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BHI releases *Metro Area and State Competitiveness Report 2004*

Based on their strengths in technology, security and human resources, Massachusetts ranks number 1 in nation; Boston metropolitan area ranks 4th in the nation

BOSTON - Why are some U.S. states and cities persistently more affluent than others? According to a new study from the Beacon Hill Institute at Suffolk University in Boston, *BHI's Metro Area and State Competitiveness Report 2004*, much of the answer can be found by measuring "competitiveness." The state of Massachusetts and the Boston metropolitan area owe their high standard of living largely to their competitiveness.

Authors Jonathan Haughton and Cagdas Sirin define competitiveness as "the policies and conditions that ensure and sustain a higher level of per capita income and its continued growth." The 2004 Report assigns more than three dozen variables to eight categories – government and fiscal policy, security, infrastructure, human resources, technology, business incubation, openness, and environmental policy – and combined these eight measures into a single "competitiveness index".

"The real benefit of the study is that it sets the agenda; states and metro areas can use the report to identify their weaknesses, and so work out what they have to improve if they want to become more competitive," said Jonathan Haughton. "This makes the study particularly useful to development professionals, regional planners, chambers of commerce, civic leaders, and decision makers."

Among states, Massachusetts gets the top ranking, after being runner-up (to Delaware) in 2003 and 2004. This change partly reflects improvements in the index, as better quality data have become available. But it mainly reflects the Commonwealth's very real competitive advantages in technology, business incubation and human resources. For now, these offset weaknesses in infrastructure and in policies that make it expensive to hire low-skilled labor. Close on the heels of Massachusetts are Utah and Washington state. Utah has broad strengths in technology, business formation, human resources and infrastructure; Washington is known for its technology and its openness to trade. The least competitive states are West Virginia, Louisiana and Mississippi. Red and blue states are equally likely to be competitive (or uncompetitive).

With a score of 6.77 out of a possible 10, Boston is ranked fourth in competitiveness among metropolitan areas, behind Seattle (score of 7.80), Raleigh and Portland (OR), and just ahead of Denver, Minneapolis and Austin. Boston heads the list on technology, and is in the top five metropolitan areas for security, human resources, and business incubation. These advantages are significantly offset by poor scores on infrastructure (ranked 45th out of 50) and government and fiscal policy (ranked 37th). The poor showing on infrastructure reflects long commuting times, high electricity prices, and inflated housing costs – items that demand attention if the Boston area is to remain competitive. A one-point rise in the index adds \$877 to per capita income.

This is the fourth year that BHI has published a *Competitiveness Report*. This year BHI has developed an online forum to cultivate discussion on the study <http://cge.beaconhill.org/forum>.

BHI State Competitiveness Index and Subindexes										
	Overall index and rank in 2004		Subindexes, rank in 2004							
	Overall Index	Overall Rank	Government & Fiscal Policy	Security	Infra-structure	Human Resources	Tech.	Business Incubation	Openness	Environment al Policy
Massachusetts	7.29	1	39	11	38	4	1	1	7	37
Utah	6.94	2	13	36	3	5	6	3	22	26
Washington	6.81	3	23	21	14	26	8	5	4	15
Minnesota	6.45	4	43	12	1	2	15	23	26	14
Colorado	6.27	5	37	31	5	18	3	8	29	8
Nebraska	6.22	6	22	13	2	6	24	30	41	10
New Hampshire	6.11	7	33	3	48	1	9	4	35	20
Vermont	6.10	8	27	9	39	3	4	46	9	4
Virginia	6.06	9	2	22	21	11	11	7	28	31
Kansas	6.05	10	28	14	7	8	14	32	36	13
North Dakota	5.86	11	14	10	10	12	30	33	44	9
Wyoming	5.69	12	34	27	12	14	39	13	17	6
Wisconsin	5.66	13	40	1	9	16	22	40	32	21
Idaho	5.58	14	36	26	8	29	12	15	37	12
Connecticut	5.57	15	42	4	31	10	5	18	13	43
Oregon	5.57	16	29	20	6	32	19	45	16	5
Iowa	5.57	17	11	29	15	9	23	36	40	19
Delaware	5.43	18	8	23	32	25	20	2	14	47
Maryland	5.29	19	7	38	44	7	2	10	34	46
Missouri	5.21	20	12	32	16	21	28	19	43	28
Texas	5.21	21	24	39	30	45	27	14	2	25
California	5.14	22	48	24	47	33	7	6	3	22
South Dakota	5.13	23	5	17	29	13	41	35	49	1
Michigan	5.08	24	15	25	22	28	18	48	11	27
Georgia	5.08	25	4	37	17	36	35	11	24	32
North Carolina	5.06	26	20	30	18	38	21	12	31	35
Alaska	5.01	27	45	35	11	39	38	50	1	11
Montana	4.92	28	31	16	27	31	29	20	50	2
Florida	4.81	29	21	33	20	34	44	9	15	40
Pennsylvania	4.79	30	19	18	24	23	16	25	42	45
Rhode Island	4.72	31	46	8	37	17	10	47	25	23
Arizona	4.60	32	10	50	26	35	32	22	10	30
New Mexico	4.50	33	18	45	40	44	13	27	30	3
New York	4.43	34	50	15	50	22	17	31	5	29
Oklahoma	4.42	35	32	40	13	42	37	16	47	17
Maine	4.36	36	44	6	42	19	47	42	39	7
Nevada	4.33	37	17	48	4	37	50	24	19	41
Kentucky	4.31	38	30	7	25	40	45	41	23	36
Illinois	4.22	39	35	41	43	30	25	34	12	38
South Carolina	4.15	40	1	47	28	43	42	28	20	33
Tennessee	4.13	41	9	43	19	41	43	21	33	42
Indiana	4.12	42	3	28	36	27	34	38	21	49
Ohio	3.92	43	38	19	23	24	33	44	27	48
New Jersey	3.84	44	49	5	49	20	26	17	6	50
Arkansas	3.69	45	6	34	45	48	49	26	46	18
Hawaii	3.67	46	47	44	35	15	36	49	18	16
Alabama	3.66	47	16	46	33	46	31	39	38	34
West Virginia	3.58	48	25	2	34	47	46	43	45	44
Louisiana	3.16	49	41	49	41	49	40	29	8	39
Mississippi	2.93	50	26	42	46	50	48	37	48	24

