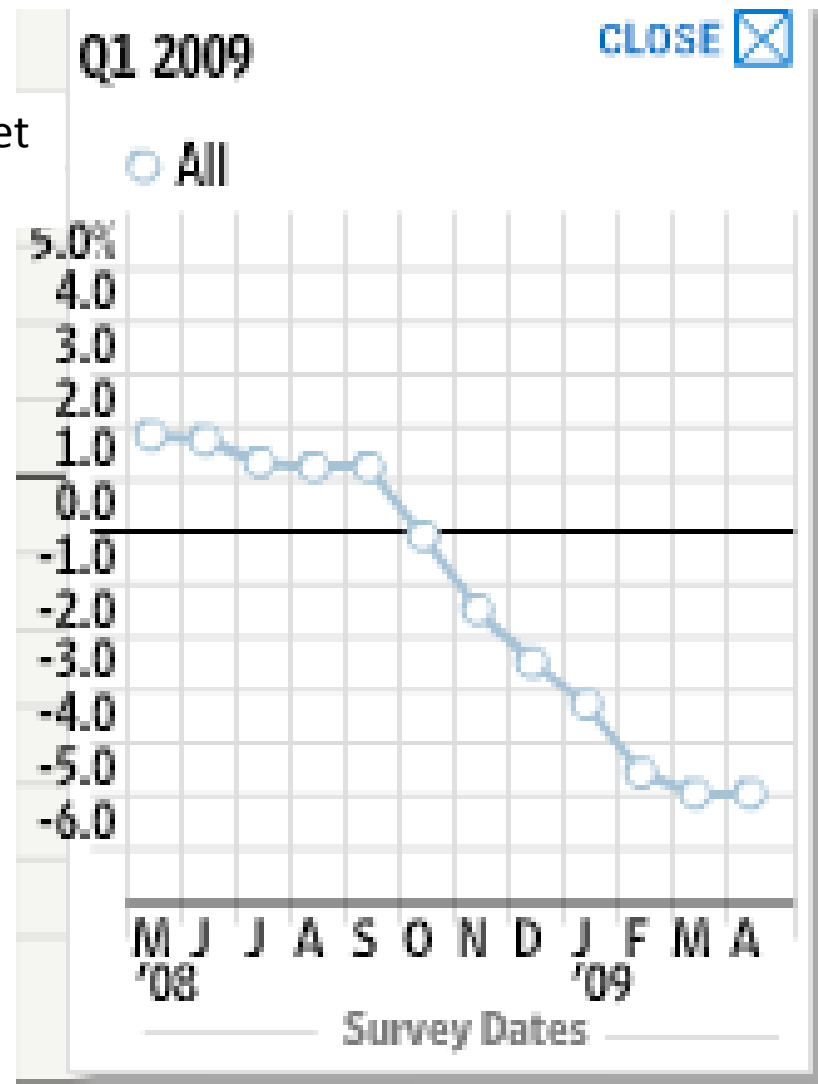
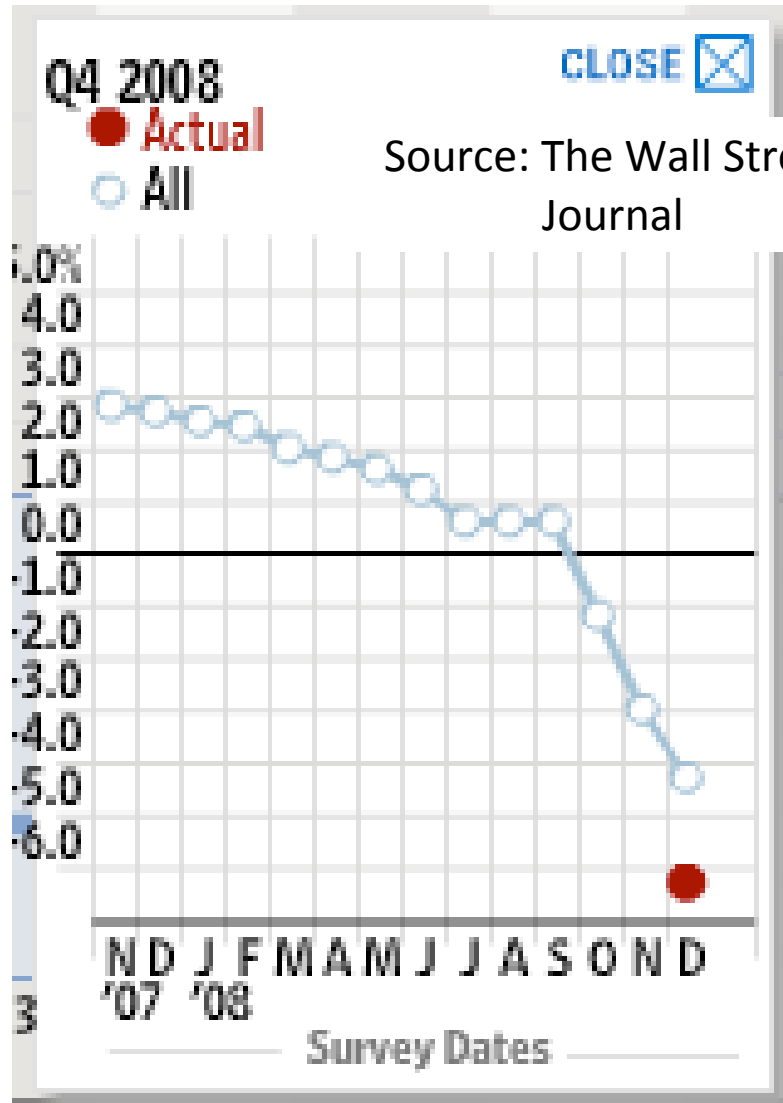


# The Economic and Budget Crisis in Massachusetts

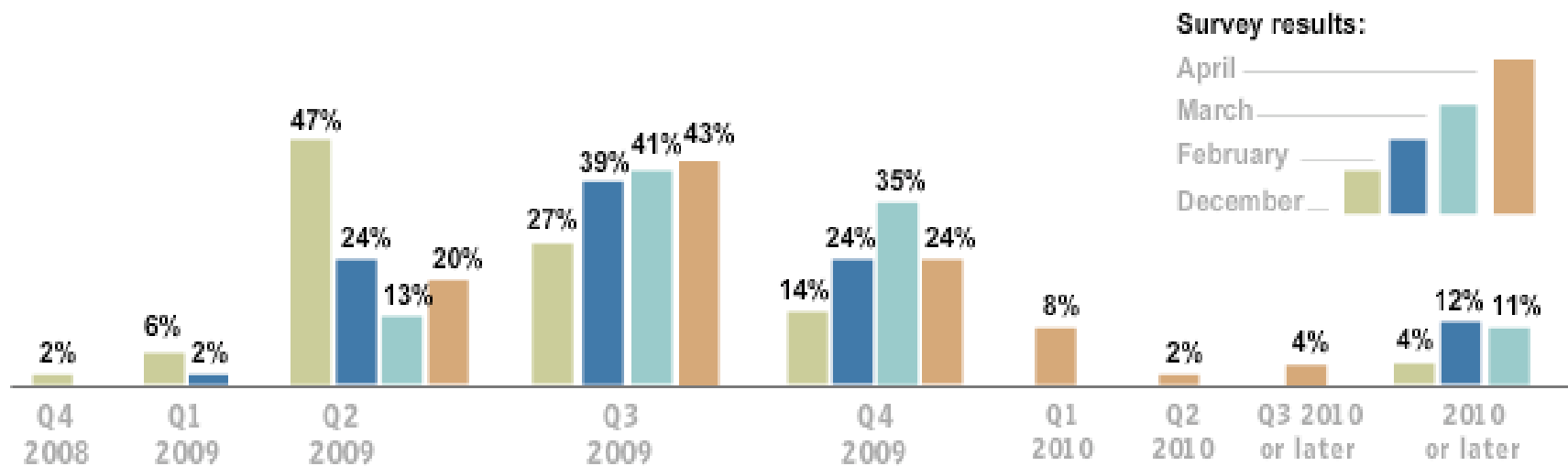
Alan Clayton-Matthews  
McCormack Graduate School of Policy  
Studies, UMass Boston;  
New England Economic Partnership

# Crashing perceptions of the state of the economy... Have they leveled off?



# Light at the end of the tunnel?

Now that the NBER has dated the start of the recession in December 2007, what month and year will it end?

