

Competitiveness Scorecard

In the midst of presidential elections Americans are sometimes encouraged to ask themselves—Are you better off today than you were four (or eight) years ago? This standard of absolute change in personal prosperity and other elements of well-being can be a meaningful one in assessing the performance of national leadership, but it does not transfer easily to the evaluation of state and local government performance.

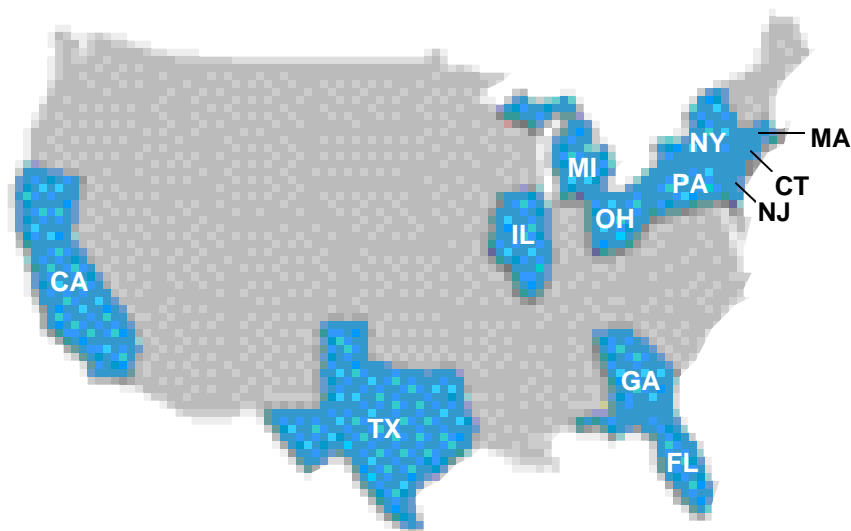
If New Yorkers were simply to ask how well they are faring today compared to some point four or more years earlier, an answer of “better off” would not necessarily indicate that the State or City of New York was doing well. In assessing sub-areas of the entire nation, it is important and most relevant to ask not just how well we are doing, but how well we are doing *compared to other states or cities*. In times of national prosperity, growth ought to be assessed in terms of the experience in similar areas; and in hard times, decline ought to be assessed in terms of the impact of national recessions elsewhere and not just in absolute terms.

This comparative or competitive approach is the basis for a scorecard that the Citizens Budget Commission (CBC) has prepared for the State of New York. This scorecard examines 34 indicators

covering nine categories of economic and social well-being. In each case, the data address two questions: How does New York State’s current condition compare to that of other large or neighboring states, and how does New York’s change in the last five years compare to that of these similar states?

The states to which New York is compared are the other nine of the ten largest states in the nation in terms of population and two geographic neighbors (Massachusetts and Connecticut) which do not meet this size criterion. In a variety of ways, these states are New York’s closest competitors. They provide a benchmark against which a reasonable judgement about performance can be made.

Comparisons of states inevitably mask variations of performance within a given state. Areas of a state may do much better, or much worse, than the statewide average, yet comparative conclusions rely on the overall figures. This is particularly relevant for New York State, in which the City of New York plays a strong role and often experiences different trends than the rest of the state. However, similar situations exist in other large states. For example, in Illinois, Chicago often shows different patterns than the “downstate” area,



and in California the regions around Los Angeles and San Francisco differ from each other and from the rest of the state. For these reasons, the CBC also plans to prepare and release in 2001 a scorecard for New York City, which compares it to other large urban areas. Nonetheless, the state comparisons provide a useful perspective on the performance of these larger jurisdictions.

For each state, nine categories of performance are assessed—population, size of the economy, economic well-being, labor force size and quality, public safety and tourism, technological development and entrepreneurship, fiscal policy, social welfare, and condition of physical infrastructure. The specific indicators used to gauge each aspect of competitiveness are explained in the sections that follow.

For each category, a twofold summary judgement is made. First, New York State’s standing in the most recent year is categorized as “top tier” (among the highest three states), “bottom tier” (among the lowest three states), or “middle tier.” Second, New York State’s recent performance based on changes in the past five years is rated as “winning” (among the three states with the best rate of change), “losing” (among the three states with the worst rate of change), or “middling” (among the other six states).

Among the nine aspects of competitiveness analyzed, New York State ranks in the “top tier” for four—population, size of the economy, public safety and tourism, and technological development and entrepreneurship. However, in only one of these categories (public safety and tourism) is New York State’s recent performance in the “winning” range. In the other three, New York State’s recent performance rates a “losing” classification, suggesting its top tier ranking will be in jeopardy if the trend is not reversed.

In three other aspects of competitiveness New York State’s current ranking is “middle tier”—economic well-being, labor force and physical infrastructure. In each of these dimensions the state’s recent performance is “middling,” suggesting New York will remain in the middle ranks if trends are not altered.

The two aspects of competitiveness on which New York ranks in the “bottom tier” are fiscal policy and social welfare. The recent performance in fiscal policy is “middling,” suggesting future progress is possible in the sense it may emerge from the bottom tier. However, New York’s recent performance on social welfare is “losing,” suggesting it will not rise from the bottom tier unless recent trends are reversed.

The ratings for New York State are summarized below:

Current Position	5 Year Performance
Top Tier	
Population	Losing
Size of the Economy	Losing
Technological Development and Entrepreneurship	Losing
Public Safety and Tourism	Winning
Middle Tier	
Economic Well-Being	Middling
Labor Force	Middling
Physical Infrastructure	Middling
Bottom Tier	
Fiscal Policy	Middling
Social Welfare	Losing

The following sections discuss each of these categories more fully and present the supporting data.

Population

Position	Performance
Top Tier	Losing

In a nation where people are free to move, perhaps the most intuitively sensible indicator of an area's competitiveness is its population size. If many people want to live in a place, it must be doing something right; if few people choose to live there, then it is, by definition, unattractive.

