

INTERNATIONAL ROLE

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"Is Hawai'i's location an economic plus or minus?"

A friend of mine phrases the question this way: "Are we in the center of the Pacific or the middle of nowhere?" However the question is phrased, the answer is anything but easy and, frankly, not a lot of fun. You see, at one time I was considered by many the head cheerleader for Hawai'i's international role (other than just as a tourist destination). Some commentators have credited me with expressions like "Capital of the Pacific" and "Geneva of the Pacific." I even researched and wrote an East-West Center report in 1988 on Hawai'i's future in the Pacific.

I had my doubts, but basically I was optimistic. I even compared Hawai'i's level of international economic activity (an estimated 3 percent of gross state product) to that of pre-statehood tourism. I never thought international economic activity would supplant tourism as the engine that drives Hawai'i's economy, but I did feel it could be a strong diversifying element.

Sadly, I'm not nearly so optimistic these days.

Office of International Relations. When the state Office of International Relations (OIR) was created in 1990, Governor Waihee said he hoped it would be his strong left arm in the international arena just as his Office of State Planning has been his strong right arm in state affairs. It hasn't been, for several reasons.

First, it has had three different directors in three years, and a

recommendation that it have a strong community-wide international advisory board was never implemented.

Second, for much of its short life OIR has fought just to preserve its existence. It now exists under a law that will sunset June 30, 1995.

Third, OIR is saddled with fifteen separate functions, none particularly burdensome by itself, but with a collective weight that ties down its staff the way Gulliver was tied down by the tiny Lilliputians. There is little wiggle room and no escape from paperwork or the threat of political reprisal if something is left undone.

Other problems. We have gone backward as a transportation center. Available airline seats to the U.S. mainland are down 30 percent since 1991, and low seat occupancy seems sure to diminish international flight schedules. United and Continental no longer offer direct connections from Hawai'i to New Zealand and Australia. Singapore Airlines and All Nippon Airways no longer serve Hawai'i at all. And if airport landing fees have to go up significantly to fund our planned \$2.5 billion expansion project, even more international carriers may choose to overfly Hawai'i.

As discussed in the preceding chapter, Hawai'i would be at the top of the list of places to locate the telecommunications-intensive operations of multinational corporations if only we had a competitive telecommunications environment. But we don't, and we aren't likely to, given the protectionist practices of our Public Utilities Commission and state legislature.

We now know beyond doubt that Hawai'i will never be an international Silicon Valley; dreams of an international stock exchange located in Honolulu have been dashed; and plans for the building of a Pacific Nations Center in downtown Honolulu have been set aside, perhaps permanently.

What went wrong? New technology increased the airlines' ability to overfly us. That development could be countered only by strongly increased demand on the ground, and that hasn't happened.

Our visitor industry may be losing its lustre. The aloha spirit, difficult though it may be to measure, clearly has eroded. We've enjoyed heady economic growth, but we didn't do a good job of getting everyone into the act. Those excluded are angry and increasingly likely to show it. Overcrowding and crass commercialism surely are a part of this as

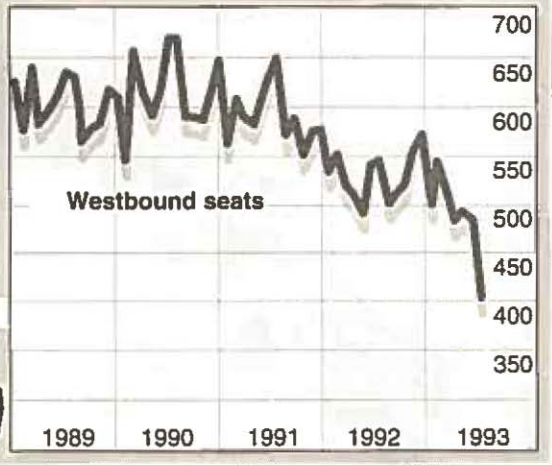
well. Too many tourists head home feeling used and abused. A growing number of residents feel the same.

We also must face up to a business climate that has been damaged by government intrusion and excessive regulation; widespread cronyism in government; emotional resentment against outsiders as evidenced in the flare-ups against Japanese investment overall and against golf courses in particular; and a disappointing public education system that doesn't seem to be getting any better.

Outsiders also have been repelled by our protectiveness. They may understand it in sugar, our fading number-one agricultural crop, and maybe even in the way we protect our banks from outside competition—after all, the banks have repeatedly proven themselves to be public-spirited leaders in the community. But outsiders cannot understand or readily accept ad hoc actions like those of Senator Inouye and Governor Waihee when United Airlines tried to expand its interisland flight schedule. Telling United to take a hike surely offended that company, but the bigger problem is the message that kind of tactic sends to others thinking of doing or expanding business activity in Hawai'i. They've got to want to come here pretty badly to subject themselves to the unpredictability of ad hoc protectionism.

Coincidence?

