KALAMAZOO, Mich.— Local and state policymakers push economic development incentives to spur job creation and economic wealth. The outstanding question is, “do these various types of financial incentives—tax credits, abatements, grants, and others—work?” The selected research papers in the May issue of Economic Development Quarterly (EDQ) focus on estimating the effect of local and state financial incentives in shaping business location decisions.

In his introduction to the special issue, EDQ coeditor and Upjohn Institute Senior Economist Tim Bartik summarizes what we knew before and what we now know due to the findings and policy implications of the research. Bartik also offers suggestions on reforming business incentive policy and discusses where additional research is specifically needed.

Bartik is well known for his work on economic development and financial business incentives, including research developing a unique comprehensive database on economic development incentive programs for most of the United States. His Panel Database on Incentives and Taxes (PDIT) and the Upjohn Institute’s WholeData Establishment and Employment database were made available to researchers for this special issue.

“Incentives research needs to get more specific: What incentives work best for what industries in what type of local economy?” writes Bartik. “Researchers have produced evidence that simply expanding incentives does not work well enough to justify the added incentive costs, and that many state and local economies would be better off cutting back on overall incentives. But policy makers legitimately want to know what DOES work to create jobs, if our current incentive practices do not work well.”

The introduction to the special issue is available to download free at https://journals.sagepub.com/toc/edqa/0/0. EDQ is the premiere applied academic journal publishing research on U.S. development issues. Its mission is to promote research supporting the formulation of evidence-based economic development and workforce development policy, programs, and practice in the United States.

About the W.E. Upjohn Institute for Employment Research.
The W.E. Upjohn Institute for Employment Research is an activity of the W.E. Upjohn Unemployment Trustee Corporation and was established in 1932 to address issues of unemployment during the Great Depression. The Upjohn Institute is a private, nonprofit, nonpartisan, independent research organization devoted to investigating the causes and effects of unemployment, to identifying feasible methods of insuring against unemployment, and to devising ways and means of alleviating the distress and hardship caused by unemployment. Upjohn’s broad objectives are to: (1) link scholarship and experimentation with issues of public and private employment and unemployment policy; (2) bring new knowledge to the attention of policy makers and decision makers; and (3) make knowledge and scholarship relevant and useful in their applications to the solutions of employment and unemployment problems. Click for more information about the Upjohn Institute and the full study.
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