

Asia offers no quick fix for Hawaii, experts say

By Walter Wright
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Tom Anusewicz can see the winged messengers of the thriving Pacific Rim economy from his panoramic window at Circle Rainbow Aviation here.

There are the corporate jets from Mexico, Japan, Korea, Malaysia and Singapore, landing at Honolulu Airport for fuel and a rest on their way to "work the rim."

The landings are increasing by 10 percent every year, says Anusewicz, Circle Rainbow's general manager. But although the Gulfstreams and Global Expresses of the Fortune 500 companies are good for Circle Rainbow, they don't make a dent in Honolulu's overall landing weight statistics.

And a handful of economists and businessmen said yesterday that burgeoning business activity among 20 Pacific Rim nations holds out little hope for any immediate relief from Hawaii's economic doldrums or its basic reliance on tourism.

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Asia: Experts assess Hawaii's prospects

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The experts were reacting to a new forecast by the Pacific Economic Cooperation Council and the Asia Foundation. The research groups said Pacific nations will have average economic growth of 4.1 percent this year and next, up slightly from last year's 4 percent.

Regional inflation will drop from last year's 4.1 percent to 3.9 percent this year and 3.5 percent next year, the forecast said. Economist Lawrence B. Krause, of the University of California, San Diego, calls it a transition to an era of steadier growth — "a very good atmosphere as far as the eye can see."

Hawaii bypassed

But in Hawaii, money-watchers have seen the Pacific Rim booming for years, from Thailand to California, without any comparable growth in Hawaii.

That, First Hawaiian Bank economist Leroy Laney said yesterday, isn't likely to change.

"It's going to be more of the same," Laney said. "The strong growth (around the rim) has been going on for years, and we've had weak growth for years. Nothing is going to happen in the next two years to make us participate any more than we have in the growth, say, of East Asia.

"We have benefited from it

some, but there is not going to be any dramatic development that is going to open up the gates and have it flood into Hawaii," Laney said.

"What will happen in '97 and '98 to change that?" he asked. "The answer is 'nothing.'"

David McLain, an economics professor at the University of Hawaii, Manoa, said Pacific Rim growth looks strong but not without hazards such as Japan's banking problems and Indonesia's recent political violence.

But U.S. growth is "great" and likely to remain so, at 4 percent this year, moderating to 2.5 to 3 percent in 1998, he said.

Hawaii probably will not return to the 6 percent annual growth rates of the 1980s, McLain said, but should eventually pull up from today's flat position to a little ahead of the projected 3 percent U.S. national growth rate over the long term.

Making right choices

Greg Pai, an economist working as part of Gov. Ben Cayetano's inner circle, looks ahead to capital and tourists flowing to Hawaii from Asian nations whose growth will generate enough personal income to support leisure travel and outside investment.

Some of China's power brokers "don't wear Mao jackets anymore. They wear Armani suits," Pai pointed out. Some of them eventually may be sipping

mai-tais in Waikiki, he said. Some of China's students and researchers already are.

The challenge for Hawaii, Pai said, is to take advantage of tourism to make choices that protect the environment and that create new, diverse, "clean" and high-paying jobs.

Pai and McLain noted that some Hawaii companies, particularly architects and engineers, already are working in Pacific Rim nations, but that not all of the jobs so created contribute to Hawaii's economy.

McLain said Hawaii has far to go to change what he called its anti-business image. But the state may not be hurting enough economically to make the drastic adjustments necessary, he said.

Exploiting the 'magic'

The rosiest forecast yesterday came from Norm Reeder, United Airlines' managing director for Hawaii.

Japan will drive Hawaii's eastbound tourism market through 2010, he said, but new alliances between U. S. and Japanese airlines will reach untapped Japanese markets and Asian nations beyond Japan.

Hawaii must fight to keep its mature markets on the Mainland and Japan, Reeder said, while using its "magic" to attract new people "as soon as they become economically able" to come here.