In the course of the history of the United States, the relative size of the states has changed, and New York State has been affected by these broader trends. When the 13 colonies formed a nation and the first census was taken in 1790, New York ranked fifth among the group behind Virginia, Pennsylvania, North Carolina and Massachusetts. By 1830 New York had become the largest state, and it earned its nickname as the Empire State by remaining in that position for more than 130 years. However, in 1963 it was overtaken by California, and in 1994 by Texas. Today New York State remains in the top tier, but ranks third.

New York's relative decline in recent decades is evident in the performance data for the latest five-year period. It grew more slowly than all the competitors except Pennsylvania, which suffered a population loss.

Population change is caused by two basic factors—natural increase (the excess of births over deaths) and net migration (the difference between the number of people leaving and entering). The differential performance of states is rarely due to variations in natural increase; instead, the driving factor is migration. States gain in the population contest by drawing residents from other states or nations; they lose when large numbers of residents choose to move elsewhere. New York State's losing rating in population change is due to its high rate of domestic out-migration. It ranked last among the group, losing more of its current residents to other states than did any of the comparison areas.

The bright spot in New York's demographic picture is international in-migration. New York ranks second behind only California in the number of people moving into the state from another country. Nonetheless, this large international in-migration is not sufficient to offset the loss of residents to other parts of the United States. Despite an overall increase in population, New York is losing ground relative to the other states.

Population

5 Year Change



1999 Rank	State	(millions)	5 Year Change Percent	Rank
1	CA	33.1	5.5%	4
2	TX	20.0	8.5%	2
3	NY	18.2	0.2%	11
4	FL	15.1	7.6%	3
5	IL	12.1	2.7%	7
6	PA	12.0	-0.4%	12
7	OH	11.3	1.3%	9
8	MI	9.9	2.8%	5
9	NJ	8.1	2.8%	6
10	GA	7.8	9.5%	1
11	MA	6.2	2.3%	8
12	CT	3.3	0.4%	10
United States		272.7	4.5%	

Source: U.S. Census Bureau

Domestic Migration

5 Year Change

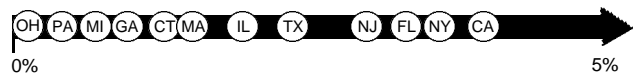


1998-99 Rank	State	(thousands)	5 Year Change Percent	Rank
1	FL	86.5	3.9%	2
2	GA	73.1	5.4%	1
3	TX	47.5	1.8%	3
4	MA	-8.7	-0.9%	5
5	CT	-11.4	-3.0%	10
6	MI	-17.0	-0.8%	4
7	NJ	-31.3	-2.4%	8
8	OH	-32.7	-1.2%	6
9	PA	-37.9	-1.7%	7
10	IL	-65.9	-2.7%	9
11	CA	-81.0	-3.1%	11
12	NY	-167.8	-5.7%	12
United States		NA	NA	

Source: U.S. Census Bureau

International Migration

5 Year Change



1998-99 Rank	State	(thousands)	5 Year Change Percent	Rank
1	CA	248.5	3.9%	1
2	NY	103.7	3.2%	2
3	TX	81.9	2.3%	5
4	FL	80.5	3.0%	3
5	IL	47.2	1.9%	6
6	NJ	39.7	2.8%	4
7	MA	14.9	1.3%	7
8	GA	14.8	1.0%	9
9	MI	13.6	0.7%	10
10	PA	13.0	0.6%	11
11	CT	8.3	1.3%	8
12	OH	6.5	0.3%	12
United States		851.5	1.6%	

Source: U.S. Census Bureau

Position	Performance
Top Tier	Losing

Size of the Economy

The scale of economic activity in a state is another intuitively sensible indicator of its competitiveness. The more that is produced and earned in an area, the more economically attractive it is.

Four measures capture different aspects of economic activity—the value of goods and services produced in that state or the “gross state product,” the number of jobs at firms in the state or “payroll employment,” the amount of money earned by workers in those jobs or “earnings by place of work,” and the capital gains realized by residents of the state. New York State ranks in the top tier on all of these indicators.

As with population, New York’s current ranking can be seen in a longer-term perspective. It had the largest economy among the states for most of the twentieth century. New

York had the highest earnings by place of work until 1964, when California surpassed it. New York lost its premier standing in number of jobs to California in 1972, and fell behind Texas in 1995. On the other two indicators, New York ranks second behind California.

New York’s recent performance is a continuation of the longer-term decline. On three of the four indicators, New York is “losing.” Its five-year growth was slower than all the states but Pennsylvania for gross state product and payroll employment, and slower than all the states but Ohio for capital gains. For earnings by place of work, New York State achieved a “middling” ranking, still suggesting it will fall from the top tier unless the trend is altered.

Gross State Product

5 Year Change

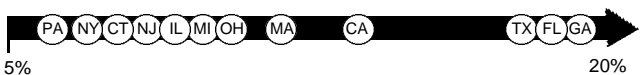


1998 Rank	State	(billions)	Percent	Rank
1	CA	\$1,094	21.9%	6
2	NY	688	17.0%	11
3	TX	640	33.3%	2
4	IL	416	24.0%	5
5	FL	405	24.6%	4
6	PA	353	15.5%	12
7	OH	334	20.9%	8
8	NJ	308	17.3%	10
9	MI	288	21.5%	7
10	GA	246	34.4%	1
11	MA	233	24.8%	3
12	CT	138	19.2%	9
United States		\$8,538	23.4%	

Source: Bureau of Economic Analysis

Payroll Employment

5 Year Change



1999 Rank	State	(millions)	Percent	Rank
1	CA	14.0	13.0%	4
2	TX	9.2	18.2%	3
3	NY	8.5	7.9%	11
4	FL	6.9	18.7%	2
5	IL	6.0	9.1%	8
6	PA	5.6	7.4%	12
7	OH	5.5	9.3%	6
8	MI	4.5	9.2%	7
9	GA	3.9	19.0%	1
10	NJ	3.9	8.8%	9
11	MA	3.2	11.4%	5
12	CT	1.7	8.3%	10
United States		128.8	12.8%	

