

TOURISM ON OUR TERMS:

Tourism Planning in Hawaii

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Western Governors' Association

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**A Report Prepared
for the
Western Governors' Association**

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FOREWORD

by Governor John Waihee, Hawaii

Karl Kim, one of Hawaii's bright young scholars, has written an invaluable report about the development of tourism in Hawaii. Karl begins when Hawaii was just one of many tropical Pacific islands, not known as the vacation mecca it is today. He points out the series of strategic decisions over the years regarding land use, infrastructure development, employment patterns, transportation, and other matters that have allowed Hawaii to reach the mature stage of development it has today.

But perhaps even more importantly, Karl also points out the consequences of those decisions, some intended and some not. Perhaps the most important lesson from Karl's work is that there are consequences -- of decisions made and decisions not made. This report argues for careful consideration being given to getting what you want and avoiding what you don't want.

I see the economic strength and greater quality of life which has resulted from tourism. Born and raised in a rural community, I also feel twinges of nostalgia for the small town where 80 percent of the people were related and where we had a secure sense of who we were and how we fit in.

Tourism is a clean and vibrant industry. It is not, however, an economic or social panacea. What that means for other states and communities is to consider ahead of time what level of tourism development they want and to work to preserve what Karl refers to as "value-based tourism." Policy makers must clearly determine for whom they are planning tourism and why they are doing it. These values must always be kept in the forefront of state planning.

Hawaii welcomes the opportunity to share its experience and expertise in visitor industry planning. For at least 40 years Hawaiian leaders have recognized the large economic benefits to be gained from expanded tourism. For Hawaii, growth in tourism has meant growth in opportunities for small entrepreneurship, something especially important in a state which was largely dependent on plantation agriculture. Hawaii's infrastructure has improved, as has its transportation systems. Further, Hawaii has valued tourism as an industry of peace, enhancing global understanding.

With the benefits of tourism come many challenges -- protecting our environment, making sure our tourism strengthens our cultural roots, reducing the destabilization which can accompany diversity, ensuring that we don't develop into a state of haves and have nots.

I am especially pleased to recommend this report which has so much to say to other states about tourism, but also has a lot to say to Hawaii.

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Tourism Planning in Hawaii

A Report for the Western Governors' Association

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Introduction

The purpose of this study is to examine the evolution of the tourism industry in Hawaii by focusing on three different issues: 1) what have been some of the spatial, social, and economic impacts of tourism in Hawaii; 2) what has been the role of government in planning for and managing the development of the visitor industry; and 3) what are some of the long-term issues regarding the future of tourism in Hawaii.

There are several reasons why it is useful to closely examine Hawaii's experience. Over the past twenty years, Hawaii has evolved into an international visitor destination. Currently nearly seven million visitors come to Hawaii each year. It is recognized throughout the world as an ideal vacation spot. As an island state located away from the mainland, Hawaii is geographically isolated, making it possible to examine the impacts of tourism--both positive and negative. Because tourism has come to play such a dominant role in the state and local economy, tourism planning has also become more crucial than in places where other economic activities still dominate. Finally, Hawaii has a tradition of strong state planning. Not only was it one of the first states to establish a planning office in the Governor's office in 1958, Hawaii was first state to adopt a state wide land use control system. Hence, Hawaii provides a useful case to examine the interplay between government policy and the visitor industry.

This report is organized in the following manner. Following a brief background discussion on the history of Hawaii, the evolution of tourism policy in the state is described. It is possible to see changes in Hawaii's tourism policy in terms of a "life-cycle" or "stage" theory of development. In this section, the state's role in tourism planning, development and management is examined. Next, some descriptions of tourism developments in Hawaii are presented in order to illustrate not only the range of visitor industry activities which have emerged in Hawaii, but also to identify some common problems and concerns which arise in the context of tourism policy. These cases are illustrative of the wide range of tourist activities which have arisen in Hawaii. Through these cases, it can be seen that many of the public policy concerns regarding the impacts of tourism which have arisen in Hawaii are common to other places. The report concludes with some summary observations regarding the role of state government in the long-term planning and management of the visitor industry and suggests ways in which the experiences in Hawaii might be applicable to other states in the region.

Background on Hawaii

Volcanic activity which began some 30 million years ago created the Hawaiian archipelago. The island chain covers a vast area of the Pacific Ocean, but the total land area in the State amounts to only 4.1 million acres. The island of Hawaii (known as the Big Island) with a area of 2.5 million acres is the largest in size, followed by Maui, Oahu, Kauai, Molokai, Lanai, and Niihau. There are numerous other islands and atolls, but these are small and uninhabited.

The geography of Hawaii combined with the forces of nature (wind, sea, and inland waters) have carved the islands into a natural environment unlike any where else in the world. In addition to a rocky coastlines and sandy beaches, there are also wetlands, marshes, and in-land salt water ponds. Rain forests, swamplands, meadows, and lava

fields with desert-like vegetation are all part of Hawaii's landscape. Hawaii is home to numerous rare and endangered plant and animal life. The natural aspects of Hawaii's environment have helped to make it an international visitor attraction. Lewis Mumford (1938), described Hawaii as "the natural stage for a complex and beautiful human drama. The blue sea, the jagged mountains, the rhythmic roll of the surf over the coral reefs and the tumbling clouds form a landscape that has few rivals as a setting for human activity..."

While the island of Hawaii is the largest in land area, Oahu is the largest in terms of population size. Of the State's 1.1 million residents, nearly 76 percent (841,600) live on Oahu. Honolulu, the state's largest city, located on the island of Oahu, has become the commercial, industrial, and business center for the state. Honolulu serves as a regional hub for transport, telecommunications, finance, and government. (The City and County of Honolulu has jurisdiction over the entire island of Oahu.) The spatial development of Oahu and the neighbor islands is a function of geography, industrial structure, and unique social and political forces which have shaped development patterns.

The geography, topography, and climatology of the islands have influenced development (Armstrong, 1983). Generally, the largest settlements developed near the coast and on the southern and western parts of the islands. Many of Hawaii's cities (Honolulu, Lahaina, Lihue, Hilo, etc.) have evolved in areas where there are natural harbors or protected bays. Steep volcanic slopes towards the interior of each island have limited development while broad plateaus in between mountain ranges have offered ideal sites for the cultivation of crops.

Daws (1968), Fuchs (1961) and Kuykendall (1938-1967) provide among the better known histories of Hawaii. Plantation agriculture has had a major impact on the social and spatial development of Hawaii. Prior to the formation of plantations, foreigners were not allowed to own property in Hawaii. All lands in Hawaii were controlled by the Hawaiian Kingdom. The plantation system not only provided a means for mass cultivation and production of an export product (sugarcane), but it also provided a means for outsiders to acquire vast holdings of land in Hawaii. Spurred in part by shortages in sugar during the Civil War, Hawaii soon became a major producer of sugar for the United States. Sugar's sweet success in Hawaii combined with an allegiance between plantation owners and the U.S. government led eventually to the overthrow of the Hawaiian Kingdom. Hawaii became a U.S. territory in 1900 and the fiftieth state in 1959. The sugar industry has also had a major impact on the demography of the islands. Because of labor shortages, plantations imported workers from China, Japan, Korea, and the Philippines. Between 1852 and the end of World War II, more than 352,000 contract workers were brought to Hawaii from Asia (Hawaii Sugar Planters' Association, 1990:3). Plantation labor policies therefore had a major impact on the social and political structure of the state, as many of these contract workers became permanent residents of Hawaii.

The plantation, therefore, has figured prominently in Hawaii's history and culture. It provided an export good which brought capital, labor, and technology to Hawaii. The plantations also had a major impact on land use, settlement patterns, and transportation networks. Plantation camps evolved into small towns and villages which in turn were connected to the major cities on each island. These places acted as collection and distribution points for Honolulu which evolved into the principal hub for Hawaii. Descendants of Hawaii's plantation workers have become a major political force in state and local politics.

While the influence of Hawaii's sugar and pineapple plantations is still apparent, the decline of plantation agriculture has also had an major impact on the state. The factors associated with the decline of Hawaii's plantations include increased competition from

other states and foreign countries, rising costs of labor in Hawaii, a higher standard of living and the resulting changes in lifestyle, educational attainment, and job preferences. Technological developments have both helped and hurt the Hawaii sugar industry. Due to advances in agricultural technology and processing techniques, Hawaii's sugar lands are among the most productive in the world, when expressed in terms of either per acre yields or in terms of per person production levels. Hawaii's sugar workers are among the most highly skilled and highest paid agricultural workers in the world. At the same time, new technologies have enabled the use of substitute crops (e.g. sugar beets) and the development of alternative sweeteners (corn syrup and artificial sweeteners) has reduced demand for Hawaiian cane sugar.

Other factors have contributed to the decline in plantation agriculture. Rising land values, increased population growth, suburbanization, resort development, and increased demand for land to be used for golf courses, commercial centers, and other uses have helped increase the conversion of agricultural lands to other uses. (See Table 1: Social and Spatial Changes in Hawaii). Coupled with outside economic pressures and rising labor costs, it is clear why many plantation companies have diversified into other activities such as real estate development. One plantation on the Big Island is currently pursuing efforts to build a spaceport. Others have become involved in the production and sale of electricity by using some of the byproducts of sugar processing as a fuel source. Many currently lease or have co-developed portions of their lands for resorts, residential communities, golf courses, and shopping complexes. A few have ventured into the diversified agriculture industry or have developed new export crops (coffee, guava, tea, papayas, etc.). Yet in the final assessment, a one-crop plantation industry such as what existed at the peak of Hawaii's sugar industry is not likely to occur again in Hawaii's foreseeable future.

Today, tourism dominates Hawaii's economy just as agriculture did sixty years ago. A question which arises, therefore, with the decline of the plantations in Hawaii and the adaptive reuse of many of the plantations lands and facilities is: *have hotels and resorts become the new plantations of Hawaii?* There has been dramatic growth in the visitor industry when measured in terms of the number of tourists, hotel rooms, visitor industry jobs, and the economic activity which has been generated directly and indirectly by tourism. Tourism has grown into Hawaii's number one industry. It has been referred to as Hawaii's golden goose. Powerful interest groups including hotel operators, labor unions, and those involved in the development and construction of hotels have also emerged. Stern (1989) chronicles the development of Hawaii's hotel industry and organized labor movement. The visitor industry has become a major economic and political force in the state.

As the figures in Table 1 indicate, tourism has become the state's major industry. Tourism has affected virtually all aspects of life in Hawaii. Not only have people become dependent on the visitor industry for jobs, but also many businesses depend heavily on tourist dollars. An increasingly large share of the state's economy is in the service sector and the expansion of retail establishments which serve both resident and visitor markets is apparent. In 1988, data from the state Department of Labor and Industrial Relations showed that there were 24,781 private businesses in Hawaii. The vast majority of firms were very small--almost 55 percent of these business had 0-4 employees. Approximately 97.4 percent of the firms in the state had fewer than 100 employees. There were 38 firms with more than 1,000 employees. The point to emphasize here is that tourism has also affected the structure of Hawaii's labor market, increasing the number of small, service sector establishments.

Table 1
Social and Spatial Changes in Hawaii 1950-1990

	1950	1960	1970	1980	1990
Population					
State of Hawaii	499,794	632,722	769,913	964,691	1,108,229
City & County of Honolulu	353,020	500,409	630,528	762,565	836,231
Housing Units	120,606	165,506	216,774	334,235	402,644
Personal Income (per capita)	\$1,386	\$2,305	\$4,960	\$10,648	\$20,254
Gross State Product	\$839,900,000	\$1,825,200,000	\$4,414,000,000	\$12,226,000,000	\$27,647,000,000
Visitor Industry					
Annual Visitors	46,593	296,517	1,746,970	3,934,504	6,971,180
Direct Visitor Expenditures	\$24,200,000	\$131,000,000	\$595,000,000	\$2,875,000,000	\$11,750,000,000
Hotel Accommodations	2,003	9,522	30,323	55,700	72,237
Sugar Industry					
Production (short tons)	960,961	935,744	1,162,071	1,023,232	863,614
Employees	22,000	13,500	10,629	8,396	3,300
Sugarcane acreage	220,383	224,617	238,997	217,718	170,813
Land Use Classifications					
Urban	na	117,800	140,163 †	152,199	175,285
Conservation	na	1,862,600	2,009,087 †	1,975,865	1,960,976
Agricultural	na	2,124,400	1,955,875 †	1,974,196	1,965,935
Rural	na	6,700	6,375 †	9,240	10,192

* 1989 estimate

† 1964 estimate

Sources: Department of Business & Economic Development, (1990) Data Book, Honolulu; State of Hawaii: Schmitt, R. (1977). Historical Statistics of Hawaii, Honolulu; The University Press of Hawaii, and Chamber of Commerce of Hawaii; (1989) Hawaii Facts and Figures, Honolulu; (1989) Hawaii Facts and Figures, Honolulu; Hawaii Chamber of Commerce.

