

# The Economic Performance of the New England States in 1999: An Overview

By Nicole Barsamian, Joshua Congdon-Martin, Matthew LaPenta, and Mizue Morita

The New England economy looked exceptionally strong at the end of 1999. Employment growth remained above its long-term trend and trailed only slightly the job growth rate of the nation. Unemployment continued to shrink in 1999 as strong job growth exceeded labor force growth.

## Job Growth

Total nonagricultural employment in New England rose by 129,500 jobs between December 1998 and December 1999, growing 1.9 percent for the second consecutive year (Chart 1). The region's growth rate remained well above its long-term trend of 1.4 percent, although it trailed the 2.1 percent growth rate of the nation (Table 1).

**Table 1 - Employment Growth Rate (percent)**

	Long-term Trend*	Dec 98- Dec 99
United States	2.0	2.1
New England	1.4	1.9
Connecticut	1.1	1.5
Maine	2.0	2.7
Massachusetts	1.2	1.9
New Hampshire	2.9	2.3
Rhode Island	1.1	1.6
Vermont	2.3	1.9

\* Long-term trend is average annual employment rate from 1970 to 1999.

Jobs were added in all six New England states (Chart 2). New Hampshire and Vermont were the only states to see job growth below their long-term trends. Massachusetts, Rhode Island, and Vermont saw faster job growth in 1999 than in 1998, while the reverse was true in Connecticut, Maine, and New Hampshire.

Services grew 2.9 percent during the year ending in December 1999, adding 65,700 jobs, more than double the number of jobs added in any other sector (Charts 3 and 4). The construction sector added 17,200 jobs in the region and grew at a rate of 6.8 percent over the year, outpacing the nation's construction growth. Transportation and public utilities, wholesale trade, and government grew more slowly in New England than nationally, while retail trade and finance, insurance, and real estate grew slightly faster. Manufacturing employment continued to fall in 1999, although it declined by only 1.6 percent, compared to 2.3 percent in 1998 (Chart 5).

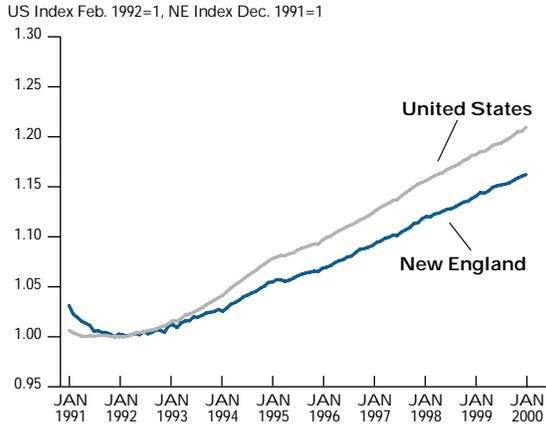
## Unemployment

New England's unemployment rate continued to fall during 1999, ending the year at 3.1 percent (Chart 6). All the New England states showed lower unemployment rates in December 1999 than a year earlier, except for Massachusetts, which held steady at 3.2 percent (Chart 7). Jobless rates in the region were last this low in 1988. As noted earlier, the decline in the jobless rate has occurred as job growth has outpaced labor force growth. After shrinking in 1998, the region's labor force grew 0.6 percent in 1999 (Chart 8). New England's unemployment rate decreased even further in early 2000, reaching a record low of 2.6 percent in March.

## Income and Prices

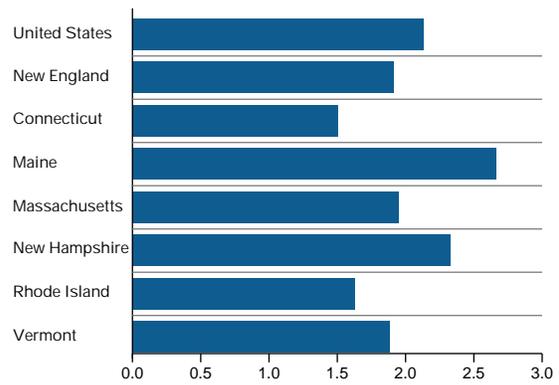
New England's per capita personal income remained the highest of any Bureau of Economic Analysis region, reaching \$34,264 in 1999 (Table 2). New England's growth rate for per capita personal

**Chart 1 - Nonagricultural Employment**



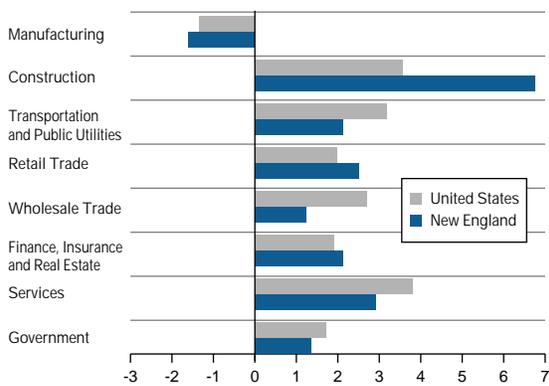
**Chart 2 - Nonagricultural Employment**