Source: Bureau of Labor Statistics

Earnings by Place of Work

5 Year Change

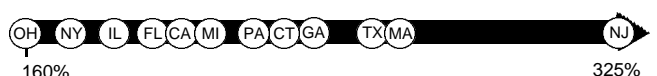


1999 Rank	State	(billions)	Percent	Rank
1	CA	\$736	38.1%	4
2	NY	461	32.6%	6
3	TX	418	45.8%	1
4	IL	277	31.7%	7
5	FL	261	36.8%	5
6	PA	237	25.2%	11
7	OH	217	24.6%	12
8	MI	201	26.1%	10
9	NJ	200	30.5%	9
10	MA	166	38.5%	3
11	GA	164	45.2%	2
12	CT	91	31.6%	8
United States		\$5,630	33.6%	

Source: Bureau of Economic Analysis

Net Capital Gains

5 Year Change



1998 Rank	State	(billions)	Percent	Rank
1	CA	\$57.4	207%	8
2	NY	37.9	178%	11
3	FL	36.4	203%	9
4	TX	29.1	257%	3
5	IL	22.7	191%	10
6	PA	16.4	223%	6
7	MA	16.1	258%	2
8	NJ	14.3	325%	1
9	MI	11.9	207%	7
10	OH	11.5	160%	12
11	GA	10.1	236%	4
12	CT	9.8	227%	5
United States		\$426.9	203%	

Source: Internal Revenue Service

Economic Well-Being

Position	Performance
Middle Tier	Middling

The scale of a state's economy is not the same as the economic well-being of its individual residents. A state with a large population requires a large volume of economic activity to provide those individuals income and jobs. Depending on how the sizes of the population and economy are aligned, a state will provide its residents a disproportionately high or low average standard of living. This concept of economic well-being is reflected in measures of gross state product per capita, combined personal income and capital gains per capita, and the share of adult residents who have jobs or the "employment ratio."

With respect to economic well-being, New York State ranks, at best, in the middle tier. On both gross state product per capita and on combined personal income and capital gains per capita, New York ranks fourth behind Connecticut, New Jersey and Massachusetts. If the personal income and capital

gains figure is adjusted to reflect statewide cost-of-living differences, then New York would fall to sixth place also behind Illinois and Florida. (Data not shown.) In terms of the share of adults who are employed, New York ranks last among the group of competitor states.

New York's middle tier standing on economic well-being is a relatively recent development. It was displaced as number one in gross state product per capita by Connecticut in 1984, and then was surpassed by New Jersey in 1989 and by Massachusetts in 1998. Data on long-term trends are not available for the other indicators, but New York's rank on personal income per capita has fallen in the last quarter century. In contrast, its employment ratio has consistently been low during the quarter century for which data are available.

Consistent with its current position, New York's recent performance on these indicators is "middling." Its five-year growth for the two per capita indicators ranks eighth among the 12 competitor states, suggesting New York will fall rather than rise within the middle tier unless the trend is altered. However, New York's performance on the employment ratio ranks third, suggesting it may move up from its last place position if this trend continues.

Gross State Product Per Capita

5 Year Change

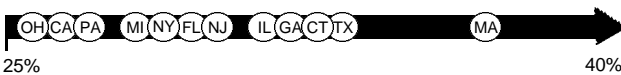


1998 Rank	State	Amount	Percent	Rank
1	CT	\$42,185	19.2%	5
2	NJ	38,043	14.1%	12
3	MA	37,900	22.1%	1
4	NY	37,870	16.8%	8
5	IL	34,473	20.5%	4
6	CA	33,469	16.1%	9
7	TX	32,481	21.7%	2
8	GA	32,194	21.4%	3
9	OH	29,688	19.1%	6
10	PA	29,420	15.7%	10
11	MI	29,324	17.9%	7
12	FL	27,194	14.6%	11
United States		\$31,592	17.7%	

Sources: Bureau of Economic Analysis, U.S. Census Bureau

Combined Personal Income and Capital Gains Per Capita

5 Year Change



1998 Rank	State	Amount	Percent	Rank
1	CT	\$40,321	32.1%	3
2	NJ	36,144	30.6%	6
3	MA	36,111	36.7%	1
4	NY	34,195	29.8%	8
5	IL	31,733	31.9%	5
6	CA	29,919	27.2%	11
7	FL	29,289	30.0%	7
8	PA	28,839	27.4%	10
9	MI	28,094	28.9%	9
10	GA	27,165	32.1%	4
11	OH	27,098	26.6%	12
12	TX	26,844	32.4%	2
United States		\$28,783	29.3%	

Sources: Bureau of Economic Analysis, Internal Revenue Service, U.S. Census Bureau

Adult Employment Ratio

5 Year Change



1999 Rank	State	Ratio	Percent	Rank
1	GA	.668	4.8%	2
2	IL	.667	2.9%	7
3	MA	.665	4.1%	5
4	MI	.660	5.9%	1
5	TX	.656	0.5%	12
6	CT	.654	2.0%	10
7	NJ	.640	2.8%	8
8	OH	.640	1.9%	11
9	CA	.628	4.2%	4
10	PA	.616	4.0%	6
11	FL	.601	2.5%	9
12	NY	.597	4.7%	3
United States		.643	2.2%	

Source: Bureau of Labor Statistics

Labor Force

Position	Performance
Middle Tier	Middling

In considering the attractiveness of an area, most business managers assign a high priority to the availability of an abundant and high-quality labor force. Employers want easy access to workers with appropriate skills and abilities.

Indicators of this dimension of competitiveness are: the number of people in the state's labor force, which shows the size of the available labor pool; the share of the adult population with a bachelor's degree or higher, which shows the level of educational preparation of potential workers; and the average verbal and mathematics scores earned by the state's youth taking the College Board examinations, which shows the scholastic achievement of the state's younger population.

On these indicators, New York State's current standings place it in the middle tier. It ranks fourth in the share of the population with a college degree or better, eighth on mathematics scores, and tenth (actually in the bottom tier) on

verbal scores. While New York's labor force size is third, reflecting its large population size, this does not justify placing the overall quality of New York's labor force in the top tier.

