

THE CONNECTICUT Economy



A University of Connecticut Quarterly Review

Fall 1999

Feeling Squeezed on
Connecticut's Roads

The Road from
Mianus

Prices a la Mode:
Planes, Trains, and
Automobiles



Southwest Takes Off at Bradley

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Goofs:

There were three errors on graphs in the Summer issue: First, the vertical axis on page 4's "State Murder Rate" chart should read "Murders Per 100,000 Population". Second, in the "Connecticut Price Changes" chart on page 7, the direction of the changes should be as follows: Food -4.5%, Housing +4.6%, Apparel -0.2%, Transportation 0%, Medical +1.1%, Entertainment +3.4%, Miscellaneous +4.4%, Overall +1.6%. And third, year 1998 on the horizontal axis of the Gross State Product percentage chart on page 18 should be replaced with 1997.

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CONNECTICUT ECONOMIC INDICATORS

(Percent change: 1998-Q3 to 1999-Q3)

Indicators of Current Economic Activity

Total Nonfarm Jobs	+1.4%
Number Unemployed	-22.9%
Labor Force	-0.1%
Manufacturing	
Jobs	-2.0%
Avg. Weekly Hours	+0.6%
CT Mfg. Prod. Index	+1.1%
Avg. Hourly Earnings	+3.1%
New Auto Registrations	-4.5%
Travel and Tourism Index	+1.8%
Bradley Airport	
Passengers (July-Aug)	+11.4%
State Taxes:	
Sales	+4.9%
Income	+4.7%
Real Estate Conveyance	+6.0%
Normalized Electricity Use	+1.3%
State Exports ('98-Q1 to '99-Q1)	+3.2%
Confidence in Current Economy	+2.1%
Coincident GDI	+2.0%

Indicators of Future Economic Activity

Help-Wanted Ads (<i>Hartford Courant</i>)	-10.7%
Job Orders	-15.4%
Avg. Initial Unemp. Claims	-13.6%
Housing Permits	-10.9%
Net New Business Starts	+17.3%
Confidence in Future	+18.6%
Leading GDI	+0.4%

Job Growth Rebounds in Third Quarter

After slowing to a four-year low in the second quarter, Connecticut job growth strengthened in the third quarter, adding 7,200 jobs in the quarter and 23,200 in the last year. Because the labor force remained flat, new jobs were filled primarily by the unemployed, slicing the unemployment rate to 2.4%, the lowest in decades. Still, the tightening labor market threatens to choke off the current expansion.

Job totals grew in the second quarter by only 0.5% at an annual rate, but jumped 1.7% in the third quarter. Services gained 4,800 jobs, and government, which includes the casinos, added 4,200. Manufacturing continued its long slide, dropping 2,400 jobs.

In the last year, Connecticut gained 23,200 jobs, a growth of 1.4%. Services accounted for more than half that growth, adding 14,100 jobs, or 2.7%. Government gained 5,500 jobs, or 4.5%. Trade added 3,700 jobs, or 1.0%. And construction increased by 2,500 jobs, or 4.0%. The only loser was manufacturing, which shed 5,500 jobs for the year, or 2.0% of its total.

An ongoing concern remains the lack of growth in the labor force. With a flat labor force, employers must get creative to find workers. The unemployed represent the primary source of new workers, but their ranks have dropped 12,600 in the last year. Employers also hired those who had been self-employed and those taking second jobs. What we don't know is how many more jobs could have been added if the labor pool had been a bit deeper.

The unemployment rate in the third quarter slid to 2.4%, down from 3.2% in the third quarter of 1998. The rate declined in all ten labor market areas, with Danbury, Stamford, and Torrington dropping below 2.0% (see our centerfold for town-by-town details). This may be as low as it goes. If the current expansion is to continue, the labor force needs to grow.

Since this is the last report to be published during the 1990s, let's take a look back at long-term employment trends. Connecticut's job total reached 1,671,900 in the third quarter, recovering 97.4% of jobs lost during the Great Recession. Here's the math: Between the first quarter of 1989 and the fourth quarter of 1992, the economy lost 153,200 jobs. Since that 1992 bottom, the economy has gained back 149,200 jobs. Thus jobs that were lost in three years took seven years to recover. If the economy adds another 4,000 in the fourth quarter, we will have, by 2000, recovered all the jobs lost during the recession.

Of course, the job mix has changed. Since the first quarter of 1989, the previous peak, manufacturing jobs have declined by about 100,000, or 27%. Wholesale and retail trade has lost 20,000 jobs, or 5%. And finance, insurance, and real estate has dropped by 15,000 jobs, or 10%. In the plus column, Connecticut has added 110,000 more service jobs, a growth of 24%, and 25,000 government jobs (which, again, include tribal operations), a growth of 12%. Speaking of long-term trends, below is our list of the top ten economic developments in Connecticut during the 1990s.

Top Ten Economic Developments In Connecticut During the Decade (In Chronological Order)

- Y Connecticut's Great Recession cuts jobs by 153,200, or 9.2%, between the first quarter of 1989 and the fourth quarter of 1992.
- Y State introduces an income tax in 1991 and cuts other taxes, especially the sales tax.
- Y Foxwoods Casino opens its doors in February 1992 and operates around-the-clock since then. Mohegan Sun Casino follows suit in October 1996.
- Y Net out-migration leaves Connecticut's population flat but increases the proportion of Hispanics, Asians and blacks (see p.18).
- Y The state's crime rate declines by 30% from 1990 to 1998.
- Y Welfare reform and an improving economy cut welfare roles by 40% since the 1995 peak.
- Y Connecticut regains the jobs lost in recession, but the job mix continues to shift away from manufacturing to the New Economy, with software, biomedical, photonics, and financial services (especially in Stamford) leading the way.
- Y Although per capita income still ranks Connecticut first in the nation, some households and some parts of the state have done much better than others, and problems of poverty remain, especially in central cities.
- Y Mergers and acquisitions change Connecticut's corporate face—companies such as Travelers, Aetna, Union Carbide, Northeast Utilities, Fleet, and SNET are not the same.
- Y Southwest Airlines brings lower fares to Bradley, serving as a potential catalyst for other regional developments (see pp. 12-13).

Good news



-22.9%
Number
Unemployed

Bad news



-10.9%
Housing Permits

Driving More? ...Enjoying it Less?

By Dennis R. Heffley and Steven P. Lanza

Right up there on the gripe-list, just below the weather and bad headcolds, is traffic. In a small state like Connecticut, even country living doesn't put you far from crowded city streets and busy interstates. Here, in Storrs, we joke about the "rush-minute" and outbreaks of the "bucolic plague," but even picturesque Route 195 gets bumper-to-bumper on a good game day, a sunny graduation, or any Friday afternoon. As we'll see, though, some parts of Connecticut know the real meaning of traffic.

Internet access and "connectivity" were supposed to trim the need for face-to-face contact, yet people are logging more miles than ever on Connecticut roads—more than 29 billion vehicle-miles in 1998. But the growth seems pretty mild. Over the period 1988-98, total travel rose from 71.2 to 79.9 million vehicle-miles per day. This increase was evenly split between interstate highways and other roads, but the average annual growth rate for interstates (1.9%), which currently handle about a third of our traffic, was more than double the annual rate for our other roads (0.8%). The rate of total traffic growth—less than 1.2% per year—hardly seems alarming, but keep in mind that the state *lost* population during the period. Still, Connecticut's traffic growth was less than half the national rate of 3% a year.

So why more miles? A variety of factors explain the growth in road travel. Population may have dropped, but over the decade Connecticut vehicle registrations rose by 86,000 and we added about 850 miles of road. Beyond the greater access to vehicles and expanded road capacity, economic growth since the early 1990s has boosted commercial traffic and private travel for commuting, shopping and pleasure. And, given our unique site, sandwiched between Boston and New York, some of the added traffic is just passing through.

Local Congestion

Knowing that most of the traffic won't follow you home isn't much consolation when you're stuck in the middle of it. And even if the state's overall traffic volume is climbing pretty slowly, certain areas feel more pressure than others. To get an idea of the local differences, we divided each town's registered vehicles by its road miles to create a rough measure of potential local demand for the roads in that town. This vehicles-per-mile figure is unadjusted for traffic "imports" (nonresidents who use local roads) and "exports" (residents who use nonlocal roads). Unless these omissions just offset one another, net distortions will remain. But, without complete local traffic counts to gauge actual use, this simple measure of potential congestion from local sources may still

help us see where the pressure is and where it has been growing.

The table shows the 30 towns with the most registered vehicles per mile of road in 1998. For each town, the overall (not annual) percent change since 1988 also appears. Figures at the bottom of the table give the average for the top-30 towns, the range and average for all 169 Connecticut towns, and the average for the bottom-30 towns.

Apart from the outlier, Windsor Locks, which tops the list at 351.1 because of the large number of registered vehicles (rentals, commercial vehicles, etc.) in and around Bradley International Airport, the areas with the highest number of registered vehicles per mile are populous towns or cities. The least congested areas (not shown) are rural towns like Union (19.0), Cornwall (21.5), and Colebrook (22.7). Since 1988, however, the larger "high congestion" towns had smaller percent increases (or even reductions) in vehicles per mile than the smaller "low congestion" towns. On average, the top-30 towns in the table saw a 3.4% reduction in vehicles per mile, compared to an average increase of 15.3% among the 30 towns at the bottom of the 169-town ranking. This pattern is consistent with the shift of population (and registered vehicles) away from larger cities into suburbs and more rural areas, and the claim that much of the recent traffic growth reflects increased suburb-to-suburb travel rather than more suburb-to-city commuting.

Towns along the I-95 corridor are well-represented in the list. But potential congestion, as measured here, is not limited to

southwestern shoreline communities. Twelve of the top-30 towns are in the Hartford Labor Market Area (LMA); another five are in the New Haven LMA. But 11 of these 17 towns saw reductions in registered vehicles per mile of road since 1988, while vehicles per mile rose in all four of the Stamford LMA towns in the top-30 list: Darien (5.5%), Stamford (3.5%), Greenwich (3.2%), and Norwalk (2.4%). Again, this simple measure may not tell the full story. A more direct measure of actual, rather than potential, congestion would be useful. Fortunately, we have such a measure for the state's largest urbanized areas.

Urbanized Areas

The state's potential for congestion is great. Connecticut's 160 residents per mile of road in 1998 was more than double the 1997 U.S. average of 68. And, because of its high per capita income, Connecticut's 130 registered vehicles per mile in 1998 exceeded the 1997 U.S. average (52) by an even larger margin—2.5 times. But does this high potential for congestion translate into actual traffic?

We lack direct traffic measures by town, but Connecticut's major urban areas are part of a U.S. Department of Transportation survey of vehicle traffic in 402 urban-

Potential Bottleneck Towns

Rank	Town	Registered vehicles per mile of roads in 1998	Overall percent change since 1988
1	Windsor Locks	351.1	16.7
2	Stamford	251.4	3.5
3	West Haven	238.5	-8.0
4	Newington	232.2	-1.3
5	Norwalk	230.9	2.4
6	New Britain	229.5	-13.0
7	East Hartford	225.4	-13.3
8	Rocky Hill	223.8	10.7
9	Bridgeport	212.5	-17.9
10	East Haven	212.5	2.2
11	Hartford	210.9	-20.2
12	Naugatuck	208.9	-4.1
13	Bristol	208.4	-5.7
14	Stratford	207.7	-3.1
15	Branford	207.0	1.3
16	Danbury	206.4	5.9
17	Plainville	203.3	2.1
18	West Hartford	201.6	-1.5
19	Meriden	198.7	-10.3
20	Manchester	197.7	0.5
21	Ansonia	197.3	-3.2
22	Derby	191.4	-3.6
23	Milford	191.0	0.5
24	Greenwich	188.5	3.2
25	New Haven	188.3	-19.7
26	New London	183.5	-6.7
27	Darien	180.5	5.5
28	Vernon	178.7	-4.5
29	Waterbury	176.0	-17.0
30	Wethersfield	174.2	-2.1
	Top-30 average:	210.3	-3.4
	All 169 towns:		
	maximum	351.1	
	average	112.9	5.1
	minimum	19.0	
	Bottom-30 average:	39.3	15.3

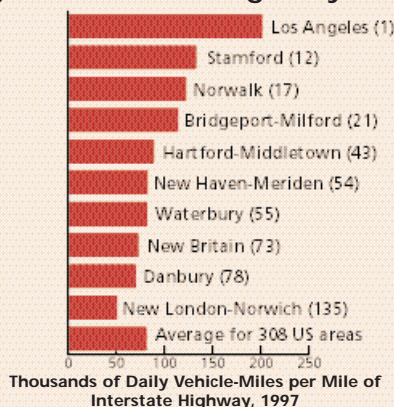
Source: Developed by *The Connecticut Economy* based on data from the Connecticut Department of Transportation, the Connecticut Department of Motor Vehicles, and the Connecticut Department of Public Health.

ized areas. This survey offers some insight on how Connecticut traffic compares to U.S. averages, and which roadways in the state present the biggest bottlenecks. The survey gives daily vehicle-miles traveled and the miles of roadway for each of the 402 areas. By dividing daily vehicle-miles traveled by the miles of roadway, we get a measure of the average number of vehicles that daily traverse each mile of road. With 6,413 daily vehicles per mile of road, Norwalk ranks first among the Connecticut regions and 41st in the 402-region survey. Next is Stamford, with 5,940 daily vehicles per mile and a rank of 62nd, followed by Hartford with 5,846 daily vehicles per mile and a rank of 67th. Each of the three regions exceeds the average of 5,684 for the 402 regions. So, of Connecticut's ten regions on the list, Norwalk and Stamford are the most congested, confirming the suspicions of even the most casual observer. Perhaps more surprising: Hartford is not far behind in terms of overall congestion.