Percent Change, December 1998 to December 1999



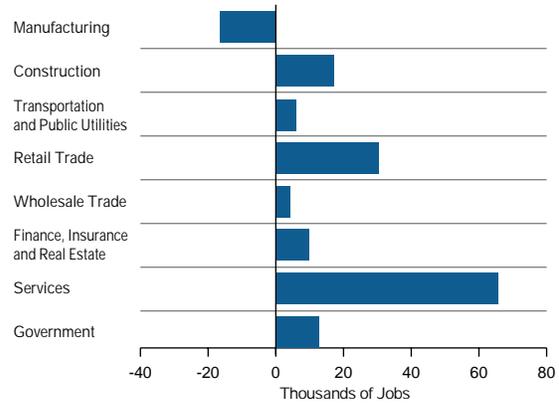
**Chart 3 - Employment by Industry**

Percent Change, December 1998 to December 1999

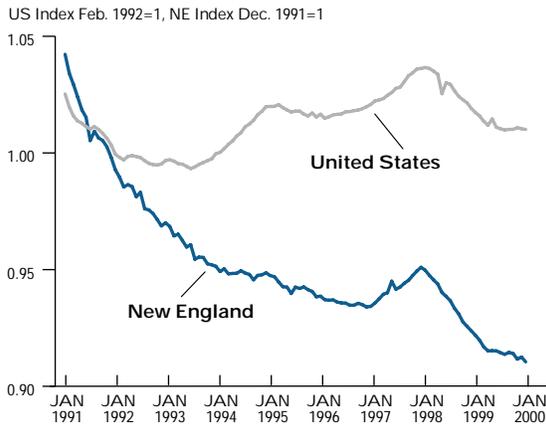


**Chart 4 - Employment by Industry**

Net Jobs Added or Lost in New England, December 1998 to December 1999



**Chart 5 - Manufacturing Employment**



**Chart 6 - Unemployment Rate**

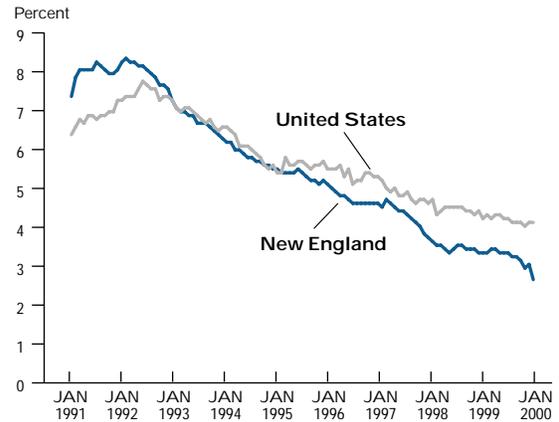


Chart 7 - Unemployment Rate

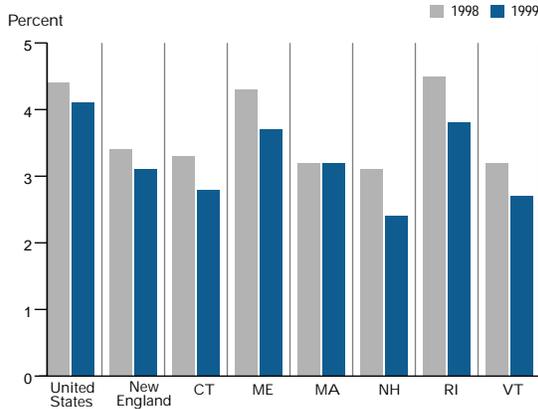


Chart 8 - Labor Force Growth

Percent Change, 1998 to 1999 (annual average)

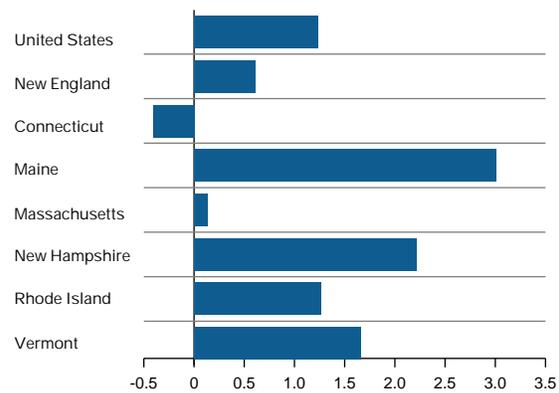


Table 2 - Per Capita Personal Income

	1999 Ranking	1998	1999	Percent Change
United States		\$27,203	\$28,518	4.8
New England		\$32,373	\$34,264	5.8
Connecticut	1	\$37,338	\$39,167	4.9
Maine	37	\$23,499	\$24,960	6.2
Massachusetts	3	\$33,496	\$35,733	6.7
New Hampshire	8	\$29,480	\$30,905	4.8
Rhode Island	14	\$28,262	\$29,720	5.2
Vermont	32	\$24,062	\$25,892	5.2

