Economic Performance of the New England States in 2000: An Overview

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Following a year of steady growth in 1999, New England’s economy continued to flourish in 2000. Strong employment growth in nearly all of the region’s states and major industries complemented falling unemployment rates, rising personal income, and increasing merchandise exports. In most respects, the economic performance of the region surpassed that of the nation. New England’s 2000 prosperity was not unchallenged, however; the region faced obstacles such as rising consumer prices, shrinking consumer confidence, and tightening real estate markets throughout the year. In addition, the national and regional economies began to slow in the second half of the year.

Employment

Between December 1999 and December 2000, New England’s total nonagricultural job count rose by 149,000, or 2.2 percent, outpacing the national growth rate of 1.4 percent. In addition, the region’s employment growth significantly exceeded its 30-year average rate of 1.4 percent per year. While employment in all six New England states increased during 2000, Maine grew the fastest, with a 2.8 percent expansion (Chart 1 and Table 1).

Employment expanded in all of New England’s major nonmanufacturing industries. Following recent historical trends, employment in the region’s construction industry grew the fastest, jumping 6.7 percent (Chart 2). However, the services industry gave the biggest boost to employment during the year—an additional 77,900 jobs, more than triple the number created by any other industry (Chart 3). Growth in retail employment was second largest, at 22,600 jobs for the year. The region’s manufacturing jobs continued to decline, although not as much as across the nation (Chart 4).

During the first quarter of 2001, New England’s employment continued to grow. In March, the region’s employment was up 1.5 percent from a year earlier, while the national job count was up just 0.9 percent. Job gains were widespread, with employment in all of New England’s major nonmanufacturing industries continuing to grow.

Table 1 - Employment Growth Rate (percent)

<table>
<thead>
<tr>
<th>State</th>
<th>Long-Term Trend</th>
<th>Dec 1999 to Dec 2000</th>
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<tr>
<td>New Hampshire</td>
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<td>2.0</td>
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<tr>
<td>Rhode Island</td>
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<tr>
<td>Vermont</td>
<td>2.4</td>
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*Long-term trend is the average annual employment growth rate from 1970 to 2000.

Unemployment

New England recorded its lowest unemployment rate ever (2.4 percent) at year-end 2000 (see chart on page 11). In December, each of the region’s six states had a lower unemployment rate than the national average (4.0 percent), ranging from Connecticut’s 2.0 percent to Rhode Island’s 3.6 percent. In addition, the rates in all six states were below year-earlier levels (Chart 7). Between 1999 and 2000 (annual average), the labor force in the region edged up just 0.3 percent (Chart 8), so that employment gains were largely associated with reductions in the number of unemployed New Englanders. Despite falling unemployment rates in the region, average weekly initial claims for unemployment rose 11 percent between December 1999.
and December 2000, with the rise concentrated in the second half of the year. National weekly claims jumped more than twice as fast as claims in New England.

By the end of the first quarter of 2001, New England’s unemployment rate had crept up to 2.8 percent, but it was still lower than a year earlier. Meanwhile, the national unemployment rate had climbed to 4.3 percent in March and was above its year-earlier level. All six New England states maintained unemployment rates lower than the national average in March.

Income

New Englanders received a $36 billion increase in total personal income over the course of 2000. The 7.5 percent gain between fourth quarter 1999 and fourth quarter 2000 outpaced the national increase of 6.6 percent. Higher wage and salary disbursements accounted for nearly 70 percent of the $36 billion increase. The region’s per capita annual income in 2000 (roughly $36,000) exceeded the national level by more than 20 percent, crowning New England as the richest region on a per capita basis. Two New England states, Connecticut and Massachusetts, led the other 48 in per capita income (first and second ranks, respectively). New Hampshire also ranked among the nation’s top 10 (Chart 9).

Consumer Prices

Consumer prices escalated more rapidly in New England than in the nation throughout 2000. Between November 1999 and November 2000, the nation experienced inflation of 3.4 percent, while Boston area residents faced a price increase of 4.6 percent, primarily driven by a 14.6 percent rise in fuel prices (Chart 11). In addition, inflation in all major consumer categories (food, shelter, fuel and utilities, transportation, and medical care) was higher in Boston than in the nation during this period.

