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Mak/Developing a Dream Destination

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Chapter One

Introduction

Americans love rankings! There are “best” rankings for appliances, new and used cars, restaurants, hotels, colleges and universities, places to live and places to retire, the “best” (and “worst”) dressed woman (man), books, music and movies, and, to quote the King of Siam, “Etcetera, etcetera, etcetera.” Cable television’s Travel Channel even has a top-ten ranking for the best restaurant bathrooms in the world.¹ Advocates of such rankings argue that they quantify the unquantifiable. They provide information to consumers on products and services that are difficult to compare before they are purchased. This would be particularly true of services—and tourism.

Hawaii: A Dream Destination

When it comes to tourist destinations, Hawaii consistently ranks among the very best. That’s no small feat, considering the number of potential competitors. Just counting the number of countries alone, the membership of the World Tourism Organization currently lists over 150 countries and territories all vying for the tourist dollar. Within each country there are regions, provinces, states, cities, towns, villages, and so on. Hawaii also has to compete against the growing popularity of ocean cruises.

Mark Twain once described the Hawaiian Islands as “the loveliest fleet of Islands anchored in any ocean.”² For millions of people around the world, Hawaii is a dream destination—the vacation of a lifetime. The National Geographic Traveler magazine recently included Hawaii in its list of “50 Places of a Lifetime: The World’s Greatest Destinations.”³ A survey of over nine thousand U.S. households by NFO Plog Research revealed that Hawaii was the most “satisfying” domestic vacation destination in 2002. Remarkably, Hawaii topped the NFO Plog’s “Delightful Dozen” list for six consecutive years.⁴ A telephone poll of 1,028 American adults conducted in May
2005 for the Associated Press found that Hawaii was the top destination choice for vacations if money was no object.⁵ In 2004, the “LuxeReport”—an annual poll of six thousand luxury travel agencies—ranked Hawaii as the third most popular destination to view marine life (after the Galapagos Islands and the Sea of Cortez) and the fourth most popular group tour destination (after Italy, Alaska, and Russia).⁶ For the eleventh consecutive year, Maui was voted the “best island in the world” in 2004 by the Conde Nast Traveler Readers’ Choice Awards Poll. Among Pacific Rim Islands, Kauai came in second; the Big Island fourth; Lanai sixth; and Oahu seventh.⁷ Maui also captured the “Best of the Best Crown” in the same poll.⁸ A poll of over half a million travelers by Travel + Leisure Magazine and America Online’s Travel Channel in 2004 rated Honolulu their favorite American city.⁹ Travel Weekly, the industry publication, named Hawaii the “Best Overall Destination” in the United States and Maui the “Best Destination in Hawaii” in its 2006 Readers Choice Awards.¹⁰ And where did cartoonist Dean Young send Dagwood and Blondie on their seventy-fifth anniversary in 2005? Hawaii. You get the picture. The top rankings keep rolling in for Hawaii—and so do the tourists.

From less than 250,000 visitors at the time of statehood in 1959, Hawaii now receives over 7 million visitors per year (see chapter 2). On a typical day in 2005 there were roughly 185,000 visitors in Hawaii versus roughly 1.2 million residents.¹¹ On average, nearly one out of every eight people you run into in Hawaii is likely to be a tourist. After more than forty-five years, Hawaii’s tourism product still receives high marks from visitors—and from residents. For example, over 97 percent of the U.S., Japanese, Canadian, and European visitors surveyed in 2005 rated their Hawaii vacations as either “excellent” or “above average.”¹² About the same percentage indicated that their trips “met” or “exceeded” their expectations. Likewise, a statewide survey of residents found that three out of four people in 2006 agreed that “tourism has brought more benefits than problems to their island.”¹³ The positive responses have remained relatively unchanged since systematic surveys of residents began in 1988.¹⁴

Hawaii’s success in developing tourism is much envied by other tourist destinations. Pan American Airlines’ Paul Kendall once observed that tourism flourished in Hawaii because it enjoyed “an accidental head start in climate and environment.”¹⁵ But there are other tropical resort destinations that have wonderful weather and beautiful scenery as well. Yet Hawaii has remained at the top of travelers’ popularity list for over half a century.
Certainly the odds of staying at the top are stacked against Hawaii. For one thing, there are many more destinations competing for tourists today than there were a few decades ago.¹⁶ In contrast to Hawaii’s lengthy history in tourism, the beach resorts of Australia, Indonesia, Thailand, and elsewhere in Asia and the Pacific are relative newcomers.