BHI Metro Area Competitiveness Index and Subindexes

Overall index and rank in 2004		Subindexes, rank in 2004								
	Overall Index	Overall Rank	Government & Fiscal Policy	Security	Infra-structure	Human Resources	Technology	Business Incubation	Openness	Environmental Policy
Seattle	7.80	1	28	22	28	9	5	1	1	6
Raleigh	6.91	2	2	18	13	30	2	27	25	18
Portland	6.81	3	17	11	8	16	21	26	11	5
Boston	6.77	4	37	3	45	4	1	5	14	33
Denver	6.59	5	31	20	6	14	9	6	37	10
Minneapolis-St. Paul	6.53	6	29	8	9	1	28	23	24	4
Austin	6.21	7	14	14	43	28	4	24	7	17
Salt Lake City	6.19	8	24	27	3	2	7	3	32	50
San Francisco	6.03	9	46	15	49	6	8	2	6	9
Kansas City	5.85	10	11	25	10	7	12	32	47	12
Atlanta	5.79	11	9	26	12	38	18	12	21	20
San Antonio	5.58	12	14	43	19	46	33	22	8	1
Dallas	5.37	13	12	40	33	45	15	20	5	27
San Diego	5.35	14	43	7	46	10	10	4	9	36
Grand Rapids	5.32	15	13	10	16	11	36	45	18	15
Orlando	5.30	16	21	21	4	24	45	10	28	21
Richmond	5.28	17	6	24	26	21	30	16	46	31
Providence	5.27	18	42	13	39	26	14	25	20	8
Greensboro	5.26	19	5	16	5	43	35	35	39	26
Hartford	5.20	20	34	6	23	15	11	34	19	37
Charlotte	5.18	21	1	35	2	44	27	39	31	29
Washington	5.05	22	18	33	47	5	6	15	38	28
Nashville	4.96	23	4	32	25	35	41	29	35	24
Albany	4.90	24	49	2	11	3	32	36	41	38
Milwaukee	4.90	25	30	28	17	22	19	43	33	13
Rochester	4.90	26	48	17	30	8	3	31	34	22
Norfolk	4.80	27	7	34	29	27	38	28	45	19
Jacksonville	4.71	28	21	42	24	37	46	13	44	2
Las Vegas	4.59	29	27	41	1	42	50	17	26	11
Phoenix	4.58	30	10	44	31	34	39	19	16	45
Sacramento	4.57	31	44	23	42	13	23	9	13	16
Miami	4.56	32	35	48	37	50	49	7	3	3
Houston	4.53	33	26	45	40	48	31	18	2	34
Cleveland	4.49	34	33	1	34	32	40	37	22	44
Oklahoma City	4.41	35	16	46	14	40	42	41	50	7
Indianapolis	4.39	36	3	39	27	31	37	47	27	39
Louisville	4.36	37	25	31	21	25	44	50	29	41
Columbus	4.25	38	19	37	22	17	13	40	22	48
Tampa	4.21	39	35	30	18	19	47	11	36	47
Pittsburgh	4.20	40	38	9	35	18	17	42	49	43
St. Louis	4.19	41	20	38	32	20	25	46	48	25
Detroit	4.11	42	32	29	38	36	24	38	17	40
Buffalo	4.08	43	50	5	20	12	26	49	40	23
Los Angeles	4.04	44	45	36	48	41	16	8	4	30
Philadelphia	4.03	45	41	12	44	29	22	21	42	35
Cincinnati	3.96	46	23	19	7	23	34	44	30	49
New York	3.72	47	47	4	50	33	20	14	10	42
Memphis	3.39	48	8	50	15	47	48	30	43	46
New Orleans	3.37	49	40	47	36	49	43	48	12	14
Chicago	3.17	50	39	49	41	39	29	33	15	32