Boston’s trend of higher inflation continued through the first quarter of 2001. In March, consumer prices in the region were 4.4 percent above last year, while national prices were up 2.9 percent.

Consumer Confidence

In 2000, New England consumers lost confidence in the economy to a slightly greater degree than consumers across the nation. While national consumer confidence fell 9.2 percent between December 1999 and December 2000, consumer confidence across New England dropped 11.9 percent, in large part because of dwindling future expectations. Declines in consumer confidence continued both regionally and nationally in the early months of 2001.

Residential Real Estate

Real estate markets in New England tightened between 1999 and 2000 as housing construction and sales waned while home prices soared. These trends have also continued through the first quarter of 2001.

New England’s repeat-sales home price index climbed 14.2 percent between the fourth quarters of 1999 and 2000, a greater increase than the 8.4 percent hike in the national index. All six states saw greater home price increases than did the nation (see charts on page 18). By fourth quarter 2000, the median sales price of existing homes in the United States had risen to $139,300. Five of the seven New England metropolitan areas for which data are available had recorded prices higher than the U.S. median; the Boston price was more than twice the U.S. price (Chart 12).

Existing home sales in the region fell 0.5 percent between the fourth quarters of 1999 and 2000, in part because of limited inventories, according to industry analysts. Meanwhile, existing home sales increased 1.3 percent across the nation (Chart 13). Weaker new construction also contributed to the tightening supply of homes, as average monthly permits dropped 7.5 percent in the region, more than double the 3.5 percent decline nationally (Chart 14). Maine and New Hampshire were the only New England states where the number of permits increased.

Exports

By fourth quarter 2000, the value of New England’s merchandise exports had risen to nearly $44 billion, marking a 13.7 percent increase since fourth quarter 1999 and a regional record high. Also during this time, New England’s exports grew faster than the
New England's top nine exporting industries (in terms of dollar value) all saw export growth in 2000, although some industries increased much more notably than others. For instance, transportation equipment and electric equipment led the exports race (both expanding 25 percent), while exports of primary metals and paper showed only modest growth (between 1 percent and 2 percent).

As in the past, New England's 2000 exports to Canada were of greater dollar value than those to any other country. Despite a slight slip from a year earlier, the value of fourth-quarter 2000 exports to Canada totaled more than $10 billion—more than 23 percent of New England's total exports. New England's exports to Germany rose 55 percent over the period, far greater than the U.S. increase of 8.0 percent and representing the largest increase among all the region's destination countries.

Connecticut

Total employment grew 1.2 percent between December 1999 and December 2000 in the Constitution State, more slowly than in any other New England state (Chart 1) and marking the state's lowest growth rate since 1996. The only metro area in the state to suffer an employment decline in 1999, New Haven rebounded in 2000 and led all Connecticut metro areas with employment growth above 3.0 percent. However, the Bridgeport, Hartford, and Waterbury metro areas all lost jobs in 2000 after positive growth in 1999.

Connecticut's nonmanufacturing industry sectors all showed employment increases in 2000. For the second consecutive year, the construction industry showed the largest percentage gain—5.2 percent—with 3,300 jobs added (Chart 5). The services sector showed the largest absolute gain, adding 9,600 jobs, for a growth rate of 1.8 percent (Chart 6). The transportation and public utilities and wholesale trade industries both grew faster in 2000 than in 1999. For the ninth time in the past ten years, Connecticut's manufacturing industry saw a loss in total employment. From December 1999 to December 2000, industry wide employment dropped 1.4 percent, about 3,600 jobs (Chart 4). This was an improvement from the 3 percent decrease over the course of 1999. Layoffs of over 1,000 workers at Pratt & Whitney, Hamilton Sundstrand, and Sikorsky Aircraft were accompanied by smaller layoffs at other firms.