The same survey provides even more detailed information about specific types of roads. Given the importance of I-95, I-91, I-84, and their offshoots in serving both interstate traffic and commuters, we constructed the ratio of daily vehicle-miles of travel on interstate roads to the miles of interstate highway, for each of the 308 U.S. urbanized areas with interstate mileage. The bar graph below shows the results for the nine Connecticut areas that contain interstate highways, the average for all 308 areas, and the figure for the U.S. leader, Los Angeles.

These figures show even more vividly the heavy load on interstates along Connecticut's southwest shoreline. Stamford, Norwalk, and Bridgeport-Milford rank 12th, 17th, and 21st among the 308 areas. All three areas are well below the U.S. traffic-leader Los Angeles (200.6 thousand daily vehicles per interstate mile), but have substantially higher values than the other six Connecticut areas. Fairfield County clearly has a right to gripe and needs some traffic relief. But the experience of Los Angeles and other areas that have tried to "build their way out" of the problem suggests that opening new roads or expanding existing ones may not offer a long-term solution.

Connecticut Urbanized Areas Rank High in Interstate Highway Traffic



Figures in parentheses show national rank.

Source: Developed by *The Connecticut Economy* based on data from the U.S. Department of Transportation.

After the Fall

By Edwin L. Caldwell

June 28, 1983—a day that lives in infamy—provided the catalyst that inaugurated 15 years of major improvements in Connecticut's transportation infrastructure. On that day, at 1:30 a.m., a 100-foot section of the Mianus River Bridge on the Connecticut Turnpike collapsed, killing three people and injuring three more.

It didn't take the state administration long to snap to attention and launch an intensive investigation of the state's entire transportation infrastructure, and to find it wanting. Federal highway bills starting in 1944 had provided money for building new roads, but no federal funds were allocated for maintenance and repair until 1976. As a result, roads and bridges in Connecticut and elsewhere across the country fell into disrepair.

The General Assembly reacted quickly after the collapse by passing a 10-year, \$5.5 billion Transportation Infrastructure Renewal Program in February, 1984. The program was subsequently expanded by five years. By its conclusion at the end of this year, \$11.5 billion of improvements to the infrastructure will have been made. This is the story of some noteworthy developments in the state's transportation scene that have occurred over the last decade and a half in response to this major outlay.

Economic Impact

Most of the data which are available to indicate the importance of transportation to an economy considerably understate the situation. As a case in point, transportation's contribution to the state's total annual payroll is larger only than agriculture, forestry, and fishing and mining. Missing, of course, is the recognition that the provision of transportation facilities is critical to the successful operation of every other industry in the state.

While we are on the subject of payrolls, it is interesting to note how they grew in the five major categories of transportation since the mid-eighties in Connecticut, our neighboring state of Rhode Island, and the nation. This is presented in the accompanying bar chart. It is clear that there is a substantial difference in the growth patterns of the individual sectors in the three areas. The growth leader in Connecticut was local and interurban transportation, while transportation by air was the winner in Rhode Island. You have probably already noted that payrolls in transportation by air went down over the decade in Connecticut while they rose markedly in Rhode Island. That is probably due to the siphoning of passenger traffic from Bradley Airport to Green Airport in Rhode Island because of the presence there of discount airlines. Over the past two years, however, passenger traffic at Bradley grew by a total of 17%, and is expected to grow at an even higher rate now that Southwest Airlines, a major discount carrier, has arrived.

In absolute terms, not shown in the chart, payrolls in trucking and warehousing are by far the largest among the five categories of the transportation industry in Connecticut, almost double the size of the second ranked local and interurban passenger sector.

Highways

Connecticut completed its portion of the interstate highway system in 1994 with the opening of I-291. That brought its total miles of interstate highways to 346, up from 339 in 1985 and 293 in 1980. Total roadway mileage increased from 19,769 in 1985 to 20,647 in 1998, with nearly all of the increase coming from local roads. Average daily vehicle miles traveled on the state's roads rose from 60 million in 1985 to close to 80 million in 1998. The Department of Transportation estimates that the total will rise to about 110 million by 2025.

This heavy traffic brings up the question of highway capacity. Traffic snarls on I-95 and Route 1 in Fairfield County are reported daily in the media. But they are not the only ones in the state. According to the Department of Transportation, 21% of the state's roadways are operating over capacity, while 3% are at capacity and 76% are under capacity. These percentages are

derived by relating actual traffic counts at peak hours to calculated capacity figures.

Bradley International Airport

It was noted earlier that activity at Bradley Airport picked up substantially in 1997 and 1998. Over the whole period from 1985 through 1998, passengers enplaned at Bradley rose from 3.6 million to 5.6 million. Tons of air freight handled rose from 44,000 to 142,000. According to the Department of Transportation, "a new passenger terminal and parking garage are being designed, with groundbreaking in early 2000 and completion late in 2002. A new international passenger terminal is also being designed. With the inauguration of service by

Southwest Airlines on October 31, traffic is anticipated to double over the next 5-7 years from an estimated 6 million in 1999 to approximately 12 million. Moreover, a new cargo facility is on the drawing board to add an additional 200,000-400,000 square feet of cargo terminal space, including a perishables center."

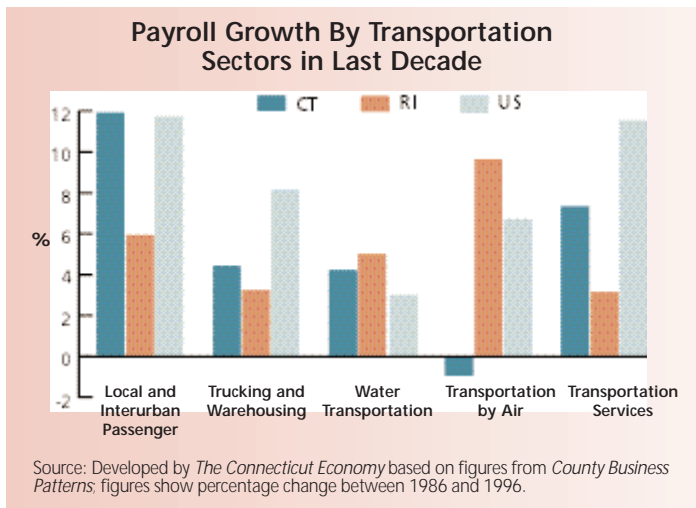
Transit Systems

Passengers carried on the Hartford Transit System dropped from close to 16 million in 1986 to 13 million in 1995 but then staged a recovery to 15 million in 1998. The New Haven Transit System followed a similar pattern, going from 8 million in 1986 to a little over 9 million in 1998. Passengers carried by the Bridgeport system rose from 4 million to 5 million over this period; the Stamford system moved from 2 million to 3 million; and the systems in Norwalk and Waterbury held about steady.

Monthly rides on the New Haven Rail Line between Connecticut points and New York rose from 1.0 million in April 1989 to 1.4 million in April 1999. Over the same period, intrastate rides on the New Haven rose from 90,000 to 213,000. And still I-95 is jammed in Fairfield County.

The Future

As noted previously, the original transportation infrastructure plan, started in 1984 as a 10-year program and later extended to 15 years, terminates at the end of this year. What then? Not to worry. The Department of Transportation has prepared a new 10-year plan covering all aspects of transportation for the years 2000 through 2009. It will cost \$7.4 billion, or \$740 million a year. The plan now terminating cost \$11.5 billion over a 15-year period, or \$767 million a year.



GENERAL DRIFT INDICATOR

Steady Growth Ahead?

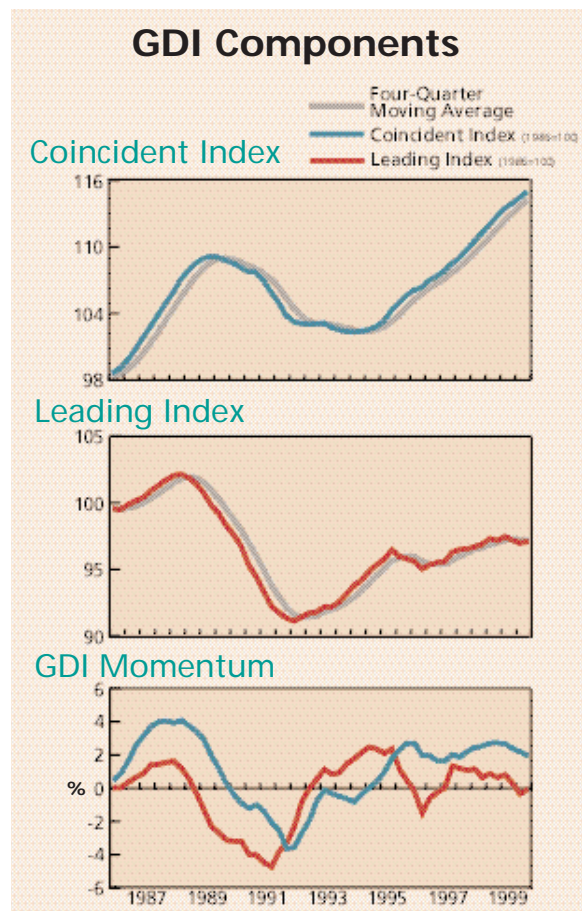
By Steven P. Lanza

Regular followers of the GDI will notice some changes to the index with this issue. First, the GDI is now constructed using the year-to-year rather than quarter-to-quarter changes in seven measures of economic activity. This helps to reduce the volatility of both the leading and coincident indexes, and shows trends more clearly. Second, rather than present the percentage change of the index as one composite figure, we now graph changes in the leading and coincident indexes as two separate lines which appear in the bottom graph entitled "GDI Momentum." This new graph better illustrates the ability of the leading index to anticipate the likely changes in the coincident index.

The coincident index reached yet another new expansion high in 1999-Q3. Each of the components registered gains and two—jobs and real income—grew at rates that were above average for the current expansion. Jobs grew 1.4% between 1998-Q3 and 1999-Q3 while real income was up 3.1% in the same period. The coincident index grew from a revised 114.1 in 1999-Q2 to 114.6 in 1999-Q3 and remains well above its four-quarter moving average. Readings above the moving average indicate continued expansion.

After two quarters of declines, the leading index stabilized in 1999-Q3, moving from a revised 97.0 in 1999-Q2 to 97.1 in 1999-Q3. A gain in weekly manufacturing hours and a drop in initial unemployment claims more than offset reductions in new housing permits and help-wanted ads.

For the coincident index, momentum peaked in 1998-Q3, as the bottom graph illustrates. Values above zero indicate growth, values below zero indicate decline. Since 1998-Q3 the coincident index has grown, but at slower rates each quarter. This quarter's small gain in the leading index suggests, however, that the coincident index may soon regain momentum.