New York's recent performance on the labor force measures earns only a "middling" score, suggesting there is little prospect for the state to rise above the middle tier unless the trends improve. Over the past five years, changes in both types of College Board scores in New York have lagged the national average, with New York behind five of the competitor states in mathematics, and with its decline in average verbal scores making it eighth. The rate of increase in the proportion of college educated residents for New York also has lagged the national average, and ranks fifth among the competitor states. In size of the labor force, New York's growth rate ranks fifth, with both the other states in the top tier among those growing more rapidly.

Labor Force

5 Year Change



2000 Rank	State	(millions)	Percent	Rank
1	CA	16.9	10.4%	3
2	TX	10.4	9.2%	4
3	NY	9.0	6.3%	5
4	FL	7.6	11.1%	2
5	IL	6.4	5.5%	7
6	PA	6.0	2.2%	11
7	OH	5.9	5.2%	8
8	MI	5.1	6.2%	6
9	NJ	4.2	4.4%	9
10	GA	4.2	16.0%	1
11	MA	3.3	4.3%	10
12	CT	1.7	0.2%	12
United States		140.5	6.6%	

Source: Bureau of Labor Statistics

Population Over Age 25 with a Bachelor's or Higher Degree

5 Year Change

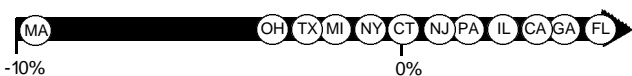


1998 Rank	State	Percent	Percent	Rank
1	CT	31.4%	10.6%	6
2	MA	31.0%	3.3%	11
3	NJ	30.1%	7.9%	8
4	NY	26.8%	10.7%	5
5	CA	26.4%	5.6%	9
6	IL	25.8%	16.7%	2
7	TX	23.3%	5.4%	10
8	FL	22.5%	13.6%	4
9	PA	22.1%	18.2%	1
10	MI	22.1%	15.7%	3
11	OH	21.5%	10.3%	7
12	GA	20.7%	-1.9%	12
United States		24.4%	11.4%	

Source: U.S. Census Bureau

Verbal Competence (SAT I Mean Score)

5 Year Change

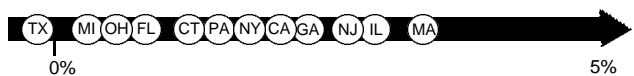


2000 Rank	State	Score	Percent	Rank
1	IL	568	0.9%	4
2	MI	557	-0.4%	9
3	OH	533	-0.6%	11
4	MA	511	-9.6%	12
5	CT	508	0.2%	7
6	FL	498	2.3%	1
6	NJ	498	0.4%	5
6	PA	498	0.4%	5
9	CA	497	1.0%	2
10	NY	494	-0.2%	8
11	TX	493	-0.4%	9
12	GA	488	1.0%	2
United States		505	0.2%	

Source: College Board On-Line

Mathematics Competence (SAT I Mean Score)

5 Year Change



2000 Rank	State	Score	Percent	Rank
1	IL	586	2.1%	2
2	MI	569	0.7%	10
3	OH	539	0.7%	10
4	CA	518	1.8%	5
5	MA	513	2.2%	1
5	NJ	513	2.0%	3
7	CT	509	1.4%	8
8	NY	506	1.6%	6
9	FL	500	0.8%	9
9	TX	500	-0.2%	12
11	PA	497	1.6%	6
12	GA	486	1.9%	4
United States		514	1.6%	

Source: College Board On-Line

Position	Performance
Top Tier	Winning

Public Safety and Tourism

States compete for visitors as well as residents. Tourists' spending supports a variety of economic activity including hotels and restaurants, and their presence reflects an area's attractiveness as a cultural and recreational center. Closely related to tourism is an area's degree of public safety. Visitors want to feel safe, and residents also seek low crime areas.

This aspect of competitiveness can be gauged by two types of crime rates—property crimes and violent crimes—and by the total number of international visitors to a state. New York State's standings on two of these three indicators place it in the top tier.

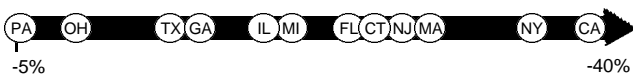
New York ranks first among the competitors with the lowest property crime rate. It is tied with Florida for second place (behind California) in the competition for international visitors. However, New York's violent crime rate is far worse

than those states in the top tier, and New York ranks in the middle tier (ninth) on this indicator.

On all of these measures, New York State's recent performance places it in the "winning" category. In the past five years, its violent crime rate has fallen more rapidly than that of every other competitor state; its property crime rate has fallen more rapidly than that of every other competitor except California. This recent winning performance is largely responsible for New York's improved standings; just a decade ago it ranked seventh among the group in property crimes and last in violent crime. New York's number of international visitors has grown more rapidly than that of every competitor state except New Jersey. It is likely that many visitors counted for New Jersey are actually destined elsewhere but are reported for New Jersey because they arrive at Newark International Airport.

Property Crimes (per 100,000 Inhabitants)

5 Year Change



1999 Rank	State	Rate	5 Year Change	
			Percent	Rank
1	NY	2,691	-34.5%	2
2	PA	2,693	-5.3%	12
3	MA	2,712	-27.4%	3
4	NJ	2,988	-26.2%	4
5	CT	3,044	-25.6%	5
6	CA	3,178	-38.4%	1
7	OH	3,680	-7.4%	11
8	MI	3,750	-19.9%	7
9	IL	3,774	-19.1%	8
10	TX	4,472	-13.4%	10
11	GA	4,615	-13.6%	9
12	FL	5,352	-24.7%	6
United States		3,742	-19.7%	

Source: Federal Bureau of Investigation

Violent Crimes (per 100,000 Inhabitants)

5 Year Change

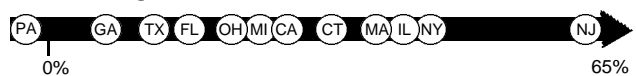


1999 Rank	State	Rate	5 Year Change	
			Percent	Rank
1	OH	316	-34.9%	3
2	CT	346	-24.1%	7
3	NJ	412	-32.9%	4
4	PA	421	-1.5%	12
5	GA	534	-20.0%	11
6	MA	551	-22.1%	9
7	TX	560	-20.7%	10
8	MI	575	-25.0%	6
9	NY	589	-39.0%	1
10	CA	627	-38.1%	2
11	IL	733	-23.8%	8
12	FL	854	-25.5%	5
United States		525	-26.5%	

