Business Growth Expo 2012  
Economic growth slow in first part of 2013  
Economic Forecast Panel 2013  
by Giannina Smith Bedford  
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**Rajeev Dhawan**  
Director, Economic Forecasting Center. GSU’s J. Mack Robinson College of Business

**KEY PREDICTIONS**

- The fiscal cliff; political discord at home; ongoing recession in Europe and downturn in China will slow down U.S. economic growth into early 2013.

- In 2013, real GDP growth will pick up before declining for the year and finally rebounding in 2014.

- Georgia’s unemployment rate will rise to 9.2 percent in 2013 and drop to 8.5 percent in 2014.

Rajeev Dhawan of the Economic Forecasting Center at Georgia State University’s J. Mack Robinson College of Business expects the impending fiscal cliff and political disharmony to slow economic growth in early 2013. Europe’s recession and economic problems in China will also affect GDP growth. Dhawan notes that almost 60 percent of the world economy is currently in recession or decelerating. All these factors will contribute to consumer and corporate confidence remaining grim.

In his quarterly Forecast of the Nation, Dhawan said he doesn’t expect GDP growth nationally to truly rebound until 2014, when the solution to the fiscal cliff improves corporate and consumer confidence as well as international trade.

After growing 2.1 percent in 2012, GDP growth will decelerate to 1.6 percent in 2013, before gaining strength and growing at a rate of 2.6 percent in 2014.

The feeling of unrest over the fiscal cliff and belief that nothing will be done about the looming issues until after the presidential election is also causing negative sentiment in the business and consumer world.

Businesses are putting off risky decisions, while consumers are reluctant to spend money — particularly on items like a new car or home, Dhawan said.

Many of the same concerns affecting national growth will put a pause to economic growth in Georgia.
The state economy will also remain hesitant in reaction to the rising price of oil and the falling demand for exports — almost 22 percent of Georgia’s exports of commodities, including aircraft and parts, vehicles, paper products and industrial machinery and surgical equipment previously went to Europe. The decline in demand from Europe is now being felt by manufacturers and in Savannah, where Dhawan expects port traffic and future expansion to “take a hit.”

According to Dhawan’s quarterly Forecast of Georgia and Atlanta, in 2013, the state will add 42,600 jobs, a 0.8 percent annual job growth rate.

In 2014, new job numbers will increase to 69,600, a 1.6 percent annual job growth rate.

**Employment picture**

The 9.1 percent unemployment rate in Georgia for 2012 will rise slightly to 9.2 percent as a result of only moderate job growth, declining to 8.5 percent unemployment in 2014.

The pace of corporate job growth in Georgia will slow due to national political discord — after adding 25,000 jobs in the last 12 months, this sector may only add 10,000 jobs in the next 12 months, Dhawan said.

The hospitality industry will feel the negative effects of slow job growth, remaining stalled as a result of high gas prices and the corporate sector’s aversion to spending money on events and gatherings.

Health care will continue to grow, as it did during the recession, and gain strength from the resolution of health-care reform legality, which will allow hospitals to go forward with growth plans, including digitizing records, which will create jobs for software consultants.

Despite its constant growth, the health-care sector’s expansion will be slightly stifled by consumers’ reluctance to spend on health-care services.