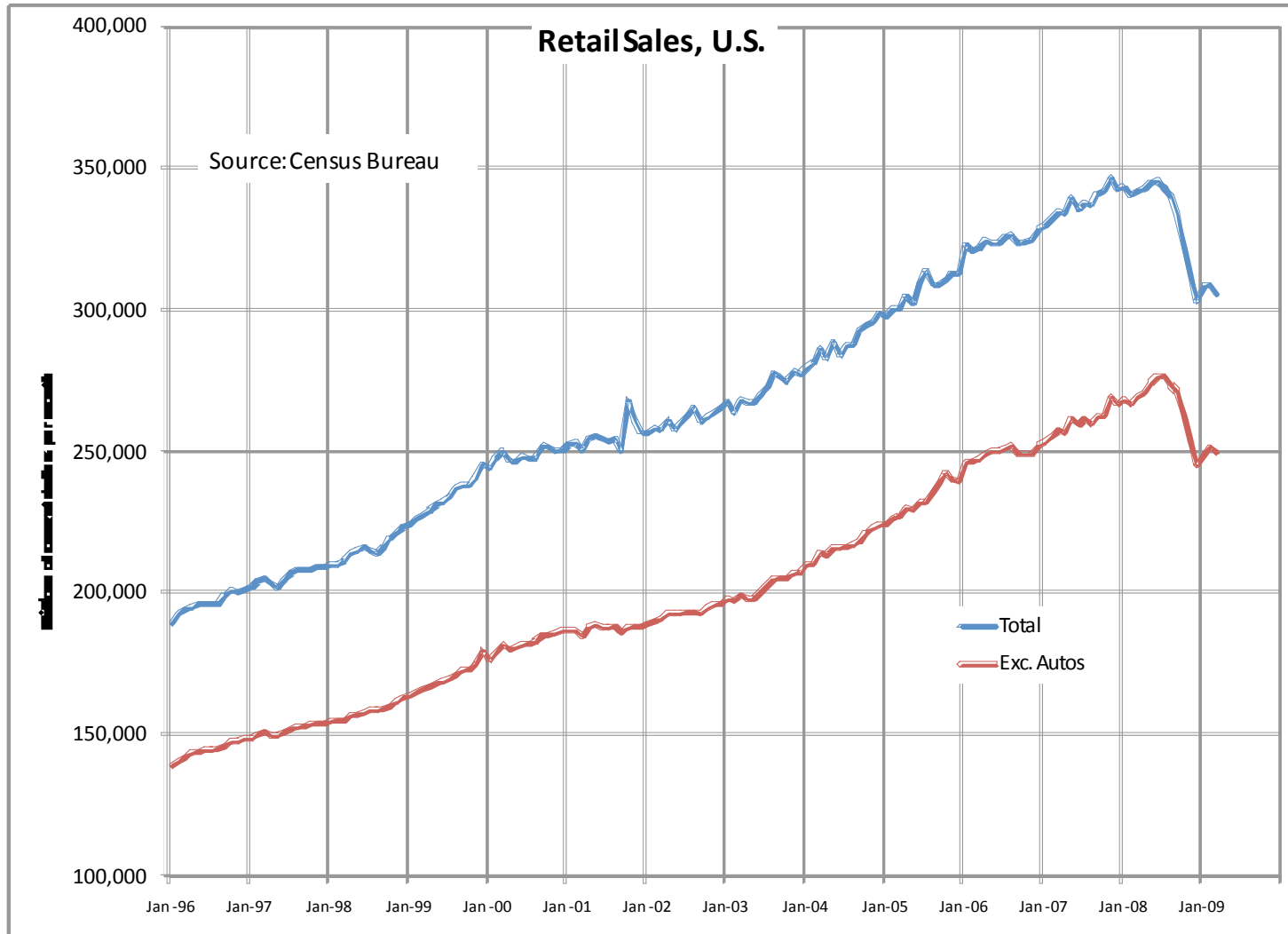


## Selection of comments:

- Easing credit shock paves way for slow recovery.
- We look for modest, but anemic, growth in the second half of 2009.
- End of decline but a long road to "recovery."
- Thanks to the stimulus.