Source: U.S. Bureau of Economic Analysis

income was also faster than that of any other region. Among the six states, Massachusetts saw the fastest growth. Connecticut remained the most prosperous state in the nation, with a per capita personal income 37 percent above the national average. Although Maine and Vermont remained below the national average, per capita personal income grew rapidly in both states, 6.2 percent and 5.2 percent, respectively.

Average hourly earnings of manufacturing production workers rose 3.7 percent in New England and 3.8 percent nationally between December 1998 and December 1999 (Chart 9). Growth in average hourly earnings accelerated in 1999 for all New England states except Maine. By March 2000, year-over-year growth had slowed to 3.1 percent in New England and 3.6 percent nationwide.

Consumer prices rose somewhat faster in Boston than in the nation as a whole in 1999 (Chart 10). The Boston consumer price index (CPI) increased 3.4 percent over the twelve months ending in November 1999.<sup>1</sup> The nation's CPI rose 2.6 percent over the same period. Shelter and medical care prices rose notably faster in Boston than nationwide, while food and

transportation prices increased slightly faster. Fuel prices were the only major category that increased faster in the nation than in Boston. Inflation accelerated in early 2000. As of March, the Boston CPI was up 4.5 percent from a year earlier, while the U.S. CPI was up 3.7 percent. The steepest year-over-year price increases were for energy-related categories, fuel and transportation. Boston's especially steep rise in the fuel component reflects the area's greater dependency on home heating oil.

### Exports

The dollar value of total merchandise exports rose 8.5 percent in New England between fourth quarter 1998 and fourth quarter 1999, reaching \$38 billion; this compares with 5.0 percent growth nationwide, to a level of \$747 billion (Chart 11). New England's exports of instruments rose 26.4 percent, the largest percentage increase among the region's top export industries. Fabricated metals, decreasing 4.7 percent, was the only major industry to show declining exports over the course of the year.

Exports to all of New England's top ten export destinations increased between fourth quarter 1998 and fourth quarter 1999. The region's major Asian export destinations saw large percentage increases, ranging from 15.0 percent to 20.6 percent, reflecting these nations' recovery from the Asian crisis of 1998.

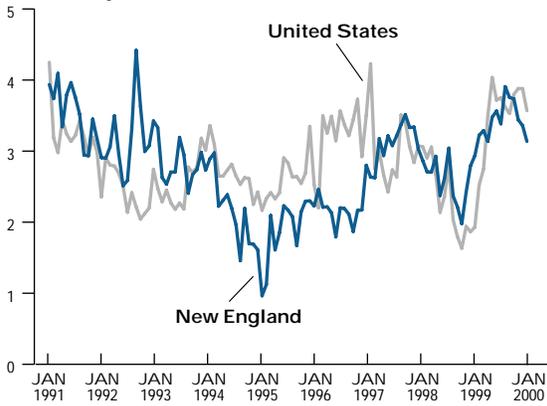
### Real Estate

Residential construction contracts in New England dropped significantly between fourth quarter

