

SPRINGFIELD

In 4th quarter, Mass. GDP growth outpaced nation

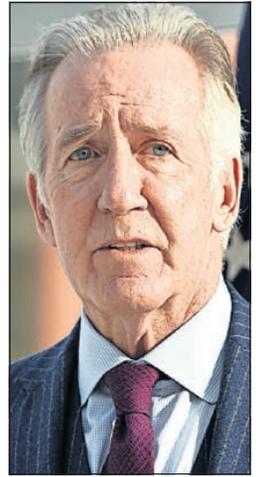
Report: Sharp downturn seen from 3rd quarter

By JIM KINNEY
Special to The Republican

The state's real gross domestic product growth outpaced the nation's in the last three months of 2020, according to research released last week in a MassBenchmarks report — but Massachusetts' 7.9% annual rate represented a significant downturn from the third quarter.



A help wanted sign at Boulevard Machine & Gear in Westfield. In the third quarter of 2020, employment in Massachusetts grew faster than the nation, at 29.5% in the state versus 23% nationally. (DON TREEGER / THE REPUBLICAN)



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U.S. Rep. Richard E. Neal, D-Springfield, chairman of the House Committee on Ways and Means

For the third quarter in 2020, the state posted a 33.1% annual rate, while the rate for the U.S. GDP was 33.4%. The U.S. annualized rate was 4% in the year's final quarter, according to the U.S. Bureau of Economic Analysis.

“The sharp slowdown from the third quarter was expected and reflects a transition from the strong growth due to the economy opening up in the summer and fall to a more

restrained pace as the limits to a full recovery were reached as winter approached and the virus failed to be contained,” economists wrote Thursday in the MassBenchmarks report.

Also limiting growth in the fourth quarter “was the lack of the income and unemployment compensation support given by the CARES Act and related stimulus programs,” the researchers wrote.

MassBenchmarks is a project of the University of Massachusetts Do-

nahue Institute and the Federal Reserve Bank of Boston. The report is signed by Alan Clayton-Matthews of the Northeastern University School of Public Policy and Urban Affairs.

U.S. Rep. Richard E. Neal, D-Springfield, seized on the national GDP figure last week in making a case for more robust economic aid to individuals and the economy. Overall, 2020 represented the U.S. economy's worst year since 1946, in

the wake of World War II.

“As our economy suffered severely last year, so too did American workers, families, and businesses,” said Neal, chairman of the House Committee on Ways and Means. “The dual trauma of a deadly pandemic and widespread joblessness continues to plague the nation, with women and people of color taking the hardest hit. Until we eradicate the virus and restore safe working conditions, the economy cannot truly recover.”

Neal praised the administration of President Joseph Biden for what he described as “aggressive, science-based action” to address the pandemic. But Neal said Biden can only do so much through executive actions, and he called on Congress to pass “additional, bold legislation to bolster our efforts against the pandemic and ensure people who are struggling can afford life's necessities.”

The MassBenchmarks report said payroll employment in Massachusetts grew at a 7.8% annual rate in the fourth quarter versus a 5.2% national rate. In the third quarter, employment in the state also grew faster than the nation, at 29.5% in Massachusetts versus 23% nationally.

Massachusetts was playing “catch up” relative to the U.S. as its shutdown in the spring was deeper.

Payroll employment in Mas-

sachusetts in the fourth quarter of 2020 was still 9.2% below the fourth quarter of 2019. There was a 6% drop in payroll employment for the U.S. from the fourth quarter of the prior year.

Massachusetts wage and salary growth in the fourth quarter was very strong, with growth at a 26.1% annual rate compared with 8.9% nationally. But that was likely due to a strong bonus season for those

working in the financial sector and the fact that low-wage jobs in leisure and hospitality were hardest hit.

MassBenchmarks said spending was strong in Massachusetts in the fourth quarter. From state regular and motor vehicle sales taxes, economists are able to estimate spending on those items was up 6.8 percentage points at an annual rate in the fourth quarter. In the third quarter, such spending was up at an annualized rate of 85.6%.