Another way of gauging the importance of the visitor industry in Hawaii is to look at industry rankings for the State of Hawaii. In 1983, *Hawaii Business* first published a ranking of the largest companies in the state. Nine hotels made the listing of the top 100; in 1989, 17 hotels appeared on the list (which was expanded to the top 250 companies). These 17 hotels generated combined sales of \$1.5 billion and employed more than 21,000 workers (Speigelberg, 1990). It is somewhat misleading to look only at hotel owners and operators since many of the large landholding companies in the state (Castle and Cook, Amfac, C. Brewer, Horita Holdings, etc.) have diversified into resort development. Also prominent on the list of top 250 businesses in Hawaii are a number of companies with foreign and mainland parent companies (Kyo-Ya Co., Otaka Inc., Mitsui Fudosan, Seibu Railway, Obayashi Hawaii Corp., etc.). The 14th largest company in the state is an airline (HAL Inc.), and several of the largest companies are tour promoters (e.g. Pleasant Travel and Robert's Hawaii Inc.). When major firms engaged in the construction or management of hotels and resorts are also noted, it becomes all the more apparent that Hawaii is extremely dependent on the visitor industry.

In summary, Hawaii's geography, topography, remote location, lack of raw materials, and its history of plantation operations set many of the preconditions necessary for the development and expansion of a visitor industry.

The Evolution of Tourism Policy in Hawaii

The description of tourism policy in Hawaii which follows is based on a number of important concepts which have been borrowed from the field of urban and regional planning. The first is the concept of the *public domain*, a term used by John Friedmann (1987) in his book "Planning in the Public Domain: From Knowledge to Action," in which the public domain is seen as a "sphere of common discourse and concern, along with the institutions and laws that regulate conduct within it." In this way, tourism policy must be seen in a larger context involving both the public and private sector. The second idea, central to this description of the evolution of tourism policy in Hawaii is the notion of *life-cycles* or *stages of development* in the visitor industry. This concept has come under different names. For example, Thompson's (1968) stage theory of evolution, Smith's (1975) notion of the evolutionary expansion of economic base, and Vernon's (1971) product-cycle model all represent variations along this theme. The third concept central to the description of tourism policy in Hawaii might be conveniently labelled a "*political-economy*" perspective on growth, development, and change. The point is that any government policy needs to be seen in terms of social, economic, and political winners and losers. The concept of a "growth coalition" as advanced by Logan and Molotch (1987) is also central to an understanding of tourism apparent success in Hawaii.

Tourism: In the Public Domain

Tourism has been very much part of the "public domain" in Hawaii. To understand the interplay between the public and private sector on tourism issues it is necessary to have some understanding of governance in Hawaii and the unique position that the visitor industry has come occupy in the state.

The state has a very centralized system of government. One state government and four counties (Honolulu, Hawaii, Kauai, and Maui) make up the entire state and local sector. There are no municipalities, townships, or special districts (the state has established a convention center authority and a redevelopment authority for downtown Honolulu). The state government provides public education and plays a strong role in health, transportation, natural resource management, and land use planning. Hawaii was the first state in the nation to adopt a state-wide land use law under which all lands in the state are classified as either urban, rural, agricultural or conservation lands. Under the land use system in Hawaii, the Counties exercise primary jurisdiction over zoning and land use

decisions in the urban areas while the state government retains responsibilities over the other land classifications. Hawaii's land use control system has evolved out of the desire to protect agricultural lands from urbanization and the need to preserve natural areas, watersheds, and sensitive environments from development. Strong environmental protection legislation has evolved including state EIS (environmental impact statement) requirements (Kim, 1991) and numerous permits which must be obtained as a precondition for development. Groups such as the Outdoor Circle, the Nature Conservancy, Sierra Club, Greenpeace, and other environmental interest groups have a strong presence in Hawaii.

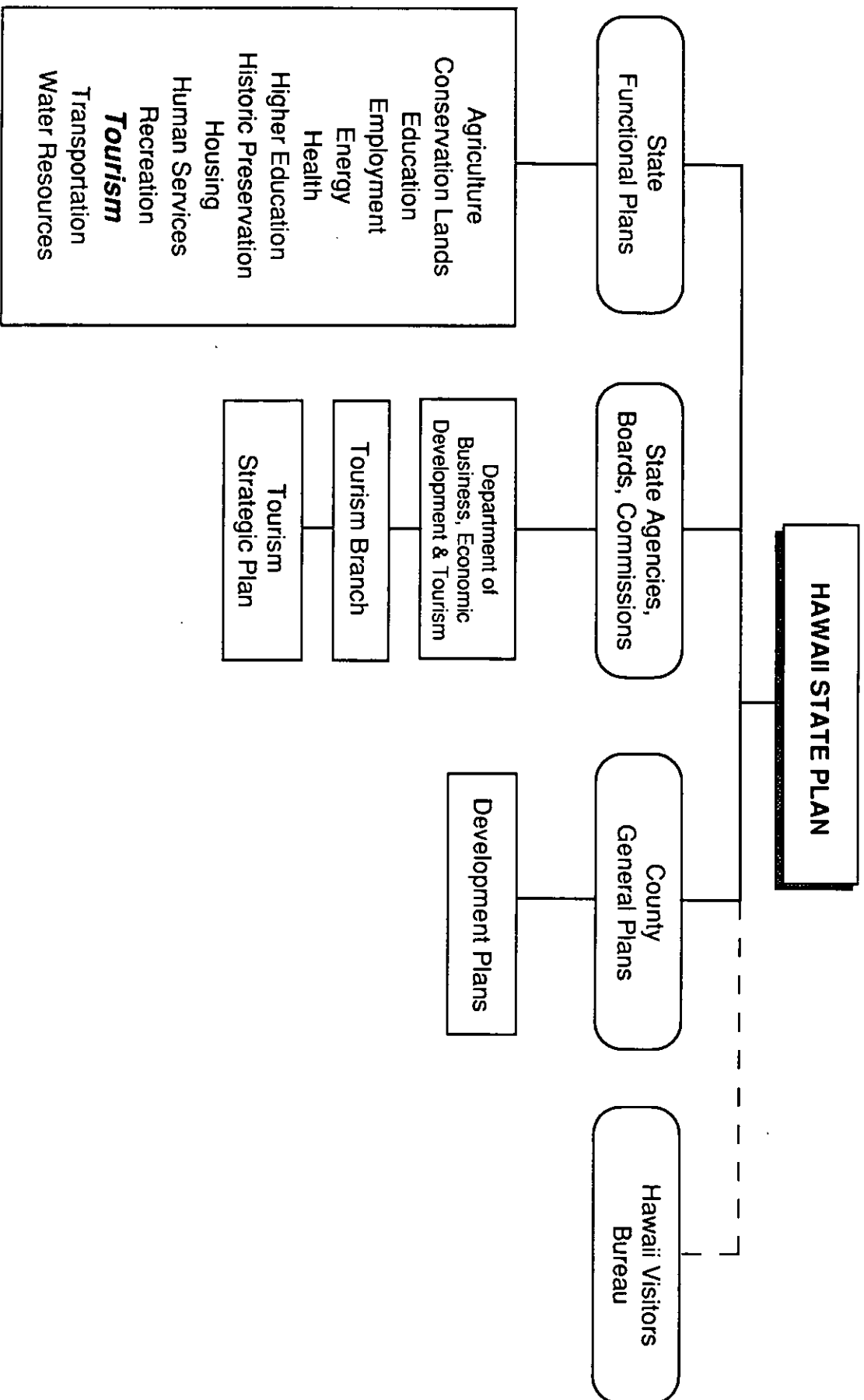
Under Chapter 226 of the Hawaii Revised Statutes, Hawaii has enacted a State Plan and a state wide planning system which requires the development of functional plans in agriculture, conservation lands, education, employment, energy, health, higher education, historic preservation, housing, human services, recreation, tourism, transportation, and water resources development. See Figure 1 (State of Hawaii Planning System). While the purpose of the State Plan is to establish broad long-term objectives for Hawaii, the functional plans delineate specific strategies or policies or priority actions that need to be addressed in the short-term. Functional plans address actions which are to be taken within a two to six year period, which coinciding with the Biennial Budget and Capital Improvement Program budgetary cycles. While the plans are meant primarily for the State government, recommendations for Federal, County, and private sector actions are also included.

Tourism, hence, is very much in the public domain in Hawaii. The most recent Tourism Functional Plan was prepared during the summer of 1990 with input from a State Tourism Functional Plan Advisory Committee comprised of state, county, and industry representatives as well as citizens and interest group representatives. The coordinating agency is the Department of Business and Economic Development and Tourism (DBEDT), although planners from the Office of State Planning (under the Governor's office) have been involved in the development and review of the Tourism Functional Plan.

The Tourism Functional Plan is a document that is too extensive to adequately summarize in this report. The functional plan has identified a number of concerns including: growth, physical development, environmental resources and cultural heritage, community, visitor and industry relations, employment and career development, and marketing. The major stated objective is to find a balance among social, economic, and environmental issues. Indeed, attempting to strike a balance between these diverse concerns has been one of the more challenging aspects of the plan itself.

In reviewing the Tourism Functional Plan, however, several policies are especially noteworthy. One policy calls for a "rate of industry growth that is consistent with the social, physical, and economic needs of the residents and the preservation of Hawaii's natural environment." This would suggest that there is a recognition of the limits to growth in the visitor industry. Another policy calls for ensuring that "growth of the visitor industry assists in the overall State goal of expansion and diversification of the economy," which is at least a tacit recognition of an over-dependence on tourism. The functional plan also calls for "maintaining high standards of overall quality of existing visitor destination and attraction areas," and "encouraging development of a diverse range of tourism products." The plan also reveals concerns regarding the visitor industry's impacts on labor markets, affordable housing, environmental quality, and on relations between residents and visitors. The plan calls for the adoption of a variety of different tools for evaluation, communication, education, and training in support of the visitor industry. Interestingly, the last issue addressed in the functional plan involves marketing, with an emphasis on the

Figure 1.
State of Hawaii Planning System



development of diverse markets (Japan, new domestic markets--Eastern U.S.A. and Canada, as well as increasing market share in Europe).

The existence of the Tourism Functional Plan and a division within the Department of Business and Economic Development and Tourism suggest that tourism policy in Hawaii has become quite sophisticated. This division has also commissioned the development of a Strategic Plan for Tourism (1989). The purpose of the Strategic Plan is to "reassess and determine the appropriate role for State government in relation to the tourism sector and industry; plan strategically to influence or direct tourism toward the public good; and direct the use of the State's resources appropriated for tourism." The plan includes a market assessment, an assessment of competing markets, opportunities and challenges (as identified by tourism industry representatives), a review of the impacts of the tourism industry, and a review of current strategies and plans.

It is clear that tourism has become very much "in the public domain" in Hawaii. The support for this claim goes beyond the existence of tourism plans and policies and the various state and local government agencies which are engaged in promotion, planning, and development of the visitor industry. The evidence lies in the fact that the state legislature has adopted a resolution calling for recognition of the "Aloha Spirit," and that virtually every public policy in Hawaii is gauged in terms of its impact on the visitor industry. Recent discussion on topics as diverse as adoption of a state lottery, mass transit in Honolulu, regulation of foreign investment, restrictions on golf course development, affordable housing, AIDS, and numerous other issues before state and local legislatures have often been discussed in terms of the possible impacts on tourism.