Connecticut's unemployment rate fell steadily throughout 2000, from 2.8 percent in December 1999 to 2.0 percent in December 2000 (Chart 7). This 2.0 percent unemployment rate was the lowest level for Connecticut in the last 30 years as well as the lowest of all New England states and indeed all 50 states. The unemployment rate decreased even as the labor force expanded (Chart 8).

At $40,640, the Constitution State continued to lead the nation in per capita income. This amount was more than $2,500 above that for the next closest state, Massachusetts (Chart 9). Hourly wages of manufacturing production workers rose by about $0.20 from December 1999 to December 2000, but this represented a drop from the increase of almost $0.70 in the year before.

Although Connecticut's repeat-sales home price index rose strongly in 2000, increasing 11.5 percent between fourth quarter 1999 and fourth quarter 2000 (see chart on page 18), other housing market indicators were weaker. Existing home sales were down for the first time since 1996 (Chart 13), and average housing permits fell 14.5 percent (Chart 14).

Connecticut posted strong growth in total merchandise exports between fourth quarter 1999 and fourth quarter 2000. The 16.6 percent growth rate was well above the New England and U.S. average growth rates (see chart on page 23). Canada continued to be the leading destination, as exports to Canada grew 4.7 percent in 2000 after falling slightly the year before. Exports to France rose 22.3 percent, while exports to Japan fell 15.6 percent. Exports of transportation equipment, Connecticut's largest export industry, jumped 42.6 percent, while exports of instruments fell 13.0 percent in 2000 after a 12.3 percent increase in 1999.

Through March 2001, Connecticut's nonagricultural employment growth continued to slow in most sectors except for finance, insurance, and real estate, and the manufacturing sector continued to lose jobs at a steady pace. By March, however, the unemployment rate had dropped even further, to 1.9 percent, staying below the nation and the other New England states.
Maine

Maine’s employment continued to grow relatively quickly in 2000, outpacing the other New England states (Chart 1). Total nonfarm employment grew by almost 17,000 jobs between December 1999 and December 2000. The 2.8 percent growth rate was nearly half a point higher than in 1999 and very close to 1998’s rate. Employment in both the Lewiston-Auburn and the Portland metro areas grew faster than in the state as a whole, 5.1 percent and 3.0 percent, respectively.

After posting slight growth in manufacturing employment in 1999, the Pine Tree State experienced the largest percentage drop among the New England states in 2000. Manufacturing employment declined 2.3 percent from December 1999 to December 2000, contracting more than twice as fast as in the United States overall (Chart 4). A labor dispute at Bath Iron Works in September and October had a temporary depressing effect, but the manufacturing industry also shed jobs because of layoffs and closures in shoe plants and paper mills. In total, about 2,000 manufacturing jobs were lost. The transportation and public utilities industry was the only other sector to lose jobs, but the loss was just 100 jobs.

Maine’s construction and services industries showed the strongest employment growth rates from December 1999 to December 2000, while retail trade and government followed the services sector with the largest absolute employment gains. Employment in the construction industry grew 5.3 percent (Chart 5), but lagged both 1998 and 1999 growth rates. Services employment expanded by 4.8 percent (Chart 6), almost a full percentage point faster than in 1999; this translated into 8,500 added jobs.

At almost 3 percent, Maine continued to have the fastest rate of growth in its labor force (annual average) among the New England states in 2000 (Chart 8). The average number of labor force participants increased by about 19,000 individuals, following an increase of more than 20,000 during 1999. Even with this fast labor force growth, Maine’s unemployment rate fell in 2000 after a slight increase in 1999. Between December 1999 and December 2000, the rate dropped 1.5 percentage points, to 2.7 percent (Chart 7), Maine’s lowest level in the last 30 years. The southern and coastal regions had the lowest annual average unemployment rates in 2000, with Cumberland, York, Lincoln, Knox, and Sagadahoc counties having the lowest rates.

In 2000, Maine’s per capita income of $25,623 ranked 36th in the nation, trailing the other five New England states (Chart 9). Average hourly wages for manufacturing employees went up by about $0.50 between December 1999 and December 2000, growing faster than in any other New England state and in the nation overall (Chart 10).

