

## **Massachusetts facing skeptical audience for economic address**

By STEVE LeBLANC

7 April 2008

BOSTON (AP) - The way Gov. Deval Patrick sees it, Massachusetts has any looming national recession right where it wants it.

Rather just than ride out the slump, Massachusetts is poised to surge ahead of other states, according to Patrick who will offer a roadmap through the dim economic times in what he's billing as a major speech on Wednesday.

"We are talking about how we can position ourselves to not just weather ... but take advantage of some opportunities presented by the economic downturn," said Patrick, hoping to reassure a public jolted by the foreclosure crisis and turmoil on Wall Street.

He'll have plenty of skeptics in the audience.

Business leaders say Patrick's portrait of the Massachusetts' economy is too rosy. They point out Massachusetts is one of a handful of states yet to recover the jobs lost during the last economic downturn. The state's population growth has also been stagnant.

Getting Massachusetts on surer fiscal footing will take more than happy talk or quick fixes, they said.

"Our members are very concerned about economic conditions both in the state and nationally. A majority think that if we are not in a recession already we are going into one," said Brian Gilmore, of the Associated Industries of Massachusetts, which represents 7,000 Bay State employers.

A survey released by the group showed business confidence in the economy sank to its lowest level in five years in March. Just 47 percent of Massachusetts employers were somewhat confident about economic prospects. The number has declined five straight months.

Adding to the worries is Massachusetts' inability to shake off the effects of the last downturn in 2002.

"If there is a recession, Massachusetts tends to get in early and stays late getting out," Gilmore said.

Others echoed his concerns.

"No one can recall if we've ever entered a second recession without having recovered all the jobs from the previous recession," said Michael Widmer, president of the business-backed Massachusetts Taxpayers Foundation.

Massachusetts' tepid recovery may mean it doesn't have as far to fall compared to the supercharged late 1990s, when the state's fortunes were tied closely to the Internet bubble, he said.

While he acknowledges the state's economic troubles, Patrick insists things aren't so bad. In a joint press conference with Senate President Therese Murray and House Speaker Salvatore DiMasi last week, Patrick said the state's jobs outlook is improving.

"Our unemployment rate is actually lower today than it was a year ago," he said. "It's lower than the national average."

But Widmer and others say the lower unemployment rate is in large part a reflection of a shrinking labor force.

"We don't have as many jobs to lose. It's hardly a good news story," Widmer said.

Not everyone thinks Patrick is off the mark.

Alan Clayton-Matthews, an economist and professor of public policy at the University of Massachusetts-Boston agrees with Patrick that Massachusetts could fare better than most states, in large part because of the type of jobs here.

Areas such as home construction and auto manufacturing, which are suffering nationally, make up a much smaller piece of the economy in Massachusetts compared to information-based, science-based and consulting jobs which are taking less of a hit.

"That gives us a diversity that a lot of other states don't have," he said. "That doesn't mean we are going to avoid a recession, but I think we are going to do better than the rest of the country."

Patrick also has the support of DiMasi and Murray.

Murray said all three leaders are interested in pushing through economic packages designed to spark the economy in key areas, from DiMasi's energy initiative to Patrick's \$1 billion life sciences package to "all the meat and potatoes in the middle."

"We're going to get this done," she said. "We'll be priming the pump, putting people to work and our economy is not going to be effected as badly as other states."

Murray also said there's little appetite on Beacon Hill for additional taxes beyond the \$1 tax on a pack of cigarettes and corporate tax loophole closings already proposed.

"You can't squeeze people anymore than they're being squeezed," she said.

DiMasi, who battled with Patrick on casinos, said he's on board when it comes to insulating the state from a recession -- in part by helping infuse money into areas that can produce jobs -- like education, medical fields and emerging technology.

Gilmore said Patrick and lawmakers should focus on the basics as they try to help steer the state away from a recession -- from easing business regulations and streamlining the permitting process to helping cut health care and unemployment costs.

"The Legislature and administration could really help by addressing some of those cost drivers to free up more funds to invest in the economy," he said.

He also said there are no easy solutions, adding "what might help eastern Massachusetts may not help western Massachusetts or the South Coast."

Despite his upbeat tone, even Patrick acknowledges the state is facing tough times and likely won't come through any recession unscathed.

"If you were just laid off, then good statistics don't mean a thing," he said.