The extent to which the tourism industry occupies a central position in Hawaii's state government is also affirmed through comparison with other states. While all 50 states have travel offices which are responsible for promoting tourism, Hawaii is the only one which contracts with a private entity--the Hawaii Visitors Bureau. Mak and Miklius (1989) have examined collective action in the context of promoting tourism in Hawaii and have determined that there are efficiencies associated with Hawaii's approach. As part of the Western Governors' Association study this year, a survey was mailed to travel directors throughout the region. One of the questions asked was, "what percentage of your state tourism office's time and budget is spent on (1) marketing and promotion; (2) development of infrastructure; and (3) planning and management. The vast majority of the state responses indicated that most of state efforts (at least 70 percent of time and budget) was spent on marketing and promotion. Wyoming reported that 100 percent of effort went into marketing and promotion while several states reported 90 percent or more (Colorado, Nevada, Montana, and North Dakota). It is interesting to note that Hawaii was one of the lowest in terms the proportion spent on marketing and promotion (50 percent), along with the other American Flag Pacific Islands and Kansas. Based on the review of other states in the region, it is apparent that Hawaii not only has developed more sophisticated policies and plans, but it has also expended a larger share of its total budget on planning and management. While some states fund infrastructure activities in support of tourism, the indications are that many of these activities are supported by other divisions within the state governments (e.g., Highways, Parks and Recreation, Harbors, Employment, etc.).

A Stage Theory of Tourism Development in Hawaii

In the previous section, an argument was made showing the extent to which tourism policy has come to occupy a central position within the public domain of Hawaii. Tourism policy is seen as an extension of government in Hawaii; it has evolved beyond promotion and marketing into the realm of planning and management. This suggests that tourism and the relations between the visitor industry and government in Hawaii have

reached an advanced stage. In this section, a framework for describing the evolution of the visitor industry in Hawaii is developed. For purposes of discussion it is convenient to visualize tourism in Hawaii in terms of four stages of development: (1) The Pre-Tourism Society; (2) The Investment Years; (3) Hypergrowth in the Visitor Industry; and, (4) The Maturation of Hawaii's Visitor Industry. These stages are similar to those presented elsewhere, such as Plog's theory relating the rise and fall of destinations to personality types or the stages of destination development in Gee et., al. (1984:100-105).

The pre-tourism society years go back a long ways--perhaps as early as the eighth century when the Polynesians first settled the Hawaiian island chain. The Hawaiians developed a lifestyle which emphasized co-existence with the forces of nature and a respect for land and sea. A complex system of land use control and regulation designed to protect their environment evolved, enabling the Hawaiian people to live and prosper for centuries without needing tourism or other forms of exchange from outside. Stannard's book (1989) *Before the Horror, The Population of Hawaii on the Eve of Western Contact* has made a very compelling argument that conventional estimates of the number of people living in Hawaii prior to the arrival of the Caucasian explorers (200,000 to 300,000) are far too low. He argues that the true population may have exceeded 800,000, but was virtually obliterated by introduced diseases such as syphilis, influenza, and tuberculosis. Western contact, beginning with the arrival of Captain James Cook in 1778, started a rapid succession of economic and social transformations that have been well documented elsewhere.

After the sandalwood forests were depleted, Hawaii became a central port for the Pacific whaling industry. Traders and merchants soon followed, along with missionaries and others who became permanent residents of Hawaii. Plantation agriculture expanded, increasing Hawaii's importance to the U.S. mainland. Soon after becoming a territory, Hawaii also began to serve as a military outpost for the United States and many military facilities (e.g., Pearl Harbor, Schofield Barracks, Fort Shafter, Fort DeRussy, Kaneohe Air Station, and others) were built throughout the state. Following its involvement in World War II, Hawaii has continued to play an important role as military location, serving as a staging area during the Korean and Vietnam conflicts. The point to emphasize is that for many years, while people recognized Hawaii as an island paradise and as a nice place to visit, it had not achieved the success (or notoriety) as a visitor destination it has enjoyed in recent years. Some have argued, in fact, that in its pre-tourist period, Hawaii was a much nicer place to live--that the environmental quality was better, that the sense of identity was stronger, and the cultural roots were much deeper. Nowhere is this more apparent than in the changes in the built environment. In the pre-tourist society, the scale, density, heights, style, and appearance of buildings and streetscapes reflected a greater awareness and appreciation of island life.

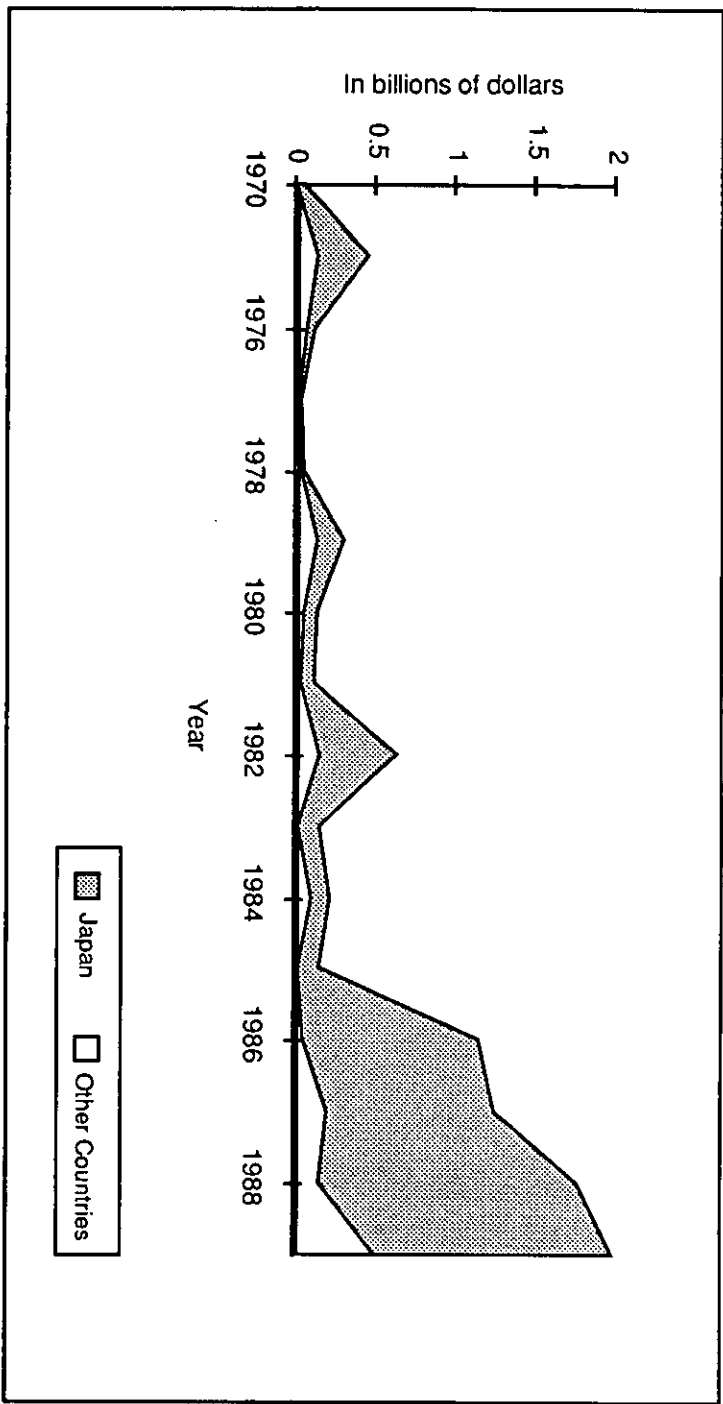
The "investment years" describe a period in which government and the private sector in Hawaii built the necessary social and physical infrastructure to sustain a tourism industry. Crampon's (1976) study describes in great detail the development of Hawaii's visitor industry. In the 1920's the Ala Wai Canal was completed, draining a swampy area in Honolulu known as Waikiki. The filled-in lands became a place where housing could be built for the workers who were employed by the hotels on Waikiki Beach. Later these residential areas were turned into hotel sites. The canal served an important line of demarcation, separating Waikiki from the rest of Honolulu. Hotel development soon concentrated in Waikiki. This idea of concentrating hotel and resort development accomplished a number of objectives. First, it prevented urban sprawl so that many of the pristine natural areas would remain untouched by development. Second, it allowed for economies of scale in the provision of infrastructure and other government services in areas such as Waikiki. Third, it facilitated the development of visitor industry councils and other

organizations because many of the hotels and businesses were located in the same area. As such, Waikiki, rather than individual hotels or businesses could be marketed throughout the world. During this period of investment, other forms of infrastructure were developed that were critical to the success of Hawaii's visitor industry including the world's largest reef runway, the H-1 expressway (connecting Waikiki and the airport), the development of state and county parks, acquisition of public beach areas, and later, the development of neighbor island airports and other facilities necessary for tourism's success. During this second stage of Hawaii's development, a number of key plans were prepared for the State of Hawaii. One of the most interesting was prepared by Harlan Bartholomew and Associates (1960) "Visitor Destination Areas in Hawaii: An Action Program for Development." While many of the plans never materialized or took a form quite different from how they were visualized at the time the plan was prepared, it is interesting to note that there was a strong state government planning effort prior to the growth and development of Hawaii's visitor industry. It is clear that without this early investment in social and physical infrastructure, Hawaii's visitor industry would not have experienced the growth which has in more recent years.

Since 1960, the visitor industry in Hawaii has experienced a period of hypergrowth. The number of hotel rooms grew from 9,522 to more than 68,000 in 1989. The number of visitors grew from about 300,000 per year to more than 6.6 million in 1989. Total visitor expenditures grew from \$131 million in 1960 to more than \$9.6 billion in 1989. Buried within these figures are dramatic changes in the physical environment. Virtually every inch of the 450 acre Waikiki district has been developed. Dozens of golf courses have been built in Hawaii, including many championship courses designed by Robert Trent Jones, Jack Nicklaus, Arnold Palmer, and others. This period of hypergrowth has brought into Hawaii much outside investment, initially from the mainland U.S., Canada, Europe, Australia, and more recently from Asian countries such as Japan, Hong Kong, Indonesia, and Korea. The influx of capital has led to the construction of numerous condominiums, luxury homes, and new town developments throughout the state. Housing prices have soared to the point where the average price for a single family home on Oahu in 1989 was \$380,000. In some areas, such as Waiialae-Kahala (Honolulu) the median price exceeds \$750,000. The drastic increase in housing prices is indicative of the hypergrowth which has been experienced in the state. The success of the visitor industry has pumped new investment dollars into the economy, as foreign and outside investors began purchasing real estate for development and speculation. Trends in foreign investment are captured in Figure 2., "Foreign Investment in Hawaii." An important point to emphasize is that much of the investment which has occurred has been in the visitor industry. Recent years have seen the development of numerous megaresorts--destination resorts which provide not only accommodations but a full range of services and amenities (golf courses, health clubs, restaurants, gift shops, galleries, etc.) so that visitors need not leave the resort area. Examples include the Kauai Westin Lagoons, the Waiakaloa on the Big Island, the planned Ko' Olina Resort on Oahu, the Manele Bay Hotel on Lanai and numerous other resorts throughout the state. During this period of hypergrowth, larger and more grand hotels and resorts were built and sold in what amounted to a frenzied pace. The AAA has reported that Hawaii has the highest per capita concentration of luxury hotels in either the U.S. or Canada. Average room rates during this period of hypergrowth shot up to become among the highest in world. Yet occupancy rates continued to climb over to 75 percent in the late 1980s. The boom years continued especially after revaluation of the yen in 1985, pushing up not only the amount of Japanese investment dollars, but also the annual number of tourists from Japan.

In recent years, there has been some indication that Hawaii's visitor industry has gone from being a growth industry into one that can be better described as a mature industry. Land and economics have combined to slow the forces of growth in Hawaii.