**Chart 9 - Average Hourly Earnings**

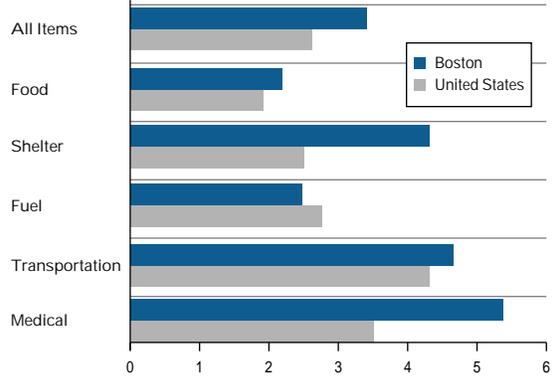
Manufacturing Production Workers

Percent Change from Year Earlier



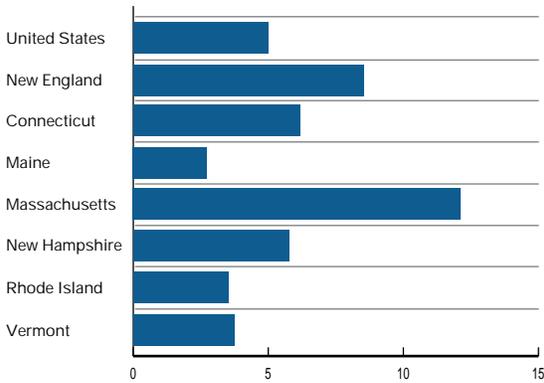
**Chart 10 - Consumer Prices**

Percent Change, November 1998 to November 1999



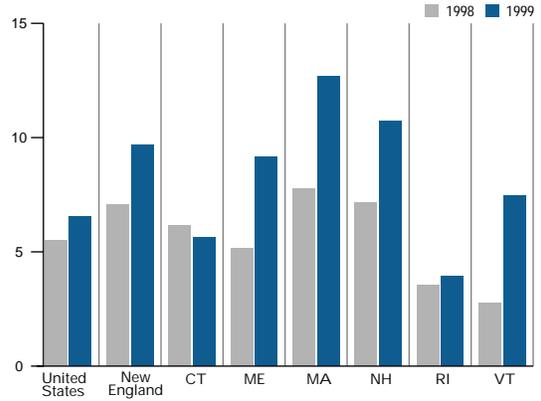
**Chart 11 - Exports by State**

Percent Change, Fourth Quarter 1998 to Fourth Quarter 1999



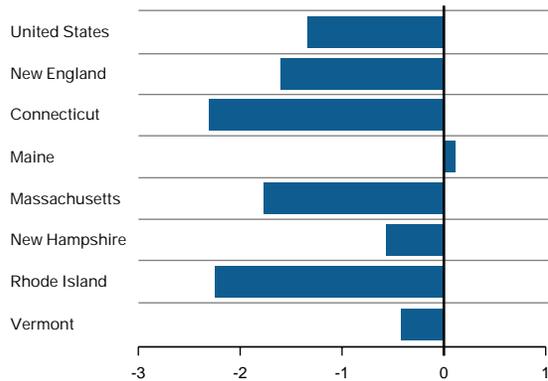
**Chart 12 - Repeat-Sales Home Price Index**

Percent Change, December 1998 to December 1999



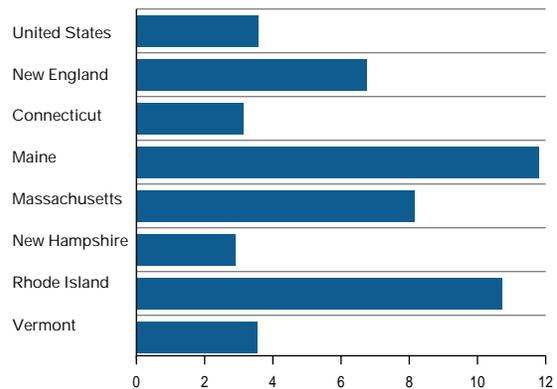
**Chart 13 - Manufacturing Employment**

Percent Change, December 1998 to December 1999



**Chart 14 - Construction Employment**

Percent Change, December 1998 to December 1999



1998 and fourth quarter 1999. The decrease was due primarily to mild weather in the fourth quarter of 1998 that allowed for an unseasonably high amount of construction activity. Total housing permits declined over the same period as well.

The repeat-sales home price index, which holds quality constant, increased 9.7 percent in New England between fourth quarter 1998 and fourth quarter 1999, the highest home price increase since 1987 (Chart 12). The nation's index rose 6.6 percent over the year, an increase not seen since 1989. Connecticut and Rhode Island were the only New England states that saw smaller home price increases than the nation in 1999.

## Connecticut

Connecticut's total nonagricultural employment grew 1.5 percent between December 1998 and December 1999, slightly slower growth than the previous year (Chart 2). The 1999 gain represented an increase of almost 25,000 jobs. The Waterbury, Bridgeport, Hartford, and New Haven metro areas all had lower rates of growth than the state as a whole. Greater Stamford saw total employment growth of 1.9 percent, and its unemployment rate — 1.8 percent as of year end — remained the lowest among Connecticut metro areas.

After a relatively small decline in manufacturing employment in 1998 compared to the rest of the New England states, Connecticut saw the steepest decline in 1999 (Chart 13). Manufacturing employment contracted 2.3 percent from December 1998 to December 1999, a full percentage point faster than the U.S. pace for the same time period. This translated to a loss of approximately 6,300 jobs. Large cutbacks at Electric Boat, Sikorsky Aircraft, Hamilton Sundstrand, and Stanley Works, and reorganization at Pratt & Whitney were primarily responsible.<sup>2</sup> Wholesale trade was the only other broad industry in Connecticut to lose employees in 1999.