Maine’s repeat-sales home price index rose by 11.5 percent from fourth quarter 1999 to fourth quarter 2000, more than the nation’s (see chart on page 18) and the highest four-quarter increase statewide in the last 10 years. Sales of existing homes jumped more than 26 percent during 2000, the largest increase since 1995 and much higher than activity in the rest of the region (Chart 13). At the same time, the average number of housing permits authorized increased slightly in 2000, unlike the decreases in most other New England states.

The dollar value of Maine’s total merchandise exports dropped more than 25 percent between fourth quarter 1999 and fourth quarter 2000 (see chart on page 23). In the prior year, total merchandise exports had increased by roughly 3 percent. The contraction can be attributed to a decline of more than 40 percent in electric equipment exports, which had been Maine’s largest export industry since 1997. Although the value of exports to Canada remained relatively strong, exports to Singapore dropped 90.3 percent between fourth quarter 1999 and fourth quarter 2000.

By March 2001, the Pine Tree State’s total nonfarm employment growth rate had slowed to 1.8 percent. The biggest slowdown was in the government sector, while the services and wholesale trade sectors both showed improved growth rates. Despite slower growth, Maine’s unemployment rate fell to 2.4 percent.

Massachusetts

In 2000, Massachusetts’ total nonfarm employment rose faster than its long-term average growth rate (Table 1). The Bay State added 88,000 jobs between December 1999 and December 2000. This 2.7 percent growth was slightly faster than the pace of overall
job growth in New England (Chart 1).

Lowell was the fastest-growing metro area in Massachusetts, with a 4.8 percent increase in employment between December 1999 and December 2000. Employment growth in Lawrence also outpaced growth in the state overall, increasing 3.4 percent in 2000. Job counts in Brockton, Fitchburg-Leominster, New Bedford, Pittsfield, Springfield, and Worcester rose more slowly than in the Bay State as a whole; employment in the Boston metro area, which accounts for over 60 percent of total jobs in the state, rose 2.7 percent.

Employment in the services industry rose 3.9 percent from December 1999 to December 2000, accounting for more than half of the total number of jobs added in Massachusetts over the year (Chart 6). Services growth in 2000 was fueled by a 10.5 percent increase in business services employment, which makes up one-quarter of Massachusetts' total services employment. Health services, which accounts for slightly more than one-quarter of total services employment in Massachusetts, did not add any jobs between December 1999 and December 2000.

Construction was the fastest growing industry in Massachusetts, adding 12,300 jobs, or 13.9 percent of all jobs added in the Commonwealth during the year. Growth in construction employment in Massachusetts outpaced the rest of the New England states, rising 10.0 percent in 2000 (Chart 5).

In contrast with New England as a whole, Massachusetts' manufacturing sector added jobs in 2000 for the first time since June 1998. By December 2000, the state's manufacturing employment had grown 0.9 percent from the year before (Chart 4). The growth was dominated by the high-tech sector, which accounted for nearly all 4,000 manufacturing jobs added between December 1999 and December 2000.

The unemployment rate in Massachusetts fell to a record low of 2.3 percent in December 2000. Falling unemployment rates in 2000 reflected growth in total employment with a shrinking labor force (Chart 8). Unemployment rates in the metro areas of Boston (1.9 percent), Brockton (2.5 percent), Fitchburg (2.9 percent), Lawrence (3.2 percent), Lowell (2.0 percent), Pittsfield (3.0 percent), and Worcester (2.3 percent) all ended 2000 at historical lows.

Per capita income in Massachusetts was $37,922, the second highest level in the nation behind Connecticut (Chart 9). Total personal income and wage and salary disbursements grew 8.7 percent and 10.9 percent, respectively, faster than growth in any other New England state. Average hourly earnings of manufacturing production workers in Massachusetts rose 3.6 percent, more than in the nation or New England as a whole (Chart 10).