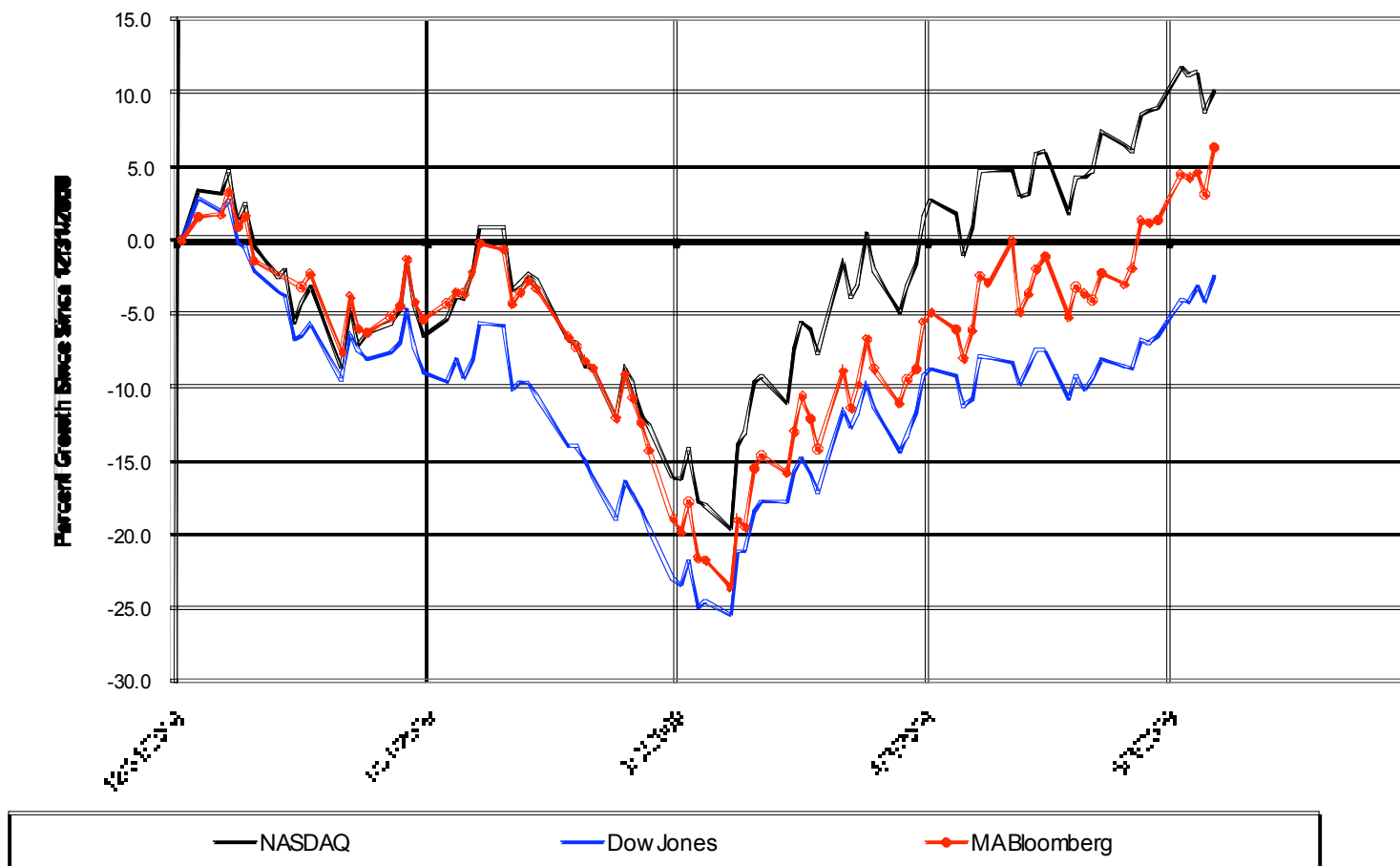
Source: The Wall Street Journal

# Consumer spending may have bottomed out.



The best news so far is an improvement in investor confidence.

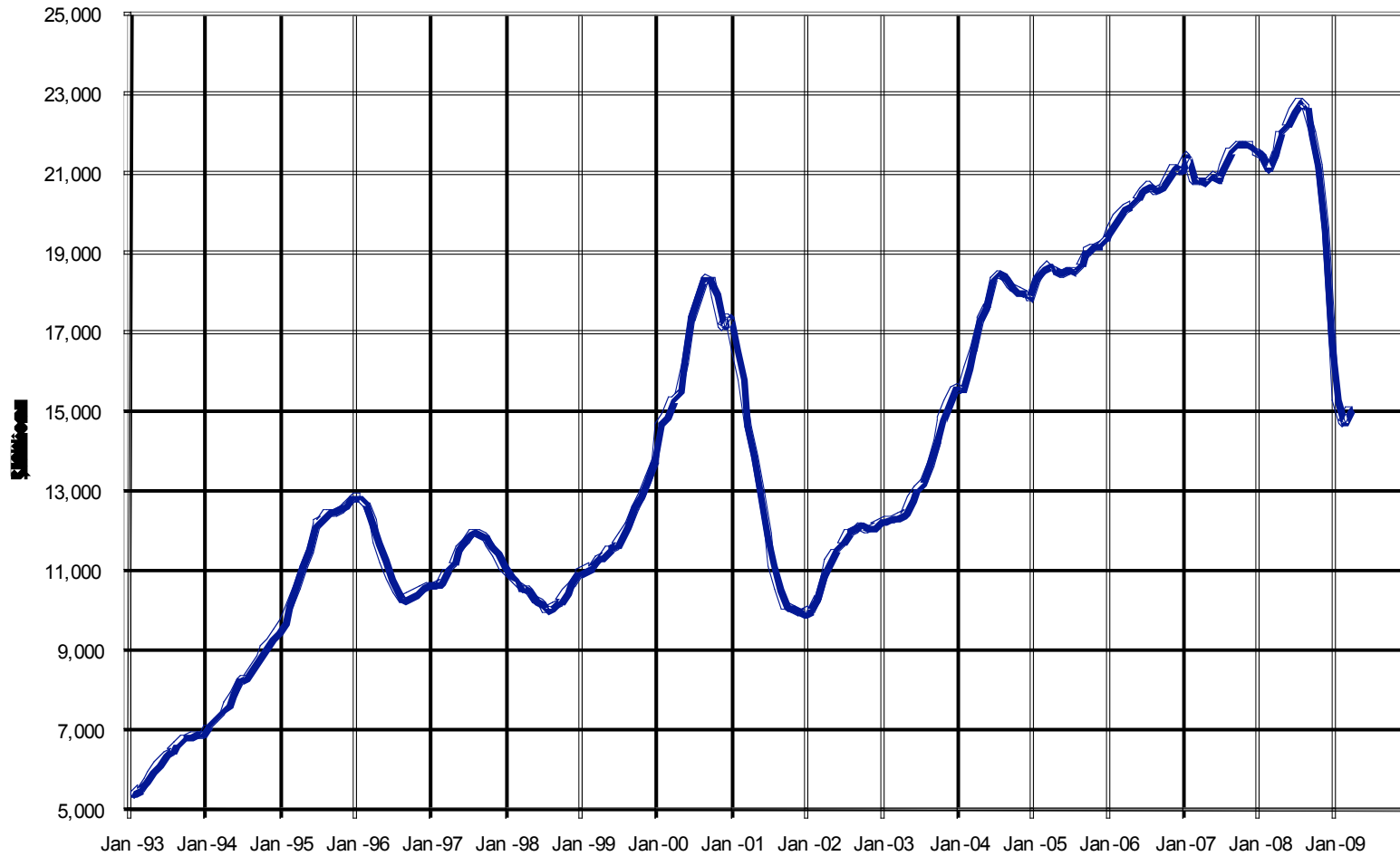
### Stock Index Growth



# Tech crash redux

## Semiconductor Billings, World Market

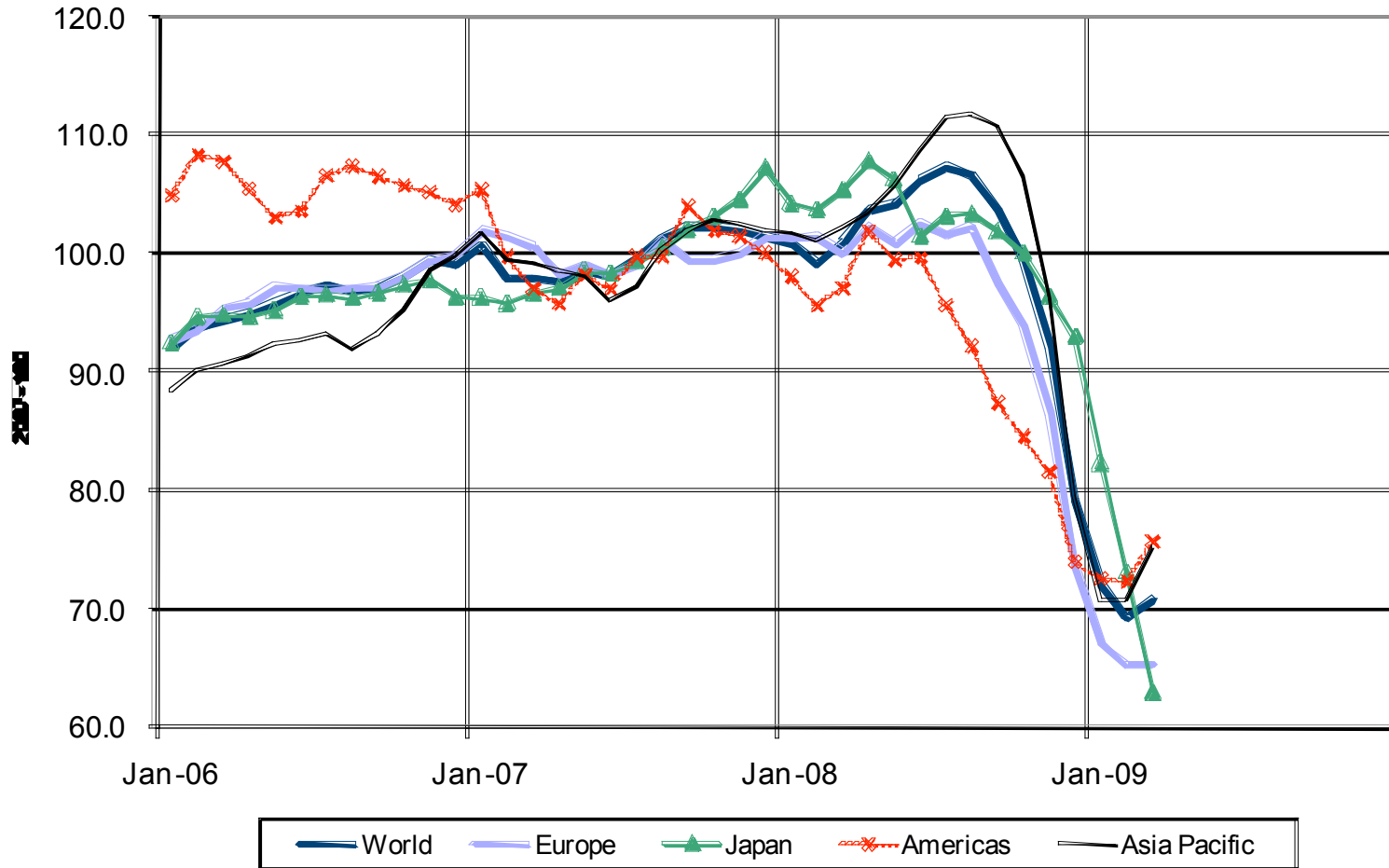
Source: Semiconductor Industry Association. Seasonally Adjusted by Author