Second, popularity can also be ruinous to a destination. “See it before they spoil it” is a well-known cliché in tourism. Esteemed travel writer and author Paul Theroux observed that “when a place gets a reputation as a paradise, it very quickly turns into a purgatory, and then goes to hell.”¹⁷ It has been well established that tourist destinations tend to follow a predictable life cycle from birth to maturity, old age, and finally decline.¹⁸ A now classic theory, put forth by Stanley Plog, is that once a destination becomes popular, it begins to attract less desirable tourists (which he labels the “Dependables” and “Near Dependables”) who will drive away the desirable tourists (the “Venturers” and “Near-Venturers”). Eventually, fewer tourists will come to visit. Plog then ranks tourist destinations by the “psychographics” of their visitors. He surmises that Honolulu is already in the Near-Dependable area and the Neighbor Islands are approaching it.¹⁹

But decline is not inevitable. Plog concludes that “Destinations can be preserved and still enjoy continued, growing prosperity. Tourism planners need to look no further than the mirror to know who must fix the problems.”²⁰ The key, he argues, is planning and tight control of tourism development. One needs to look no further than Bermuda to find a gem of an island destination whose success has been attributed to careful planning and tight government control.²¹

**Growing Importance of Tourism**

Interest in how best to develop tourism has risen in tandem with tourism’s growing global importance. Indeed, what we have here is the phenomenon of one of the world’s major economic and social forces of the second half of the twentieth century, little understood by those who formulate public policy on the one hand and unattended—even avoided until recently—by scholars on the other.

For travel destinations, winning the hearts and choices of tourists can be hugely lucrative. Since World War II, tourism has become an enterprise of enormous global significance. The statistics are startling. Global international tourist arrivals totaled 809 million in 2005, and these visitors spent
nearly $680 billion in their host countries.²² And that doesn’t include the cost of getting them there and back or the money tourists spend on travel clothes, luggage, passport fees, and other accessories before their trips. By comparison, in 1950 there were only 25 million international visitor arrivals and $2 billion in spending. Ever since mass tourism became a mega-business beginning in the 1970s, international tourist arrivals have been growing 1.4 times as fast as the world’s economy. And there is no end in sight. The World Bank recently predicted a 3 percent annual growth rate of the world’s economy for the next fifty years.²³ This means there will be lots more money available around the world to be spent on travel. And the pool of potential tourists is huge; as of 1996, only 3.5 percent of the world’s population had ever traveled abroad.²⁴ The World Tourism Organization’s *Tourism 2020 Vision* predicts international tourist arrivals will grow to about 1 billion by 2010 and over 1.56 billion by 2020, despite the ongoing global war on terrorism.²⁵

Figures for domestic tourism are much harder to find. The conventional wisdom is that there are ten times as many domestic visitors as there are international visitors.²⁶ In the United States, domestic residents took 63.5 million trips abroad in 2005,²⁷ compared to over 1.992 billion domestic person trips of 50 miles (one way) or more away from home, of which 75 percent were leisure trips.²⁸ And the money they spent on travel generated income, jobs, and tax revenues for the destinations fortunate enough to have them.