Housing prices rose sharply in 2000, as the repeat-sales home price index jumped 15.4 percent from fourth quarter 1999 to fourth quarter 2000 (see chart on page 18), a pace not seen since the mid-1980s. Median home prices in Boston rose 13.2 percent in 2000, well above the national increase but below Boston's 1999 increase. By fourth quarter 2000, the median price of a Boston home was roughly 2.5 times the national median price (Chart 12). The increase in home prices was partly due to limited supply, evident in the state's 9.6 percent drop in existing home sales (Chart 13) and 9.3 percent decrease in the annual average number of housing permits authorized between 1999 and 2000 (Chart 14).

The total dollar value of Massachusetts' merchandise exports grew faster in 2000 than both the nation's and New England's overall (see chart on page 23). Despite a slight decline in exports to Canada, the state's largest export destination, total exports increased 18 percent between fourth quarter 1999 and fourth quarter 2000. Export growth was led by a 53 percent increase in exports of electric equipment, which accounted for almost one-third of the Bay State's total exports in fourth quarter 2000.

By March 2001, employment growth in the Bay State had slowed somewhat, with the job count up 2.1 percent since March 2000. All major nonmanufacturing sectors except finance, insurance, and real estate and government saw moderate growth rates in early 2001. The unemployment rate in Massachusetts ticked upward to 3.2 percent in March 2001, a rate higher than in most New England states but still well below the national average.

**New Hampshire**

The Granite State's total nonfarm employment grew 2.0 percent between December 1999 and December 2000, a rate slower than the previous year's
For the first time in 10 years, New Hampshire's employment growth rate lagged New England's (Chart 1). The fastest growth occurred in the services and wholesale trade industries, where growth rates were the highest in all six New England states. Services employment grew 5.2 percent, adding 9,400 jobs, roughly 80 percent of the state's net job gain (Chart 6). Business services, which include computer and data processing services and personnel supply services, led the industry's growth, while health services, the state's largest major services group, showed little expansion. Employment in wholesale trade grew 3.8 percent, adding 1,200 new jobs.

Manufacturing employment continued to contract in 2000. Losses were more severe in the nondurable goods industries where the job count declined by 2.3 percent between December 1999 and December 2000. While most durable goods industries experienced modest contraction, electronic components and stone, clay, and glass products added new jobs. Employment in the transportation and public utilities and government sectors declined 0.5 percent and 0.6 percent, respectively. Employment growth in the finance, insurance, and real estate industry slowed significantly from last year, dropping to 0.6 percent, owing in large part to a decline in insurance employment.

New Hampshire's annual average labor force expanded 2.6 percent between 1999 and 2000 (Chart 8). Even with a fast-growing labor force, the unemployment rate fell 0.6 percentage point, to 2.3 percent in December 2000 (Chart 7). Annual unemployment rates in most of the state's labor market areas were under 3.0 percent; rates in the northern areas, notably the Colebrook labor market area, remained much higher than the state's average.

Total personal income in the Granite State increased 7.9 percent between fourth quarter 1999 and fourth quarter 2001. Per capita income was $33,332 in 2000 and ranked sixth highest in the nation (Chart 9). Average hourly earnings of manufacturing production workers rose 3.5 percent in 2000, exceeding the growth rates of both the nation and the region (Chart 10). However, at $13.72 per hour at the end of 2000, New Hampshire had the second-lowest hourly wage in the region after Rhode Island.

The real estate market in New Hampshire had a robust year. The Granite State's repeat-sales home price index experienced the steepest increase of all the New England states between fourth quarter 1999 and fourth quarter 2000, rising 15.6 percent and recording the highest growth rate since the state's earlier peak in 1986 (see chart on page 18). By contrast, the volume of existing home sales changed little during the same period (Chart 13). However, the average number of housing permits authorized per month rose 7.9 percent between 1999 and 2000, while most of the other New England states and the nation overall experienced declines (Chart 14).

The dollar value of exports from New Hampshire increased 30 percent between the fourth quarters of 1999 and 2000, growing twice as fast as exports from New England as a whole (see chart on
Exports of both industrial machinery and electric equipment rose over 40 percent, while exports of fabricated metals contracted 30 percent. Exports to Canada, the state’s leading export destination, grew 4.4 percent, and exports to the United Kingdom, the third largest destination, nearly doubled.