Figure 2.
Foreign Investment In Hawaii



There is simply less land available for development and what is available is too costly. Capital has not yet run out, but given the inflated prices that many have paid for Hawaiian real estate, there is both a limited market for resale and also a need to produce high economic returns. The market for luxury hotels and condominium developments may have become saturated, particularly given a host of local political problems. These problems include a growing resistance on the part of residents towards new luxury hotels, golf courses, and foreign investment expressed through referenda that have overturned zoning decisions allowing resort development, through calls for bans on golf course development and special taxes or restrictions on foreign investment. Additionally, chronic labor shortages have also created problems for the visitor industry. Increasingly, fewer and fewer residents want to take the lower paying service jobs resulting in the importation of low skill workers from throughout the Pacific Basin. The growing social problems associated with a burgeoning service class and the arrival of many new immigrant groups have also created tensions in Hawaii. The Governor of Hawaii, John Waihee, explained it best in a recent interview when he said, "Each generation tries to make life better for their children. The plantation generation thought that working in a hotel would be better than being in the cane or pineapple fields. The current employees of hotels and resorts want their children to have a better life--they don't want their children to be hotel workers but to be doctors and lawyers and professionals." The feelings that Hawaii's visitor industry has entered into a new era was recently reinforced through a decline, for the first time in more than a decade, in visitor arrivals and hotel reservations--due to the combined effects of the recession and the Persian Gulf War. This downturn led to calls for special state assistance (the legislature appropriated \$6 million to be used for marketing and promotion of Hawaii) and also some slowdown in the construction and renovation of hotels. Beneath the surface is a growing awareness that Hawaii must find alternatives to tourism, that the visitor industry must itself diversify its product offerings, and that long-term planning and management of the industry is needed.

In reviewing the history of tourism in Hawaii, it is apparent that Hawaii, relative to other places, has evolved from being a minor tourist attraction into being one of the world's leading visitor destinations. This evolution has been predicated upon substantial public and private investment in infrastructure, hotels, and in developing a workforce capable of providing the necessary level of service in order to compete with other worldwide destinations. Through a combination of factors, including government assistance and culture in which hospitality and kindness to strangers is second nature, Hawaii grew into a major tourist destination. The pace of growth was fast and complete. Now, Hawaii is entering a period of stabilization or even decline. New models of tourism development are likely to emerge from Hawaii, but it is clear that the heyday in terms of growth, development, and outside investment in the visitor industry has passed.

The Political Economy of Tourism in Hawaii

The previous two sections have described how tourism policy has moved in to the public domain and how the visitor industry in Hawaii has matured. In this section, a short argument is developed that will complete this description of the evolution of tourism policy in Hawaii: that there have been winners and losers associated with the growth and changes that have occurred. An appreciation of the benefits and costs of tourism development is central to arguments relating not only to reform in Hawaii, but to proposals that link public and private actions elsewhere.

Several points with regard to the political and economic structure of Hawaii need to be emphasized. First, since statehood, the state and local political arena has been dominated by Democrats, which explains, in part, the development of strong labor, environmental, and planning laws. Second, land ownership has remained quite concentrated in Hawaii. This has created not only concentrations of wealth, but also has

led to centralization in terms of planning and decision-making. Often resorts or communities have been built on what were once plantation lands controlled by a single owner. Bishop Estate, a trust established by the Hawaiian Royalty which to help provide for the education and welfare of Hawaiian children, is one of the largest landowners in the state. Third, ethnic politics has played an important role in Hawaii, although it is difficult to pinpoint the relationships between ethnicity and politics. Certainly it must be noted that in Hawaii, Caucasians make up approximately 23 percent of the population. People of Japanese ancestry also account for 23 percent of Hawaii's population. Filipinos, comprising approximately 11.3 percent of the population, make up the third largest ethnic group in the state. People of Chinese, Korean, Indochinese, Puerto Rican, and Samoan ancestries also make up a significant part of the population. Native Hawaiians make up a shrinking proportion of the state's population. In 1986, the Department of Health estimated that there were 8,104 Hawaiians, although there are a large proportion of the state's population who is part-Hawaiian.

When viewing the Hawaii visitor industry in a larger political and economic context, it is clear that the success of the industry is related to a number of different trends and developments both internal and external to Hawaii. In Hawaii, the presence of large landholders who used Hawaii's lands primarily for plantation agricultural, has helped to facilitate the transformation from farming to tourism. The presence of a large immigrant workforce provided a supply of labor which needed to re-deployed once sugar mills and plantations closed. The existence of progressive labor and environmental laws alongside strong, centralized state government planning also aided in the transformation of agricultural lands into resort developments. The laws designed to protect agriculture also served to ensure that there were restrictions on urban sprawl, green space, and preservation of scenic vistas--all of which have benefited the visitor industry. The absence of heavy industries and manufacturing companies assured that the visitor industry would have little competition for land, capital or labor. A form of deindustrialization occurred in Hawaii--at least in terms of shut-down of sugar mills and other "factories in the field." Elsewhere, Hawaii has been referred to as a post-industrial playground (Kim and Lowry, 1991). Post-industrialism, Hawaiian style, can be seen in terms of world-wide forces in which there has been a decline in production and manufacturing industries so that more people are employed in activities such as the buying and selling of real estate. It is important to note that the visitor industry has not only drawn people to Hawaii, but also investors. There has been a shift in world-wide economic activities--from Europe and the East Coast of the U.S. to the Pacific Basin--so that places like Hawaii have become both world renown tourist destinations and targets for investment.

One of the problems with economic growth is that it can change people and their settlements. This is apparent in terms of the new businesses, customers, visitors, investors, workers, hotels, buildings, and homes that have been constructed in Hawaii. The feelings of loss and the displacement which comes with new growth and development can be not only painful, but disruptive to a community. When a place, like Hawaii, achieves international success, then the changes can lead to increased resentment towards newcomers, increased territoriality, and ultimately deterioration of the visitor industry's product quality. Often, when the pace of development is rapid, there is a tendency towards trendy, flashy designs, those which lack connection to their surroundings and sensitivity towards unique environmental conditions. One need only to look at recent skyrisers and resorts built in Hawaii in order to realize the relevance of David Harvey's notions of postmodernism's influence on urban space. He writes, " Postmodernism cultivates...a conception of the urban fabric as necessarily fragmented, a palimpsest of past forms superimposed upon each other, and a collage of current uses, many of which may be ephemeral. Since the metropolis is impossible to command except in bits and pieces, urban design (and note that post modernists design rather than plan) simply aims to be sensitive to

vernacular traditions, local histories, particular wants, needs, and fancies, thus generating specialized, even highly customized architectural forms that may range from intimate, personalized spaces, through traditional monumentality, to the gaiety of spectacle..."(Harvey, 1989:66).

At issue is the matter of control. The success of the visitor industry in Hawaii has increased control for some and reduced it greatly for others. While some developers, architects, and designers in Hawaii have been able to build monuments to themselves (much as Donald Trump has elsewhere), many of the state's residents have felt an increasing loss of control over not just the physical appearance of the environment, but their daily lives as well. As a state with one of the highest costs of living in the U.S., and one of the lowest rates of home ownership, in spite of having one of the highest rates of female labor force participation, Hawaii's people and its government have begun to ask the question of "who benefits and who pays for tourism's success."

The beneficiaries have been part of what Logan and Molotch (1987) have termed the "growth coalition,"--the landowners, developers, planners, builders, real estate sales personnel, bankers, brokers, and other specialists who gain every time another hotel is built or condominium or luxury home is sold. In Hawaii, the growth coalition has increased greatly in size--for example there are more than 20,000 people who hold real estate licences (more than virtually any other state in the U.S., and double the number of public and private school teachers in Hawaii). The losers are the people of Hawaii who can no longer afford to compete in an international housing market because prices are too high and because the wages they receive from the visitor industry are not adequate to afford life in an international paradise (Hawaii Business: 1987). Some have argued that it is possible to visualize Hawaii as part of a large labor market, in which workers are free to move to other states where the cost of living is lower and wages are higher--that the problems described result from a temporary imbalance between forces of supply and demand. How to handle these imbalances between supply and demand, between expectations of consumers and households and the realities associated with inflated local prices and worldwide market forces has become a major topic of debate and discussion within Hawaii.

At the crux of this debate is the question regarding the appropriate role of government. On the one hand, many have argued that government should have what amounts to a "hands-off" philosophy towards business in Hawaii. Others have argued that government should play a more activist, progressive role in ensuring that Hawaii's people benefit from new growth and development. Moreover, benefits must include not just the economic ones, but other benefits which are more difficult to quantify, such as protection of the environment, preservation of culture, and promotion of social harmony in the community. The challenges to Hawaii government are especially difficult because so many of the channels connecting capital and political influence run very deep in the community. One need only look at recent cases involving, for example, the development of geothermal energy on the Big Island, the construction of golf courses on conservation lands, the construction of new towers which far exceed height and density limits, and numerous other examples in order to have an appreciation for the extent to which politics and development in Hawaii are so tightly interwoven.

Many have viewed the circumstances brought by the political economy of tourism in Hawaii with almost a sense of hopelessness and despair. Noel Kent, for example, has made a compelling argument that *dependency theory* (which has been used to explain the failure of Third World development strategies elsewhere) is directly applicable to Hawaii and that moreover, "that the contemporary period is the age of almost complete dependency in Hawaii, and that tourism more than any other factor is at the root of this

dependency...Virtually every manifestation of dependent tourism that can be found in Jamaica, Puerto Rico, Guam, or Fiji can also be found in Hawaii." (1983:186-187). John Lea's book (1988) contains a discussion of common concerns associated with tourism and development in the third world and points out how tourist-host relations in Hawaii involve strains on the host which are no different from what occurs in many developing countries. Thomas Creighton's book (1978) traces planning and development in Hawaii focusing both on the "plans without purpose," and the extent to which the state's natural resources have been exploited purely for profit. Daws and Cooper's (1987) *Land and Power in Hawaii*, also paints a more intricate portrait of the political economy of paradise, suggesting that a critical theory of planning, tourism, and development in Hawaii is long overdue.

It may be somewhat surprising, even difficult to believe for some, that in recent years, the State of Hawaii has begun to address some of these larger concerns regarding equity and the redistribution of benefits associated with growth and development. On the other hand, some could argue that the State's initiatives represent, "too little, too late." Nonetheless, it may be useful to think of the following initiatives as strong examples of the direction that Hawaii is moving towards: (1) affordable housing, (2) carrying capacity/sustainable growth studies, (3) environmental protection, (4) coastal zone management, and (5) enhancement of local economic development efforts.

The housing crisis in Hawaii has been recognized for a long time. The growth in the visitor industry has increased labor requirements which in turn has led to new immigration of workers. Housing vacancy rates in many areas of the state are below 1 percent. Families often live in crowded or inadequate dwellings. The housing issue routinely appears as one of the major concerns in the state. In an effort to address this problem, the State of Hawaii has recently begun a policy requiring that subdivision developers provide 60 percent of the homes they construct for the so-called "gap group," households making between 80 and 120 percent of the median income. Under Hawaii's land use control system, the policy is enforced at the state level because it has become a condition for the rezoning of land from agricultural to urban uses. While conditional zoning, development agreements, park dedication fees, employee housing requirements and other mechanisms for leveraging the private sector to provide more public benefits have been widely used in Hawaii, the "60 percent rule" stands out as a prominent example of how the State of Hawaii is attempting to ensure a more equitable distribution of benefits associated with development.

Another initiative which has been underway for some time, involves the development of carrying capacity models and sustainable development alternatives which have been underway in Hawaii for more than two decades. The carrying capacity models have attempted to determine the limits to growth in terms of island resources (land, water, space, etc.) and the physical infrastructure put in place by both the public and private sector (water systems, sewerage, landfills, roadways, utilities, services, etc.). Not only has the state sponsored several carrying capacity studies, it has also invested heavily in GIS (geographic information systems) technologies (Kim, 1990). The concept of sustainable development, much broader than that of carrying capacity, is also being studied in Hawaii (Department of Urban and Regional Planning, 1989). While the State still seems far away from the adoption of ecodevelopment, ecotourism, and other alternatives, it is important to note that these ideas are at least being considered, if only at the strategic planning levels of State government. More recently, the Green Party has emerged as an alternative to the traditional Democratic and Republican establishments. It remains too early to judge the efficacy of the Greens in Hawaii, but many of the environmental values and positions supported seem to be in step with the public in Hawaii.