The economic benefits of tourism have not escaped public notice. The World Travel and Tourism Council (WTTC) estimates that tourism accounts for more than 10 percent of the world’s gross domestic product, about 8 percent of total worldwide employment, and 12 percent of total world exports.²⁹ The World Tourism Organization (UNWTO) notes that tourism is the largest item in world exports, and—among the world’s developing countries and especially the least developed ones—tourism is “almost universally the leading source of economic growth, foreign exchange, investment, and job creation.”³⁰ Not surprisingly, just about every country, region, state, and city wants a piece of the growing tourism pie. In 2005, tourism-related output in the United States—which includes all goods and services sold directly to visitors and the supporting output—topped $1 trillion.³¹ Total tourism employment grew to 8.2 million jobs.³²

But tourism development is not a free lunch. It requires a lot of infrastructure to service tourists: airports, harbors, roads, sewers, water, solid waste disposal, not to mention private facilities such as hotels and tourist
attractions. Then you have to promote the destination, train the workers, pay the policemen, firemen, lifeguards, and so on.

The social and cultural impacts of tourism are much harder to measure, but surely they are not trivial. Tourism is often promoted as a “clean” industry, but Oliver Hillel of the United Nations Environment Programme observes that “Tourism is not a smokestack-free industry. It is exactly as polluting as any other major industry.”³³ The Economist magazine observes that as large as tourism has become, “Its potential for making a mess of it is equally large.”³⁴ Frances Brown writes convincingly that tourism can be a blight and a blessing for the host community.³⁵

Some destinations are finding that there is such a thing as having too many tourists or that tourism can grow too rapidly. In Majorca (Spain), the local government requires that before a developer is permitted to build a new hotel, another hotel with more beds must first be demolished.³⁶ Bermuda limits the number of cruise ship passengers it accepts each year at 225,000. It also limits the number of cruise ships permitted.³⁷ Since the 1990s, Maui residents have successfully fought the extension of the island’s airport runway because they feared that existing public infrastructure and services were unable to accommodate massive increases in tourists; the State Department of Transportation had wanted to extend the runway to accommodate jumbo jets in order to facilitate direct flights from the U.S. mainland and Asia to Maui.³⁸

The idea that a destination has a limit, or “carrying capacity,” for tourism gained increasing acceptance with the spread of mass tourism. The UNWTO defines carrying capacity as “the level of visitor use an area can accommodate with high levels of satisfaction for visitors and few impacts on resources.”³⁹ The concept of carrying capacity is often taken to mean that an area can host only so many tourists—some predeterminable number etched in stone. That notion is no longer widely accepted. Clearly, a destination that can properly manage its resources and educate its visitors to behave responsibly can host more tourists “with high levels of satisfaction for visitors and few impacts on resources.” The term “carrying capacity” has become outmoded,⁴⁰ and it was replaced in the 1990s by the more fashionable concept of “sustainable tourism.”⁴¹

The World Tourism Organization defines sustainable tourism as development that “meets the needs of present tourists and host regions while protecting and enhancing opportunities for the future.”⁴² It is based on the very sensible notion that decisions regarding tourism development today must not jeopardize the well-being of tourists and residents in the future.
Sustainable tourism “is envisaged as leading to management of all resources in such a way that economic, social, and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems.”⁴³ It has become the buzz phrase in tourism. Governments, the industry, and nongovernmental organizations (NGOs) around the world have endorsed it as the guiding principle in planning for future tourism development. But putting it into practice is another matter. Two highly respected tourism scholars, M. Thea Sinclair and Mike Stabler, who have studied this matter quite thoroughly, believe that a lot of the professed commitment to sustainable tourism is merely lip service.⁴⁴ However, a recent National Geographic Traveler magazine survey finds that there are more than a few destinations around the world that score quite highly on the magazine’s “stewardship index.”⁴⁵

Why Study Hawaii?

