

CONNECTICUT

ECONOMIC OVERVIEW

The state continues to struggle with the general slowdown in all sectors of the U.S. economy as well as two unique problems. First, the state's dependence on the defence industry created massive displacement of skilled and highly paid workers when programs were cut, slowed down, or drastically reduced as the threat of the Soviet Union dissipated. Connecticut, it appears, will feel a longer term effect from the erosion of defence and world aviation orders than any state, including California.

The other industry dealing Connecticut an economic blow is the service sector, specifically the banking and insurance industries. The insurance industry, which made Connecticut the "insurance capital of the U.S." is now in a period of major readjustment. Companies are finding pockets of excess employment and levels of management they can no longer afford. Insurance companies are also shedding businesses that do not fit their focus, or are poor profit areas. A number of insurance companies led by Travelers and followed by Hartford, Aetna and CIGNA are paying for the poor investments in real estate in the 1970's and 80's. Other service industries have fared no better. There currently is no major Connecticut based bank after the purchase of CBT by Fleet (Providence), Connecticut National Bank by Shawmut (Boston) and Union Trust by Chase Bank (New York).

The banking and insurance industries' problems were responsible for the bulk of the 220,000 jobs lost over the last five years.

With an older and higher paid work force than most states, the level of underemployment in Connecticut may be the highest in the country.

For these and a number of other reasons including the general cost of doing business, Connecticut's population continues to decline from its 1990 population of 3,299,000. Connecticut, more than any other New England state, has seen the movement of jobs and businesses to other states and overseas. A number of these businesses have moved to other New England states.

BUSINESS OVERVIEW

Connecticut went through a rapid growth in employment in the 1980's with the buildup of defence systems and equipment. The state is second only to Massachusetts in New England in defence business, and over the last 20 years Connecticut has placed in the top four U.S. states.