It can be argued that many of Hawaii's strong environmental laws and procedures have benefited the tourism industry. The presence of a state EIS system (Chapter 343, Hawaii Revised Statutes) has contributed to more public discussion of the impacts of development and also to a better accounting of environmental, social, and economic impacts. There are some weaknesses in the system (Kim, 1991), but it is important to recognize that Hawaii would be a much different place without its own EIS system. A variety of environmental concerns have been brought to the attention of Hawaii's people and government in recent years including the hazards associated with leaking underground storage tanks, disposal of hazardous wastes, and management of a variety of public health concerns including lead in drinking water, contamination of milk, and cumulative impacts associated with the use of pesticides and herbicides. The fact that in spite of the tremendous amount of development which has occurred, Hawaii still maintains a comparatively high level of environmental quality speaks well of the system of environmental regulation.

Another area where the State has emerged as a leader has been in the area of Coastal Zone Management (CZM). In addition to the creation of a CZM office soon after the adoption of national CZM laws, the state has more recently launched stronger initiatives in terms of the management of coastal resources and preservation of beach areas. Public access concerns have always remained high on the list of CZM priorities, but in recent years, new state policies regarding erosion management, siting of coastal facilities, and development along Hawaii's coasts have been initiated. Current considerations include the possible formation of a new agency designed to manage and oversee ocean and coastal resources.

Finally, there have been some new efforts to increase local participation in economic development--the State has recently adopted legislation to support the formation of community development corporations (CDC's) and several CDC's have begun to emerge throughout the state. Blakely (1989) has described the evolution of community based economic development strategies on the mainland. While the non-profit sector has always been strong in Hawaii (due in part to the large number of service contracts which have been issued by State government), only in recent years has there been much movement to facilitate community based economic development. The State government has assisted in bringing a diverse set of interest groups, resort developers, and community leaders to the bargaining table on a number of occasions. The CDC which is taking shape on Lanai, as well as the accomplishments of the Opele Project and others throughout the state indicates the viability of these alternative approaches. The willingness on the part of the state to consider these alternative development approaches suggests that Hawaii is embarking upon a new direction in terms of growth and change.

In summary, it is clear that with a "political economy perspective," it is possible to see that there are both winners and losers to the visitor industry's success in Hawaii. Moreover, in Hawaii, as in any other state, there are deep ties between money and politics. At the same time, there is some reason to believe that the State is moving in a positive direction to bring about change. There will always be skeptics who regard the affordable housing requirements, models for carrying capacity and sustainable development, environmental protection, coastal zone management, and state support of community based economic development as part and parcel of the whole system of political favors and deal-making. At the same time, these initiatives may well be at the core of a fundamental change in Hawaii politics and policy.

Cases Studies on Tourism Development in Hawaii

While in the previous section, tourism policy was seen against the broadest possible context of emerging trends in Hawaii politics and public policies, in this section, a more "micro" level approach to tourism development is taken. In this section, seven cases of tourism development are described as the basis for making a number of generalizations and conclusions about tourism policy in Hawaii. The cases were selected in order to capture the breadth of experiences in Hawaii and to isolate some of the profound social and spatial impacts that the visitor industry has had on Hawaii. Interviews and site visits were conducted as well as background literature searches on each case site. The cases include: the Polynesian Cultural Center; Waikiki: A Tale of Two Convention Centers; Ko' Olina: the West Beach Megaresort; The Lodge at Koele; the Kahuku Sugar Mill; The Plantation Spa; and, the Waianae Coast Community Alternative Development Corporation.

The Polynesian Cultural Center

For many first time visitors to Hawaii, the high point of their stay may well be an excursion to a 42-acre cultural theme park located on the northeastern coast of Oahu, known as the Polynesian Cultural Center (PCC). It is an extremely successful operation (it is the largest paid admission attraction in Hawaii) which has become a model for other cultural theme park developments around the world. The secret to the PCC's success involves its presentation of living culture. The park is organized around seven Polynesian villages in which performers interact closely with visitors. The islands of Hawaii, Fiji, Samoa, Aotearoa (New Zealand), Marquesas, Tahiti, and Tonga are represented. The performers sing, dance, involve visitors in games and crafts, and explain what life is like in their particular village. The authenticity comes from the performers, who in most instances are from the villages or islands which have been recreated at the PCC. The original structures were built by island builders and craftsmen who were brought to Hawaii in the 1960s. Robert O'brien (1983) has prepared a colorful history of the PCC. Most of the performers are students attending the Hawaii campus of Brigham Young University. The Mormon Church owns all the PCC's land and structures and oversees the PCC's operations. It has been estimated that the replacement costs of PCC's buildings and structures would exceed \$85 million. Recently, the PCC added a \$10 million I-MAX theater in which a specially developed film about Polynesia is shown several times a day. New exhibits and shows have been developed and the PCC currently features a number of different packages for visitors which include a pass to the villages, dinner show and admission to the I-MAX show.

In examining the PCC, a number of issues relevant to cultural theme parks whether in Hawaii or elsewhere have arisen. These include: (1) authenticity of the culture; (2) the linkages between tourism and education; (3) concerns regarding the potential exploitation of the performers in cultural theme parks.

The authenticity of culture is particularly important because for many tourists, the PCC will be their only opportunity to have Polynesian culture packaged and presented to them. At issue are fundamental questions regarding the interpretation of culture and history, and its presentation to the public. Theme parks such as PCC, are bound to face criticism from those who disagree with how culture is packaged and sold. Cultural stereotypes or negative images could be reinforced through presentations that have not been carefully researched and developed. It is clear that authenticity requires a tremendous amount of background work, some of which is apparent at the PCC. Yet still, with any cultural theme park, there is a risk that people may be offended or at a minimum, uncomfortable with the way that information is presented. It is interesting to note that at the PCC, there are no disclaimers regarding the authenticity of its products. PCC's

management maintains, moreover, that because the performers themselves come from the various Polynesian islands and because they participate in the development of songs and scripts, the PCC is an example of authentic, living culture.

The PCC attempts to bridge tourism and education. The PCC maintains that its operations are designed to educate tourists as well as entertain them. PCC's connections to BYU and the Mormon Church also help to reinforce a mission which goes beyond just entertainment. The scripts are packed with information and the performers are well prepared to answer questions about life and culture. There are substantial human resources which back up the production of shows and village life. The fact that college students play such an important role in the PCC's operations also adds to the PCC's vitality. The students attending classes are limited to 20 hours of work per week at the PCC. There is a community which has been built around the PCC and BYU campus; a sense of family and community pervades. At the same time, a place that bills itself as "seven Polynesian islands in a day," can suffer from information overload. There is a huge amount of information which is crammed into an incredibly short viewing time. By the time that one has gone through four of the seven villages, the cultures may begin to blend together. One comes away with impressions of Polynesia as a whole rather an appreciation for each culture in and of itself.

As impressive as the physical surroundings may be, the most lasting impressions of the PCC come from the people who play the performing roles in the villages. It is the human element which brings the PCC alive. Places such as the PCC which rely heavily on performers and musicians must be sensitive to human relations. One of the ways that feelings of exploitation are avoided at the PCC is that it has become a place where talents are showcased. Of course the strong spiritual bonds which run deep throughout the community are also an important factor in the PCC's success.

Other states considering the implementation of cultural theme parks would do well to study the PCC in greater detail. While it has its share of unique conditions (e.g., its ties to BYU and the Mormon Church), it has a very advanced management system which includes an integrated information system for handling data on admissions, attendance, operations, and cost control. It has a professional management team with well developed marketing efforts and strategic plans. PCC maintains good relations with the surrounding community although it could go further in terms of furnishing information regarding its operations, plans for expansion, and condition of its physical plant. In many ways the PCC operates like a city on its own--providing for much of its infrastructure and services. Yet the PCC has a large impact on the neighboring communities. It is the single largest traffic generator on the North Shore. Few of the PCC's visitors stay in the area; most visitors travel by tour bus or rental car from Waikiki or other resort locations. The constant stream of traffic along the Windward coast up to the PCC has been a source of complaint. The fact that the total number of daily visitors can exceed more than 40,000 also puts a tremendous strain on the area's physical infrastructure (water, sewer, waste disposal, etc.). Yet in spite of these potential problems, PCC remains largely unscathed--a measure of its political efficacy as well.

Waikiki: A Tale of Two Convention Centers

If the Polynesian Cultural Center is where most people get their exposure to Hawaiian and Polynesian culture, then Waikiki is where the visitor to Hawaii is most likely to satisfy their material needs for food, shelter, and entertainment. Waikiki has come to represent what a Hawaiian vacation means to most tourists. Since the late 1960's development in Waikiki has proceeded at a brisk pace, to the point where now, 90 percent of the island's 37,000 visitor accommodations are located within the Waikiki district. With

the lion's share of the state's visitor plant, the 450-acre area of Waikiki has been described as a "goldmine" in terms of business receipts and state and local tax collections. Throughout the past decade it has maintained an average annual occupancy rate in excess of 80 percent. According to a recent study, Waikiki is responsible for approximately \$3.8 billion in annual visitor expenditures, approximately 45 percent of the state total, which translates into 16 percent of the gross excise taxes collected in the state, 60 percent of the hotel room taxes collected state wide, and 14 percent of the County's real property tax collections (Waikiki Improvement Association, 1989). Waikiki has an estimated 440 restaurants, 350 bars and nightclubs, and 1,000 shops. There are an estimated 30,000 jobs in Waikiki.

Given that Waikiki has become the flagship of the visitor industry in Hawaii, it is not surprising to find that there are at any given time, numerous studies and planning efforts underway regarding the future of Waikiki. One of the more intriguing developments however, is the emergence of two separate sets of plans for development of convention centers at two different locations in or near to Waikiki. The State's plan calls for location of a convention center at a 5.2 acre site in the middle of Waikiki where the International Marketplace is currently situated. The City and County of Honolulu has begun construction of a convention center complex at the Aloha Motors site, which is within walking distance of Waikiki. The 9.7 acre Aloha Motors site is on the other side of the Ala Wai Canal, so technically is outside the Waikiki district.

Numerous cities have engaged in the development of convention centers (Petersen, 1989). The convention center issue in Hawaii has been studied and debated extensively for two decades. Both state and county plans contain explicit reference to the need for a convention center. It is an idea which has been around for more than two decades. Supporters of convention centers argue that such facilities are needed to attract conventions, noting that people attending conventions generally spend more than other tourists and a large convention can mean a boom to the local economy. Both convention center proposals include meeting facilities for at least 5,000 conventioners. Opponents to the convention center proposals argue that these facilities are not needed and that increasing the density in Waikiki will reduce its attractiveness. At present, Hawaii lacks a convention center per se, but conventions have often been held in Waikiki because of the close proximity of numerous large hotels each of which have large meeting rooms, banquet halls, and support facilities for conventions. The American Bar Association, the American Dental Association, and the American Bankers Association have all recently held national conventions in Honolulu.

Following a brief description of the two convention center proposals, a number of common issues which have arisen in the planning of both of these facilities will be discussed. Both proposals involve allow developers to exceed density and height limits and give other concessions as a means of making the developments more profitable. The convention center costs are subsidized by combining other more profitable uses (e.g., condominiums, office, retail, hotel, etc.) into the development. Questions which have arisen in the tale of two convention centers include: 1) does Hawaii really need a convention center; 2) what are some trade-offs which arise out of the new economics of convention center financing; and, 3) how will a convention center affect the future of Waikiki.

Deep within the heart of Waikiki exists an old banyan tree. Over the years, a marketplace, several restaurants, hotels and a movie theater complex have sprung up. The site, owned by the Queen Emma Foundation, is a hold-over from another time period--when there was less site planning, less environmental programming. At present, hundreds of small pushcart vendors sell jewelry, souvenirs, and other gift items. The issue of

cultural authenticity arises with much of the merchandise being sold in the International Marketplace since virtually everything from the shell necklaces, to the coral bracelets, and the Hawaiian design t-shirts are imported. Part of the marketplace's appeal is that it is crowded and dark, with a twisted pathway adding to a sense of adventure and discovery for visitors in search of bargain souvenirs. The State's plan calls for the demolition of the marketplace and adjacent structures (though sparing the banyan tree) and constructing three 400-foot hotel/condo towers atop a 213-foot high box-like structure which will house convention center facilities, meeting rooms, and retail operations.