In this book, I examine the development of tourism in Hawaii, focusing specifically on the development of public policies toward tourism in the Aloha State.⁴⁶ But why study Hawaii? The most obvious reason is to see if there are lessons in tourism development and tourism policy planning that can be learned from an acknowledged successful destination. To be sure, Hawaii is not perfect. Hawaii Tourism Authority’s (HTA) Draft Strategic Tourism Plan 2005–2015 acknowledges that Hawaii suffers from inadequate public and private infrastructure, insufficient visitor-resident interaction, geographic isolation, lack of “new” experiences, lack of postarrival information, and other problems.⁴⁷ In 2003, the National Geographic Traveler magazine asked two hundred specialists in sustainable tourism to rate 115 destinations worldwide. The following is what they said about Hawaii:⁴⁸

- Significant improvements to save the culture are currently underway.
- Danger of overuse of some areas still exists.
- Too much emphasis on increasing number of visitors without adequate management planning or impact assessment.
- The tourism products and experience have changed and some are degraded, but as a whole the islands of Hawaii still offer such a broad range of opportunities.
- Hawaii is still a paradise when visitors plan properly.
Second, developing a successful and sustainable tourism destination over time is believed to require comprehensive planning and tight government oversight and control. However, unlike Bermuda, Vietnam, or China, Hawaii has not imposed rigid government control over tourism development. Indeed, comprehensive tourism planning came rather late to the state—in the late 1970s (see chapter 3). Even then, Hawaii’s State government saw itself not as the architect of tourism but as a coordinator, facilitator, and regulator (when needed). Perhaps the most appropriate characterization of Hawaii’s model of tourism development is “market-friendly interventionism.” Tourism planners might find Hawaii’s comparative lack of government intrusion intriguing.

Third, one of the factors that hampered tourism research was the lack of reliable data. For many years, there was not even agreement as to how one defined “tourist.” Although the UNWTO has proffered its own definition and subsequently advised how to collect the data, there is still some controversy over this.⁴⁹ Even when there came to be some agreement as to terms and data began to be collected, historical or trend studies were made difficult or impossible by the absence of comparable facts for past years. Hawaii, for a number of reasons (see chapter 5), has been more fortunate than most destination areas in having excellent data on tourism. Its remote insular geography certainly simplified keeping track of those who arrived.

Organization of the Book

This book is an interpretive history of tourism and tourism policy development in Hawaii between statehood (1959) and around 2005—roughly a forty-six-year period. It is certainly long enough for us to draw lessons and inferences from its development experience. The book is informally divided into three parts. Part one recounts the history of tourism in Hawaii and how and why it has changed over the years. It also examines tourism’s imprints on Hawaii. Part two reviews the development of public policy toward tourism, beginning with the story of the planning process that started around 1970, fully a decade before the first comprehensive State Tourism Plan was crafted and implemented. Part two also examines State government policies and actions taken relative to the taxation of tourism, tourism promotion, convention center development and financing, the environment, Honolulu County’s efforts to improve Waikiki, and how the Neighbor Islands have coped with explosive tourism growth. Along the way, I offer interpretations
Table 1-1. Population and land areas for Hawaii: 2000

<table>
<thead>
<tr>
<th></th>
<th>Land area (sq. mi.)</th>
<th>Resident population (thousands)</th>
<th>Defacto population (thousands)</th>
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<td>State</td>
<td>6,422.6</td>
<td>1,211.5</td>
<td>1,338.0</td>
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<tr>
<td>Honolulu County</td>
<td></td>
<td></td>
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<tr>
<td>Oahu</td>
<td>596.7</td>
<td>876.2</td>
<td>927.2</td>
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<tr>
<td>Hawaii County</td>
<td>4,028.0</td>
<td>148.7</td>
<td>167.0</td>
</tr>
<tr>
<td>Maui County</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maui</td>
<td>727.2</td>
<td>118.0</td>
<td>156.2</td>
</tr>
<tr>
<td>Molokai</td>
<td>260.0</td>
<td>7.4</td>
<td>8.1</td>
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<td>140.5</td>
<td>3.2</td>
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<td>Kauai County</td>
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<tr>
<td>Kauai</td>
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<td>58.3</td>
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<tr>
<td>Niihau</td>
<td>69.5</td>
<td>0.2</td>
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</tbody>
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of what has worked and what has not—and why. Part three concludes with a final chapter on lessons learned from Hawaii’s experience in developing a dream destination over the past forty-six years.