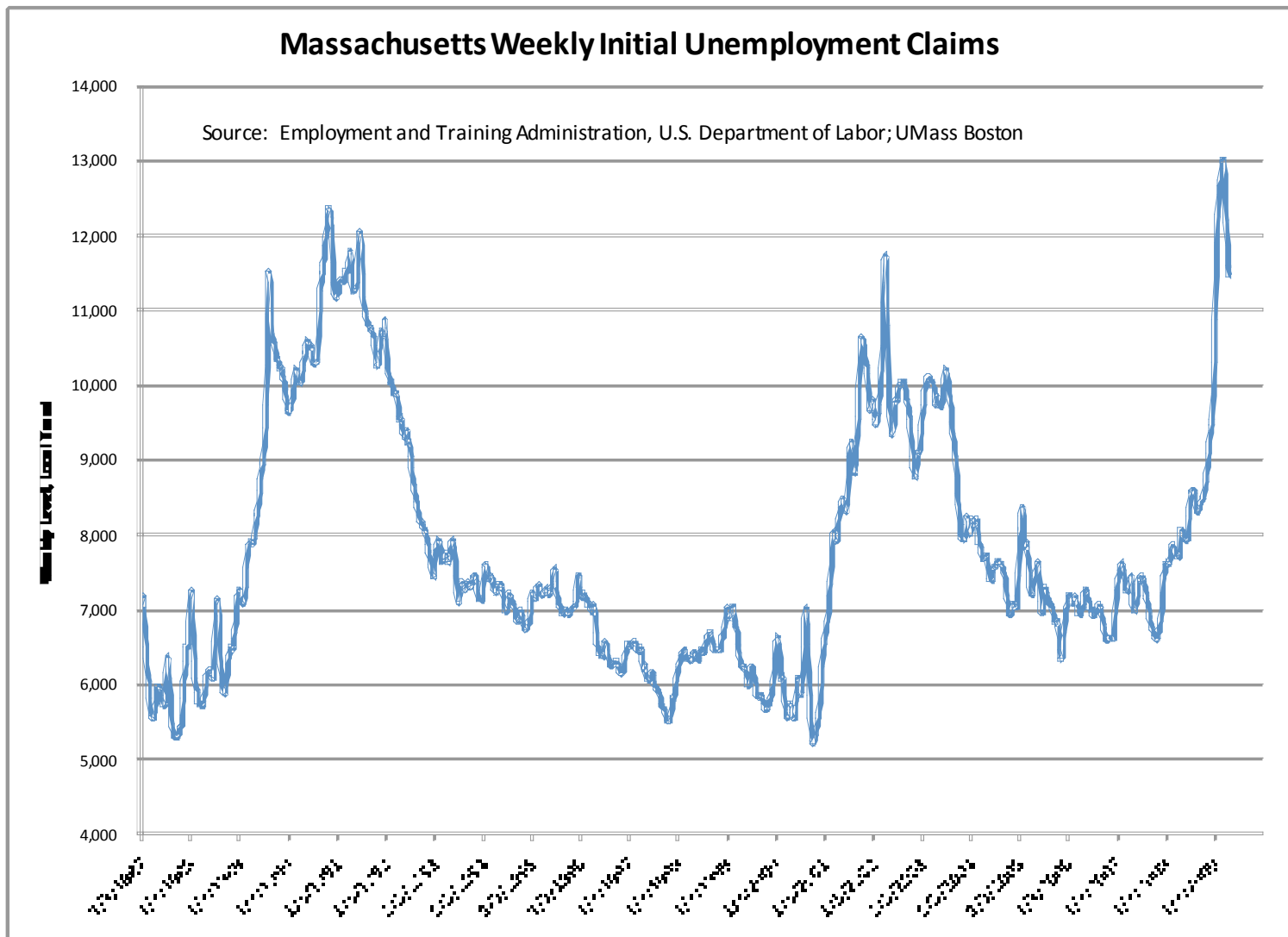
# Has the bottom been reached in semiconductors?