The Cost of Getting Around: How Passengers Fare in Connecticut

By Steven P. Lanza

Travel time and expense vary with the mode of transit and from place to place. Even so, Connecticut transportation costs are similar to U.S. averages. From driving to flying to riding the train, Connecticut residents pay about the U.S. average for each mile they travel.

Guzzling Gas

If America has a love affair with the automobile, in Connecticut it's a steamy romance. In 1997, the most recent year for comparative figures, Connecticut had 1.9 million automobiles registered. That's 60 autos for every 100 Connecticut residents compared to a U.S. average of 48. Only Massachusetts, with 62 autos for every 100 people, is more car-crazed. Keeping motors running costs more here too. That same year Connecticut gas prices were the highest in the continental U.S.—\$1.44 per gallon, or 14% above average.

Not surprisingly, Connecticut residents logged more miles and spent more at the pump than did average Americans. We aren't, however, quite as thirsty for petrol as our appetite for cars might suggest. In a state where people and places are tightly clustered, Connecticut residents are only slightly more mobile than are average Americans. In 1997, per capita travel by car reached 18.5 miles per day in Connecticut versus 16.8 miles in the U.S. Twenty-five other states bested Connecticut. Wyoming, with its wide-open spaces, ranked first at 31.1 daily miles per capita. Moreover, Connecticut residents appear to be driving a more fuel-efficient mix of cars and trucks. Connecticut vehicles traveled 16.8 miles per gallon of gasoline sold in 1997, compared to a U.S. figure of 13.8. So, despite high pump prices, our annual spending for gas is just a little above average—\$577 per person in 1997 compared to a U.S. average of \$558.

Still, there's no denying that it costs more to drive in Connecticut than in virtually any other state. At 1999-Q3 rates of \$1.35 per gallon, it costs 6.4¢ per mile in Connecticut to travel by car in a vehicle with average fuel efficiency (21 miles per gallon). But the cost of fuel is just a fraction of a car's total operating cost. According to the American Automobile Association, maintenance and tires add 4.5¢ per mile in operating costs. Fixed costs, such as insurance, licensing, registration, and depreciation add another 35.4¢ per mile for a typical annual driving distance of 15,000 miles. So, whether gas costs \$1.00 or \$1.50, the total cost to travel by car is close to 50¢ per mile.

If you're used to thinking about the expense of driving in terms of the cost of gas alone, 50¢ per mile might seem surprisingly high, but let's put that figure in perspective. Bringing a companion cuts the cost per passenger mile in half. Add the door-to-door convenience and you'll appreciate the auto's allure.

Leaving the Driving to Them

Even so, rush hour traffic jams have some considering alternatives such as public transit. But compared to private travel the numbers for mass transit are small. In 1997, Connecticut's metro bus lines logged 125.6 million passenger miles. Metro North's rail line, which connects New Haven, Waterbury and Danbury to New York City, logged 1.7 billion passenger miles. By contrast, Connecticut's highways and rural roads carried 21.9 billion vehicle-miles of traffic that year. So for every 100 miles of travel by private vehicle, Connecticut residents traveled only 6

miles by mass transit. Still, that's not a bad showing for Connecticut—the U.S. average is just 3.5 mass transit miles for every 100 highway miles.

On a cost-per-mile basis, it's hard to beat the train or the bus. In 1997, the fare-per-mile for all forms of mass transit averaged 18.6¢ in the U.S. Metro North offered its riders an even better deal, charging just 17.3¢ per mile. Connecticut bus fares are, however, relatively expensive. At an average fare of 31.5¢ per mile, Connecticut bus passengers pay nearly double the average rate for public conveyance.

Fares, though, only cover a portion of total operating expenses. Mass transit systems are heavily subsidized. For Metro North, fares pay 62% of operating costs. For Connecticut's metro buses, fares cover just 44% of total costs. Subsidies pay the rest. Nationally, operating expenses per passenger mile averaged 39.3¢ for commuter trains and 44.8¢ for commuter buses. With costs of just 27.7¢ per mile, Metro North is something of an efficiency expert. Connecticut's metro bus systems, however, average a budget-busting 72.1¢ per mile.

Flying the Frugal Skies

For long-distance travelers, flying may be cramped and uncomfortable, but it's fast and cheap, even at Bradley Airport. In 1998, Bradley carried 3.1 million passengers to 26 domestic cities. Those passengers paid an average fare of \$204 to reach a destination 1100 miles away. The cost per mile of travel: 18.2¢, or about what it costs per mile to take the train or bus across town.

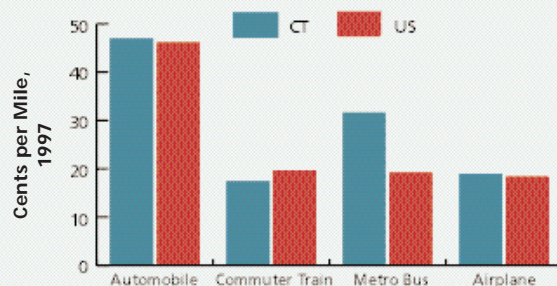
But the real appeal of flying is the time savings. Consider a one-way trip from Hartford to Miami, a distance of 1,200 miles. Amtrak offers a budget fare of \$100. The trip takes 31 hours. With Greyhound, the cost is \$116 and takes 32 hours. On U.S. Air, the fare is \$102.50 and the trip takes 4 hours. So the cost of flying is no different than the cost of taking the train or bus, and passengers save more than one full day of traveling.

Bradley airfares are closing in on the national average. In 1998, fares at the nation's biggest airports averaged 17.3¢ per mile, 0.9¢ below Bradley's cost. At 10.9¢, Atlantic City was the bargain-basement king. While U.S. fares are rising, Bradley fares are falling. In 1998, U.S. fares were up 0.6¢ per mile and Bradley fares were down 0.6¢ per mile compared to 1997. And Southwest's entry into the state promises to lower fares further.

Bradley's 18.2¢ per mile fare also compares favorably to neighboring airports. In 1998, Albany averaged 19.7¢, New York 18.8¢, and Boston 18.4¢. At 12.1¢ per mile, however, flights out of Providence were among the cheapest in the country. Incidentally, Providence fares were not always so cheap. At the beginning of 1996, fares for flights from Providence averaged 19.1¢ per mile but by the end of that year the figure had dropped to 11.8¢. The explanation? Can you say "Southwest Airlines?"

For an update on this quarter's Connecticut prices, please see the exhibit on the next page.

Connecticut Transit Costs on Track with the U.S.



Source: Developed by *The Connecticut Economy* based on figures from the American Automobile Association and the U.S. Department of Transportation.

Connecticut Ports Are Vital to the State's Economy

By Stan McMillen

Connecticut's air and seaports are an integral part of the state's transportation infrastructure, providing direct access to national highway and rail connections. This conclusion emerges from a Connecticut Center for Economic Analysis study, commissioned by the Connecticut Coastline Port Authority, which assesses the economic importance of Connecticut's ports.

Our ports help sustain companies in many industries, from metal fabricating and coating, to fuel and electric power, construction, and food distribution, to name a few. Our strategic location allows easy access to U.S. and Canadian markets, and our lower operating costs, experienced shipping companies and state-of-the-art cargo-handling facilities make our ports a cost-effective alternative for serving markets in the U.S. and Canada.

Connecticut's air and seaports are our gateways to the world. About 73% of our foreign exports leave through these ports: 53% by air and 20% by sea. The remainder leaves by road or rail to other ports. Connecticut's exports bring outside dollars into the state and stimulate growth in our state economy not otherwise possible. Between 1988 and 1998, exports to foreign countries grew by more than 111%, and are now about 17% of gross state product (GSP). For every additional \$100,000 in export sales, another Connecticut job is created.

The Ports In Brief

Bridgeport mainly handles tropical fruit, including most of New England's bananas. Other commodities include petroleum products, coal, seafood, paper products, and cars and trucks. The Bridgeport-Port Jefferson (Long Island) Ferry docks here as well. New Haven, by contrast, handles primarily petroleum products. More than 65% of the state's fuel and asphalt enters through the Port of New Haven. The alternative is truck and rail delivery, which could multiply tanker truck traffic tenfold and raise prices of heating oil and gasoline by as much as 15%. Moreover, pollution, congestion and highway accidents would likely increase.

The Buckeye Pipeline, built in the 1960s as a national defense facility, funnels heating oil, gasoline, and jet fuel along the I-91 corridor from New Haven to its terminus at Westover Air Force Base. Depots along the way facilitate local deliveries to schools, businesses, homes, and gas stations. Bradley Airport would suffer greatly if the Port of New Haven and the Pipeline did not exist.









The Port of New London, home to the newly renovated, 1,000-foot-long State Pier, is designated a Foreign Trade Zone. Rail facilities provide direct access to U.S. and Canadian rail networks. Petroleum products, chemicals, road salt, and general cargo all pass through the port at New London. Conventional passenger and vehicle ferries serve Long Island, Block Island, and Fisher's Island, while high-speed, passenger-only ferries serve Martha's Vineyard and New Jersey. If Amtrak's high-speed rail train, Acela, stops in New London, it would be the nation's first high-speed rail/ferry connection.

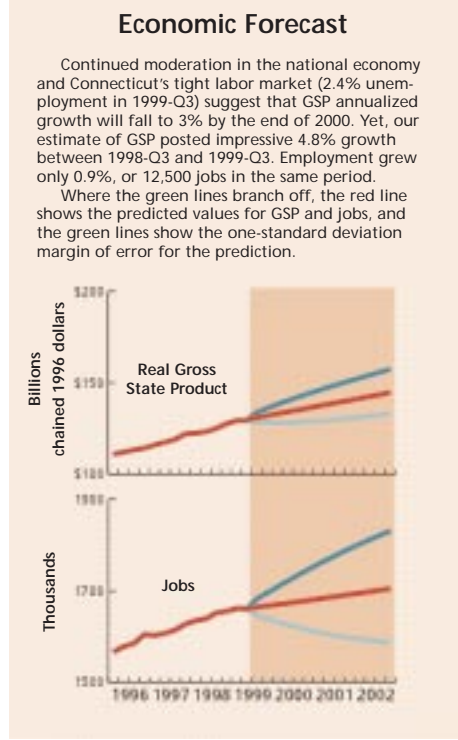
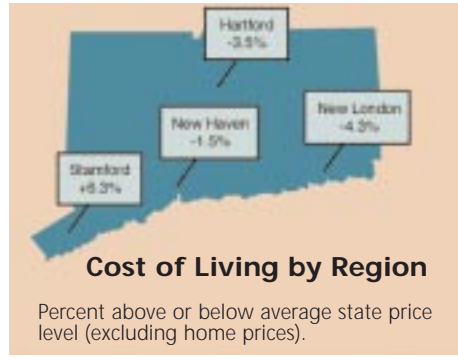
Private Ownership – Public Partnership

Connecticut's seaports have a long history of private ownership and operation, but the public sector has a critical role. The ports are under constant threat of decreasing draft capacity as silting reduces water depth to below 35 feet—the minimum required to accommodate all but the largest freighters and tankers. But dredging by the Army Corps of Engineers, in cooperation with the state, ensures the continued success and competitiveness of Connecticut's seaports. New Haven's cramped facilities would be helped greatly by extending the rail line crossing the Thompson Rail Bridge. This would allow operators to expand their facilities instead of storing materials until they can be shipped by truck. Connecticut's ports are threatened as well by increasing competition from such other ports as Port Elizabeth, New Jersey, Boston, and Halifax, Canada that claim better access to North America's major road and rail arteries. While Connecticut may not have the land or water area to expand and compete with these ports to support container operations, a cooperative venture with Rhode Island to develop Quonset Point as a container port may be a long-run competitive strategy worth pursuing. Understanding Connecticut's historic connection with Long Island Sound through its seaports and the web of its dependent industries is vital to Connecticut's future.

Connecticut Price Changes

Percent Change 1998-Q3 to 1999-Q3

	Food	H	1.8%
	Housing	H	6.5%
	Apparel	H	5.5%
	Transportation	H	3.4%
	Medical	P	2.0%
	Entertainment	H	3.3%
	Miscellaneous	H	4.1%
	Overall	H	4.3%



Connecticut Consumer Confidence Hits High For Year, But Expectations At Annual Low

By Martha L. Gibson
 Research Director, Center for Survey
 Research and Analysis

Connecticut consumers are the most confident they have been all year about present economic conditions. According to the most recent Consumer Confidence Survey conducted for *The Connecticut Economy* by the Center for Survey Research and Analysis at the University of Connecticut, Connecticut residents report greater optimism regarding the availability of jobs than at any time since October 1998.