Construction, government, and services industries experienced the fastest growth in employment. All had gains around 3 percent for the year ending in December 1999; both the construction and services sectors, however, were growing more slowly than the New England and U.S. averages (Chart 14). Over 50 percent of the Constitution State's net job additions took place in the services industry, which added more

than 14,000 jobs from December 1998 to December 1999. The business services industry, led by Internet and computer-related sectors, played a major role in the growth in services.<sup>3</sup>

Connecticut's labor force contracted in 1999 for the second consecutive year, although the contraction was more modest than in 1998 (Chart 8). The average number of persons in the labor force fell by about 7,000, or 0.4 percent. This contraction combined with the previously noted employment growth caused Connecticut's unemployment rate to fall again in 1999 (Chart 7). The rate dropped 0.5 percentage points from its December 1998 level to a December 1999 level of 2.8 percent.

At just over \$39,000 in 1999, Connecticut maintained the highest level of per capita personal income in the country (Table 2). This measure grew by 4.9 percent from 1998, slightly faster than the national average.

Connecticut's total merchandise exports rebounded from negative growth in 1998 to post over a 6 percent increase from fourth quarter 1998 to fourth quarter 1999 (Chart 11). Canada and France remained the two leading destinations: Exports to Canada fell minimally, while exports to France rose slightly after more than doubling in 1998. Exports to the United Kingdom and Japan recovered in 1999 after a dramatic drop-off in 1998. Increases of 23.4 percent and 48.5 percent, respectively, were recorded. Instruments continued to show the fastest growth among Connecticut's top three export industries, showing a 12.3 percent increase over the year.

Sales of existing homes rose 1.6 percent between the fourth quarters of 1998 and 1999. This was a dramatic change from a gain of over 10 percent the year before. The repeat-sales home price index increased 5.6 percent over the same period (Chart 12). Additionally, total housing permits in Connecticut fell considerably in 1999 after sharp increases a year earlier.

As of March 2000, Connecticut's nonagricultural employment was growing at a slightly faster pace than in 1999. While employment in the manufacturing and wholesale trade industries continued to fall in the first quarter, employment growth in the construction sector accelerated. By March, the unemployment rate had dropped to 2.3 percent.

## Maine

The Pine Tree State was the fastest-growing state in New England in 1999 and outpaced the nation in employment growth as well (Chart 2). Maine's total nonfarm employment increased 2.7 percent between December 1998 and December 1999, with the addition of more than 15,000 jobs.

An employment expansion of 3.9 percent in the services sector accounted for nearly half of all new job additions in Maine. Construction employment grew a remarkable 11.8 percent, adding over 3,000 new jobs and far exceeding both the regional and national average rates (Chart 14). This surge in construction employment was fueled, at least in part, by major expansions in the energy sector, including work on gas pipelines and construction of power plants. Wholesale trade employment grew an impressive 5.3 percent, considerably outpacing both the region and the nation. Maine was also the only state in New England to record positive growth in the manufacturing sector (Chart 13).

Maine's labor force grew 3.0 percent from 1998 to 1999 (Chart 8). This was the highest annual average growth rate in the region and was more than two times faster than the national average. Despite this labor force growth, Maine's unemployment rate continued to decline, falling 0.6 percentage point, to 3.7 percent in December 1999 (Chart 7). Annual unemployment rates varied significantly among the state's counties, ranging from 2.3 percent in Cumberland county to 8.8 percent in Washington county. The Maine State Planning Office observed that "regionally, employment growth was fastest in the south and mid-coast counties, next fastest in the central counties, and slowest in the rim counties around the outer edge of Maine. This is a continuation of the pattern which began a generation ago. County unemployment rates in 1999 clearly show this three-tiered map of economic health."<sup>4</sup>

Although Maine's per capita personal income remained the lowest in New England at \$24,960 in 1999, it was up 6.2 percent from 1998 for the second fastest growth in the region and tied for third fastest in the nation (Table 2). Average hourly earnings for manufacturing production workers increased 3.4 percent, to \$14.19, between December 1998 and December 1999.

Total exports from Maine grew 2.7 percent

between fourth quarter 1998 and fourth quarter 1999 (Chart 11). The state's largest export industry, electrical equipment, saw a 14.9 percent decline in the value of exports, while the next two largest industries — paper and lumber and wood — saw increases of 10.1 percent and 6.1 percent, respectively. The dollar value of exports to Canada, Maine's most important destination, increased 31.1 percent, while important Asian export destinations, specifically Singapore and Malaysia, saw significant declines.

The performance of Maine's real estate market was mixed during 1999. The repeat-sales home price index grew 9.2 percent between fourth quarter 1998 and fourth quarter 1999 (Chart 12). New construction within the state, however, was weaker. Total housing permits fell 3.2 percent during the same period, and residential construction contracts tumbled 12.5 percent.

