



*The Beacon Hill Institute
for
Public Policy Research*

News Release

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Embargoed until:
Wednesday, December 19, 2007
12:01 a.m.

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Out of first but still strong in what really matters: Mass. finishes second in State Competitiveness Report 2007

BOSTON – After three years at the top, Massachusetts slipped to second place, just behind Utah, according to the most recent annual measure of state competitiveness compiled by the Beacon Hill Institute.

The Bay State slipped slightly in a small number of the component categories of the competitiveness index, including higher minimum wages, a higher crime rate and failing to show any progress in resolving longstanding problems such as high housing costs and aging infrastructure. Nonetheless, Massachusetts continues to rank in the top ten based upon strong showing in the human services, finance, and technology subindexes.

Washington state is the only new entrant to the top ten this year, improving from 13th to 7th place. Montana shows the largest improvement this year, moving up from 28th to 15th position. The largest drop in rank this year belongs to Michigan, moving down seven places from 34th to 41st. New Hampshire slipped from third place to ninth in the latest ranking.

This year, New Mexico and Rhode Island, two fast moving states, climbed up 9 and 4 places, respectively. New Mexico is now ranked 29th and Rhode Island 21st. Also improving were Minnesota (ranked 6) and Tennessee (37) and Missouri (26). Oklahoma (32) also improved remarkably.

The BHI competitiveness index is based on a broad set of 42 indicators divided into eight subindexes: government and fiscal policy, security, infrastructure, human resources, technology, business incubation, openness and environmental policy. This broad view distinguishes the BHI index from more narrowly focused measures of competitiveness that target just one dimension such as taxation, or high tech, or economic freedoms.

In trying to develop sound economic strategies, policymakers often look to "leading technology states" (LTS) as a guide. This may be too narrow, suggesting the limits of targeted industrial policies. These high technology states do not always prove to be competitive by the institute's measure. Massachusetts (2) and Minnesota (6) are the only leading technology states to finish in the top ten in the 2007 BHI index. Other LTS states - California (24), Connecticut (25), New Jersey (43), New York (38), North Carolina (30) Pennsylvania (34) and Texas (20) - have relatively unimpressive rankings.

The BHI index forces policymakers to consider what really matters to the health of a state's economy: the productivity of its firms. "In contrast to recent overblown reports of job losses in Massachusetts, the BHI competitiveness index shows that the Commonwealth has important long-run strengths," said Senior Economist, Jonathan Haughton. "These continue to translate into higher real levels of per capita income. We find that if a state has an extra point in the index, its personal income will be higher by \$1,163 per person per year."

The latest report is available at www.beaconhill.org. BHI will release its annual rankings of the top 50 metropolitan areas in the United States in late February 2008.



	Subindexes, Rank in 2007																	
	Overall		Govt & Fiscal Policy		Security		InfrStrc		Human Resources		Tech		Biz Incub.		Openness		Enviro Ply	
	Index	Rank	I	R	I	R	I	R	I	R	I	R	I	R	I	R	I	R
Utah	7.39	1	6.45	2	5.93	9	6.65	2	5.94	8	5.97	6	7.34	2	4.98	23	5.25	27
Massachusetts	7.07	2	4.68	34	5.84	12	4.00	42	6.89	1	8.89	1	6.97	3	5.82	8	4.28	42
Colorado	6.59	3	4.31	38	6.56	2	6.19	8	5.51	18	6.41	3	6.16	5	4.65	29	5.87	9
North Dakota	6.36	4	5.86	11	5.86	11	6.84	1	6.25	4	5.17	20	5.06	23	3.92	45	5.89	8
Idaho	6.24	5	5.55	18	6.08	6	5.92	13	5.24	25	5.14	21	6.23	4	4.43	37	5.82	13
Minnesota	6.20	6	4.70	32	5.55	17	6.46	3	6.61	3	5.80	8	4.55	35	4.80	25	5.80	14
Washington	5.94	7	4.54	35	4.72	30	6.23	6	5.47	20	5.61	12	4.29	39	6.76	4	5.72	16
South Dakota	5.90	8	6.16	8	5.40	23	6.37	4	5.78	14	4.03	41	5.80	7	3.60	49	6.07	1
New Hampshire	5.88	9	5.57	17	6.17	4	4.18	40	6.23	6	5.73	10	5.36	16	4.43	36	5.46	23
Wyoming	5.86	10	3.61	45	5.76	13	6.34	5	5.85	9	4.19	38	5.66	10	5.71	9	5.95	5
Nebraska	5.82	11	5.02	28	6.05	7	6.15	9	6.02	7	4.79	30	4.92	25	4.13	42	5.85	10
Vermont	5.78	12	3.44	47	5.51	20	5.03	23	6.69	2	6.00	5	3.83	45	6.31	5	5.98	3
Alaska	5.77	13	6.27	6	4.44	36	5.70	15	4.42	34	3.90	44	3.23	50	8.93	1	5.83	11
Oregon	5.74	14	5.75	15	5.04	27	6.23	7	4.85	30	5.34	16	4.06	44	5.41	15	5.97	4
Montana	5.68	15	4.86	29	6.41	3	6.08	10	5.50	19	4.88	27	5.20	20	3.54	50	5.95	6
Virginia	5.62	16	6.41	3	4.68	31	4.79	28	5.24	24	5.61	11	5.95	6	4.59	32	4.91	31
Kansas	5.53	17	4.77	30	4.85	28	6.05	11	5.79	13	5.02	25	4.98	24	4.59	33	5.82	12
Iowa	5.48	18	5.23	23	5.33	24	5.96	12	6.23	5	4.83	29	4.17	40	4.37	39	5.59	19
Arizona	5.47	19	6.38	4	4.05	44	5.09	22	4.95	28	4.77	31	5.27	18	5.41	14	5.76	15
Texas	5.35	20	5.42	20	5.08	26	4.40	36	3.93	41	4.75	32	5.45	14	6.96	2	5.27	26
Rhode Island	5.19	21	3.68	43	7.06	1	4.93	25	5.60	15	5.94	7	4.13	42	4.75	27	4.56	37
Wisconsin	5.15	22	4.22	39	5.66	14	5.51	18	5.79	12	5.12	22	4.09	43	4.58	34	5.56	21
Maryland	5.12	23	5.79	14	4.56	33	3.65	47	5.54	16	7.43	2	5.26	19	4.63	30	3.56	46
California	5.10	24	3.09	49	5.46	21	3.88	45	4.31	36	5.80	9	5.36	17	6.89	3	5.56	22
Connecticut	4.93	25	3.88	40	6.02	8	4.00	41	5.83	10	6.01	4	4.34	38	5.46	13	4.20	43
Missouri	4.87	26	6.29	5	4.10	41	5.68	16	4.78	32	4.86	28	4.61	34	4.10	43	5.11	28
Delaware	4.85	27	5.21	24	3.54	46	3.40	48	5.15	26	5.45	15	8.54	1	5.27	17	2.89	47