Confidence in Connecticut's present business conditions is at a high for the year, as is the index measuring expected change in personal finances. The opposite picture emerges, however, when Connecticut residents were asked to anticipate the condition of the economy and job market in the next six months. Confidence in both future economic conditions and the job market are at lows for the year. The survey shows an increasing divergence between confidence in the present economy versus the future.

In contrast to Connecticut, both regional New England and national consumer confidence in the present economy fell this quarter. The drop wipes out nearly all gains made for the year. Expectations for future economic conditions among Connecticut residents dropped more than either the national or New England indexes.

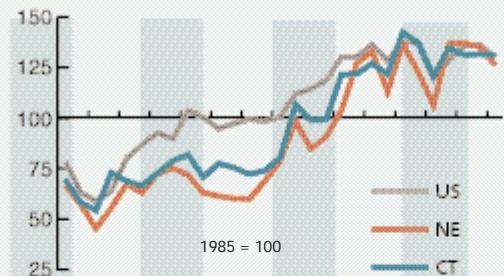
Overall, Connecticut consumers report a greater divergence between confidence in present economic conditions and expectations of future conditions than their regional or national counterparts. The balance between the two yields only a slight decline in the overall Connecticut Consumer Confidence Index, from 132 in July to 131 in October.

Regionally, where confidence in both present conditions and expectations fell, the overall Consumer Confidence Index fell from 135 in July to 126 in October. Similarly, the National Consumer Confidence Index fell from 136 in July to 130 in October, reflecting increased concerns over both present and future economic conditions.

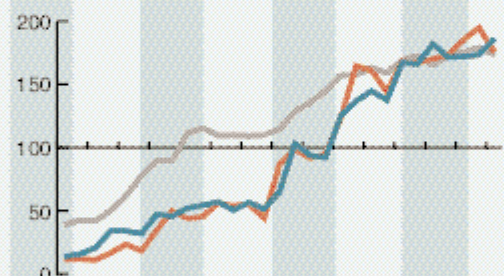


Consumer Confidence Survey

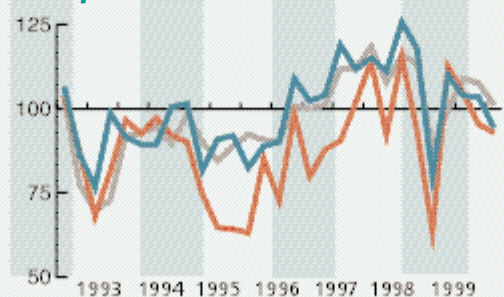
Overall Confidence



Current Assessments



Expectations



Source: National and New England data are from the Conference Board, Inc.

Connecticut Workers Satisfied With Commute, But Welcome Opportunity to Work From Home

Martha L. Gibson
 Research Director, Center for Survey Research and Analysis

The health of any state's economy depends on its ability to attract and retain a quality workforce. While a variety of factors contribute to job satisfaction, a national study conducted in 1998 by the Center for Survey Research and Analysis (CSRA) at the University of Connecticut found that 48% of respondents ranked the commute to work as either extremely important (15%) or very important (33%). The results of a recent survey conducted for *The Connecticut Economy* by CSRA show that, overall, Connecticut workers are satisfied with the commute to work, but would like greater opportunity to telecommute from home. The survey was conducted among a random sample of 505 adult Connecticut residents between October 19 and October 26, 1999.

The majority of Connecticut residents report that they are satisfied with their current commute, with 51% responding that they are very satisfied and 28% responding that they are somewhat satisfied. Interestingly, more Connecticut workers in the upper income bracket (those who earn more than \$75,000 per year) report being very satisfied with their commute than those earning less. This difference coincides with a greater willingness to travel longer distances to work among higher income earners.

When asked about the longest one-way commute time a respondent would be willing to travel to a job she or he really liked, 71% of those earning over \$75K said they would be willing to travel up to 45 minutes or more. Overall, these findings are good news for Connecticut's ability to attract and retain high end labor to the state but may be a concern for recruitment and retention of lower-paid workers.

Despite advances in technology, telecommuting has yet to take off in Connecticut. Only 24% of respondents say that they regularly work from home one or more days a week. If offered the opportunity, however, a large majority (67%) of those surveyed say that they would work from home.

Unemployment Rate
1992-Q3 1999-Q3 Decline

Unemployment Rate
1992-Q3 1999-Q3 Decline

Unemployment Rate
1992-Q3 1999-Q3 Decline

Bridgeport LMA	9.1%	3.0%	6.1
Ansonia	11.0	4.0	7.0
Beacon Falls	8.2	2.3	5.9
Bridgeport	12.0	4.4	7.6
Derby	10.6	3.2	7.4
Easton	5.4	1.6	3.8
Fairfield	5.8	1.9	3.9
Milford	8.4	2.5	6.0
Monroe	7.4	2.3	5.1
Oxford	7.6	2.3	5.4
Seymour	9.3	3.1	6.2
Shelton	8.4	2.7	5.7
Stratford	8.8	2.8	6.0
Trumbull	6.8	1.9	4.9

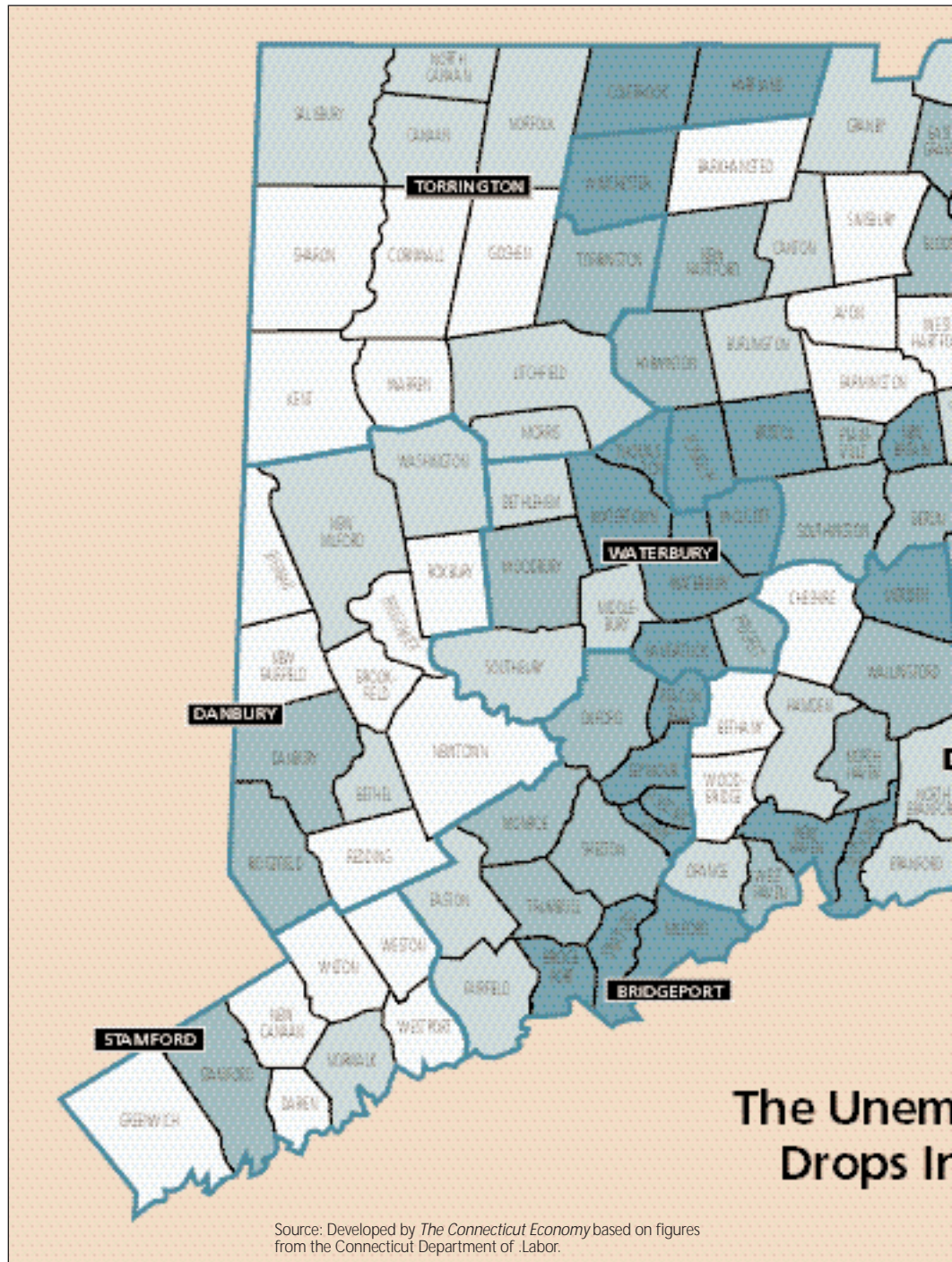
Danbury LMA	5.8%	1.8%	4.0
Bethel	5.8	1.6	4.2
Bridgewater	3.4	1.1	2.2
Brookfield	5.2	2.0	3.2
Danbury	7.6	2.0	5.6
New Fairfield	5.7	2.1	3.6
New Milford	5.7	1.7	4.0
Newtown	4.8	1.7	3.1
Redding	3.2	1.2	2.0
Ridgefield	3.4	1.3	2.0
Roxbury	4.2	1.0	3.2
Sherman	3.4	1.7	1.8
Washington	5.7	1.3	4.4

Danielson LMA	9.0%	2.9%	6.0
Brooklyn	7.8	2.4	5.4
Eastford	3.8	1.3	2.5
Hampton	7.2	1.7	5.5
Killingly	10.2	4.0	6.3
Pomfret	6.0	1.9	4.1
Putnam	10.6	2.8	7.7
Scotland	7.9	1.7	6.2
Sterling	8.9	2.6	6.3
Thompson	9.1	1.9	7.2
Union	8.1	2.5	5.6
Voluntown	12.6	5.4	7.2
Woodstock	7.0	2.0	5.0

Hartford LMA	7.8%	2.5%	5.3
Andover	7.5	1.6	5.9
Ashford	7.7	1.8	5.8
Avon	5.1	1.4	3.7
Barkhamsted	4.4	1.2	3.2
Berlin	7.2	2.1	5.0
Bloomfield	7.0	2.4	4.7
Bolton	5.9	1.9	4.0
Bristol	8.8	2.7	6.0
Burlington	5.6	1.7	3.8
Canton	6.1	1.8	4.3
Chaplin	7.1	1.6	5.6
Colchester	7.1	2.1	5.0
Columbia	5.3	1.5	3.8
Coventry	7.2	2.2	5.0
Cromwell	6.9	2.1	4.8
Durham	6.5	1.5	5.0
East Granby	7.4	2.4	5.1
East Haddam	6.4	2.4	4.0
East Hampton	7.3	2.7	4.6

East Hartford	10.2%	3.2%	7.0
East Windsor	8.6	2.1	6.5
Ellington	6.5	1.9	4.6
Enfield	7.6	2.4	5.3
Farmington	4.6	1.7	2.9
Glastonbury	4.7	1.6	3.1
Granby	5.6	1.6	4.0
Haddam	4.5	1.8	2.7
Hartford	12.4	4.6	7.8
Harwinton	7.6	2.1	5.5
Hebron	7.7	2.3	5.4
Lebanon	7.9	2.1	5.8
Manchester	8.1	2.4	5.6
Mansfield	4.2	1.4	2.7
Marlborough	5.6	1.4	4.2
Middlefield	6.1	2.1	4.0

Middletown	7.4%	2.6%	4.8
New Britain	10.7	4.2	6.5
New Hartford	6.8	1.7	5.1
Newington	6.2	2.0	4.2
Plainville	7.9	2.6	5.3
Plymouth	9.3	2.9	6.5
Portland	6.3	2.2	4.1
Rocky Hill	6.1	1.6	4.5
Simsbury	4.1	1.3	2.8
Somers	7.3	2.3	5.0
South Windsor	6.3	1.9	4.4
Southington	7.0	2.2	4.8
Stafford	7.4	2.1	5.3
Suffield	6.5	1.9	4.6
Tolland	6.9	1.8	5.1
Vernon	8.4	2.0	6.4



