building enforcement momentum piecemeal. It may prove easier for antitrust advocates to secure the support of a handful of AGs, perhaps from state that are especially harmed by a particular conglomerate or potential merger, than to convince the FTC or DOJ to reverse several decades of harmful policies. As a suit progresses, other states or federal agencies may join in.

Conclusion: National Action for a National Problem

This article has considered the problem of economic divergence between regions of the United States. Over the past four decades, the United States has bifurcated economically, with increasing fractions of the population living in both exception- ally poor and exceptionally rich places. Many of the biggest challenges facing the country are intricately tied to this bifurcation, including the basic question of whether national political cohesion can be maintained. Here I have argued that the growing economic disparities among regions of the United States should be treated first and foremost as a national policy issue. This view is accurate because it takes into account the changes that have pulled regions apart, and it is valuable because it offers pathways to political action that might address the problem.

As an example of a national policy with important effects on regional economies, I have considered antitrust enforcement. Though difficult to quantify directly, the lax antitrust enforcement of the past few decades has likely contributed to the economic struggles of many cities and towns nationwide. A reinvigorated antitrust movement would thus likely disproportionately benefit those parts of the country that have been left behind. In addition to having unique characteristics that make its establishment more likely in this era of polarization and negative partisanship, antitrust offers the possibility of beneficial feedback effects that may make it easier to entrench and expand.

Antitrust is just one of many areas in which national policy shifts starting in the 1970s and 80s exacerbated economic gaps between regions. Other policy areas include the devolution of welfare program administration from the federal government to the states (Rodríguez-Pose and Gill 2004), the relaxing of financial and telecommunications regulations, and the end of federal revenue sharing with state and local governments, which led to a dramatic increase in the fiscal stakes of regional economic competition (Pacewicz 2016). Policy-makers seeking to address regional disparities today would do well to remember the role federal action had in creating those disparities and to recognize its potential for reducing them.

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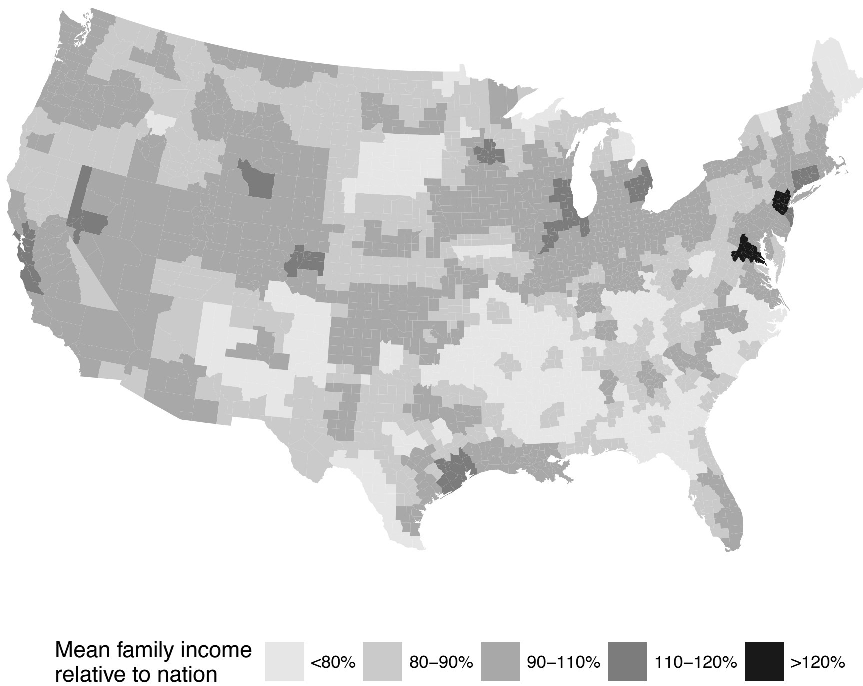
Figure 1. Mean family income by Commuting Zone as a fraction of the national average, 1980 and 2013

A: 1980



B: 2013