Hawaii’s Geographic and Political Divisions

For the benefit of readers who are unfamiliar with Hawaii, it is the only island state in the United States. The closest state to Hawaii—California—is about 2,400 miles or five hours of flying time away. Hawaii is actually a chain of 130 islands spread over 1,500 miles in the Pacific Ocean. The total area of the islands is about 6,400 square miles (Table 1-1). Only seven of the islands are inhabited. These islands extend from Kauai lying to the northwest to the island of Hawaii in the southeast. The island of Hawaii, at over 4,000 square miles, is geographically larger than all the other islands combined; not surprisingly, it is more commonly referred to in Hawaii as the Big Island. However, Oahu, the third largest of the islands after Maui, is the most populous. Table 1-1 also presents statistics on the “defacto population,” which includes the average daily census of tourists present in Hawaii minus residents who are temporarily away.

The islands are divided politically into four counties. The City and County of Honolulu comprises the entire island of Oahu and the Northwestern
Hawaiian Islands. Hawaii County covers the entire island of Hawaii. Maui County includes the populated islands of Maui, Molokai, and Lanai, as well as unpopulated Kahoolawe. The County of Kauai includes the islands of Kauai and tiny Niihau. Hawaii, Maui, and Kauai Counties are collectively referred to as the Neighbor Islands.

Notes

1. The top ranking goes to the posh Expedition Restaurant in Moscow, where patrons are required to spend two hours in a spa before dining.
6. HVCB (April 19, 2004).
15. Kendall (June 24, 1975).
16. At its peak, the International Union of Official Travel Organizations—the predecessor of the World Tourism Organization, which was founded in 1975—had a membership of 109 national tourism organizations. Today the UNWTO has over 150 member countries and territories.
18. Plog (June 2001), p. 18. Also see his 1974 classic paper. The concept of tourist area life cycle is described more fully in Butler (1980) and Goncalves and Aguas (1997).
29. See www.wttc.org/tsal.htm. Using a broader definition of tourism, which includes not only economic activities generated by tourist spending alone but also all tourism-related expenditures, such as government spending for tourism promotion as well as exports of commercial passenger airplanes, which are subsequently used in tourism, and so on.
30. See www.world-tourism.org/sustainable/wssd/brochure-eng.htm (last accessed on December 6, 2002).
32. Ibid.
34. Roberts (January 10, 1998), p. 3.
37. See www.twcrossroads.com/, hereafter referred to as Travel Weekly Daily Bulletin, Article # 43051. The number of cruise ship passengers permitted in Bermuda will likely rise somewhat as older, smaller ships are replaced by newer and larger ships.
40. Some argue that it should not be used at all. Ibid., p. 559.
41. See Mak (2004), chapter 14.
42. World Tourism Organization (2002); Mak (2004), p. 182.
45. Tourtellot (March 2004).
46. Ritchie and Crouch (2000, p. 2) define tourism policy as “a set of regulations, rules, guidelines, directives, and development/promotion objectives and strategies within which the collective and individual decisions directly affecting tourism development and the daily activities within a destination are taken.”
47. Hawaii Tourism Authority (July 2004), p. 5.
48. See Nationalgeographic.com/traveler/scorecard/. The story is found in the March 2004 issue of National Geographic Traveler.
49. Mak (2004), chapter 1; see also World Tourism Organization (1993). While most of us associate tourism with pleasure travel, the World Tourism Organization includes in its definition of tourism all forms of travel (other than commuting
to work) not exceeding one year. About 62 percent of international travel is pleasure travel, 18 percent business travel, and the remaining 20 percent is for other purposes, such as religious pilgrimage, medical treatment, education, and so on. In the United States, the Travel Industry Association of America reports that in 2005 there were 1.992 billion domestic trips taken that were at least 50 miles one way from home, and pleasure trips accounted for 75 percent of the total.

References