## Semiconductor Billings

Source: Semiconductor Industry Association, seasonally adjusted



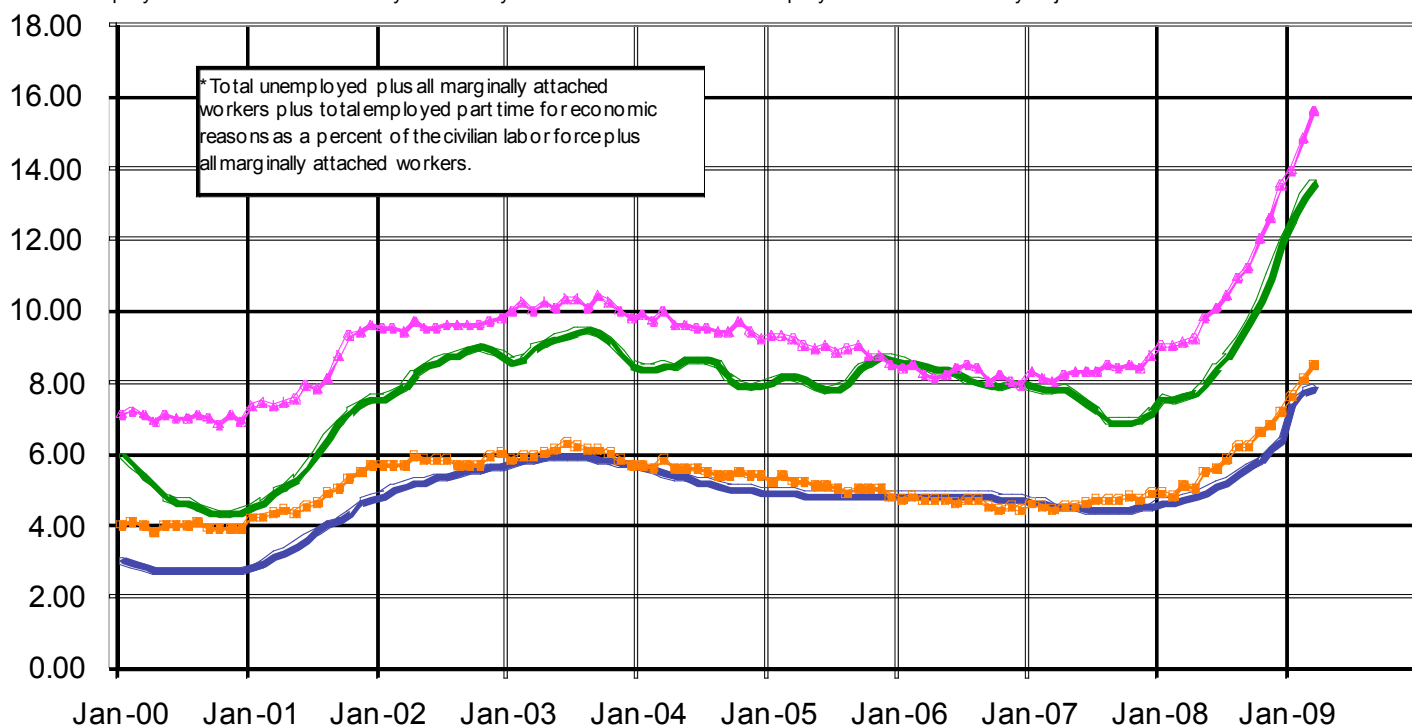
Initial unemployment claims are as high as in the '89-91 recession.



# The official unemployment rate understates the weakness in the labor market.

## Unemployment and Underemployment Rate

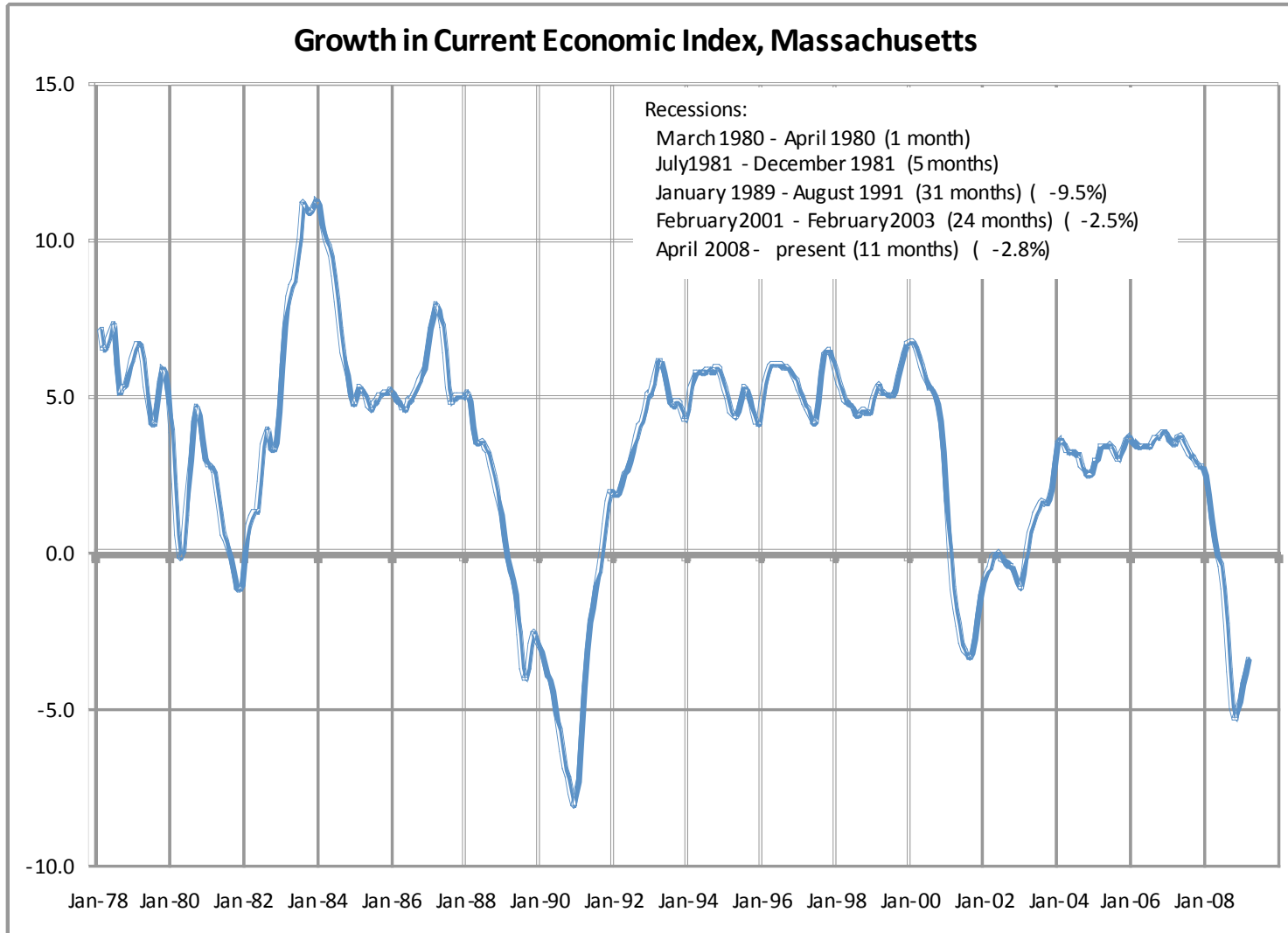
Source: U.S. Bureau of Labor Statistics. The unemployment rate is the official unemployment rate as released by the BLS. The underemployment rate is from the monthly CPS surveys. The Massachusetts underemployment rate is seasonally adjusted and smoothed.



\* Total unemployed plus all marginally attached workers plus total employed part time for economic reasons as a percent of the civilian labor force plus all marginally attached workers.

