

# The District of Columbia and Economic Competitiveness

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# Key Source for Today's Talk

Explaining the Economic Competitiveness  
of the District of Columbia

by Garry Young, Alice Levy, & Hal Wolman  
[www.gwu.edu/~gwipp/DCCompete.pdf](http://www.gwu.edu/~gwipp/DCCompete.pdf)

# The District & Its Region

- Washington MSA has grown dramatically in last two decades (>27%)
- After decades of losing population the District made notable gains in last 12 years
  - Now back to 1990 population
- Since 1990 regional employment grew ~31%
- District much less so (~3%)

# Our Question

- Why doesn't the District capture more of the region's economic growth?
- What are factors that make a difference?
  - Land costs?
  - Taxes?
  - Services?
  - Human capital? Etc.

# Design

- Focused on employment
- Compared the District to 22 other central cities from 1990 to 2008
- Used statistical techniques to determine what factors affected employment growth among the 23 cities
- Then considered what this meant for the District specifically

# Almost No Research

- Very little research focuses on central cities or other political jurisdictions within regions
- Why?
  - Economic theory
    - Region is the economy
    - But policy made in political jurisdictions like the District
  - Lack of data
    - Our design overcomes this

# When Firms Decide to Locate

- Two-part decision
  - Where in nation to locate
  - Where in chosen region to locate
- Factors considered differ
  - When choosing among regions
    - Climate, state taxes, transportation networks, etc.
  - When choosing within region
    - Land costs, taxes, regulation, crime, etc.

# Factors Affecting Central City Employment, 1990-2008

- Past city employment (+)
- Regional employment growth (+)
- Regional focus on manufacturing (-)
- Regional focus on professional, science & tech (+)
- Regional focus on government (+)
- City property crime (-)
- Taxes (-)



# Factors that seemed not to matter

- Public services
  - BUT very poorly measured
- Violent crime (not quite statistically significant)
- Various demographic characteristics of the city

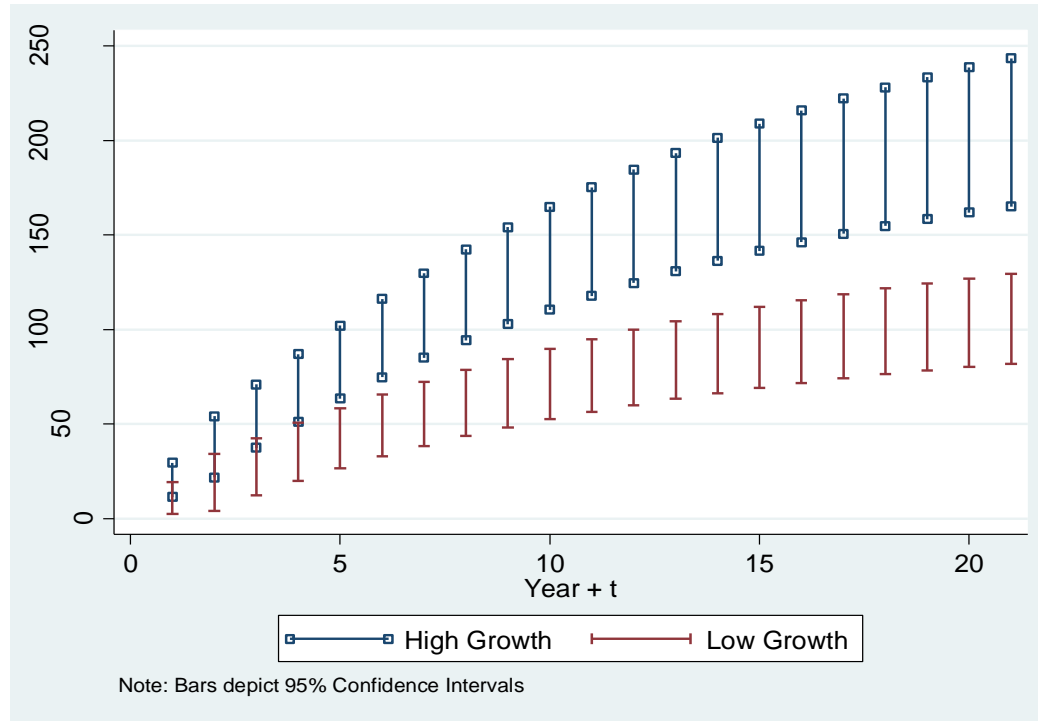
# Key Factors We Can't Measure

- Regulation
  - This might be a big one in the District context
- Land costs
- Differences among tax system
  - We just measure amount of taxes

