

MASSACHUSETTS

ECONOMIC OVERVIEW

Over the last few decades Massachusetts has been able to attract new and expanding companies from around the world and throughout the U.S. The state and the greater Boston area have been viewed as the business and technology hub of New England.

From its industrial growth as the textile center of the U.S. to its development of new technologies and products leading to introduction of the first computers, Massachusetts has been the primary focus of New England business. The state also has been the origin of the major advances in software, biotechnology and robotics.

Since the early 80's, however, the attention and advances of computers and software has been shared with the Silicon Valley of California and in a number of specific disciplines the focus is not towards Massachusetts. The Route 128 belt around Massachusetts, specifically, and the greater Boston area in general, has suffered through the economic slump, and with it, a decline in computer sales and upgrades. During the 1980's computer companies increased production and new companies were created. Foreign competition was stiff. The result was an oversupply of computer systems, decreased prices, and decreased profits. Computer companies are still resizing and adjusting products.

In addition to the rapid transition from boom to near bust for the computer industry, the state has had to encounter the perils of shrinking defence/aerospace purchases. Although the impact on California and Connecticut of defence downsizing are well publicized, Massachusetts has seen as great an influence from these changes. The state has been less affected thanks to the continued growth of new technology companies and a number of defence products manufacturers whose defence products are only a small portion of their business. Massachusetts state government has also been more successful than Connecticut in assisting companies in diversifying or maximizing their defence profit potential.

The state has long been an international trade center and both the Port of Boston and Logan International Airport continue to grow. Since the mid 1980's there has been an aggressive move by the state to promote and assist the state's products in foreign markets.

There are two somewhat distinct parts to Massachusetts; the eastern part of the state including the Boston area, and as far west as Worcester, and the western part of the state "Worcester West". The western part of the state has had a tougher economic time than the rest of the state (even in the boom 80's). The three major cities in this region Worcester, Springfield and Pittsfield were for years heavy industry areas including metal working and finishing. There has never been development in these areas of a new product focus, although Pittsfield has of late pursued becoming a plastics industry center.