Unemployment Rate
1992-Q3 1999-Q3 Decline

Unemployment Rate
1992-Q3 1999-Q3 Decline

Unemployment Rate
1992-Q3 1999-Q3 Decline

West Hartford	5.6%	2.0%	3.6
Wethersfield	6.0	2.2	3.8
Willington	5.3	1.7	3.7
Winchester	10.3	2.8	7.5
Windham	9.1	3.0	6.0
Windsor	7.4	2.4	5.0
Windsor Locks	8.0	2.0	6.0

Lower River LMA	5.2%	1.8%	3.5
Chester	5.6	1.4	4.2
Deep River	5.7	2.0	3.6
Essex	3.9	1.5	2.4
Lyme	3.4	1.7	1.7
Westbrook	6.7	2.0	4.7

New Haven LMA	7.4%	2.4%	5.0
Bethany	3.6	1.7	1.8
Branford	6.6	2.1	4.5
Cheshire	5.1	1.7	3.3
Clinton	6.2	1.9	4.3
East Haven	9.3	2.6	6.7
Guilford	4.6	1.5	3.1
Hamden	6.7	2.6	4.1
Killingworth	5.9	1.7	4.2
Madison	4.3	1.6	2.7
Meriden	9.0	3.1	5.9
New Haven	8.9	3.0	5.9
North Branford	6.5	2.0	4.5
North Haven	7.2	2.0	5.2
Orange	5.7	1.6	4.1
Wallingford	7.3	2.3	5.0

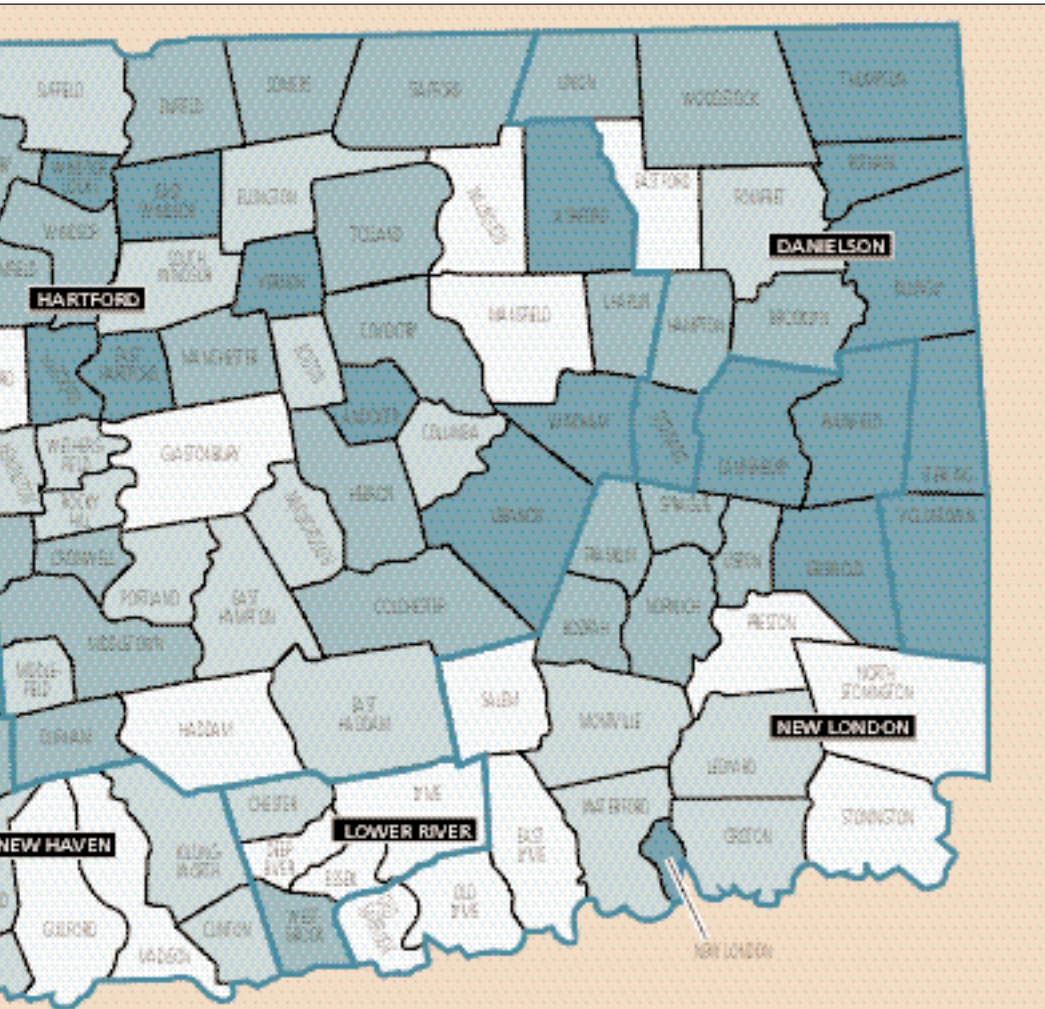
West Haven	8.0%	2.8%	5.3
Woodbridge	5.0	1.8	3.3
New London LMA	7.4%	2.6%	4.8
Bozrah	8.3	3.1	5.2
Canterbury	8.4	2.5	5.9
East Lyme	5.8	2.0	3.7
Franklin	7.5	1.8	5.7
Griswold	9.3	2.9	6.4
Groton	7.2	2.7	4.5
Ledyard	6.1	1.5	4.6
Lisbon	8.0	2.3	5.7
Montville	7.2	2.6	4.6
New London	10.1	3.7	6.4
North Stonington	5.7	2.4	3.4
Norwich	8.8	3.3	5.5
Old Lyme	4.3	1.8	2.5
Old Saybrook	5.0	1.8	3.2
Plainfield	10.1	2.8	7.3
Preston	5.3	1.8	3.5
Salem	6.2	2.5	3.7
Sprague	9.1	3.9	5.2
Stonington	5.4	1.9	3.5
Waterford	6.2	2.1	4.1

Stamford LMA	5.3%	1.6%	3.7
Darien	3.1	0.9	2.2
Greenwich	4.1	1.1	3.0
New Canaan	3.2	0.9	2.2
Norwalk	5.8	2.0	3.8
Stamford	6.8	1.9	4.8
Weston	4.1	1.2	2.9
Westport	4.0	1.3	2.8
Wilton	3.7	1.1	2.6

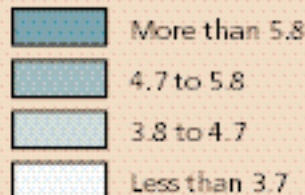
Torrington LMA	6.5%	1.9%	4.6
Canaan	4.8	0.9	3.9
Colebrook	6.6	0.7	5.9
Cornwall	4.1	0.5	3.6
Goshen	3.5	1.4	2.1
Hartland	7.5	1.5	6.0
Kent	3.2	0.9	2.3
Litchfield	5.7	1.6	4.1
Morris	6.3	1.7	4.6
Norfolk	5.2	1.3	3.9
North Canaan	4.7	0.9	3.8
Salisbury	4.2	0.4	3.8
Sharon	2.4	0.5	1.9
Torrington	8.2	2.7	5.5
Warren	4.0	0.9	3.1

Waterbury LMA	9.5%	2.8%	6.7
Bethlehem	6.4	1.8	4.6
Middlebury	6.2	1.6	4.6
Naugatuck	8.8	2.6	6.3
Prospect	7.8	2.1	5.7
Southbury	6.2	1.9	4.3
Thomaston	9.5	2.9	6.6
Waterbury	11.3	3.5	7.7
Watertown	8.1	2.0	6.1
Wolcott	8.7	2.5	6.1
Woodbury	6.4	1.6	4.7

Statewide **7.5%** **2.4%** **5.1**



Map shows the percentage point decline in the unemployment rate between 1992-Q3 and 1999-Q3



Unemployment Rate in Every Town

Southwest Storms the Northeast

By William A. McEachern

Throughout history, distance has deterred economic growth. In medieval Europe and China, for example, three-quarters of the population never ventured more than five miles from their birthplace. But technical progress reduced the cost of transporting people, goods, and ideas, and fueled economic growth. Here we dissect what could become a pivotal event in Connecticut's economic development—the arrival of Southwest Airlines at Bradley.

First, some background. Prior to the 1978 Airline Deregulation Act, federal regulations set airfares and restricted new entry, thereby insulating interstate airlines from the rigors of price competition. In 1971 Southwest Airlines entered as an *intrastate* carrier, not subject to federal regulations, flying the so-called Texas Triangle—Dallas, Houston, and San Antonio. So while interstate airlines grew lazy under federal protection, Southwest honed its competitive skills in the Texas market.

Once federal deregulation freed airfares and lifted the ban on new entry, Southwest jumped into prime time. Deregulation initially stimulated a wave of entry by new upstarts such as People Express and New York Air. While most new entrants eventually either disappeared or merged with larger airlines, Southwest spread from Chicago to Los Angeles, carving up the market like a Thanksgiving turkey by offering an unbeatable combination of low fares and award-winning service. Southwest provided what it called a point-to-point service strategy, staying away from big airports, where operating costs were higher.

A Nor'easter

Southwest stormed the Northeast, beginning in 1996 with Green Airport outside of Providence. Green became the fastest growing airport in the nation, jumping 88% year-over-year. Manchester Airport in New Hampshire became the fastest growing airport in the nation last year after Southwest's arrival. And traffic has more than doubled since Southwest began service last March at McArthur-Long Island Airport in Islip. Wherever Southwest goes, lower fares follow, as the competition matches price cuts to hold market share. For example, average one-way fares between Providence and Baltimore dropped from \$155 to \$60. Similar reductions occurred in Manchester. And passenger totals increased sharply.

Southwest sees Bradley as "an airport that has room to grow." The company expects to attract customers from northern New Jersey, eastern New York, Massachusetts, and Vermont. Bradley, the

second busiest airport in New England, will serve over six million passengers this year, a double-digit growth rate from last year (see the accompanying chart for totals since 1985).

The nation's fourth largest airline in terms of passengers, Southwest flies 52 million passengers a year to 56 airports in 29 states with about 2,500 flights a day. Eight of Southwest's 12 nonstop flights out of Bradley go to Baltimore, two go to Midway in Chicago, and one each goes to Nashville and Orlando. There is also a Saturday nonstop flight to Las Vegas. Another 18 cities can be reached via one stop from Bradley, and 10 more cities with two stops. Altogether, Southwest flies or connects to 33 airports from Bradley.

Southwest bills itself as the only short-haul, low-fare, point-to-point carrier in America. The emphasis on point-to-point service is a dig at the hub-and-spoke system used by other major airlines. Southwest gives the impression that you fly directly from point A to point C without having to stop at B along the way. This is marketing spin. If Southwest were to fly out of Bradley as a true point-to-point carrier, they would not fly to many points. For example, the demand by Bradley passengers for trips to, say Jackson, Mississippi, may not support nonstop service from Bradley. But by combining passengers from Southwest's four Northeast airports with those from Baltimore itself, Southwest supports three flights a day from Bradley to Jackson through Baltimore. Most of Southwest's flights from Bradley, Manchester, and Providence go to Baltimore, not because Baltimore is such a popular destination, but because it connects Bradley passengers to the wider Southwest airport network.

No Free Lunch—In Fact, No Lunch

Although Southwest claims to be a point-to-point airline, with no hub airports per se, Baltimore and Midway serve as hubs for Bradley and other Southwest feeder airports in the East. For example, of the 18 destinations that are within one stop from Bradley, all connect through Baltimore and/or Midway. Southwest is really a point-to-point-to-point airline. But even with de facto hubs, some of Southwest's routes get stretched out. Southwest's way to San Jose from Bradley, for example, stops twice and takes about 11 hours (American Airlines gets there in nine hours with just one stop).

As a low-fare, low-cost carrier, Southwest skips some services provided by other major carriers—namely, no first class seats, no pets, no luggage transfers to other carriers (those connecting to another airline must recheck bags with that airline), no tickets honored from other airlines, no reserved seats (passengers board on a first-come, first-served basis), and no meals (peanuts on all flights; mouse-size portions of cheese and crackers on longer flights).