In early 2000, Maine's expansion was continuing. By March, the unemployment rate had declined to 3.5 percent. Total nonagricultural employment had increased 2.8 percent from a year earlier, with employment growth in the construction sector remaining extremely strong.

## Massachusetts

The Bay State economy expanded on a par with the rest of the New England region in 1999. Total nonagricultural employment grew 1.9 percent between December 1998 and December 1999 (Chart 2), faster than both the state's long-term trend and the previous year's growth rate (Table 1).

Fueled by the Big Dig project and work on commercial and residential buildings, construction was the fastest-growing industry in Massachusetts, with employment expanding 8.1 percent (Chart 14). However, the much larger services sector accounted for over one-half of net job gains in Massachusetts. Services employment rose 3.0 percent, or 33,900 jobs, in 1999. Business services, which include temporary employment agencies and the software industry, grew the most, while health services experienced modest job losses.

Manufacturing employment declined 1.8 percent (Chart 13). Most of the job losses occurred during the first half of 1999 and were concentrated in durable goods industries such as industrial machinery and equipment and electronic equipment. Then the trend

was reversed; manufacturing employment grew in July and August after 16 consecutive months of decline and leveled off for the remainder of the year.

By metro area, Lawrence enjoyed the most robust employment growth in the state, with employment rising 3.8 percent. The Lowell and New Bedford metro areas also saw faster employment growth than the state average, while Fitchburg-Leominster and Worcester had few job gains. The Boston metro area, which encompasses over 60 percent of the state's employment, grew modestly at 1.5 percent, reflecting the area's tight labor market. As of December, the Boston metro area's unemployment rate was 2.7 percent.

The Commonwealth's unemployment rate remained low, around 3.2 percent, throughout 1999 (Chart 7). A shortage of workers was exacerbated by sluggish labor force growth of only 0.1 percent in 1999 (Chart 8).

Total personal income rose 7.6 percent between fourth quarter 1998 and fourth quarter 1999. Per capita income in Massachusetts increased to \$35,733 in 1999, or 25 percent above the national average, keeping Massachusetts the third highest state in the nation (Table 2).

Merchandise exports from Massachusetts expanded 12.1 percent between fourth quarter 1998 and fourth quarter 1999, the highest growth among the New England states (Chart 11). Exports to Japan, the state's second largest trading partner after Canada, rose 15.3 percent, despite declines in the first and second quarters.

Housing price hikes in Massachusetts accelerated in 1999. The repeat-sales home price index rose 12.7 percent between fourth quarter 1998 and fourth quarter 1999, outpacing New England's 9.7 percent rise (Chart 12). Prices in the Boston and Lawrence metro areas increased 14.2 percent and 13.0 percent, respectively, while the Springfield metro area experienced a smaller 4.2 percent rise during the same period. By contrast, construction contracts were lower in the fourth quarter than a year earlier.

The Bay State economy continued to expand in early 2000. Total nonfarm employment increased 1.9 percent over the 12 months ending in March 2000. Services and construction employment continued to lead in job gains, while growth in retail trade and FIRE employment slowed somewhat. The unem-

ployment rate fell to a record low of 2.4 percent in March 2000. However, housing activity may have passed its peak; existing home sales were down 3.9 percent in first quarter 2000 from a year earlier, and total housing permits were down 6.8 percent over the same period.

## New Hampshire

Total employment grew faster in the Granite State than in New England overall and the United States overall in 1999 (Chart 2). The 2.3 percent growth rate, however, fell short of the previous year and the state's long-term trend (Table 1).

New Hampshire saw its biggest employment growth rates in the wholesale trade and finance, insurance, and real estate (FIRE) industries, where employment grew by 4.2 percent and 3.4 percent, respectively. Employment gains in the securities and commodities brokers (mutual funds) and insurance sub-groupings of FIRE were responsible for most of the growth in FIRE.<sup>5</sup> The construction, retail trade, services, and government industries all expanded about 3 percent. Employment in manufacturing continued to contract in 1999, partially because of cutbacks at Compaq and Raytheon Marine.<sup>6</sup> However, the contraction was only 0.6 percent in 1999 compared to 2.4 percent in 1998 (Chart 13). Employment growth in the transportation and public utilities sector dropped sharply from almost 10 percent in 1998 to only 0.5 percent in 1999, partially because of the completion of the Manchester Airport expansion in 1998.<sup>7</sup>

Services industries were responsible for about 40 percent of New Hampshire's net total job growth in 1999. The sector added 5,300 jobs between December 1998 and December 1999. The retail trade sector had the next largest share in 1999, adding 3,700 jobs and accounting for over one-quarter of the employment growth.