Source: Federal Bureau of Investigation

International Visitors

5 Year Change



1999 Rank	State	(thousands)	5 Year Change	
			Percent	Rank
1	CA	6,239	25.2%	6
2	NY	5,798	38.4%	2
2	FL	5,798	18.1%	9
4	IL	1,321	37.6%	3
4	MA	1,321	37.6%	4
6	TX	1,052	14.0%	10
7	NJ	905	63.4%	1
8	GA	612	7.0%	11
9	PA	538	-2.9%	12
10	MI	416	23.8%	7
11	OH	367	22.7%	8
12	CT	343	31.4%	5
United States		24,466	32.5%	

Source: International Trade Administration

Technological Development and Entrepreneurship

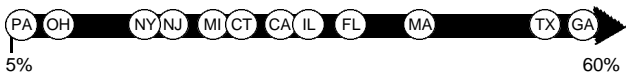
Leadership in the development of new technology, and an accompanying entrepreneurial spirit, have been and are likely to continue to be critical to growth in the dynamic U.S. economy. Places where new products are developed, and where new businesses are born, are most likely to experience rapid rates of economic growth.

These cutting-edge dimensions of competitiveness are difficult to measure, but six indicators provide a good basis for making judgments. Spending for research and development is necessary to generate new products. This investment can

be measured by the total amount of such expenditures in a state, and by the amounts of National Science Foundation (NSF) and National Institutes of Health (NIH) grants awarded to researchers in a state. New products can also be gauged by the number of patents granted to individuals in a state. Entrepreneurship is reflected in the number of new businesses started in a state. In addition, the number of jobs in selected communications and computer service industries indicates the extent to which a state's economy captures these "high tech" activities.

Research & Development Expenditures

5 Year Change



1998		5 Year Change		
Rank	State	(billions)	Percent	Rank
1	CA	\$43.9	30.2%	6
2	MI	13.7	26.7%	8
3	NY	13.5	23.1%	10
4	MA	13.4	40.9%	3
5	NJ	11.4	23.8%	9
6	TX	10.8	54.7%	2
7	IL	8.8	30.3%	5
8	PA	8.8	5.8%	12
9	OH	7.0	8.9%	11
10	FL	4.8	35.4%	4
11	CT	3.6	27.1%	7
12	GA	2.5	58.0%	1
United States		\$214.3	29.7%	

Source: National Science Foundation

National Institutes of Health Research & Development Grants

5 Year Change

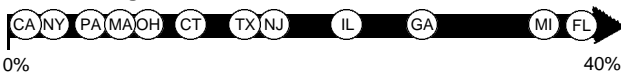


2000		5 Year Change		
Rank	State	(millions)	Change	Rank
1	CA	\$2,105	49.2%	9
2	MA	1,525	63.6%	7
3	NY	1,378	44.2%	10
4	PA	934	58.4%	8
5	TX	755	67.6%	4
6	IL	466	64.8%	6
7	OH	436	66.1%	5
8	MI	376	40.2%	12
9	CT	319	42.2%	11
10	GA	232	88.0%	1
11	FL	225	69.3%	3
12	NJ	183	72.0%	2
United States		\$14,414	53.8%	

Source: National Institutes of Health

National Science Foundation Research & Development Awards

4 Year Change



1999		4 Year Change		
Rank	State	(millions)	Percent	Rank
1	CA	\$492	1.4%	12
2	NY	262	2.5%	11
3	MA	247	6.4%	9
4	IL	172	22.8%	4
5	PA	146	5.4%	10
6	TX	131	16.0%	6
7	MI	130	36.9%	2
8	FL	91	39.6%	1
9	NJ	73	17.2%	5
10	OH	60	6.4%	8
11	GA	54	27.8%	3
12	CT	31	10.7%	7
United States		\$3,503	12.5%	

Source: National Science Foundation

Position	Performance
Top Tier	Losing

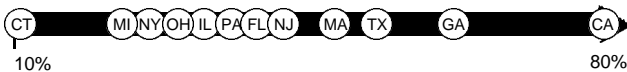
On all these measures, New York State ranks in the top tier. While California is first in each instance, New York places second on three indicators. New York is third in communication and computer service employment (Texas is second), in NIH grants (Massachusetts is second), and in total research and development spending (Michigan is second).

The more troubling news is that on these measures New York State's recent performance puts it in the "losing" category. Over the past five years, the state has had slower growth in NSF grants than every competitor except

California; slower growth in NIH grants than every competitor except Michigan and Connecticut; and slower growth in total research and development spending than all competitors except Ohio and Pennsylvania. New York's increase in new patents has lagged all competitors except Connecticut and Michigan, and its growth in communications and computer service employment has fallen behind all competitors except Michigan and New Jersey. Only New York's rate of increase in new businesses is in the middling range. Unless these recent trends are reversed, New York will not remain in the top tier indefinitely.

New Patents Granted

5 Year Change

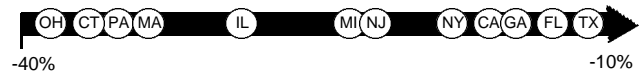


1999 Rank	State	Number	5 Year Change	
			Percent	Rank
1	CA	18,855	81.4%	1
2	NY	6,897	26.7%	10
3	TX	6,417	50.9%	3
4	NJ	4,367	34.5%	5
5	IL	4,304	29.7%	8
6	PA	4,077	32.2%	7
7	MI	4,039	25.6%	11
8	OH	4,003	29.5%	9
9	MA	3,822	44.3%	4
10	FL	3,043	32.7%	6
11	CT	2,026	10.5%	12
12	GA	1,545	60.6%	2
United States		94,040	46.4%	

Source: U.S. Patent and Trademark Office

New Business Starts

5 Year Change



1999 Rank	State	Number	5 Year Change	
			Percent	Rank
1	CA	22,506	-17.2%	4
2	NY	13,086	-19.0%	5
3	FL	11,947	-14.6%	2
4	TX	11,555	-12.5%	1
5	NJ	6,006	-23.5%	7
6	IL	5,674	-30.2%	8
7	PA	5,183	-36.1%	10
8	GA	5,087	-17.0%	3
9	MI	4,309	-23.5%	6
10	OH	4,271	-37.8%	12
11	MA	3,311	-35.0%	9
12	CT	1,891	-36.2%	11
United States		151,016	-19.8%	