Southwest also cuts costs by promptly turning planes around, slicing ground time to half the

industry average. By saving 20 minutes at each stop, Southwest saves three hours a day on a plane flying back and forth from Bradley to Baltimore. The first-come, first-served seating policy aids the turnaround by getting passengers on the plane in a hurry. Other time savers include the no-pets and no-transfers baggage policy.

Southwest leads the industry with electronic tickets, another money saver, offering them first in 1994. Nearly three quarters of Southwest's passengers now use them, tops in the industry by far. It costs about \$8 to process a paper ticket versus \$1 to process an electronic ticket. And about 15% of Southwest's revenue comes from bookings made over the Internet, another money saver; this is three times the industry average.

A Flying Wal-Mart

What Wal-Mart did to retailing, Southwest is doing to flying. Low fares, on-time service, and few customer complaints have made Southwest the fastest growing airline in the nation. Employees also like Southwest. In 28 years of operation, Southwest has yet to lay a worker off or to lose an hour to a labor dispute, even though it has the most heavily unionized work force (85%) in the industry. More than 150,000 people apply each year for the company's 3,000 openings.

Not surprisingly, investors also like Southwest. On the day that Bradley service began, Southwest had a capitalized stock market value of \$8.5 billion, an amount that exceeded the market values of United Airlines, US Air, and Northwest combined. Thus, Southwest, with its 26,000 employees, is worth more than the three other airlines put together, with their aggregate payroll of 200,000 employees.

Even travel agents like Southwest, since it's the only major airline that continues to pay a 10% commission. Other major airlines pay 8% but just announced a cut to 5%. The only groups that don't seem to like Southwest? Competing airlines and airline caterers.

Blue Skies for Bradley

The decline in airfares at Bradley will make the region more attractive as a destination for conventions, tourists, and business people. Cheaper fares will act like a tax cut for Bradley passengers. Even if the typical passenger saves only \$100 per year in airfares because of Southwest's arrival, that total would exceed \$600 million in 2000, and will soon grow to \$1 billion a year as more people fly.

Southwest's arrival adds urgency to the planned \$156 million expansion of Bradley, which will include a new terminal and an additional airport ramp area. The arrival could also spur development of the Griffin line, the proposed light-rail link from Hartford to Bradley. Finally, economic development around the airport should expand beyond what is now the primary industry—parking.

Of course, the local benefits of Southwest depend in part on the airline's next move. Southwest's pen-

etration into the Northeast may not yet be complete. The company plans to add at least two more U.S. cities in 2000, though it has yet to pick the cities. A move into either Albany Airport or Stewart Airport in Newburgh, New York, would draw business from Bradley, much like Bradley will draw from Providence. On the other hand, a move to Portland, Maine, would likely boost Bradley by feeding more passengers into Baltimore, making it a busier hub with more connections.

One subtle benefit of Southwest's arrival may be to give state residents a greater common identity, particularly in reorienting some Fairfield County residents away from the New York metropolitan area and toward the central part of the state. Southwest is marketing Bradley to Fairfield County with billboards in Norwalk, Danbury, and Westchester County. In *The Connecticut Economy's* household survey, 29% of the Fairfield County residents who were polled said they would increase the number of flights they take from Bradley because of Southwest's arrival there, a figure that matches the statewide average (30%).

Traditionally, Southwest opens with a limited schedule and grows the business. They started with 12 flights a day from Providence and now have 23. They began in Baltimore with eight flights a day and are now up to 93. Southwest draws in people who could not otherwise afford to fly or who simply increase their travel because of cheaper fares. For example, before the arrival of Southwest's discount fares, few people would consider a day trip to Washington to visit the Smithsonian or to watch UConn play Georgetown. You can fly roundtrip to Washington for as little as \$78—about the price of a good seat at the recent Knicks-Nets exhibition game at the Hartford Civic Center. Discount fares to Orlando also put a weekend at Disney World within reach of many.

In short, Southwest's arrival opens another door between Connecticut and the rest of the nation. More generally, Southwest's entry into the airline industry has moved air travel into a much stronger competitive position with other transportation modes—rail, bus, and auto.

After Lull, Passenger Service at Bradley Is on the Rise



Source: Developed by *The Connecticut Economy* based on totals from the Connecticut Department of Transportation. Figures for 1999 are annual estimates based on data through August.

The Regions: Some Improvement In the Third Quarter

By Edwin L. Caldwell

Not to let the national economy outdo them, the regions generated a turnaround from the somewhat slow second quarter, posting some gains. Only four of the state's ten labor markets registered small year-to-year employment losses in the third quarter, compared to five in the second quarter. The unemployment rate fell in all ten regions, compared to the same quarter last year; it fell in only four regions in the second quarter. And housing permits fell in five regions, compared to six during the second quarter.

BRIDGEPORT

Bridgeport was one of the six regions to gain employment over the past year—930 jobs, or 0.5%. Construction, FIRE¹, the services, and government contributed to the increase while TCU² held steady and manufacturing and trade decreased. The chart shows that average weekly hours in manufacturing continued their long decline from late 1996 but earnings continued their long climb. Although the unemployment rate dropped to 3.0% from 3.9% in 1998-Q3, 3.0% was the highest rate among the ten regions. Housing permits, at 282 for the quarter, almost equaled last year's 287. Derby, Milford, and Shelton were the leaders. Bridgeport got a nasty jolt in August with Sikorsky's plan to eliminate 1,100 of its 7,000 Connecticut jobs. But that pain was partially eased by the announcement by People's Bank, headquartered in Bridgeport, that it will open 30 new branches in the state over the next two years.

DANBURY

Danbury posted the third highest gain in employment among the regions in the third quarter, after losing jobs in the second quarter. All sectors except manufacturing moved up, with strong gains in TCU and FIRE. Manufacturing lost 1,000 jobs over the year. The chart shows that both average weekly earnings and hours fell from last year. As the chart shows, the long-term decrease in hours in Danbury is by far the largest among the regions. But its unemployment rate of 1.8% is tied with Torrington for the second lowest among the regions. Third quarter housing permits fell short of those of the same period

last year because Danbury failed to match some sizable numbers posted in 1998-Q3.

DANIELSON

Danielson lost 130 jobs over the year. Construction, manufacturing, and government shed jobs; TCU and FIRE held steady; and trade and the services posted gains. As the chart shows, weekly hours and earnings in

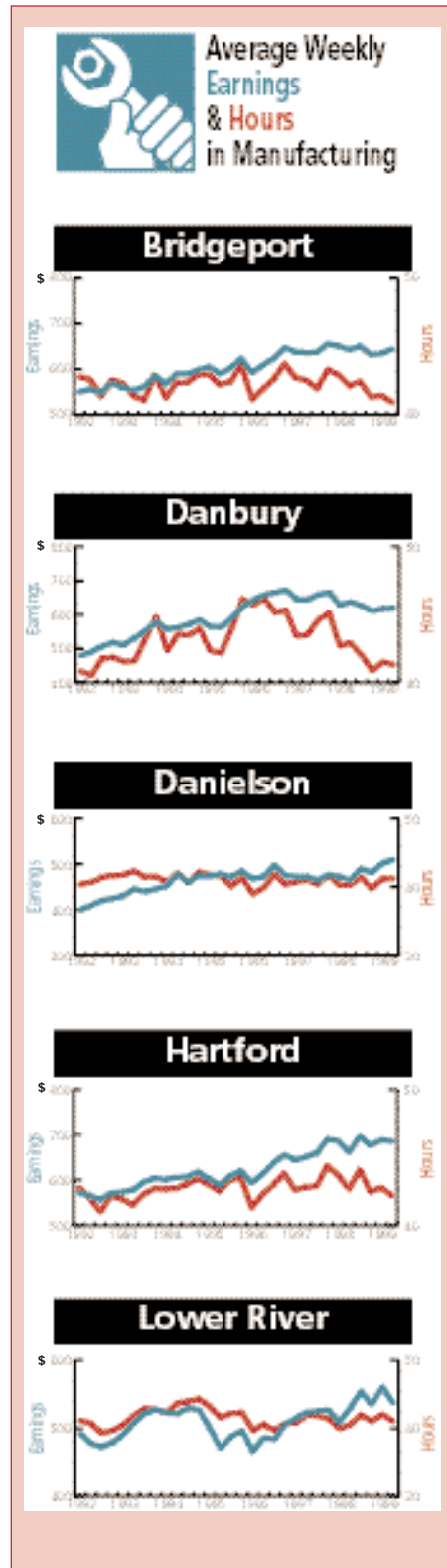
manufacturing changed little since 1994, with earnings showing a recent uptick. The unemployment rate dropped from last year but remained tied with Waterbury, at 2.8%, for the second highest in the state. Housing permits posted a 10% gain over last year, moving from 74 to 81. Brooklyn, Thompson, and Woodstock led the pack.

HARTFORD

Hartford added 1,300 workers to its payrolls in the third quarter, compared to the same period last year. All sectors except manufacturing and FIRE contributed to the gain. Construction was especially strong. Earnings in manufacturing have advanced steadily since 1996, as shown in the chart, while the trend for hours has been level with a decrease since last year. The unemployment rate dropped to 2.5% from 3.2% last year, which is close to the state average of 2.4%. Permits granted for the construction of new housing units fell 7% from last year. There were no large projects to note. Many towns reported about the same level of activity. At 73, Southington led the race for new permits, followed by Ellington, Farmington, and Middletown.

As the regions are currently defined, Hartford has 603,000 jobs, or 36%, of the state total employment of 1.7 million, so there is usually plenty going on. First, the bad news. Reacting to the expected aerospace slowdown, Pratt & Whitney will eliminate 600 jobs in Connecticut and Hamilton Sunstrand will shed 1,500. But there is also some good aerospace news. Congress approved the continued development of the controversial F-22 fighter, powered by Pratt & Whitney engines. Pratt also racked up another order for its pivotal PW6000 engine program, which powers mid-sized commercial aircraft, the type in greatest demand in the years ahead. Kaman Aircraft has sold five SH-2G Super Seasprite helicopters to the New Zealand navy, the first four for delivery next year.

Other pots are boiling in the region. Ames is opening new department stores in Manchester, Middletown, Vernon, and West Hartford at former Caldor locations. Also in Vernon, Rite-Aid will open a new 11,060 square-foot pharmacy by the end of the year. The Savings Bank of Rockville opened its second branch in South Windsor at the end of August. In downtown Hartford, Capital Properties, having entered into a joint venture with GE Capital Real Estate, is revamping all five buildings, including Constitution



Plaza, on the 10-acre site behind the Old State House and the Richardson building.

LOWER RIVER

Lower River deviated from its long-term growth pattern in the third quarter by losing 130 jobs over the year. Construction was strong; manufacturing, FIRE, and TCU held steady; and trade, services, and government lost jobs. The chart shows that manufacturing hours and earnings in the region bounced around a good bit since the middle '90s but earnings moved up strongly over the last two years. The unemployment rate dropped to 1.9% in 1999-Q3 from 2.4% last year. Incredibly, three other regions—Danbury, Stamford, and Torrington—have lower rates. Housing permits scored an impressive 36% increase over last year, with Essex leading the way.

NEW HAVEN

New Haven had a good quarter. Employment grew 3,200 over 1998-Q3, a gain of 1.3%. That growth rate was only a shade behind the leader, New London, at 1.5%. All sectors except manufacturing and government added jobs. TCU did especially well. As shown in the chart, earnings and hours in manufacturing have been relatively stable for the last few years, with earnings drifting up slightly and hours gradually down. The unemployment rate dropped from 3.2% in 1998-Q3 to 2.5% in 1999-Q3, only slightly above the state average of 2.4%. Housing permits rose substantially over last year—32%, led by a large project in Hamden and strong support from Cheshire and Wallingford.

There were a couple of really big recent developments in this region. The Bayer Corp. received zoning approval to build a 125,000 square-foot building in West Haven where more than 100 scientists will seek new drugs to treat cancer and other ills. And the long-awaited—and contested—Galleria Mall at Long Wharf came nearer to reality with the signing of the first legally-binding agreement for the \$500 million project. It now awaits only a state subsidy. It is due for completion in November 2001. In Wallingford, Zoos, a dry cleaner based in Massachusetts, is opening a plant to serve several collecting stations. It will employ 100 to 150 workers.