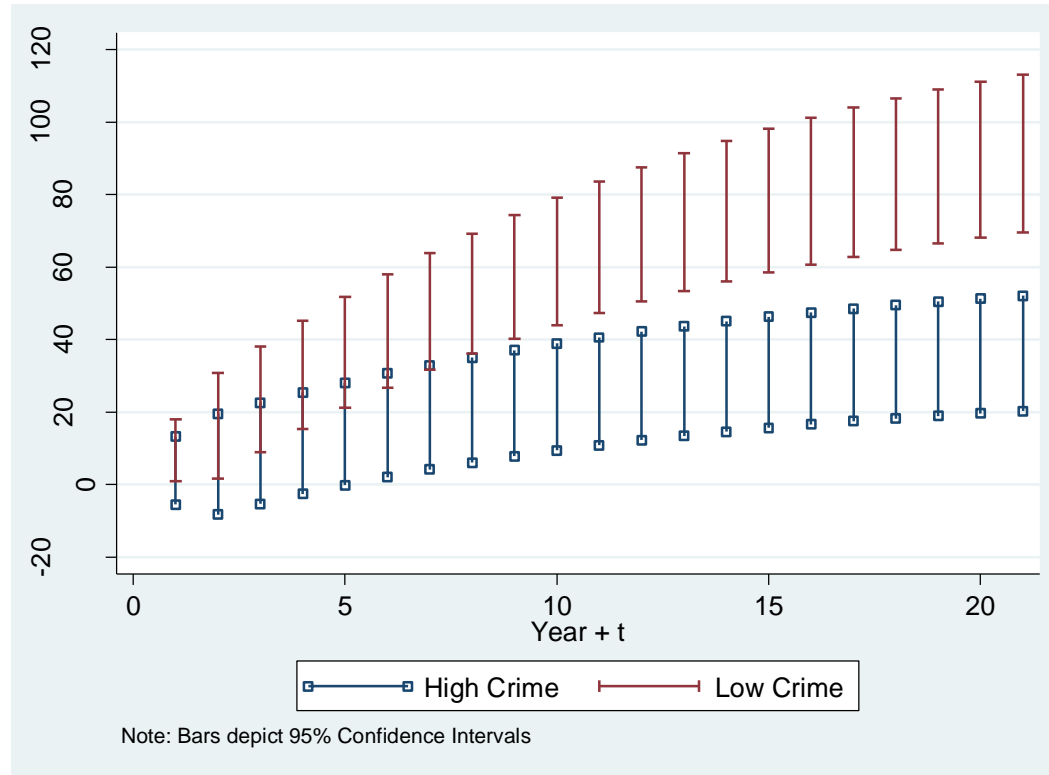
# Dynamic Simulations

- Used model results to simulate the future for the District
- Used 2008 values for the District as starting point
- Changed values from high to low based on actual District experience

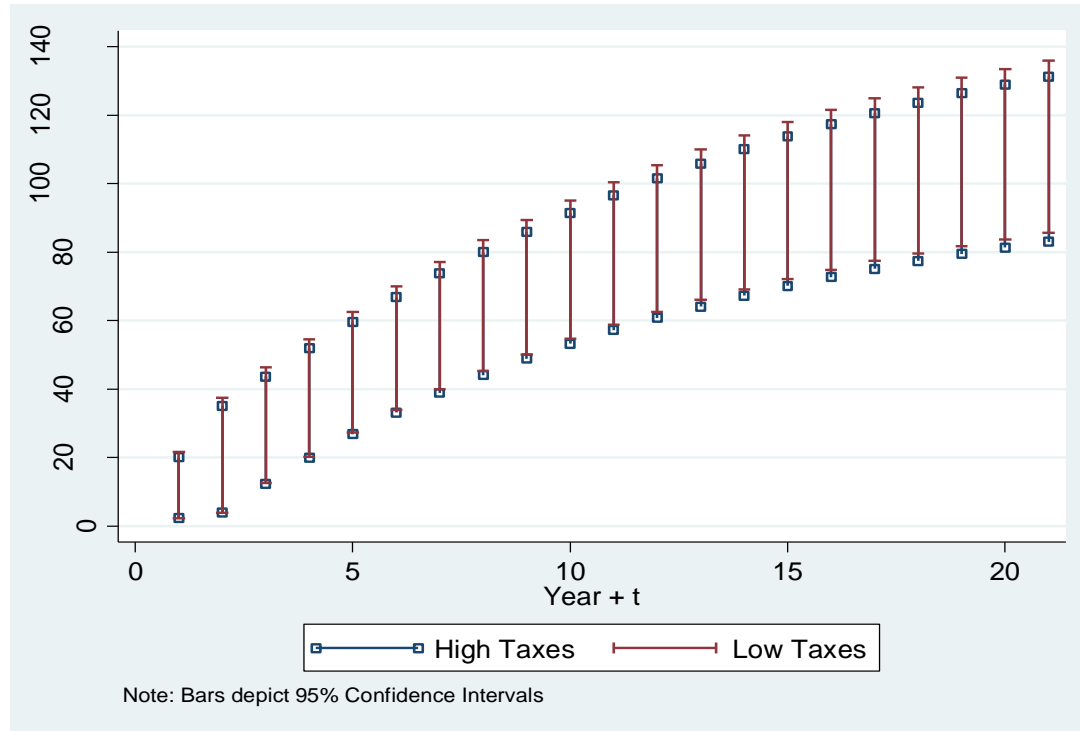
# Impact of Regional Growth



# Impact of Property Crime



# Impact of Taxes



# Thanks!

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