Source: Dun & Bradstreet Corporation

Communications and Computer Services Employment

5 Year Change



1998 Rank	State	(thousands)	5 Year Change	
			Percent	Rank
1	CA	382	54.5%	3
2	TX	236	66.2%	1
3	NY	175	32.3%	10
4	NJ	141	32.1%	11
5	FL	136	45.1%	5
6	GA	120	51.7%	4
7	IL	120	36.7%	9
8	MA	104	55.2%	2
9	PA	102	42.5%	6
10	OH	94	38.7%	7
11	MI	56	-6.7%	12
12	CT	39	37.0%	8
United States		2,832	46.6%	

Source: Bureau of Labor Statistics

Fiscal Policy

Position	Performance
<i>Bottom Tier</i>	<i>Middling</i>

If states and their local governments impose high tax burdens, incur large amounts of debt or mismanage their annual budgets, then this may be a drag on their competitive advantage. Individuals and employers want to locate where suitable public services are available at the lowest cost in terms of current and future tax burdens. Since federal tax rates apply uniformly across the country, differences in this aspect of competitiveness arise from fiscal policies followed by states and their local subdivisions.

Fiscal indicators such as tax and debt burdens are best gauged relative to the tax base in a state. This, in turn, is captured by the area's combined personal income and capital gains. The quality of a state's financial management of its annual operations is reflected in the size of its reserves (or deficit) on the year-end balance sheet, which also should be gauged relative to the tax base.

On these three important fiscal policy indicators, New York State falls in the bottom tier. It has the highest state and local tax and debt burden among all the competitors, and ranks tenth in the relative size of its year-end financial reserves. New York would have to cut its state and local tax burden by about one-third, and its debt burden by about one-half, in order to be in the top tier.

New York's recent performance earns a "middling" rating. Its state and local debt grew nearly 13 percent, more than six other states including three that actually reduced their debt. New York managed to more than double its year-end reserves in the past five years, but four other states did even better. New York's best performance was in tax cutting; only Texas cut state and local taxes more rapidly. New York's recent performance indicates the state is moving in the right direction, but it does so from the bottom tier and at a relatively modest pace.

State and Local Taxes as Percent of Personal Income and Capital Gains

5 Year Change



1998 Rank	State	Percent	5 Year Change Percent	Rank
1	TX	8.9%	-12.6%	1
2	FL	9.1%	-8.8%	4
3	IL	9.4%	-7.7%	6
4	MI	9.7%	-10.3%	3
5	GA	9.8%	-5.8%	7
6	MA	9.8%	-5.6%	8
7	PA	9.9%	-3.4%	9
8	CA	10.3%	0.5%	11
9	OH	10.6%	3.8%	12
10	NJ	10.6%	-8.3%	5
11	CT	11.0%	-0.1%	10
12	NY	12.8%	-11.0%	2
United States		10.1%	-1.8%	

Sources: Tax Foundation, Bureau of Economic Analysis, Internal Revenue Service

State and Local Debt as a Percent of Personal Income and Capital Gains

5 Year Change

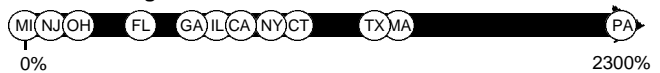


1997 Rank	State	Percent	5 Year Change Percent	Rank
1	OH	7.6%	12.9%	8
2	IL	9.8%	0.7%	4
3	MI	10.4%	18.0%	10
4	GA	11.4%	-12.6%	1
5	NJ	12.7%	6.2%	5
6	PA	13.3%	15.2%	9
7	TX	13.7%	-3.3%	2
8	CT	13.8%	18.5%	11
9	MA	14.1%	-2.8%	3
10	FL	14.5%	11.2%	6
11	CA	15.1%	31.3%	12
12	NY	19.4%	12.6%	7
United States		13.0%	7.5%	

Sources: U.S. Census Bureau, Bureau of Economic Analysis, Internal Revenue Service

Year-End Reserves as a Percent of Personal Income and Capital Gains

4 Year Change



1999 Rank	State	Percent	4 Year Change Percent	Rank
1	MA	2.01%	669%	2
2	GA	0.86%	62%	8
3	FL	0.72%	15%	9
4	PA	0.65%	2302%	1
5	NJ	0.50%	2%	11
6	MI	0.49%	0%	12
7	OH	0.45%	3%	10
8	CT	0.39%	184%	4
9	TX	0.30%	639%	3
10	NY	0.29%	139%	5
11	CA	0.07%	113%	6
12	IL	-0.15%	71%	7
United States		NA	NA	

Sources: Moody's Investor Services, Bureau of Economic Analysis, Internal Revenue Service
Notes: A negative percent indicates that year end reserves are a deficit.

Social Welfare

Position	Performance
Bottom Tier	Losing

In an affluent and civilized nation, an attractive and competitive social environment is generally defined as one in which the least fortunate receive aid in meeting their basic needs. Citizens want those living in poverty to have at least a minimal level of income and to receive needed medical care.

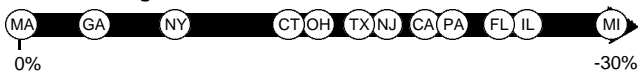
The poverty threshold established by the federal government is often used to identify households that fall below a minimally accepted level of income, and this is a revealing indicator of how many poor people live in a state. Temporary Assistance for Needy Families (TANF) is the public program that gives cash to the indigent, and the number of such recipients in a state indicates the extent of such need. A third significant social welfare indicator is the share of a state's population without health insurance, which measures the extent to which residents lack adequate medical care.

The size of New York's indigent population puts it in the bottom tier. It has a larger percent of its population living in poverty and a larger percent receiving TANF benefits than all the competitor states. This is a marked change from when poverty statistics were first collected in the 1960s; at the end of that decade, the states with the greatest rates of poverty were Georgia, Texas, and Florida. New York's share of the population without health insurance falls in the middle tier, ranking eighth.