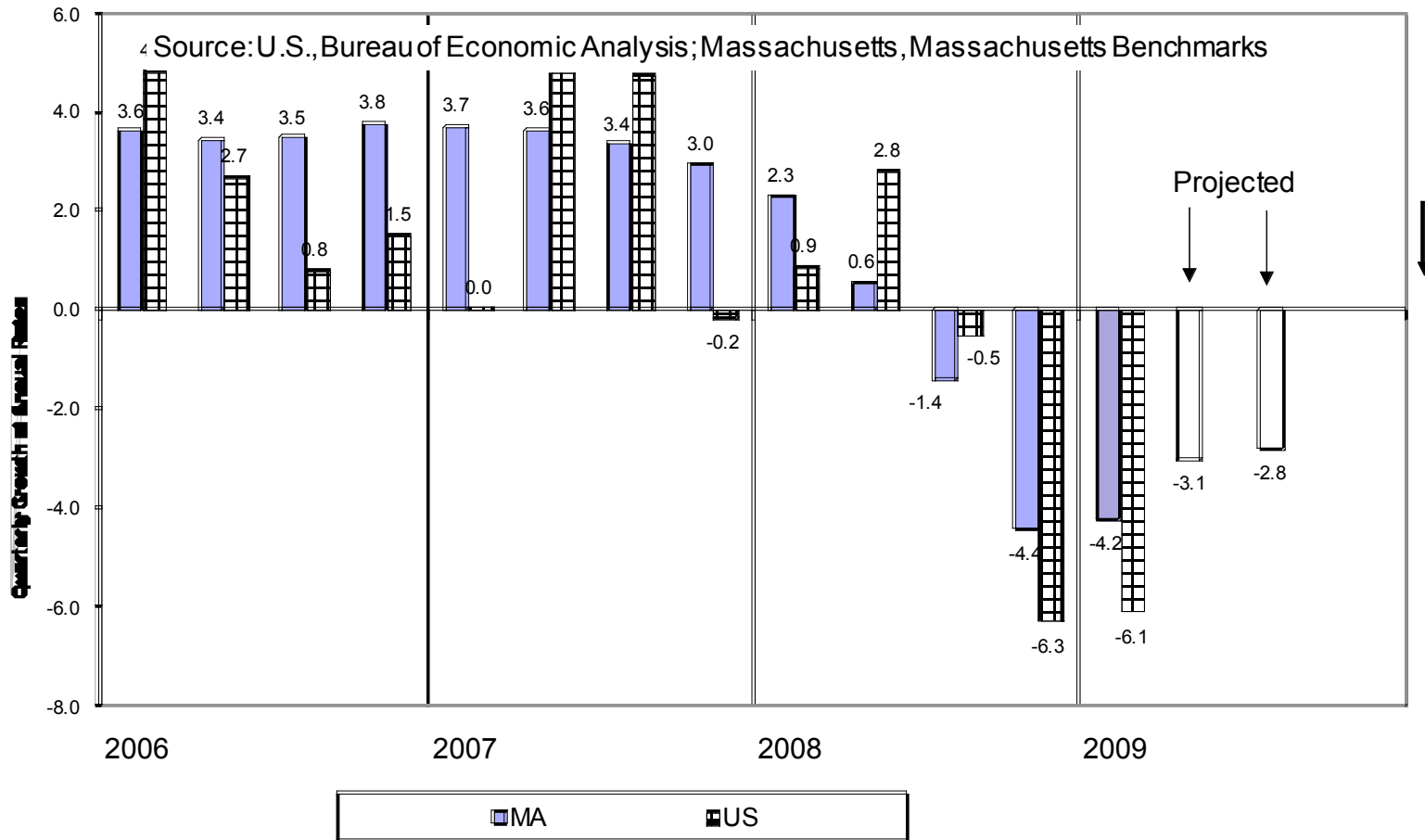


Massachusetts real gross domestic product has already declined more than in the prior recession.

