The Progress Board has identified additional indicators by which North Carolina can track its economic advancement. We urge policymakers to pay attention to: a) our international activity as measured by the merchandise exports' share of total production, b) real labor productivity in manufacturing, and c) the unemployment rate.

Success factors

The Progress Board has also identified success factors, defined as the conditions necessary for a thriving state economy. While not specifying particular targets at this time, we cite these success factors to call attention to their roles in facilitating the state's march toward its priority goals.

Business vitality – The entrepreneurial spirit is alive and well in North Carolina, and we must nourish that spirit. In terms of net business starts, North Carolina has out-performed the nation since 1985. While North Carolina exceeded the national rate in venture capital disbursements as a percentage of production in 1995, our state trailed the nation in the previous five years. Even though results may fluctuate from year to year, it is important that policymakers keep focused on improving the state's performance in net business starts and in capital availability.

Business investments – The Progress Board urges special attention to research and development, the source of new products and improved technology. Over the past 20 years, North Carolina has lagged in R&D spending as a share of gross state product. Our best and boldest companies, of course, know the importance of exploring new products and technologies, but it must be reemphasized that North Carolina should expect to compete – and succeed – in the global marketplace.

Productivity and worker preparedness – Increasingly, economic vitality is linked to the education of the young and the retraining of adults for the jobs of the future. Increasingly, North Carolina must see that sophisticated worker training and re-education is a crucial, and perhaps the critical, facet of the state's further economic development. Historically, North Carolinians have been a hard-working people, but we still have too many people underemployed. Now we must prepare our people to become more productive. The Progress Board addresses this need for education and training more fully in the chapter on educational quality. We have listed productivity and worker preparedness among the success factors in order to emphasize the importance of raising the skill level of our people as a prerequisite to a more productive economy and a higher standard of living.

Business environment – North Carolina's prosperity has resulted, in large part, from a tradition of public-private partnership. On balance, our state has sought to adopt tax and regulatory policies that keep North Carolina competitive with its neighboring states, but it has also refrained from the excesses of inter-state competition. As the process of measuring the state's progress continues, we urge attention to the cost of doing business in the state, along with the collection of more comprehensive data on net relocations – data on plant closures and relocations, in-migrating businesses, and employment and payroll consequences.

Supportive infrastructure – Without necessary transportation networks, utilities and other physical needs, North Carolina cannot maintain a growing economy. Especially in our