NEW LONDON

New London was the winner in the third quarter job growth derby, adding 3,000 jobs to its roster over the same quarter last year, or 1.5%

Manufacturing was the only sector to experience a loss, and it was small. Construction posted the largest percentage gain of this industry among the regions. The chart shows that average weekly earnings in manufacturing moved steadily up since the early '90s while hours of the workweek plateaued. The unemployment rate dropped from 3.6% to 2.6% over the

year. But new housing permits were rather weak, falling 20% below 1998-Q3, though East Lyme, Groton, and Waterford were bright spots. The Mohegans are in the midst of a major expansion of the Mohegan Sun Casino. The 1,200 room hotel and 100,000 square-foot convention center portions of the expansion should open in the fall of 2001. And the Pawcatuck Eastern Pequots are hoping to join the fun and games. They have teamed with Donald Trump to build a third casino in the area. They await federal recognition of the tribe.

STAMFORD

Stamford added 200 jobs to its payrolls over the past year.

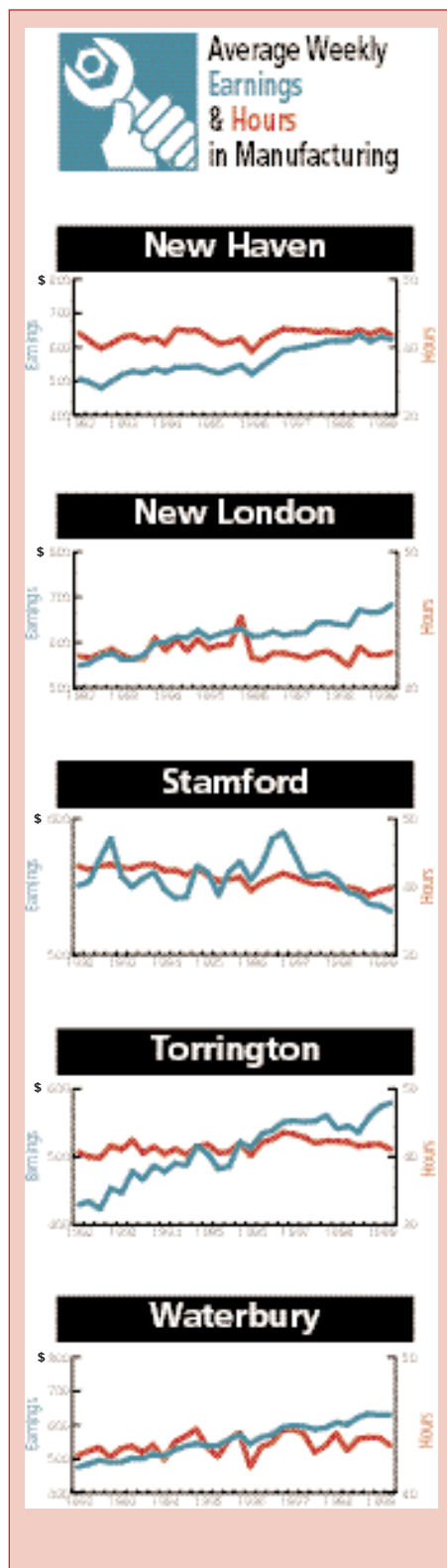
Construction, manufacturing, and government posted losses and the rest of the sectors had gains in the 3% range. As shown in the chart, Stamford experienced a steady downtrend in both earnings and hours in manufacturing since 1997. The unemployment rate dropped from 2.1% in 1998-Q3 to 1.6% in the same quarter this year to once again register the state's lowest rate. Housing permits fell 9% over the year, but the towns of Greenwich, Norwalk, and Stamford were active.

TORRINGTON

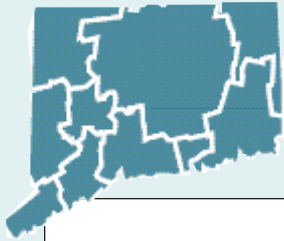
Torrington lost 150 jobs over the year, joining Danielson, Lower River, and Waterbury in falling short this quarter. The loss was spread over construction, manufacturing, FIRE, and services. TCU and government were the only sectors to gain. But earnings in manufacturing scored one of the sharpest jumps in recent months among the regions. The unemployment rate moved down to 1.8% from 2.2% over the year. Housing permits increased 16% over last year largely on strength in the towns of Goshen and Torrington.

WATERBURY

Waterbury lost 100 jobs over the year. All sectors posted losses except construction and TCU. The chart shows that earnings in manufacturing have been consistent in their gradual movement upward since the early '90s. The unemployment rate dropped from 3.7% to 2.8% over the year but that still leaves it in a tie with Danielson for the second highest rate in the state. Housing permits rose a satisfactory 13% over the year, with the action spread rather evenly over the ten towns of the region.



1. FIRE - Finance, Insurance, and Real Estate
2. TCU - Transportation, Communication, and Utilities



Labor Market Data

Labor Market Area	Labor Force		Nonfarm Jobs		Manufacturing Jobs	
	1999-Q3 (000)	% Change Year Ago	1999-Q3 (000)	% Change Year Ago	1999-Q3 (000)	% Change Year Ago
Bridgeport	218.8	-0.3	185.4	0.5	37.4	-2.6
Danbury	111.3	-0.1	88.4	0.6	18.6	-4.3
Danielson	32.3	-1.7	19.9	-0.7	5.4	-4.7
Hartford	585.8	-0.3	602.9	0.2	93.6	-1.8
Lower River	12.5	-1.3	9.6	-1.4	2.9	0.0
New Haven-Meriden	276.7	0.6	256.6	1.3	40.1	-0.2
New London-Norwich	157.2	0.9	141.3	1.5	24.0	-0.1
Stamford	197.7	-0.1	208.0	0.1	26.7	-1.5
Torrington	40.0	-1.2	29.7	-0.4	5.8	-6.4
Waterbury	116.7	-0.8	86.6	-0.1	18.6	-0.4
Statewide	1732.2	-0.1	1669.3	1.4	272.2	-2.0

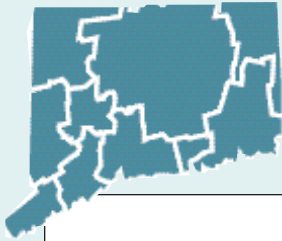
Labor Market Area	Construction Jobs		Trade Jobs		FIRE* Jobs	
	1999-Q3 (000)	% Change Year Ago	1999-Q3 (000)	% Change Year Ago	1999-Q3 (000)	% Change Year Ago
Bridgeport	7.3	6.3	41.0	-0.4	10.8	1.6
Danbury	4.1	1.7	22.0	0.6	5.1	5.6
Danielson	0.9	-3.7	5.0	3.4	0.6	0.0
Hartford	21.8	3.8	124.3	0.5	70.6	-1.0
Lower River	0.5	7.1	2.1	-3.1	0.3	0.0
New Haven-Meriden	10.5	1.0	54.8	0.8	13.8	0.7
New London-Norwich	5.1	4.8	28.7	0.9	3.8	1.8
Stamford	6.1	-5.2	42.9	-2.9	25.8	3.1
Torrington	2.1	-7.4	6.8	6.3	0.8	-4.0
Waterbury	3.6	2.8	18.2	1.1	3.6	-0.9
Statewide	65.7	4.0	359.4	1.0	140.3	1.4

* Finance, Insurance & Real Estate

Labor Market Area	Service Jobs		Government Jobs		TCU* Jobs	
	1999-Q3 (000)	% Change Year Ago	1999-Q3 (000)	% Change Year Ago	1999-Q3 (000)	% Change Year Ago
Bridgeport	61.6	1.3	20.6	3.2	6.8	0.0
Danbury	26.1	1.3	9.8	3.5	2.8	9.1
Danielson	4.7	2.2	2.8	-3.4	0.5	0.0
Hartford	176.6	0.7	89.9	0.9	26.0	1.2
Lower River	2.6	-1.2	.7	-8.3	0.4	0.0
New Haven-Meriden	90.9	1.9	29.9	-0.8	16.5	7.8
New London-Norwich	36.4	1.2	36.5	2.4	6.8	3.0
Stamford	79.1	3.1	17.4	-0.9	10.0	-6.8
Torrington	10.0	-0.3	3.4	1.0	0.9	8.3
Waterbury	27.3	-0.4	11.9	-2.2	3.4	2.0
Statewide	532.3	2.7	224.3	2.5	75.1	1.3

*Transportation, Communications, and Utilities

Sources: Quarterly figures developed by *The Connecticut Economy* based on monthly estimates from the Connecticut Department of Labor. Figures are not seasonally adjusted. Statewide totals are not necessarily the sums of individual labor market areas.



L a b o r M a r k e t D a t a

Labor Market Area	Number Unemployed		Unemployment Rate (%)		Initial Unemployment Claims	
	1999-Q3 (000)	% Change Year Ago	1999-Q3	1998-Q3	1999-Q3	% Change Year Ago
Bridgeport	6.7	-21.6	3.0	3.9	1744	5.5
Danbury	2.0	-21.3	1.8	2.2	313	-26.0
Danielson	0.9	-34.1	2.8	4.2	223	-18.1
Hartford	14.9	-21.9	2.5	3.2	3,332	-6.8
Lower River	0.2	-22.2	1.9	2.4	*	*
New Haven-Meriden	6.8	-21.8	2.5	3.2	1,430	-31.5
New London-Norwich	4.1	-27.8	2.6	3.6	749	-8.3
Stamford	3.1	-23.0	1.6	2.1	523	-16.3
Torrington	0.7	-18.5	1.8	2.2	331	5.5
Waterbury	3.3	-23.8	2.8	3.7	899	-9.3
Statewide	42.3	-22.9	2.4	3.2	9,544	-13.6

* Lower River included in Hartford LMA.

Manufacturing Labor Market Area	Average Weekly Earnings		Average Weekly Hours		Average Hourly Earnings	
	1999-Q3	% Change Year Ago	1999-Q3	% Change Year Ago	1999-Q3	% Change Year Ago
Bridgeport	\$644.05	1.6	40.9	-0.7	\$15.75	2.4
Danbury	619.40	-2.2	41.3	-3.7	15.01	1.6
Danielson	510.01	8.8	41.2	3.4	12.38	5.2
Hartford	686.26	2.9	42.2	-1.2	16.26	4.2
Lower River	536.56	-0.1	41.0	1.0	13.09	-1.0
New Haven-Meriden	623.59	2.5	41.8	0.8	14.91	1.7
New London-Norwich	683.70	3.7	42.6	0.7	16.04	2.9
Stamford	531.79	-0.7	39.7	2.0	13.41	-2.7
Torrington	579.59	9.7	41.1	-1.8	14.09	11.7
Waterbury	629.46	5.2	43.5	2.3	14.47	2.9
Statewide	\$649.42	3.7	42.3	0.6	\$15.35	3.1

Labor Market Area	State Job Service Postings		Housing Prices*		Housing Permits	
	1999-Q3	% Change Year Ago	1999-Q3 (000)	% Change Year Ago	1999-Q3	% Change Year Ago
Bridgeport	1,504	20.7	215.0	8.1	282	-2.4
Danbury	570	13.8	285.3	8.0	324	-51.9
Danielson	240	-13.7	★	★	81	9.5
Hartford	3,282	-36.4	132.0	6.7	1057	-6.7
Lower River	F	F	★	★	53	35.9
New Haven-Meriden	1,576	8.8	133.4	7.2	424	31.7
New London-Norwich	672	5.3	157.0	4.3	226	-20.1
Stamford	471	-6.4	530.9	9.8	201	-8.6
Torrington	484	-55.2	108.7	3.5	66	15.8
Waterbury	1,607	11.2	158.1	3.2	189	12.5
Statewide	10,413	-15.4	\$214.7	7.3	2903	-10.9

* Current period's housing prices are a four-quarter moving average of the selling price of a typical home.

F Lower River included in Hartford LMA. ★ Markets are too small for reliable estimates.

Sources: Quarterly figures developed by *The Connecticut Economy* based on monthly estimates from the Connecticut Department of Labor. Figures are not seasonally adjusted. Statewide totals are not necessarily the sums of individual labor market areas. Housing permits are quarterly averages based on monthly figures from the Connecticut Department of Economic and Community Development and are not seasonally adjusted. Housing prices, from UConn's Center for Real Estate and Urban Economic Studies, are preliminary.