New Hampshire’s economy continued to expand in early 2001, albeit at a slower rate. The total job count rose 1.2 percent between March 2000 and March 2001. The services, construction, and wholesale trade industries created the most jobs, while job losses in manufacturing and government accelerated. The unemployment rate rose to 2.6 percent in March 2001, but remained 0.3 percentage point below its year-earlier level.

**Rhode Island**

The Ocean State’s total nonagricultural employment expanded 1.3 percent, by 6,300 jobs, between December 1999 and December 2000 (Chart 1). The state’s job growth rate in 2000 was more than 1.0 percentage point below the rate a year before, but still slightly exceeded its long-term annual growth trend of 1.1 percent (Table 1). Employment growth in the services and retail industries accounted for over 80 percent of the new jobs added.

Between December 1999 and December 2000, Rhode Island’s fastest employment growth was in the construction, transportation and public utilities (TPU), and wholesale trade industries. Construction employment rose 3.8 percent (Chart 5), although this was far slower than the previous year’s 7.0 percent growth rate. The TPU and wholesale trade industries each saw 3.0 percent growth in employment. Services employment grew 2.2 percent, adding 3,500 jobs, or over half of the state’s new jobs added in 2000 (Chart 6). Employment in the retail industry grew 1.8 percent, more slowly than in the previous year, when the industry’s 7.2 percent growth in employment had been boosted by the opening of Providence Place Mall. 12

Manufacturing employment continued to shrink, declining 1.5 percent between December 1999 and December 2000 (Chart 4). While sizable, the decline was less severe than in the year before. Employment in nondurable goods industries decreased 2.0 percent, after shrinking 8.0 percent in 1999. The 1.2 percent contraction in Rhode Island’s durable goods employment was the worst performance for this sector among the six New England states.

The Ocean State’s labor force experienced little change between 1999 and 2000 (Chart 8), while its unemployment rate dropped 0.7 percentage point, to 3.6 percent (Chart 7). This level put Rhode Island’s jobless rate below the national average, but higher than in any other New England state.

Rhode Island’s total personal income growth of 6.6 percent lagged the region’s 7.5 percent, but was on a par with the nation’s. The state’s per capita income in 2000 was $29,685 and ranked 16th in the nation (Chart 9). Average hourly earnings of manufacturing production workers in Rhode Island rose just 0.2 percent, to $12.19, in December 2000, the lowest year-over-year growth rate and level in the region (Chart 10).

Between fourth quarter 1999 and fourth quarter 2000, the repeat-sales home price index in Rhode Island rose 14.0 percent, on a par with the increase in the region (see chart on page 18). The median sales price of existing homes in Providence increased $14,700 during the same period (Chart 12). The volume of existing home sales decreased 3.0 percent, the second-largest drop across the region (Chart 13). Average monthly housing permits decreased 17.3 percent between 1999 and 2000 (Chart 14), the steepest decline among the six New England states.

The dollar value of merchandise exports from Rhode Island expanded 5.5 percent between the fourth quarters of 1999 and 2000 (see chart on page 23). Exports of electric equipment and industrial machinery, the state’s two largest export industries, contracted 6.2 percent and 29.2 percent, respectively, while exports of primary metals rose 19.7 percent. Exports to Canada, the leading export destination, decreased 5.2 percent, but exports to the next two largest destinations, Mexico and Japan, rose 34.4 percent and 24.6 percent, respectively.

In early 2001, Rhode Island’s expansion continued, but at a slower rate. In March the state’s unemployment rate jumped to 4.0 percent, still below the national average of 4.3 percent and the state’s year-earlier rate of 4.2 percent, but the highest in the region. Total employment increased 0.9 percent over the 12 months ending in March 2001. Employment in the
retail and wholesale trade industries was showing strong growth, while the manufacturing and construction industries were shedding workers.

**Vermont**

The Green Mountain State continued to expand in 2000, adding 5,300 jobs over the 12 months ending in December 2000. Employment increased 1.8 percent over the year, outpacing the nation but falling short of the state's long-term average and the growth rate for New England as a whole (Table 1 and Chart 1).