The City and County of Honolulu's project, on the vacant Aloha Motors Site is to consist of a 120,000 square foot exhibition hall as well as separate meeting rooms and ballrooms. This project will include two 400 ft high luxury condominium towers and a 500 ft high hotel tower. It will also have a two-acre rooftop park and an open air shopping and dining mall. It is projected to provide 2,000 jobs for Hawaii residents and an estimated \$4.2 million in annual property tax revenues. Although the City's project is further along than the State's project, it faces a number of hurdles related to its location (there are numerous middle income housing units in close proximity) and various environmental problems (contaminated soils, traffic, congestion, removal of trees, etc.). While a Plan Review Use document was prepared, because the site is outside the Waikiki district and because the development was proposed by the City, the project was exempted from the EIS process.

With both proposals a basic question which arises is whether or not a convention center is needed. Some recent studies indicate that convention centers tend to be losing propositions--that their contributions to the local economy are overrated. Large conventions are difficult to attract and given the higher costs associated with travel to Hawaii and the existence of more established convention centers on the mainland, it may be difficult for Hawaii to compete with other cities. Neither proposed facility will be able to handle meetings with more than 10,000 participants and both are aiming for the 5,000 to 10,000 size convention market. While there is widespread support for development of a convention center, what that means in terms of the size of the facility and how it would function needs more discussion and debate.

The new economics of convention center financing in Hawaii involve acceptance of some basic assumptions. First, convention centers are losing propositions which need to be subsidized by other land development activities. Second, by giving land use concessions and allowing developers to drastically exceed height and density limits, convention center development can be made more profitable and attractive. Third, in the case of Hawaii, foreign capital has played a major role in the development of both sites. Without Japanese investment capital, it would be difficult to finance these projects. Both projects reveal the extent to which international factors have come to play an increasingly large role in Hawaii's development. Inherent in these assumptions are a set of trade-offs which can potentially compromise or at least complicate government's mission. The notion that conventions centers need to be subsidized by other land development activities raises the basic question that if a convention center is indeed a public purpose, why should it not be paid for out of tax revenues like any other form of infrastructure? While the public sector routinely spends billions of dollars on other "public facilities," why aren't convention centers put into the same category? Another, perhaps more troubling compromise involves ignoring various planning and zoning laws so that the convention center would be more economically attractive to developers. Height, density, and use limitations were established for a purpose. To simply override them sets a dangerous precedent. Finally, the dependence on foreign capital increases many of the uncertainties and financial stakes associated with development. While Hawaii is part of the Pacific Basin, and should be able to capitalize on the emergence of Japan as a world-wide financial

power, there are basic concerns regarding control over multi-national corporations and leakage of profits out-of-state. While these are not necessarily new concerns or threats to Hawaii, given the magnitude of projects like these convention centers, one is compelled to ask, who really profits from the construction and ownership of these facilities.

What is the future of Waikiki? At present several different task forces and groups are studying this question. There are other major improvements being planned that could dramatically change Waikiki for better or worse. In addition to a proposed transit system which would connect Waikiki to downtown and the airport, there are plans for new superblock developments. Certainly a convention center would figure heavily in Waikiki's future. There are also long-term concerns regarding Waikiki's viability as not just a place for visitors but as a place to live. The expansion of the visitor plant on the neighbor islands and on Oahu (West Beach) also has implications for Waikiki's future. Increasingly Waikiki can no longer be viewed as Hawaii's premier tourist destination spot. Some would argue that it has become a mature, even declining tourist destination. It will be interesting, if not instructive, to view the changes in Waikiki over the next decade, for it may best reveal what's in store for the overall future of Hawaii's visitor industry.

Ko'Olina: The West Beach Megaresort

The western coast of Oahu has remained largely undeveloped. The communities of Waianae, Nanakuli, Maili, and Ewa have managed to preserve a sense of Hawaii's rural and agrarian past. Large landholders like Campbell Estate have, until recently, kept much of their lands in sugarcane or other agricultural uses. Except for one destination resort deep in the Makaha Valley, the area has remained relatively free of the visitor industry. Enter into this picture, Herbert Horita, a local developer who has enjoyed much success in the development of subdivisions throughout Honolulu. For more than two decades, it has been his dream to build a megaresort complex known as Ko 'Olina. When completed, he will have transformed a 642 acre site into a resort complex that will rival Waikiki. The \$3 billion project will include a 400 slip marina, four man-made lagoons, three championship golf courses, 4,000 hotel rooms, 5,200 condominiums, an 18-acre shopping complex with four movie houses, 100 acres of parklands, and miles of roads and trails. Sixty percent of the project is owned by two Japanese corporations (Kumagai Gumi and TSA International) which have already established a strong presence in Hawaii.

The plan to develop the Ko 'Olina Resort is tied into efforts to develop a new town in the Ewa plain called Kapolei. The plans to develop a secondary urban center have arisen because of congestion, overdevelopment, and high costs of living in Honolulu's primary urban center. The state hopes that the new town will eventually house 100,000 people with approximately one-quarter working in the area at either the Ko 'Olina Resort or in the adjacent Campbell Industrial Park.

The name, Ko 'Olina, we are told, means place of joy. In examining the Ko 'Olina project, a number of issues have surfaced regarding the Hawaiian style of megaresort development. These include its emphasis upon luxury accommodations, the partnerships between international development corporations, and the costs and benefits of large-scale resort development.

The Ko 'Olina resort is aimed at the luxury market. It is planned to be a world class resort community with all amenities (recreational, commercial, cultural, etc.) such that visitors and residents need not ever leave the complex. It is planned to be built at one-third the density of Waikiki with many more parks, green spaces, While similar megaresorts have been proposed and developed in Hawaii, none come close to the scale that has been proposed at Ko 'Olina. In many ways, the Ko 'Olina resort represents the culmination of resort planning and design. It has many of the features of other destination resorts which

have been built in developing countries such as Mexico, Caribbean, and more recently in Southeast Asia. But unlike many other resort enclaves, the Ko 'Olina resort is also attempting to become a year-round residential community. There are several thousand condominium and single family housing units, meant to appeal to not just international buyers but also to wealthy residents of Hawaii. It represents the ultimate experience in resort living, as the promotional brochures state, "for the privileged few."

Ko 'Olina's emphasis on luxurious homes and hotels represents, in some ways, a departure from planning and development in Hawaii. While some neighborhoods such as Kahala or more recently Hawaii Loa Ridge have become targets for international investment, it is only more recent in Hawaii's history that exclusive neighborhoods or communities like Ko 'Olina have been planned. Indeed, one could argue that one of the more attractive aspects of Hawaii is the extent of diversity within its neighborhoods, both in terms of ethnicity and income. It is not unusual to find communities in which millionaires live side by side with working class neighbors. The emergence of gated communities, with security check points, and changes in urban design (high walls, security systems, etc.) reflects a deterioration in the sense of community. This may be one of the prices to pay with the proliferation of more international, exclusive communities, places where part-time visitors and jetsetters share little else in common with their neighbors except for wealth.

Given the costs involved with acquiring the land, making improvements, and developing the hotel and residential sites, it is doubtful that local capital alone would have been sufficient for the Ko 'Olina project. Foreign capital is not ordinarily a public policy concern, especially at the state level of government. Given the magnitude of the project and the potential benefits to owners and investors, some questions regarding foreign investment in resort development have arisen. Concerns include the leakage of profits outside the state, uncertainties regarding the long-term commitment of investors to Hawaii, inducement of increased property speculation and potential loss of control over investment decisions, urban design, and growth and development in the region. This suggests a role for government to play in bringing together members of the local community with international developers. (This topic will be addressed in a later case study on the Waianae Coast Alternative Community Development Corporation).

In recent years, Hawaii has seen a proliferation of megaresort complexes, like Kaanapali (Maui) or the Kona Coast (Big Island). There are some advantages to master planning in that it is possible to address infrastructure needs (roads, water, sewerage, utilities, etc.) in a comprehensive, systematic manner. The infrastructure improvements (an estimated \$130 million) for Ko 'Olina were put down before development of the hotels and residential units. Another advantage is that master planning allows for better urban design, site planning, and integration of spaces within the complex. At the same time, one of the problems which arises with large-scale resort development is that massive change can occur with little or no public input. Megaresorts, designed as stand-alone facilities, could be built almost anywhere--provided that there is a good climate, adequate land, coastal and natural resources. Labor, vegetation and other materials can all be imported. There is almost a tacit assumption that what is being brought into the community is better than the indigenous materials, architectural styles, and what was there before the development took place. A very real concern with Ko 'Olina and other megaresorts in Hawaii concerns the price of progress. While wealthy tourists and others will be able to enjoy Ko 'Olina, what of the people of Hawaii--what joy will they be able to experience through development of another megaresort?

The Lodge at Koele

The island of Lanai is the sixth largest in the Hawaiian chain. The principal landowner is Castle and Cooke, Inc. which owns almost all of the island's 90,000 acres. The island is known as the "pineapple island" because almost 14,000 acres are used for pineapple cultivation. The Lodge at Koele is part of a larger development plan which includes a hotel at Manele Bay, two golf courses, residential developments and new commercial areas.

The man behind much of Lanai's development has been David Murdock, who has been the chief executive of Castle and Cooke since 1985. Since Murdock took over, the company has moved more rapidly into real estate development and has gradually phased out plantation operations. Plans on Lanai call for diversified agriculture as a replacement for pineapple and as a means of increasing the island's self-sufficiency.

The Lodge at Koele has been open since April, 1990. It consists of a low, two-story building nestled among Norfolk pines. Located in the middle of the island, the Lodge has been designed to resemble an English country manor rather than the typical beach front resort found most often in Hawaii. With fireplaces in the lobby, library, and formal dining rooms, the Lodge evokes a different feeling--one of refined and subdued elegance rather than the glitz, marble, and mauve colors associated with more recent developments.

While the Lodge has a swimming pool, compared to many hotels in Hawaii, it has relatively few amenities. It is meant for those seeking a quiet, peaceful vacation, away from the hustle and bustle of the city. The island of Lanai is difficult to get to, and while all the rooms have telephones, many do not have televisions. The emphasis is on creating an elegant environment with highly personalized services: some of the suites provide butler service. Prices per night are \$600 to \$900 a night for suites, and \$275 per night for rooms.

The attractiveness of the Lodge at Koele is that compared to many resorts and hotel developments, it has a minor impact on the surrounding environment and community. Because the Lodge is marketed towards the high end of the tourist population, it does not generate the amount of traffic characteristic of some of the budget hotels or moderately priced resorts. This also has the advantage of being more "recession-proof." As a spokesperson put it, "We are not going for the top 5%, but instead the top 1%, which are truly recession-proof."

At the same time, the Lodge and the Manele Bay Hotel raise a number of fundamental concerns regarding development of rural communities in Hawaii. For many years, Lanai has been largely a company town. The transformation from an agricultural community into one more dependent on tourism is likely to produce a number of social problems and community disruptions (Matsuoka and Shera, 1990). While government has a role in easing the transitions associated with development, the fact that Lanai has been largely a company town in which one corporation has controlled most of the lands and resources has meant that there has been less opportunity for the type of pluralistic input into decision-making that is often taken for granted. The problems with company towns have been well documented elsewhere. The point may be to draw attention to the fact that Lanai is a prime example of how larger forces (that is the decline of plantation agriculture and declines in pineapple's profitability) have forced landowners and companies like Castle and Cooke to venture into the visitor industry. The question which remains unanswered is, what happens if the visitor industry falters?

The Kahuku Sugar Mill

On the North Shore of Oahu, not far from the Polynesian Cultural Center, in the town of Kahuku, there is a sugar mill which still stands as a silent reminder of Hawaii's past. The Kahuku Plantation Company was founded in 1890 and ceased operations in 1971. Until 1976, tours were run through the sugar mill. These proved to be unprofitable so the 7 acre site was leased to a New Zealand company which converted the mill into a commercial and office complex. The company manages the mill operations under the name of the Kahuku Mill Corporation.

Adaptive reuse of industrial facilities in Hawaii (as elsewhere) has become a characteristic feature of the post-industrial society. Similar efforts to reuse industrial facilities are underway in downtown Honolulu where the state is currently redeveloping the waterfront and the Dole pineapple cannery facilities have been expanded for tourist, commercial, and cultural uses. What is most interesting about the Kahuku Mill is the extent to which local community services and uses have been integrated into the site plan. In addition to a gas station and convenience store, there are also a bank, post office, health clinic, restaurant and gift and craft stores. There are plans to expand the facility to incorporate space for local artists.