	Subindexes, Rank in 2007																	
	Overall		Govt & Fiscal Policy		Security		InfrStrc		Human Resources		Tech		Biz Incub.		Openness		Enviro Plcy	
	Index	Rank	I	R	I	R	I	R	I	R	I	R	I	R	I	R	I	R
Nevada	4.73	28	5.80	13	3.40	48	5.83	14	4.07	40	3.70	48	5.76	9	5.49	11	4.98	30
New Mexico	4.72	29	5.36	21	3.64	45	4.50	35	4.17	38	5.10	23	5.77	8	4.46	35	6.00	2
North Carolina	4.70	30	5.66	16	4.10	40	4.93	26	4.24	37	5.19	19	5.55	12	4.61	31	4.63	35
Georgia	4.68	31	6.16	7	4.50	34	4.68	30	3.72	45	4.66	33	5.60	11	4.81	24	4.75	32
Oklahoma	4.68	32	5.34	22	5.57	16	5.01	24	4.14	39	4.05	40	5.11	22	3.94	44	5.71	17
Florida	4.63	33	5.89	10	4.38	37	4.26	38	4.39	35	4.19	37	5.50	13	5.46	12	4.63	36
Pennsylvania	4.47	34	4.75	31	4.61	32	5.22	21	5.44	21	5.50	14	4.66	32	4.23	40	3.69	45
Maine	4.45	35	3.26	48	5.52	19	4.87	27	5.82	11	3.80	46	4.71	30	4.16	41	5.89	7
Illinois	4.43	36	4.69	33	4.79	29	4.27	37	4.81	31	5.21	18	4.14	41	5.52	10	4.55	38
Tennessee	4.41	37	6.61	1	3.45	47	5.29	20	3.92	43	4.14	39	5.40	15	4.78	26	4.30	41
New York	4.37	38	2.98	50	5.53	18	2.62	50	5.36	23	5.55	13	4.49	37	6.16	6	5.06	29
Kentucky	4.31	39	3.76	42	6.11	5	5.55	17	3.88	44	3.86	45	4.86	26	5.05	20	4.46	40
Hawaii	4.30	40	3.62	44	5.44	22	4.50	34	5.54	17	4.47	35	3.25	49	5.05	21	5.63	18
Michigan	4.16	41	4.39	37	4.05	43	4.70	29	4.52	33	5.30	17	3.42	48	5.25	18	5.37	25
South Carolina	4.07	42	5.92	9	4.34	39	3.89	44	3.64	47	4.00	42	5.20	21	5.00	22	4.72	34
New Jersey	4.07	43	3.54	46	5.92	10	3.97	43	5.40	22	5.09	24	4.63	33	6.01	7	2.12	50
Indiana	3.91	44	5.84	12	4.34	38	4.55	32	4.90	29	4.56	34	4.51	36	5.08	19	2.35	49
Ohio	3.89	45	4.45	36	5.10	25	5.41	19	5.05	27	4.90	26	3.76	47	4.67	28	2.71	48
Arkansas	3.54	46	5.18	26	4.06	42	4.23	39	3.56	48	3.47	50	4.85	27	3.90	46	5.56	20
West Virginia	3.46	47	5.13	27	5.63	15	4.66	31	3.93	42	3.76	47	3.78	46	3.90	47	3.75	44
Alabama	3.44	48	5.53	19	3.33	49	3.68	46	3.68	46	4.40	36	4.69	31	4.37	38	4.75	33
Mississippi	2.97	49	5.20	25	4.46	35	3.14	49	2.37	50	3.67	49	4.76	29	3.72	48	5.43	24
Louisiana	2.75	50	3.79	41	2.01	50	4.53	33	3.03	49	3.97	43	4.79	28	5.38	16	4.49	39