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Economists tell First Hawaiian forum that 2012 will see slow growth

Pacific Business News by Lynn Nakagawa, Reporter

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Lynn Nakagawa

Reporter - Pacific Business News

[Email](#) | [Twitter](#) | [LinkedIn](#)

Economic experts told Hawaii business people what they already suspected — that 2012 will be a year of slow recovery, marked by potentially lower unemployment rates and growth in the private sector.

Two leading economists, [Leroy Laney](#) of **Hawaii Pacific University** and [Michael Boskin](#) of **Stanford University**, spoke at the **First Hawaiian Bank** Business Outlook Forum on Thursday morning.

Laney is a professor of economics and finance at HPU and Boskin is

a professor of economics at Stanford and the former chairman of the president's Council of Economic Advisers from 1989-1993.

Laney predicts that job growth and personal income growth will remain at about the same level in 2012 over 2011, but that the statewide unemployment rate could drop to 5.5 percent in 2012, from the 2011 estimate of 6.2 percent. He said the unemployment rate in Hawaii runs about 3 percentage points below the national rate.

Visitor arrivals are expected to decrease next year over 2011, from 3.2 percent to 2.6 percent in arrival growth.

Laney also expects inflation to drop from 3 percent in 2011 to 1.5 percent in 2012.

Laney said there is economic growth in the private over the public sector, where there is job loss or no growth, and expected credit card spending growth by consumers in 2012.

Boskin, who last spoke at the annual First Hawaiian forum in 2005, said recovery from financial crises is usually slow and painful, but it's not always the case.

Boskin said that while many people are retiring, there might be a surge in visitors to Hawaii in the coming years.

He said one of the most pressing issues in the United States and Europe is that more people are collecting social benefits than there are people paying taxes.

Laney predicts the economic recovery will be slow. "We still have a long way to go at both the local and national level before the previous peak (employment level) is approached," he said.

Lynn Nakagawa covers labor and workplace issues,

banking and finance, higher education and technology for Pacific Business News.