Design controls put in place by the landowner, Campbell Estates, require that all the buildings and structures have a Hawaiian plantation style appearance. Low broad buildings with wide porches and pitched roofs add to the effect. The exterior of the main mill building has been kept intact and all of the mill's equipment remains and the restaurant and shopping areas have been built around the mill's machinery. Large photographs of mill operations and former employees of the mill help to add a sense of history. There is no charge to view the facilities.

At present, approximately 200 tourists per day come to the gift shop and restaurant and view the mill facilities. At present, however, most of the traffic is generated from the community who make use of the post office, bank, and health clinic. Currently, plans are underway to build a "Landsboro Maze" on the site. It will be a large wooden maze meant primarily for children and tourists which will take approximately half-an-hour to complete. A viewing deck will be provided so that parents and others can watch their children walk through from above. These mazes are popular in Japan and in other countries and will be the first of its kind in Hawaii. It is meant for both tourists and the local community. Admission will be charged. The company expects that the maze will increase the number of tourists (particularly independent travelers) and also provide a new form of entertainment on the North Shore.

The Kahuku Sugar Mill illustrates many of the problems faced by rural communities in Hawaii. The decline of plantation agriculture has made more land and buildings available for adaptive reuse. Preservation of buildings and structures of historic and cultural significance can be both challenging and costly. Retaining the mill building and all of its machinery has limited the amount and nature of leasable space. The Kahuku Sugar Mill is an example where a compromise between redevelopment and the past has been struck. Once the mill ceased operations, all the buildings and structures could have been demolished. Instead, it functions as a museum of sugar mill technology. It also is noteworthy that so many community services have been integrated into the site's redevelopment. In this way, the Kahuku Sugar Mill has become as much a community resource as it is a tourist attraction. The redevelopment of the mill demonstrates the importance of physical design and the value of integrating both tourist and community amenities.

The Plantation Spa

In 1988, Ms. Bodil Anderson opened the Plantation Spa in Kaaawa, a rural community located on the Windward coast of Oahu. The Plantation Spa is Hawaii's only full service Swedish health spa. It features vegetarian cuisine, as well as the Swedish juice and broth fasting programs. The spa also provides a variety of personal services included massage, herbal body wraps, exercise and fitness programs, and relaxation classes. It is located in a scenic, remote part of the island, close to beaches, hiking trails, and canoeing spots. Built on a 7-acre site, in an old plantation style summer home, the Spa has a maximum capacity of 16 overnight guests. The Spa can accommodate up to 35 additional daytime guests who may come for exercise or health treatments.

Several aspects of the Plantation Spa make it an interesting example of tourism development in Hawaii. These include its minimal impact on the physical environment, its emphasis on health and nutrition, and the way that it has incorporated Hawaiian culture and values into the services it provides.

From the road, the Plantation Spa can be easily missed. In fact, it is quite difficult to find because there is only a small sign indicating its presence. A long driveway leads up to a set of buildings set deep in the property. From outward appearances, the Spa still resembles a large plantation style summer home. There is a screened porch, dining room, swimming pool, fitness area, and several bungalows which serve as guest rooms and treatment areas. The decor is casual, with many island style furnishings and prints. The Spa has had a minimal impact on the environment because it has been set up to provide service to two dozen people per day. Ms. Anderson maintains that she wants to keep her operations relatively small and not grow much more than the present size so that she can maintain a high level of personal interaction with her clients. Moreover, while other hotels and resorts reported drops in occupancy and laid off workers during the Gulf Crisis, the Plantation Spa actually expanded its services.

The Plantation Spa emphasizes health and nutrition. There is no alcohol, caffeine, or smoking permitted on the premises. The cuisine is strictly vegetarian. Ms. Anderson has pointed out that visitors looking for a typical resort vacation can go elsewhere in Hawaii. Her niche in the market are those who are concerned about health and nutrition and that want to use their stay in Hawaii to bring about change in their lives. She maintains that the most rewarding aspect of her Spa is seeing the changes that people make during their stay. She has developed quite a following among celebrities and her office is adorned with pictures of movie stars and others who return to her Spa on a regular basis. Recently, it was described as one of the Top 25 Spas in America by the *Conde Nast Traveler Magazine*. The description also stated, "people who go to the Plantation are basically healthy adults who yearn for a week of serenity and rejuvenation. Small and not luxurious, it has flair and a tropical indoor-outdoor style. The emphasis is on healthy eating and plain old exercise--walking, hiking, swimming, and open-air aerobics and yoga..."

Ms. Anderson, originally from Sweden, has brought the concept of a European health spa to Hawaii and combined this with local ingredients to make a special type of tourist development. Many of the meals incorporate local fruits and vegetables, and the herbal wraps and treatments include Hawaiian plants. Lei-making and other Hawaiian crafts are taught by local artisans. Hawaiian style massage (lomi-lomi) is also available. The Plantation Spa also features hula lessons and lectures on Hawaiian plants and culture. The Plantation Spa, while oriented primarily towards a mainland or international clientele, nonetheless has managed to provide its guests with some appreciation and understanding of Hawaiian culture.

The Spa is not meant for everyone. Staying there for one week costs approximately \$1,500, which includes all meals, four massages, herbal wrap, and participation in activities. While the accommodations are not luxurious, there is an informal and personal feeling to the Plantation Spa. Guests get to know each other and the Spa's half-dozen employees on a personal basis. The Spa represents an alternative to the large-scale megaresort development which has dominated in Hawaii. What may be most intriguing about the Plantation Spa is that in spite of its apparent successes, there are few, if any, similar developments in Hawaii.

Waianae Coast Community Alternative Development Corporation

The rapid pace of development has meant that capital and culture from around the world have poured into Hawaii. One need only look at Honolulu's skyline in order to observe that the size, density, heights, and impressions of many buildings are more evocative of a design and culture that one might associate with Tokyo or Los Angeles than a small Pacific island. As one local construction company executive has observed with regard to the recent developments in Hawaii, "we sat here for many, many years with this jewel--available for other people to look at and nobody had the vision to do what the Japanese are doing..."(Yoneyama and Hooper, 1990). At issue is the extent to which this new growth and development has destroyed Hawaiian culture. Tourism development has replaced agriculture. Fast food restaurants have replaced fishing, farming, hunting, and other traditional means of sustenance. The island ways and culture are being lost to a generic system of imported ideas and values.

Located on the leeward coast of the island of Oahu, the Waianae Coast Community Alternative Development Corporation (WCCADC) was formed as the result of an agreement between the developers of the Ko 'Olina Resort development and community groups who had long opposed the resort's development. Several founding propositions of the WCCADC are important to mention in the context of this report. These include: 1) a value-based approach to community development; 2) a commitment towards local ownership and control over land and other resources; and 3) partnerships with government and the private sector.

To the WCCADC, value-based community development means restoration and preservation of Hawaiian ways. It means ensuring that new development does not come at the cost of obliterating local culture. Value-based community development involves understanding that the culture and people of Hawaii are as important to the visitor industry as are its beaches and natural resources. Value-based development emphasizes that the education of tourists means as much as satisfying their needs for food, shelter, and entertainment. To the WCCADC, tourism development must occur, to borrow a phrase from this year's WGA theme, "on our own terms." Value-based community development means a recognition of not just economic values as expressed in the international marketplace, but acceptance and appreciation of a fundamentally different type of currency--one that is based on shared appreciation of one's own culture, past, and lifestyle. The ideas, skills, philosophies, and heritage can be passed not just from one generation to another, but shared between members of a community and the world. Value-based community development, for the WCCADC means an alternative vision for tourism's place in the community.

Central to WCCADC's vision is the notion of local ownership and control over resources. At issue are struggles over land and coastal areas. There is growing concern that more and more of Hawaii's productive agricultural lands are being turned into golf courses. There is fear that international landowners will displace small farmers to make way for hotels and resort development. There are growing environmental concerns regarding the depletion of the island's water supply, contamination of ocean waters through

run-off, and destruction of marine resources from pollution and development. Through local ownership of land and other resources, the people of Hawaii can begin to assert more control over development. As Blakely has suggested, one technique in local economic development is to, "mark off sacred community structures and make them inaccessible to the tourist." (Blakely, 1989:144). WCCADC's vision goes beyond exclusion of tourists from areas in Waianae. By giving control back to local people, by allowing Hawaiian culture to flourish, WCCADC maintains that a new form of tourism can evolve in which people can come from around the world to truly experience Hawaiian culture.

The secret to its success has been WCCADC's understanding of the extent to which international and outside forces affect local economic and social conditions. Megaresort development brings tremendous financial, technical, and political resources to bear down upon a local community. WCCADC's recognition of these forces and its willingness to serve as a mediator between the developers of West Beach and the community makes it a model for other communities facing these pressures. The fact that WCCADC was able to negotiate a settlement with the West Beach developers to provide financial and technical assistance in community based economic development is a clear indication of the viability of its approach. The WCCADC has also formed partnerships with State government, local businesses, charitable foundations, and the University of Hawaii in an effort to develop alternative visions of growth and development in Hawaii. Current efforts underway include development and promotion of Hawaiian agricultural products, small-scale farming and aquaculture, job training, and community based social services. The most promising developments, however, involve the expansion of the community development corporation (CDC) concept in the area. Presently, the State of Hawaii has sponsored legislation enabling greater state support of CDCs and the achievements of the WCCADC may become a model for other communities in Hawaii.

Compared to many states, the CDC movement in Hawaii is weak. Yet it represents one of the more promising alternatives for leveraging local control over the forces of international tourism development. CDCs can offer much to the visitor industry in terms of developing a quality product and new forms of tourism. CDCs also provide a means by which local people can share in more of the economic benefits of tourism. Partnerships between local people and the visitor industry can also help to greatly improve the community's reception of the visitor industry as a whole. The real test of groups such as WCCADC in Hawaii is yet to come. There has been some initial support of the community based development movement in Hawaii in recent years (Senate Bill No. 3088 in 1990 amended the Hawaii Revised Statutes to include a chapter on community-based economic development). Yet, much work remains to be done. Major issues regarding the role of the State, the structure of community based organizations, and the nature of the activities carried out by community development corporations remain to be determined. A division within the Department of Business and Economic Development and Tourism will be working with the WCCADC to develop models and policies for how community based economic development in Hawaii will take shape. Should the CDC concept become stronger, it is possible that a new chapter in planning and community development in Hawaii could unfold. The legislature's recognition of the importance of traditional communities, small-scale enterprises, value-based development, and alternatives to mainstream development activities provides new challenges and opportunities not just to groups like WCCADC, but also to the visitor industry itself.

Tourism Planning in Hawaii: A Search for Alternatives

Almost three decades ago, Davidoff and Reiner (1962) wrote an article which argued that one of the basic purposes of planning is to expand choices regarding values, goals and objectives, and the means to achieve desired ends. The purpose of this study has been to explore the range of tourism developments which have emerged in Hawaii as a

basis for identifying alternatives for other states considering the development of new tourism policies. Cultural theme parks, convention centers, destination resorts, health spas, adaptive reuse of historic facilities and community based economic development strategies have been part of the tourism picture in Hawaii. Early sections of this report described the strong role of the State government in planning and made the linkage between Hawaii's strong land use and environmental protection laws and tourism development. The purpose of this section is to look across these experiences and cases in order first, to see what are some common issues and concerns which have arisen in Hawaii as a result of the immense growth in tourism; and second, to identify possible state policies relevant to both Hawaii and other states in the western region.

Concerns Arising Out of Hawaii's Visitor Industry

Many of the concerns in Hawaii are not unique to this island state, even though many of the conditions, limitations, and opportunities are. The concerns include tourism's impact on culture, local economic conditions, governance, and the quality of life for residents.

The issue of culture was represented in several different ways in the cases. In the Polynesian Cultural Center, culture has become the basis for entertainment. While there is some public education about Polynesia and Hawaii, those travellers genuinely interested in learning might do better by visiting the Bishop Museum or the Hawaiiana Collection of the University of Hawaii. Yet because of its popularity and because of its corporate mission, the Polynesian Cultural Center definitely goes beyond the amusement park or Disneyland type of experience. While one might disagree with the Center's interpretations of culture, it is clear that one of its most fundamental strengths involves the people employed there. While difficult, if not impossible, to replicate in other places, there may be some basic lessons regarding presentation of culture, training of employees, and other human resource management issues.