In the past five years New York has been losing to other states in the competition to improve the social environment. In this period of national prosperity, the share of the state's population living in poverty has declined more slowly in New York than in every competitor except Georgia and Massachusetts; and the share of residents receiving TANF benefits has fallen the slowest of all 12 states. New York also has lagged every state except Connecticut in reducing the share of the population without health insurance over this period. If current trends are not reversed, New York will continue to fall in the bottom tier in terms of social welfare.

Population with Income Below Poverty Threshold

5 Year Change



1998-99 Rank	State	Percent	5 Year Change Percent	Rank
1	NJ	8.2%	-18.8%	6
2	CT	8.3%	-14.4%	9
3	IL	10.0%	-23.1%	2
4	MA	10.2%	0.0%	12
5	MI	10.3%	-30.4%	1
6	PA	10.3%	-20.2%	4
7	OH	11.6%	-14.7%	8
8	FL	12.8%	-22.0%	3
9	GA	13.2%	-4.3%	11
10	CA	14.6%	-19.3%	5
11	TX	15.0%	-18.0%	7
12	NY	15.4%	-7.8%	10
United States		12.3%	-16.9%	

Source: U.S. Census Bureau

Temporary Assistance for Needy Families Recipients as a Percent of Population

5 Year Change



1999 Rank	State	Percent	5 Year Change Percent	Rank
1	FL	1.1%	-77.0%	1
2	TX	1.7%	-60.6%	6
3	NJ	1.7%	-59.5%	8
4	MA	1.7%	-66.3%	4
5	GA	1.8%	-68.7%	2
6	CT	2.1%	-58.0%	9
7	MI	2.2%	-68.5%	3
8	PA	2.2%	-56.3%	10
9	OH	2.3%	-63.6%	5
10	IL	2.4%	-60.4%	7
11	CA	4.0%	-51.9%	11
12	NY	4.2%	-38.9%	12
United States		2.3%	-58.0%	

Sources: U.S. Department of Health and Human Services, U.S. Census Bureau

Population without Health Insurance

5 Year Change



1998 Rank	State	Percent	5 Year Change Percent	Rank
1	MA	10.3%	-12.0%	1
2	OH	10.4%	-6.3%	3
3	PA	10.5%	-2.8%	5
4	CT	12.6%	26.0%	12
5	MI	13.2%	17.9%	8
6	IL	15.0%	19.0%	9
7	NJ	16.4%	19.7%	10
8	NY	17.3%	24.5%	11
9	FL	17.5%	-10.7%	2
10	GA	17.5%	-4.9%	4
11	CA	22.1%	12.2%	6
12	TX	24.5%	12.4%	7
United States		16.3%	6.5%	

Source: U.S. Census Bureau

Physical Infrastructure

Businesses and residents seek an environment that includes the physical infrastructure that meets contemporary needs. This includes not only traditional elements such as a good road system, an ample housing stock and commercial buildings, but also power sources capable of providing low-cost electricity and a communications network that is speedy and reliable.

Five indicators can be used to gauge these multiple aspects of physical infrastructure. The percent of a state's highway

bridges in deficient condition indicates how well the highway system is maintained. The annual number of new housing units authorized indicates how rapidly the housing stock is growing, and hence how available housing will be. The value of nonresidential construction contract awards reflects expansion of commercial facilities. The price of electricity indicates how competitive energy sources are in the state; and the amount of fiber optic cable installed in the state indicates how modernized telecommunications facilities are.

Inspected Bridges Deemed Deficient

5 Year Change

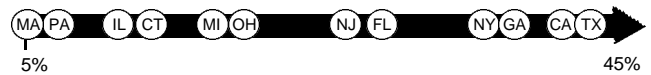


1998 Rank	State	Percent	5 Year Change	
			Percent	Rank
1	TX	15.1%	-7.9%	9
2	FL	16.2%	-28.2%	1
3	GA	20.9%	5.0%	12
4	OH	21.2%	-19.9%	5
5	CT	22.0%	-27.6%	2
6	IL	24.3%	-13.6%	7
7	CA	26.5%	-3.9%	10
8	PA	29.7%	-12.7%	8
9	NJ	30.1%	-22.8%	3
10	MI	33.1%	2.1%	11
11	NY	50.1%	-20.2%	4
12	MA	52.5%	-18.1%	6
United States		23.1%	-12.1%	

Source: Federal Highway Administration

New Housing Units Authorized

5 Year Change

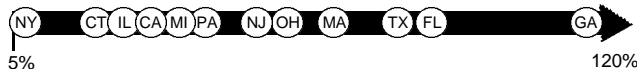


1999 Rank	State	(thousands)	5 Year Change	
			Percent	Rank
1	FL	164.7	28.1%	5
2	TX	146.6	42.9%	1
3	CA	138.0	42.3%	2
4	GA	89.6	38.1%	3
5	OH	55.9	18.4%	7
6	MI	54.3	16.8%	8
7	IL	54.0	9.5%	10
8	PA	42.7	6.2%	11
9	NY	42.6	37.0%	4
10	NJ	32.0	26.0%	6
11	MA	19.0	5.0%	12
12	CT	10.6	11.6%	9
United States		1,663.5	21.3%	

Source: U.S. Bureau of the Census

Nonresidential Construction Contracts Awarded

5 Year Change



1998 Rank	State	(billions)	5 Year Change	
			Percent	Rank
1	CA	\$14.1	34.2%	9
2	TX	12.0	82.3%	3
3	FL	9.4	86.8%	2
4	OH	6.1	57.7%	5
5	NY	5.7	6.3%	12
6	IL	5.5	32.8%	10
7	GA	5.5	118.1%	1
8	PA	4.8	39.7%	7
9	MA	3.7	67.1%	4
10	MI	3.7	34.5%	8
11	NJ	3.4	52.3%	6
12	CT	1.4	29.4%	11
United States		\$134.0	51.7%	

Source: F.W. Dodge, McGraw-Hill Companies

Position	Performance
<i>Middle Tier</i>	<i>Middling</i>

New York falls, at best, in the middle tier, with some measures of competitiveness in the bottom tier. Among the twelve competitors, New York ranks fifth in communications infrastructure, fifth in expansion of nonresidential facilities, and ninth in expansion of housing stock. However, its highway system was in worse condition than that of all the competitors except Massachusetts, and its electricity costs were higher than in every other competitor state.