With 1,500 additional jobs and a growth rate of 3.1 percent, the government sector added more jobs and grew faster than any other industry in Vermont. According to the Vermont Department of Employment and Training, the rise was due primarily to an increase in local education jobs. Led by growth in health services employment, the services sector added 1,300 jobs, a 1.4 percent increase between December 1999 and December 2000 (Chart 6).

Manufacturing employment grew faster in Vermont than in any other New England state between December 1999 and December 2000 (Chart 4). Gains in machinery and electric equipment accounted for nearly all of the additions to Vermont's manufacturing jobs. Vermont was the only New England state to see decreases in construction and in finance, insurance, and real estate (FIRE) employment during 2000.

With a labor force that shrank 1.3 percent between 1999 and 2000 (Chart 8), Vermont's unemployment rate was lower in December 2000 than a year earlier (Chart 7). At 2.7 percent, Vermont's December 2000 unemployment rate was the lowest rate recorded since 1988. Only three of the fifteen counties in Vermont experienced slightly higher annual unemployment rates in 2000 than in 1999. Average unemployment rates in 2000 for Vermont counties ranged from 1.8 percent in Chittenden County to 5.9 percent in Orleans County.

Per capita personal income in Vermont was $26,901 in 2000, almost 10 percent below the national average (Chart 9). Total personal income rose 6.0 percent in Vermont in 2000, lagging both the nation and New England as a whole. Wage and salary disbursements also grew more modestly than in the nation as a whole and in the other New England states, rising 6.2 percent. The average work week of manufacturing production workers declined slightly, to 38.9 hours, while average hourly earnings of manufacturing production workers rose 0.9 percent, to $14.19 (Chart 10).

The repeat-sales home price index showed Vermont's home prices growing at a more modest pace than in any other New England state in 2000, but still faster than in the nation's (see chart on page 18). While existing home sales dropped for all other New England states except Maine, Vermont's increased 6.2 percent between fourth quarter 1999 and fourth quarter 2000 (Chart 13). Growth in the value of residential construction contracts in Vermont also exceeded that in New England as a whole.

The total dollar value of Vermont's exports declined 3.0 percent during 2000, in contrast to the increases in exports seen by New England overall and by the nation (see chart on page 23). Owing to the presence of IBM, the lion's share (78 percent) of the Green Mountain State's exports is in electric equipment. Exports of electric equipment declined 5.7 percent between fourth quarter 1999 and fourth quarter 2000. Not surprisingly, exports to Canada, Vermont's largest export destination and home of another major IBM plant, declined by a similar 5.1 percent. Exports to Vermont's second and third largest export destinations, Italy and Japan, declined 41.1 percent and 17.6 percent, respectively. Industrial machinery and food, the state's second and third largest export industries, also saw export values fall. However, other export destinations and industries saw positive export growth.

Vermont's expansion began to slow over the first few months of 2001. Between March 2000 and March 2001, total nonfarm employment in the Green Mountain State nudged upward 0.8 percent, lagging both the nation and New England as a whole. By March 2001, employment growth had slipped for each major sector except manufacturing and FIRE. Manufacturing employment maintained its 2.7 percent growth rate, while FIRE employment, which had been declining in 2000, remained unchanged from a year earlier. Unemployment edged up slightly, to 3.0 percent, in March.
Endnotes:

1. This article does not reflect the 2000 benchmark revisions to national employment data released on June 1, as these data were not available at press time. As a result, comparisons to national employment data should be considered tentative.

2. The Boston CPI is measured every other month and covers eastern Massachusetts through Worcester (excluding Cape Cod), southern Maine (Kittery area), southern New Hampshire, and one county in northern Connecticut.


4. Employment figures are based on establishment surveys (counting the number of jobs on establishment payrolls), whereas the labor force figures are based on household surveys (counting the number of individuals with jobs or looking for work). These two series may diverge because some individuals have more than one job, some individuals are self-employed and therefore are not counted as part of payroll employment, and some individuals commute across state lines to work.


