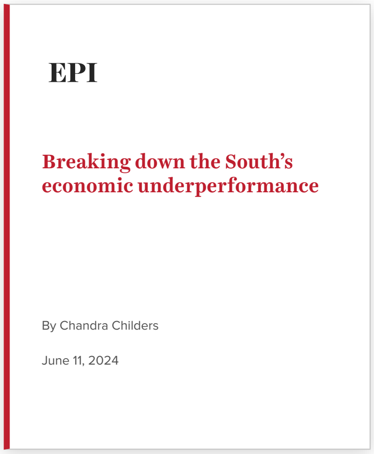
Breaking down the South's economic underperformance

Rooted in Racism and Economic Exploitation: Part Two

Summary: States that have embraced the Southern economic development model are underperforming when compared to regions that did not implement this model.



EPI

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By Chandra Childers

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Key findings

- The South is the region with the lowest per capita GDP relative to other regions in the United States when D.C. is excluded; Southern states are overrepresented among those with the lowest per capita GDP.
- Over the past 40 years, job growth across the South has lagged working-age population growth.
- The lower levels of unemployment across the South are misleading; the region's low labor force participation and prime-age employment-to-population ratio (EPOP) indicate that many Southerners have become discouraged because they are unable to find a job or face serious employment obstacles.
- Large and intersecting racial and gender disparities in employment for Southerners reflect inequities and policy failures across the region.

Why this matters

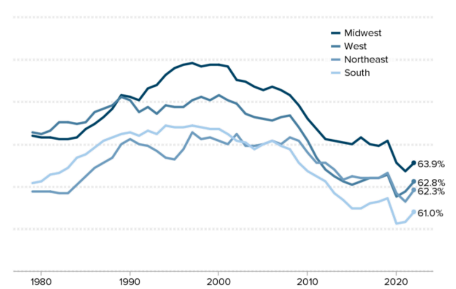
Far from delivering on their promises of shared abundance and economic prosperity, "business-friendly" policies have impoverished the South. The Southern economic development model is a key feature shaping the region's economic underperformance.

How to fix it

Instead of funneling resources to wealthy Southerners and corporations, policymakers should strengthen the social safety net, adequately fund schools, provide affordable access to childcare and transportation, and enforce labor laws or safety standards for workers.

Labor force participation in the South is the lowest of any region

Labor force participation rates by region, 1979–2022



Source: Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau.

Economic Policy Institute