New York's recent performance warrants a "middling" classification. It ranks fourth among the competitors in reducing deficient highway conditions, and fourth in increasing new housing units; in both cases continuation of this trend could lead to some improvement in New York's relatively low standing. However, New York ranks eighth in enhancing its communications facilities, ninth in lowering electricity costs, and last in expansion of nonresidential facilities. Continuation of these trends would not lead to an improvement in New York's middle tier standing.

Electricity Rates

5 Year Change

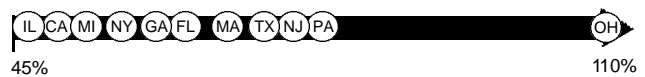


1998		5 Year Change		
Rank	State	(cents per kwh)	Percent	Rank
1	TX	6.1	-5.0%	2
2	OH	6.4	2.6%	12
3	GA	6.4	-4.6%	3
4	FL	7.0	-2.6%	6
5	MI	7.1	-0.7%	8
6	IL	7.5	-3.7%	5
7	PA	7.9	-0.8%	7
8	CA	9.0	-6.8%	1
9	MA	9.6	-3.9%	4
10	NJ	10.2	1.8%	11
11	CT	10.3	0.4%	10
12	NY	10.7	-0.1%	9
United States		6.7	-2.7%	

Source: U.S. Department of Energy

Communications Capacity (km of fiber optic cable)

5 Year Change



1999		5 Year Change		
Rank	State	(thousands)	Percent	Rank
1	TX	48.2	74.5%	4
2	CA	34.8	47.6%	10
3	FL	32.4	63.7%	6
4	PA	29.8	76.0%	2
5	NY	29.7	57.3%	8
6	GA	23.4	63.1%	7
7	IL	23.1	47.3%	11
8	MI	22.9	51.8%	9
9	NJ	21.1	76.0%	3
10	OH	18.8	111.2%	1
11	MA	14.2	71.0%	5
12	CT	7.8	N/A	N/A
United States		444.4	19.6%	

Source: Federal Communications Commission

Sources

Population:

U.S. Census Bureau, State Population Estimates, Population Estimates Program, Population Division, 1994 and 1999. Historical data in text from the United States Historical Census Data Browser, <<http://fisher.lib.virginia.edu/census/>>.

Domestic Migration:

U.S. Census Bureau, State Population Estimates, Population Estimates Program, Population Division, 1993-94 and 1998-99. Domestic in-migration and out-migration consist of moves where both the origins and destinations are within the United States (excluding Puerto Rico). Percent change is net domestic migration from 1994 to 1999 divided by 1994 population.

International Migration:

U.S. Census Bureau, State Population Estimates, Population Estimates Program, Population Division, 1993-94 and 1998-99. Calculation is the difference between migration to an area from outside the United States (immigration) and migration from the area to outside the United States (emigration) during the period. For the purposes of these population estimates, the geographic extent of the United States is defined as excluding Puerto Rico. Net international migration includes: (1) legal immigration to the United States as reported by the Immigration and Naturalization Service, (2) an estimate of net undocumented immigration from abroad, (3) an estimate of emigration from the United States, and (4) net movement between Puerto Rico and the (balance of) the United States. Percent change is net international migration from 1994 to 1999 divided by 1994 population.

Gross State Product:

U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Analysis Division, 1993 and 1998 data, <<http://www.bea.doc.gov/bea/regional/gsp/>>. Dollar values are real chained 1996 dollars.

Payroll Employment:

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Earnings by Place of Work:

U.S. Department of Commerce, Bureau of Economic Analysis, Local Area Unemployment Statistics, 1994 and 1999 data, <<http://www.bea.doc.gov/bea/regional/data.htm>>.

Net Capital Gains:

Internal Revenue Service, 1993 and 1998 data, *Statistics of Income Bulletin*, Spring 1995 and Spring 2000.

Gross State Product Per Capita:

See Population and Gross State Product sources.

Combined Personal Income and Capital Gains Per Capita:

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Labor Force:

U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, 1995 and 2000 data, <<http://stats.bls.gov/lauhome.htm>>.

Population over Age 25 with a Bachelor's or Higher Degree:

U.S. Census Bureau, Current Population Reports, *Population Characteristics P20-476* and *Population Characteristics P20-513*, 1993 and 1998 data, <<http://www.census.gov/prod/www/abs/popula.html#pop>>.

Verbal Competence:

College Board on Line, SAT Program Information, *College-Bound Seniors Profile Report*, 1995 and 2000 data, <<http://www.collegeboard.org>>.

Mathematics Competence:

See Verbal Competence source.

Property Crimes:

Federal Bureau of Investigation, Uniform Crime Reports, *Crime in the United States*, 1994 and 1999 data, <<http://www.fbi.gov/ucr.htm>>.

Violent Crimes:

See Property Crimes source.

International Visitors:

U.S. Department of Commerce, International Trade Administration, Basic Market Analysis Program, 1994 and 1999 data, <<http://www.tinet.ita.doc.gov>>.

Research and Development Expenditures:

National Science Foundation, Division of Science Resources Studies, 1993 and 1998 data, <<http://www.nsf.gov/sbe/srs/pubdata.htm>>. 1998 figures are unpublished data supplied by NSF. The 1998 U.S. total does not include Alaska.

National Institutes of Health Research and Development Grants:

National Institutes of Health, Office of Policy for Extramural Research Administration, FY1995 and FY2000 data, <<http://grants.nih.gov/grants/award/award.htm>>. FY2000 data are preliminary.

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U.S. Patent and Trademark Office, Information Products Division, Technology Assessment and Forecast Branch, 1994 and 1999 data, <http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_all.pdf>. The geographic origin of a patent is determined by the residence of the first-named inventor.

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