For the third straight year, New Hampshire's unemployment rate was the lowest among the New England states throughout 1999. The December 1999 unemployment rate was 2.4 percent, down from 3.1 percent in December 1998 (Chart 7). The jobless rate fell despite labor force growth faster than in the nation as a whole and every other New England state except Maine (Chart 8).

Per capita personal income in New Hampshire

rose to almost \$31,000 in 1999, third highest in New England and eighth highest in the nation (Table 2). The 4.8 percent rate of growth equaled the national average but was the lowest among the six New England states. Average hourly earnings of manufacturing production workers rose 2.6 percent between December 1998 and December 1999, the lowest rate of increase in New England and below the national average.

New Hampshire's merchandise exports increased 5.8 percent in dollar value from fourth quarter 1998 to fourth quarter 1999 (Chart 11). Whereas the Granite State led New England with 10.2 percent export growth in 1998, its 1999 growth rate was below the New England average and only slightly ahead of the national average. Exports to Canada rose by almost 50 percent, while those to Germany and Ireland dropped significantly. The electrical equipment and instruments industries both saw export increases of over 40 percent, while exports of fabricated metals and industrial machinery declined.

Although the repeat-sales home price index was particularly strong this year, increasing 10.7 percent from fourth quarter 1998 to fourth quarter 1999, other indicators of housing activity were weaker (Chart 12). Existing home sales were down 8.0 percent. Total housing permits decreased 8.3 percent, and residential construction contracts fell sharply as well.

By March 2000, the Granite State's total nonfarm employment growth rate had slowed somewhat. The biggest slowdowns were seen in wholesale trade, manufacturing, and FIRE. At the same time, New Hampshire's unemployment rate continued to fall, reaching 2.2 percent in March 2000, a low not seen since 1988.

## Rhode Island

The Ocean State's economy continued to expand in 1999. Employment grew at a faster pace than in the previous year, but lagged the New England average. Total nonfarm employment in Rhode Island grew 1.6 percent, or by 7,500 jobs, between December 1998 and December 1999 (Chart 2). Job gains were concentrated in retail trade, services, and construction.

Retail employment in Rhode Island increased 4.8 percent during the 12 months ending in December 1999. The opening of the Providence

Place Mall and other national retail chains, such as Target and Best Buy, fueled retail trade job growth, as did robust expansions in eating and drinking establishments. Work on the Providence Place Mall supported strong growth in construction employment as well. Hotel construction in Providence and Warwick also contributed to job gains.<sup>8</sup> Construction was the fastest-growing industry in Rhode Island, with employment expanding 10.7 percent over the course of 1999 (Chart 14).

Growth in services employment in Rhode Island slowed in 1999 and was modest compared to the rest of the region. The state's job count in services increased 1.5 percent, with a majority of these job gains in business services and social services. By contrast, employment in health services and educational services declined. The manufacturing sector also struggled in 1999, with its employment falling 2.2 percent (Chart 13). Job losses were solely in nondurable goods, where employment decreased 7.7 percent.

The unemployment rate in Rhode Island fell sharply during 1999, from 4.5 percent in December 1998 to 3.8 percent in December 1999, but it remained the highest among the New England states at year's end (Chart 7). Rhode Island's labor force grew on a par with the nation's at 1.3 percent, twice as fast as the New England region (Chart 8).

Total personal income rose 5.8 percent between fourth quarter 1998 and fourth quarter 1999. Per capita income in Rhode Island reached \$29,720 — 4 percent above the national average (Table 2).

Total merchandise exports from Rhode Island increased 3.5 percent over the year ending in fourth quarter 1999 (Chart 11). Exports of Rhode Island's two largest exporting industries, electrical equipment and industrial machinery, climbed 7.0 percent and 27.3 percent, respectively. Exports to Japan and Mexico fell 35.5 percent and 44.0 percent, respectively, while exports to Canada rose 4.1 percent.

House prices and single-family housing construction were relatively steady in Rhode Island. The repeat-sales home price index rose 3.9 percent between fourth quarter 1998 and fourth quarter 1999, the lowest price increase among the New England states (Chart 12). Single-unit housing permits contracted slightly from fourth quarter 1998 to fourth quarter 1999. In contrast, total housing permits rose 35.5 percent, and the value of total construction con-

tracts jumped 42.8 percent over the same period. Nonresidential building contracts rose 133.3 percent, partly because of the construction of a new Fidelity office building and the North Kingston High School.<sup>9</sup>

The Ocean State's economy continued to grow in early 2000 at a similar pace to 1999. Total nonfarm employment was up 1.6 percent in March from a year earlier. Retail trade and services continued to play a major role in job creation, while growth in construction started to slow as the Providence Place Mall neared completion. The unemployment rate in March was the same as in December, 3.8 percent.