Forbes by the Numbers

For more than a decade Connecticut has topped the nation in per capita income, but how does the state stack up when it comes to the really rich? Last month, *Forbes* published its 1999 list of the 400 richest Americans based on net worth. By totaling the *Forbes* members from each state and dividing by that state's total population, we can determine a population-adjusted measure of *Forbes* elite by state. Based on that measure, Connecticut tied with Virginia for sixth in the nation, with 2.1 *Forbes* members per million population.

Five of the seven *Forbes*-certified Connecticut residents live in Greenwich; the other two, Stamford. Connecticut's youngest member, 43-year-old Jay Walker of Priceline.com, is also the state's richest, worth \$4.2 billion. Lou Gerstner, head of IBM, is the state's poorest *Forbes* member, worth a mere \$640 million. Six of the seven struck gold in high-tech fields. Leona Helmsley, the exception, panned in real estate and hotels; at 79, she is also the oldest. Placing seven state residents on the *Forbes* list may seem unimpressive, but a dozen states have only one listing and five have none.

Washington State outpaced the nation, with 3.6 *Forbes* members per million population. Half made their fortunes at Microsoft, a company whose presence helped boost incomes in Washington State during the 1990s. A decade ago, Washington's per capita income was below the national average. By 1998, its per capita income moved to tenth in the nation, \$1,600 above the national average. Colorado ranks second on the *Forbes* list, as home to the Coors family and four cable-TV founders. California ranks third, based largely on the newly minted billionaires of Silicon Valley. New York ranks fourth, based on wealth from media and high finance. Arkansas, home to the Waltons (Wal-Mart), ranks fifth. But the Walton wealth has missed the rest of the state, as Arkansas ranks only 46th in per capita income.

State's Flat Population Belies Demographic Shifts

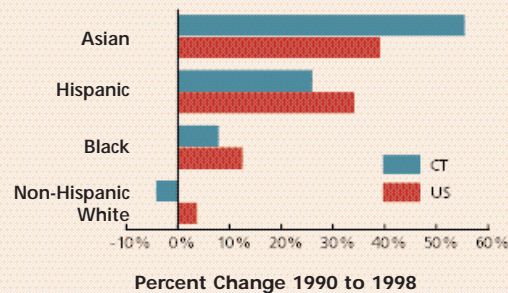
As you know, Connecticut's population has remained relatively constant during the decade, declining by seven thousand people, or 0.2%, between 1990 and 1998. But you may have missed the substantial

changes among racial and ethnic groups. For example, Connecticut's black population increased by 22 thousand, or 7.7%. Hispanics grew by 55 thousand, or 25.9%; and Asians gained 29 thousand, or 55.4%.

Thus, even though the overall population declined slightly, minority groups increased by an estimated 106 thousand people. This growth, however, was more than offset by a drop in the non-Hispanic white population of 113 thousand, or 4.1%. The chart below compares the percent change by group in Connecticut and the nation. Nationally, the black population grew 12.4%, Hispanics 34%, Asians 39%, and non-Hispanic whites 3.6%. Only the growth rate for Connecticut's Asians exceeded the nation's.

How significant is each minority group as a percentage of Connecticut's population? Blacks made up 9.3% of Connecticut's population in 1998, ranking

Growth in Minority Groups Offsets Connecticut's Drop in Non-Hispanic Whites



Source: Developed by *The Connecticut Economy* based on population estimates from the U.S. Census Bureau. Asians include Pacific Islanders.

the state 22nd among the fifty states in blacks as a percentage of the population. Hispanics made up 8.2% of the state's population, ranking the state 11th in the nation. And Asians made up 2.5% of the state's population, ranking Connecticut 17th nationally. In only eight states do each of the three minority groups rank in the top half nationally—Connecticut, Florida, Illinois, Nevada, New Jersey, New York, Texas, and Virginia. Thus, Connecticut is more of a melting pot than all but a handful of states.

Another way to measure population changes is by tracking births, deaths, and net migration. Subtracting the 239 thousand Connecticut deaths during the 1990s from the 381 thousand births yields a natural growth of 142 thousand people. But Connecticut also lost 149 thousand people through net migration, reducing the overall population by seven thousand.

We get a better feel for Connecticut migration during the period by distinguishing between domestic migration and

international migration. Net domestic migration, which is migration between Connecticut and other states, resulted in an estimated loss of 217 thousand Connecticut residents between 1990 and 1998. But net international migration, migration to and from foreign countries (plus Puerto Rico), produced a net gain of 68 thousand people, or 2.1% of the population (nationally, net international migration added 2.7% to the population).

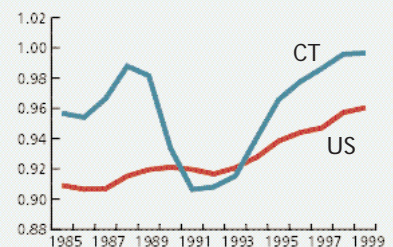
Jobs and Employment

As our faithful readers know, there are two estimates of the work force: jobs and employment. The job estimate is based on a monthly survey of about 5,000 Connecticut employers. The employment estimate is based on a monthly survey of about 500 Connecticut households. Because the employment sample is only one tenth the size of the job sample, job estimates are considered more reliable, and they get the most attention.

The household survey captures some workers missed in the employer survey such as the self-employed, domestic workers, and those working out of state. But the employer survey captures some filled positions missed in the household survey such as jobs held by multiple jobholders and jobs held by workers less than 16 years of age.

Although jobs and employment are, to some extent, apples and oranges, we can learn more about the economy by tracing the relation between the two measures over time. The accompanying figure shows the yearly ratio of jobs to employment since 1985 for Connecticut and for the nation. For example, a figure of 0.90 indicates there were nine filled jobs for every 10 employed people. As you can see, Connecticut's jobs-to-employment ratio has fluctuated more than the nation's, but it has also been above the national ratio every year except during the early 1990s. The state's ratio of 1.00 in 1999 is above the national average

Ratio of Jobs to Employment Has Fluctuated More Here than in U.S.

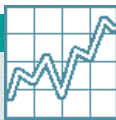


Source: Developed by *The Connecticut Economy* based on annual estimates from the Connecticut and U.S. Departments of Labor.

of 0.96 and the highest recorded in the state in at least two decades.

Connecticut's climbing ratio in recent years reflects the fact that jobs have returned to the Connecticut economy much more quickly than has employment. Whereas Connecticut has regained over 149 thousand jobs since the bottom job year of 1992, employment did not bottom out until 1995 and the state economy has added back fewer than 60 thousand employed workers since then.

How can job growth outpace employment growth? Someone who was self-employed can take a job, thereby leaving employment unchanged but increasing the state's job total. Someone who already has a job can take a second job, again leaving employment unchanged but increasing the job total. A 15-year old can take a job bagging groceries (although 14- and 15-year olds can legally work part time, they are not considered part of the labor force and are not counted in the employment total but are counted in the job total). Or someone who commutes to a job out of state can take a job closer to home. Such possibilities are more likely to occur in Connecticut's tight labor market. Because the state's labor force has grown little in recent years, Connecticut employers must dip deeper and deeper into the labor pool to find workers. Incidentally, although Connecticut's jobs-to-employment ratio of 1.00 is higher than the national average, it is not the highest around. Massachusetts is at 1.01.



INDEX OF ECONOMIC INDICATORS

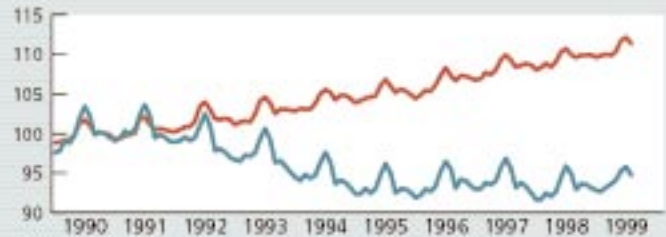
Job Totals

(not seasonally adjusted)



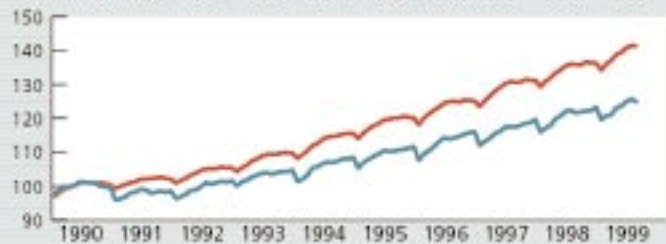
Labor Force

(not seasonally adjusted)



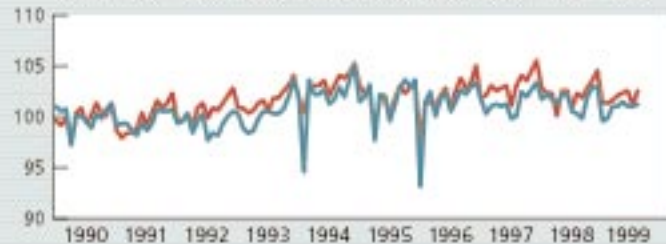
Service Jobs

(not seasonally adjusted)



Weekly Manufacturing Hours

(not seasonally adjusted)



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Connecticut Travel and Tourism Index

The overall index increased 1.8% in the third quarter compared to the same quarter the year before. The index consists of hotel-motel revenues, hotel-motel occupancy rates, attendance at six major tourist attractions, and traffic on five tourist roads.

Hotel/Motel Rev.	H	6.2%
Occupancy Rate	P	2.4%
Attendance	H	1.0%
Traffic	H	2.2%
Overall	H	1.8%

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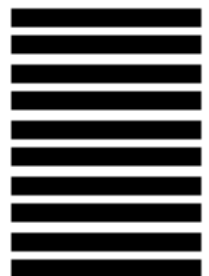
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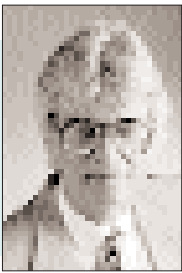
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Connecticut: Giant Cul-de-Sac or Global Highway?

By Michael Gallis
Principal, Michael Gallis & Associates
Charlotte, North Carolina



New England is famous for the number and quality of its educational, medical and research institutions, not for its transportation network. Although located next to metro New York—North America’s largest transportation hub—Connecticut is difficult to access. This is a vital concern, because reaching the global marketplace in the 21st century will be critical to every individual, business, institution and agency of government.

For most people, traffic congestion experienced on the way to work is tangible, whereas the network of global economic activity is abstract and remote. But the two are closely connected. Regional traffic congestion is caused by an increasing number of people trying to reach the dense complex of economic activities in global hubs.

Changes in the global network are having real impacts in New England and especially Connecticut, which is dependent on neighboring airports and seaports to provide access to the world marketplace. Throughout history, the hubs of the transportation network grew to become the principal urban and economic centers of the world, while areas that lost connections withered away. As today’s transportation network takes a new form, the major hubs and routing pattern of that network are shifting away from Connecticut and New England. North of Connecticut, the group of four airports (Logan, Green, Manchester and Worcester) suffers from a lack of good surface connections. Seaports, too, share the same problem. South of Connecticut, the airports and seaports of the New York metro area form the largest and most important hub in North America, and yet are now forced to compete for their survival.

Last year New York had to compete for the location of a new container superport with Baltimore and Halifax. The impor-

tance of this competition seemed remote to residents of Connecticut yet it will have a very real effect on the future of the state. While New York was selected, the port will actually end up in Northern New Jersey, which has better access to inland transit systems. When this superport is combined with the over one billion dollars of new investments in Newark airport, the primary point of global connection will shift from New York to New Jersey and spur development in Northern New Jersey, shifting the point of origin for goods destined for Connecticut. For Connecticut-bound goods, this will mean a circuitous rail trip through Albany and Springfield or more trucks on already congested I-95.

These changes are presenting new challenges and opportunities for Connecticut. The relationship between global access and local congestion is best seen along the I-95 corridor, where the greatest challenge lies in strengthening access to the New York metro area. This corridor is the global gateway for the entire state. The I-91 corridor, from the port at New Haven, to greater Hartford and Bradley Airport, offers an enormous opportunity to provide transportation, logistics and related services to a region with severely congested facilities.

While these issues may be called transportation and logistics issues, they are actually much broader and will ultimately shape Connecticut’s relationship to the global network. As economic integration continues around the world, the need to reach the marketplace is increasing. Providing Connecticut with a stronger relationship to this network will ensure that the state will not end up as a giant cul-de-sac in the 21st century global network.

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