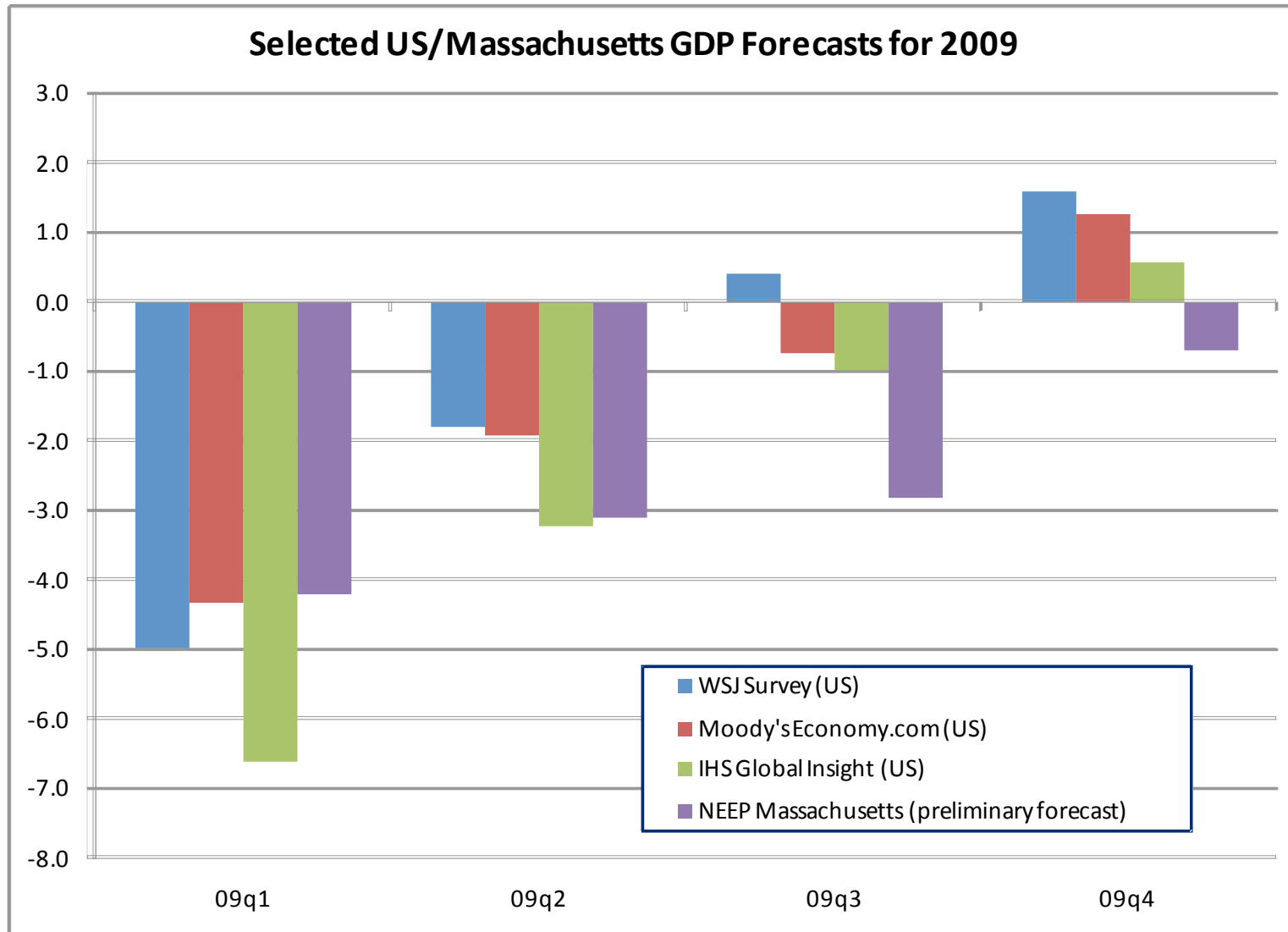


# The pace of decline in Massachusetts may be slowing.

## Growth in Real Product, Massachusetts Current Economic Index vs. U.S. GDP



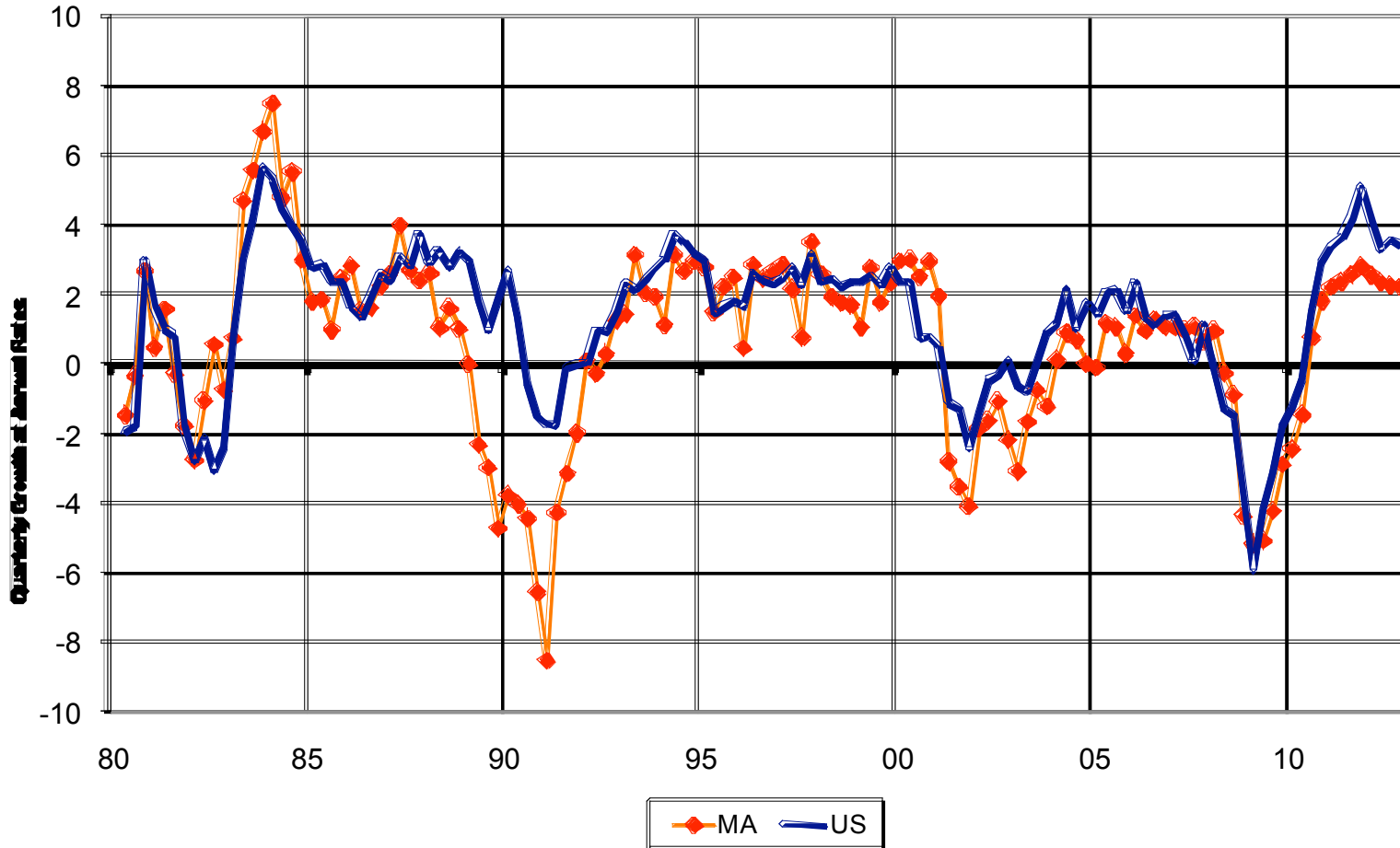
The view of local economists may not be as upbeat as their national counterparts.



More severe than the last recession, but not as bad as the 89-91 recession.

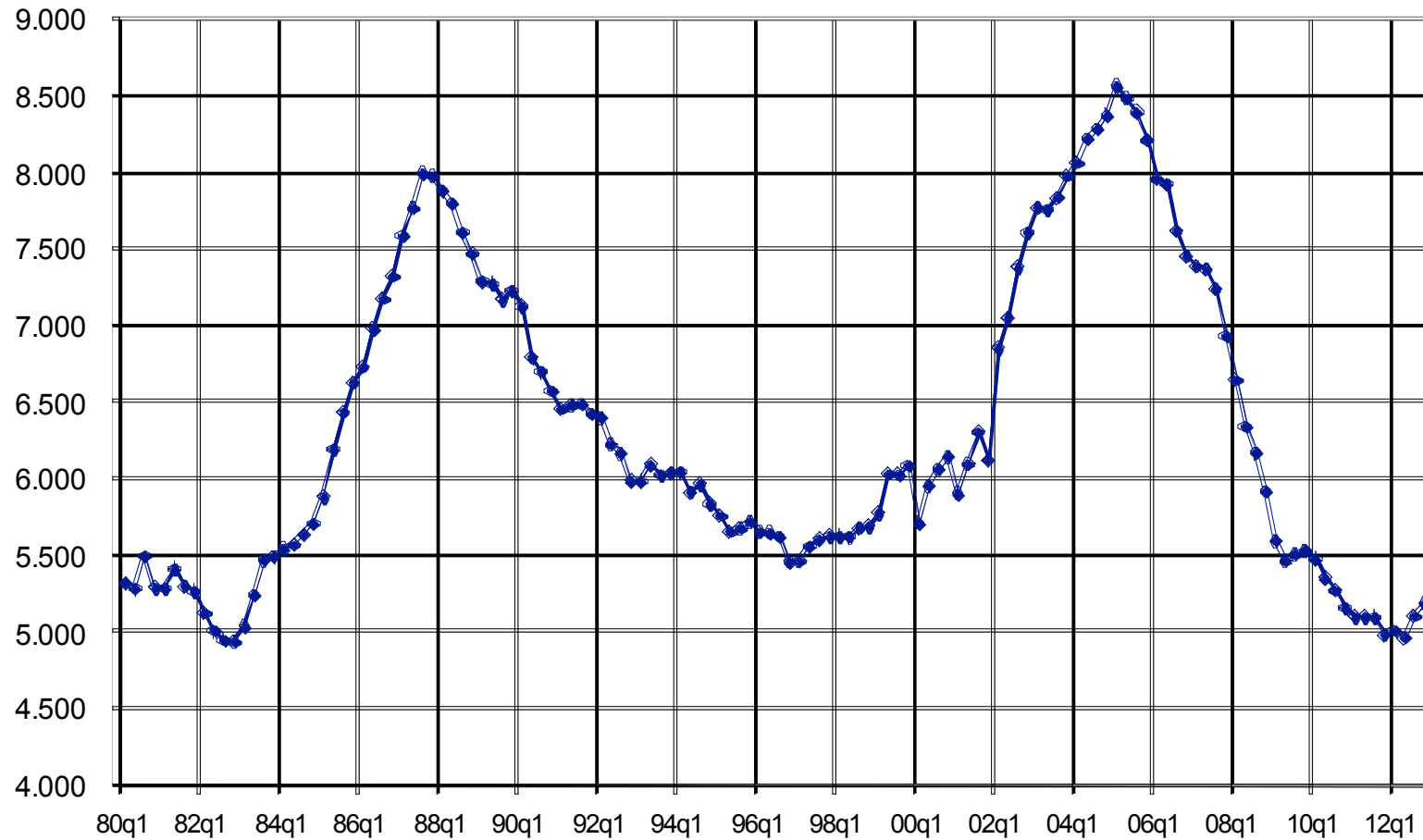
### Employment Growth, Massachusetts vs US