With the Waianae Coast Community Alternative Development Corporation, culture has a much deeper relevance, which goes beyond entertainment. Tourism has been shown to threaten sacred cultural institutions and practices. Waikiki has become an example of how remote Hawaiian culture can be, even in Hawaii. The proliferation of western and Japanese influences is seen not only in terms of urban design and use of space, but also in the way that mainstream concerns such as attracting conventions have come to dominate the political and economic future of Waikiki. In this way, Waikiki is just like any other American city. The associated day to day problems of managing this city (Waikiki) within another city (Honolulu) mean that all kinds of concerns from the physical improvements in the area, to the safety and security of visitors and businesses, and the adequacy of the workforce take precedence over the concerns of culture and maintaining traditions. Given the great economic successes and international reputation it has earned over the years, it is understandable why so little has been done to change Waikiki

The emergence of megaresorts like Ko 'Olina at West Beach and others throughout the Hawaiian island chain suggest that there may be more cracks in the sidewalks and building facades in Waikiki than meet the eye. In an effort to meet the discerning tastes of international jetsetters and the luxury travel market, Hawaii has witnessed the emergence of destination resorts like Ko 'Olina which provide all possible amenities as well as developments like the Lodge at Koele which emphasize exclusivity and privacy as major selling points. The Plantation Spa has taken a different turn--focusing on health and nutrition as its market niche. Culture has interpreted in different ways by the visitor industry. In Waikiki, West Beach, at the Lodge at Koele, and in the Plantation Spa it has been imported and mixed to varying degrees with local influences. Certainly the notion of

"Hawaiian culture" has been a most powerful marketing tool, regardless of the shallowness of its interpretation or how little time promoters have actually spent in Hawaii.

With the Kahuku Sugar Mill, plantation culture has been manifested primarily in physical design. By keeping the exterior of the buildings intact, by adhering to a design code, and by requiring the developers to build around the original mill equipment, some culture and history is preserved. But the fact that what is on the inside--tourist shops and a variety of service businesses, speaks to the larger issues of the decline of agriculture and the state's growing dependency on tourism. While preservation of building facades represents a partial recognition of the importance of culture, the constant expansion of the service industry in Hawaii is symbolically captured by the Mill's plans to include a maze on its property. While both occupy time, money, and energy, nothing new is really produced and people go around and around in circles.

Have resorts become Hawaii's newest plantations? Certainly, there is reason to believe so. Not only have plantation lands been converted into golf courses, resorts, and recreational areas, but often plantation workers and their offspring have been re-employed as hotel workers. Nowhere is this transition more apparent than on Lanai. Yet if one looks deeper, one can see other evidence of the new plantations' influence in Hawaii. Hotel employee housing and day care programs, the state's effort to create a secondary urban center in close proximity to the Ko 'Olina megaresort, and the 60 percent affordable housing rule imposed on conversion of lands from agriculture to urban uses are all suggestive of a "company town" mentality that may be a carry-over from Hawaii's plantation past. To suggest that the Polynesian Cultural Center holds many parallels to the old plantation system (in exchange for room, board, education, Pacific Islanders work in the Center's villages) is undoubtedly an unfair assessment, given its connections to BYU and the Mormon Church. Yet, one can not help but feel that the Polynesian Cultural Center is really from a different era. There is a need for alternative visions and approaches to tourism development in Hawaii. While one can certainly experience seven Polynesian Islands in a day at the Polynesian Cultural Center, is that really all that Hawaii has to offer in terms of a rich cultural and educational experience?

It would appear that in Hawaii, that while there are some significant barriers to expansion of culturally-sensitive tourism, recent developments in terms of state support of small-scale business enterprises and traditional communities offer some hope. While the "real Hawaii" may never replace the megaresort, it is hopeful that through efforts on the part of groups such as the Waianae Coast Community Alternative Development Corporation, that perhaps both types of development can co-exist.

Tourism has had a very profound impact on governance in the state. In Hawaii, tourism is recognized as an industry. The visitor industry has become one of the most powerful business interest groups in the state. Industry ads constantly remind residents of tourism's major contributions to the state's economy. The fact that both the City and County of Honolulu and the State of Hawaii are competing to build convention centers in Waikiki is evidence of the visitor industry's clout in Hawaii. Most new projects (i.e., the proposed billion dollar transit system for Honolulu, the redevelopment of the Honolulu waterfront, or, expansion of neighbor island highways and airports) are gauged in terms of their impact on Hawaii's visitor industry. The fact that there is a Tourism Functional Plan, that there is a state agency charged with overseeing tourism (Department of Business and Economic Development and Tourism) and the state funds a private agency (Hawaii Visitors Bureau) to assist in tourism promotion and development is illustrative of the deep inroads tourism has made in Hawaii government. Moreover, cases like the Ko 'Olina megaresort development or Lanai's conversion from the pineapple island to a tourist destination illustrate the extent to which there has been a strong partnership between the visitor

industry and government. Clearly, as a number of the cases revealed, tourism has received the support of government because it was seen as a substitute for plantation agriculture. One need not look too deeply in order to see the ties between the plantation landowners of Hawaii's past and the new resorts of Hawaii's post-industrial period.

Tourism's impact on government can also be gauged in terms of the extent to which government funds support the visitor industry. In addition to supporting the promotional campaigns and activities of the Hawaii Visitor's Bureau, government has played a major role in planning and paying for a variety of physical and social infrastructure. Without improvements to airports, highways, parks, beaches, and utilities, the tourism industry as we know it in Hawaii could not function. Megaresort developments, however, serve to illustrate not only the value of master planning but also new trends in infrastructure finance. It is interesting to note that at Ko 'Olina, all the infrastructure was put into ground before much of the new development occurred. Virtually all of it, from highway overpasses, to roadways, to sewer and water systems were paid for by the developer. This represents enormous up-front costs, which could only be absorbed by international developers with deep pockets. It is no surprise (nor secret) that Japanese capital has played a major role in not just the Ko 'Olina project but in many of the other resort developments which have occurred in Hawaii in recent years. The globalization of Hawaii's real estate market has created new challenges for state government. Concern over foreign control and investment in Hawaii's land and properties has always existed, but the recent wave of outside investment has generated more than usual attention among legislators and politicians. Concerns about globalization also stem from the fact that the vast majority of Hawaii residents could never afford owning property at either the Ko 'Olina or Lanai projects.

For many in both Hawaii's visitor industry and government, it remains difficult to see the connections between erosion in the quality of life for residents and the state's dependency on tourism. International ownership of hotels has meant limited opportunities for career advancement for Hawaii residents employed in the visitor industry. Concerns regarding the vertical integration of the tourism industry have arisen both in the context of Waikiki and in the Ko 'Olina resort development. The visitor industry continues to have wages and salaries which are far below other industries both in Hawaii and elsewhere. Implicit in Hawaii's evolution into a tourism society has been the formation of a polarized, two class society--those part of the "growth coalition" who have benefited from the increase in property values and new development, and those who have been left behind, working as employees in hotels and other services. Hawaii not has one of the highest costs of housing in the U.S., but also one of the lowest rates of home ownership.

Another way to understand why there may be growing discontentment with the growth and development associated with tourism in Hawaii, is that often megaresorts and hotel projects become more an expression of one individual's personality or dominance than an expression of creative genius or talent. In Hawaii, there has been a rash of outlandishly lavish resort developments, which in a pluralistic and democratic society, may become more difficult to tolerate. With megaresorts and other large-scale projects, there may be a disregard for what is there, for the indigenous materials and local culture. While a resort might well be billed as a "Disneyland for adults," such a billing hardly constitutes a basis for an attractive or desirable location to reside.

On Our Terms: Recommendations for State Tourism Policy

Hawaii has evolved into a state which has become synonymous with tourism. In just a few decades, the number of tourists coming to Hawaii has grown from just a few hundred thousand to over six million per year. There has been a corresponding growth in the physical and social infrastructure supporting tourism in Hawaii. The state currently

accommodates the full range of visitor accommodations--from budget tours to super deluxe luxury accommodations, Hawaii has it all.

In this section, some policy prescriptions arising out of the Hawaii experience are offered. In some ways, it may be too late for Hawaii. The visitor industry, through its period of hypergrowth has become such a major force in Hawaii that trying to change it or modify it through state policy may be a bit like trying to steer a barge with a canoe paddle. These suggestions are provided, nonetheless, as possible actions for states in the region.

First, states should support community based economic development efforts like the Waianae Coast Community Alternative Development Corporation. Through support of value-based, culturally-sensitive economic development, and local ownership and control over land and other resources, new forms of tourism development could evolve.

Second, states should insist on rigid design and environmental review of proposed tourism projects. While Hawaii has strong environmental and planning laws, many of the problems in Waikiki and in the newer resort areas would have been averted had there been a stricter review of resort and hotel developments.

Third, states should encourage and support the development of small-scale, special niche developments like the Plantation Spa. These smaller-scale operations were seen to be more recession-proof and provide a more personalized form of tourism services. Too often, attention focuses on megaresorts, rather than the small-scale, yet successful enterprises.

Fourth, states should adopt integrated infrastructure and tourism management plans. While Hawaii has gone far in terms of tourism planning, it could go further in terms of integrating both physical and social infrastructure planning and tourism. The dual development of convention centers in Waikiki is symptomatic of not just state-county tensions, but also the lack of coordination between physical infrastructure planning and tourism planning. The problems regarding social infrastructure (manpower, training, and human resource issues) also need to be addressed, given not just chronic labor shortages, but also the growing practice of importing labor in Hawaii.

Fifth, states should recognize that globalization of capital presents both new opportunities and threats associated with tourism development. Clearly much of the hypergrowth in Hawaii's visitor industry has been fueled by foreign money. New development has meant the loss and destruction of important cultural and natural resources. Moreover, the new world order may have changed the nature of competition in the industry itself. Lessons regarding the U.S.'s loss of competitive advantage in the automobile and computer industry are applicable to the visitor industry as well.

Sixth, states should develop policies for managing tourism development in rural areas. This has been one of the major weaknesses in Hawaii's system. It has been the case that in recent years, much of the tourist development in Hawaii has occurred in rural places. The decline of plantation agriculture has contributed to the transformation of farmlands to resort lands. Tourism has had especially profound impacts in these rural areas. New policies are needed to protect rural areas and ensure that the impacts of tourism development are controlled.

Seventh, states should routinely evaluate the social and economic impacts of tourism development. It is important to realize that as with any industry, there are winners and losers associated with further growth of the visitor industry. States can never do enough in terms of inspiring corporations to become better citizens and to "share the

wealth," so to speak. It should not be the case that while tourism and the visitor industry enjoys tremendous successes, the quality of life for residents and hotel workers continues to slide downward. The state has an important role to play as a reminder of "what it means to be a good corporate citizen." With more multinational firms, this task is getting more difficult and requires more effort on the part of state government.

Eighth, states in the western region should form new alliances in order to share data and strategies for development of the visitor industry. States need to go beyond promotion and marketing and look more closely at issues such as development and management of resources. States should look more closely at the future of tourism and encourage the development of more sophisticated approaches that combine education, health, nutrition, sports, culture, and other aspects of human existence.

Tourism is often referred to as Hawaii's golden goose. But the goose in Hawaii is getting old and her eggs are not as shiny. Compared to other animals, the goose has never been known for being friendly or for that matter very loyal. While relations between the state and the visitor industry in Hawaii remain cordial, it is clear that Hawaii has entered into a new era in terms of the continuing saga of the visitor industry. The facts remain as follows: first, the state is sponsoring research on carrying capacity, suggesting that Hawaii is reaching some finite limits in terms of space and resources; second, more and more emphasis is on "quality" rather than "quantity" of tourist developments; and third, the concerns regarding appropriate land use, preservation of local culture, maintenance of environmental standards, and above all, the sentiment that tourism, growth, and development should occur, "on our terms," mean that there may be some hope for Hawaii after the tourists have all gone home.

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