



BUSINESS

AVOIDING ECONOMIC STORM ; Bay State could best nation

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Massachusetts may be on the verge of breaking an economic pattern.

Some economists are cautiously optimistic the state may weather the current economic storm better than the rest of the nation - and better than in previous downturns and recessions in Massachusetts.

"We still need to cross our fingers," said Andre Mayer, economic director at the Associated Industries of Massachusetts. "But there are reasons to believe we'll get through (current economic woes) in relatively good shape."

Whether the nation is technically in a recession is still being debated.

But there's no doubt the housing market retreat and financial crunch have slowed down the economy on many fronts across the nation.

Yet Massachusetts hasn't been as hard hit.

The state has definitely seen its housing market retreat in prices, total number of sales and foreclosures - but not nearly to the extent seen in other states, economists note.

The state's economy lost about 2,400 payroll jobs last month, according to new data.

But the state's economy pumped out new jobs the previous six months while the jobless rate has actually fallen, to last month's 4.1 percent, below the national average of 5 percent.

Another indication that the state's economy is in relatively good shape compared to the rest of the nation can be gleaned from a new survey to be released today by [KPMG International](#).

The survey shows that 81 percent of about 100 local executives think the economy will dip into recession.

But an encouraging 57 percent of respondents think their companies will see "improved performance" over the next year, according to KPMG.

"That's got to tell you something," said Bud LaCava, managing partner of KPMG's Boston office.

If current economic trends hold steady, it could mean Massachusetts is poised to break a prior economic pattern of being one of the first states to slip into recession - and then stay in a deep recession longer than other states.

Alan Clayton-Matthews, an economist at the University of Massachusetts, said the recession of the late 1980s and early 1990s pounded the state's job market, as more than 400,000 jobs were lost due to the collapse of the high-tech and housing sectors.

During the most recent recession, Massachusetts lost about 200,000 jobs, a large percentage of them victims of the dot-com bust.

In both recessions, Massachusetts was one of the last states to experience economic recovery. The Bay State has yet to recoup all of the lost jobs from the last recession, but the economy has generated 111,000 new jobs in recent years - with the life-sciences and high-tech sectors performing especially well.

Mayer said the Massachusetts economy appears to be avoiding the classic "boom or bust" cycles of the past.

"The bad news is that we didn't have a boom here," he said of the recent slow recovery. "But the good news might be we won't see a bust."

Clayton-Matthews and Mark Zandi, chief economist for [Moody's Economy.com](#), said they still see hard times ahead - with the likely prospect of more job cuts here. There's also the possibility that the global economy will take a dive - then all bets are off.

Still, Zandi said the "Massachusetts economy is holding up better than most states."

"The economy is going to be weak, both locally and nationally," said Clayton-Matthews. "But I still think Massachusetts might avoid a technical recession."