## Vermont

Vermont's expansion continued in 1999 with total nonfarm employment increasing 1.9 percent, on a par with regional job growth (Chart 2). This represented a significant quickening over 1998's pace, although the state's job growth remained below its long-term trend (Table 1).

Service industries expanded 3.2 percent between December 1998 and December 1999, adding 2,800 jobs and accounting for more than half of Vermont's net employment expansion. Retail trade, the second major contributor to job growth, expanded 2.1 percent, adding 1,100 jobs. Transportation and public utilities added 400 new jobs, growing 3.3 percent, slightly higher than the U.S. average. Employment in the wholesale trade industry grew 3.3 percent, outpacing the nation. Manufacturing employment saw a 0.4 percent decline between December 1998 and December 1999 (Chart 13). These job losses partially reversed 1998's manufacturing job gain of 0.6 percent.

Vermont's labor force expanded 1.7 percent between 1998 and 1999, well above both the New England and the United States pace (Chart 8). The unemployment rate fell from 3.2 percent in December 1998 to 2.7 percent in December 1999, giving the Green Mountain State the second lowest jobless rate in the region (Chart 7). Thirteen of the state's fourteen counties posted lower annual unemployment rates in 1999 than 1998. Local rates ranged from a low of 1.9 percent in Chittenden county to a high of 6.3 percent in Orleans county.

Vermont's per capita personal income was \$25,892 in 1999, ranking fifth highest among the New England states and 32nd in the nation (Table 2).

Its 5.2 percent growth was in the middle of the New England states but faster than United States. Average hourly earnings of manufacturing production workers rose 4.6 percent between December 1998 and December 1999, the biggest increase in the region, bringing earnings to \$14.03 per hour.

The dollar value of merchandise exports from Vermont expanded 3.8 percent between fourth quarter 1998 and fourth quarter 1999 (Chart 11). Exports to Canada, Vermont's leading trade destination, were off 17.2 percent, while exports to Italy and South Korea, the state's next largest export destinations, saw sizable gains of 51.8 percent and 81.0 percent, respectively. These figures are in sharp contrast with a year earlier, when exports to Canada were up more than 29 percent, while exports to Italy and South Korea had declined sharply. As for major export industries, trade in the top two, electrical equipment and industrial machinery, slowed from 1998, with growth rates of 3.2 percent and negative 3.2 percent, respectively. Exports of food and kindred products recovered from declines in 1998, expanding 17.1 percent from fourth quarter 1998 to fourth quarter 1999.

Housing markets in Vermont were strong during 1999. The repeat-sales home price index increased 7.5 percent between fourth quarter 1998 and fourth quarter 1999 (Chart 12). Total housing permits rose 4.5 percent over the same period, while single-unit permits remained stable. Residential construction contracts fell 19.0 percent, most likely because unseasonably mild weather in fourth quarter 1998 led to unusually high construction activity during that period.

In early 2000, Vermont's expansion was accelerating. By March, the unemployment rate had dropped to 2.4 percent. Total nonfarm employment was up 2.2 percent from a year earlier, and the manufacturing sector was once again adding jobs.

**Endnotes:**

- 1 The Boston CPI is measured every other month and covers eastern Massachusetts through Worcester, excluding Cape Cod and including the southern Maine/Kittery area, southern New Hampshire, and one county in northern Connecticut.
- 2 Connecticut Department of Labor, *Business and Employment Changes Announced in the News Media* and Deak, Edward; "New England Economic Project: Issues Forecast for Connecticut Economy," *Business Times*, Feb. 7, 2000, New Haven CT.
- 3 Connecticut Department of Labor and Connecticut Department of Economic and Community Development, *The Connecticut Economic Digest*, March 2000.
- 4 Maine State Planning Office, *The Maine Economy: Year-end Review and Outlook 1999*, March 2000, p. 2.
- 5 New Hampshire Economic and Labor Market Information Bureau, *Summary of the New Hampshire Economy*, Fall 1999.
- 6 New England Economic Project, *Economic Outlook*, October 1999.
- 7 New Hampshire Economic and Labor Market Information Bureau, *Summary of the New Hampshire Economy*, Fall 1999.
- 8 Perreault, Raymond, Rhode Island Department of Labor and Training, *Nonfarm Wage and Salaried Employment*, May 16, 2000, <http://www.dlt.state.ri.us/lmi/TrendsInRI%20Economy/CESportion.htm>.
- 9 Boothroyd, Tim, F.W. Dodge, e-mail.

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- Vermont Department of Employment and Training, <http://www.det.state.vt.us/>