Source: NEEP, Moody's Economy.com

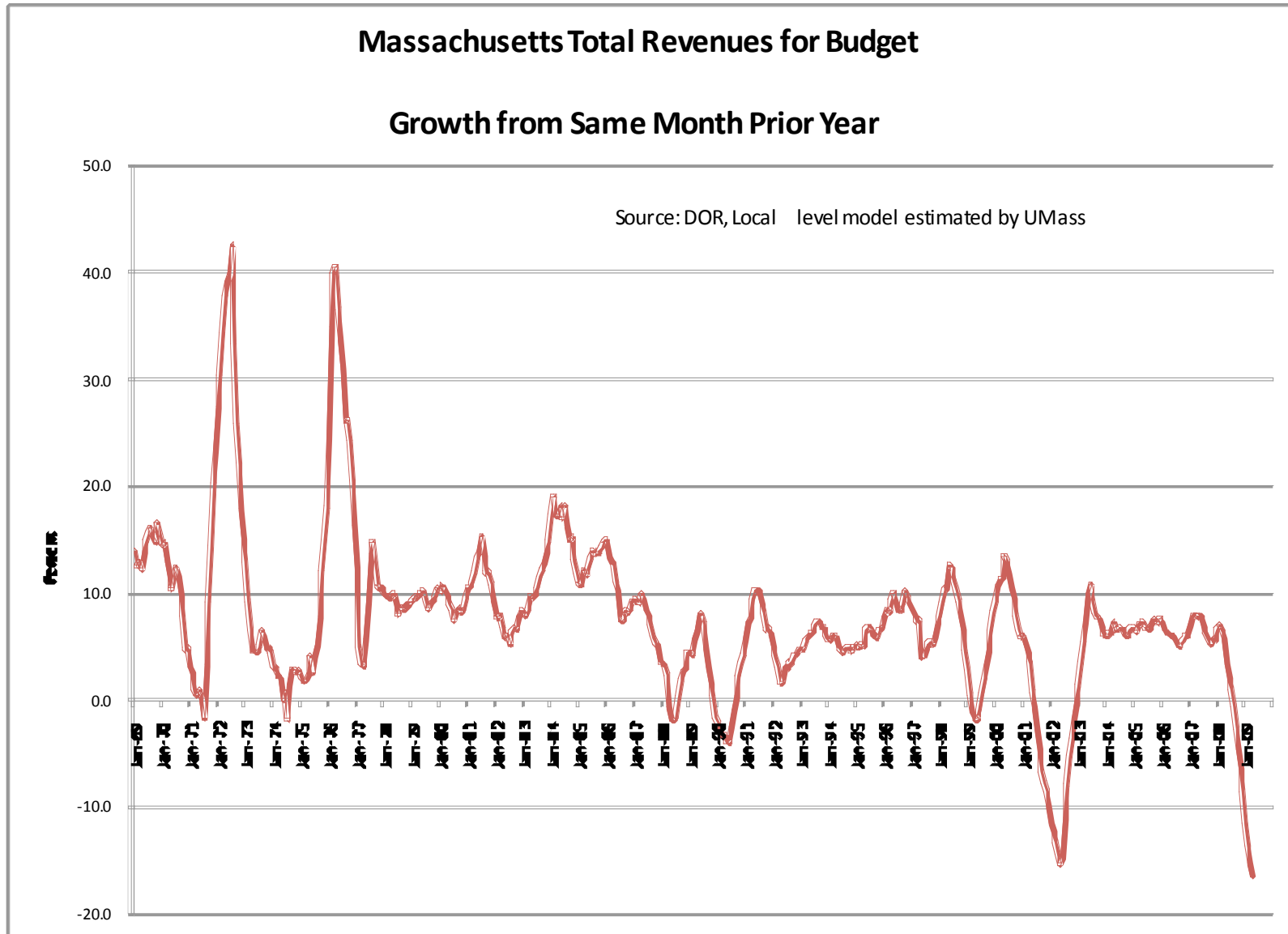


# Housing will once again become affordable.

Median House Price to Per Capita Income Ratio, Massachusetts

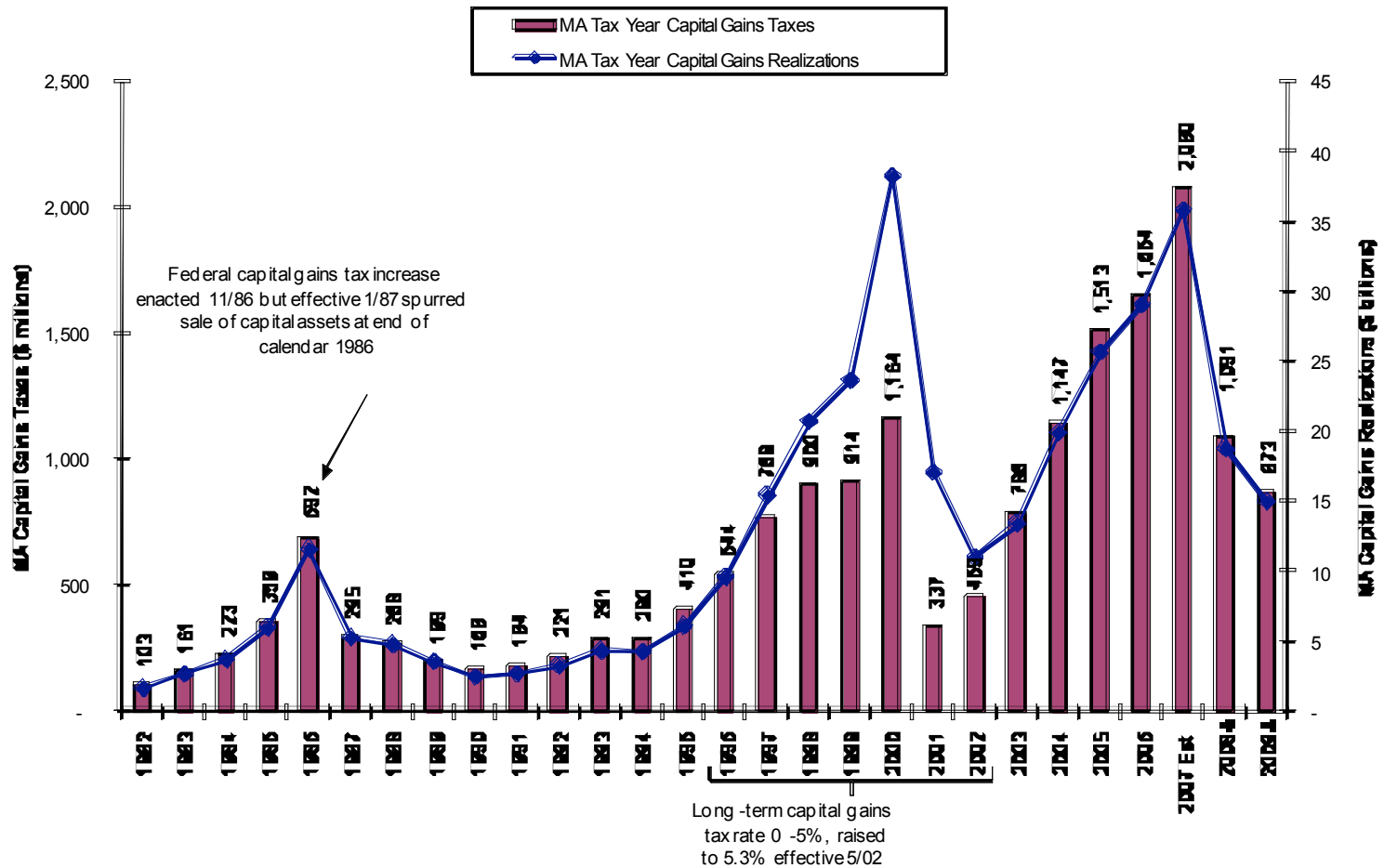


# Another severe revenue crisis.



# The capital gains nightmare was not just a dream.

Capital Gains Taxes, Tax Years 1982 to 2009



Source: DOR

# A deepening structural deficit in Massachusetts

## Total DOR Taxes, Seasonally Adjusted and Smoothed, vs. Trend

Source: DOR, author's calculations