The total number of available airplane seats to Hawaii from the mainland and Canada has fallen dramatically. United Airlines expressed an interest in expanding the number of its interisland flights but was rebuffed in August 1991.

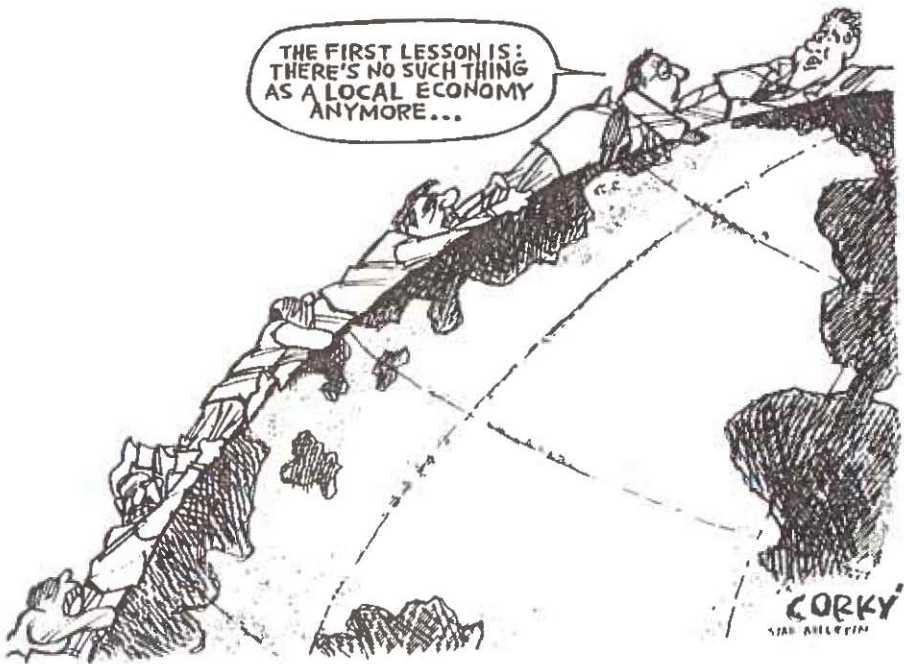


Source: Honolulu Star-Bulletin

Fall from the sky? Our political and business leaders seem to be waiting for Hawai'i's international role to define itself and fall from the sky. Not long ago, the Bank of Hawaii sent out a map of certain Pacific and Asian countries after deleting the names of eighteen countries (Australia, Cambodia, China, Hong Kong, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, North Korea, Papua New Guinea, Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam). The Bank asked a group of community leaders to label each of those eighteen countries and give its approximate population, capital city, and current leader.

If each participant had been able to supply just one of these four items about each of the eighteen countries, they would have scored a combined 810 points (one item, times eighteen countries, times forty-five participants). In the aggregate, they scored only 485 and would have done worse except for three or four standout individuals.

"We all have to start doing our homework," the Bank report concluded, "or any claim to a special role in the Pacific may soon have to be abandoned." I'll be the first to say it will take more than a geography lesson to make things happen. But the results of this quiz



make it look as though the participants, at least, think Hawai'i is indeed in the middle of nowhere.

What will it take? It is truly unfortunate that United Airlines' 1991 attempt to increase its investment in Hawai'i was so rudely rebuffed. Instead of a financial incentive to fly more people to Hawai'i, United was given reasons to cut back on flights.

Protectionism may keep special interests happy for a while, but it tends to leave everyone that much less able to compete. It's easy with hindsight to blame Senator Inouye and Governor Waihee, but their kneejerk protectionism was probably a mere reflection of an Island-wide, inward-looking mentality stemming from what the late Governor John A. Burns used to call a "subtle sense of inferiority." We can't be inward-looking, and we certainly can't doubt our ability to go head-to-head with others, if we are to increase our role in the international arena.

And we cannot continue to take tourism for granted. As an industry, tourism may have its shortcomings, but it has never been fully appreciated for having single-handedly raised the standard of living of most residents of Hawai'i. We must treasure and nurture it more. The place to begin is with tourism industry people who don't understand and appreciate what makes Hawai'i Hawai'i.

To the extent possible, all tourism should revolve around the Hawaiian culture—not to exploit it, but to celebrate it! Let's slow down a bit on the glitz and invest more in the education and inculturalization of the workers, many of whom currently know nothing of Hawaiian history, language, or culture. Aloha spirit would replenish, travelers would want to return (maybe to do business), and those who have been most left out of the economic good times—native Hawaiians—would find their services in especially high demand.

We must demand better government. A good start would be to insist that candidates not only tell us what they *will* give us but also what they *won't*. It's the hard choices they're prepared to make that define each candidate. Roadside waving and "second to none" rhetoric tell voters nothing about hard choices.

We must recognize areas where unions are holding us back and make changes accordingly. There are constructive ways to deal with difficult labor issues. For example, the International Longshoremen's

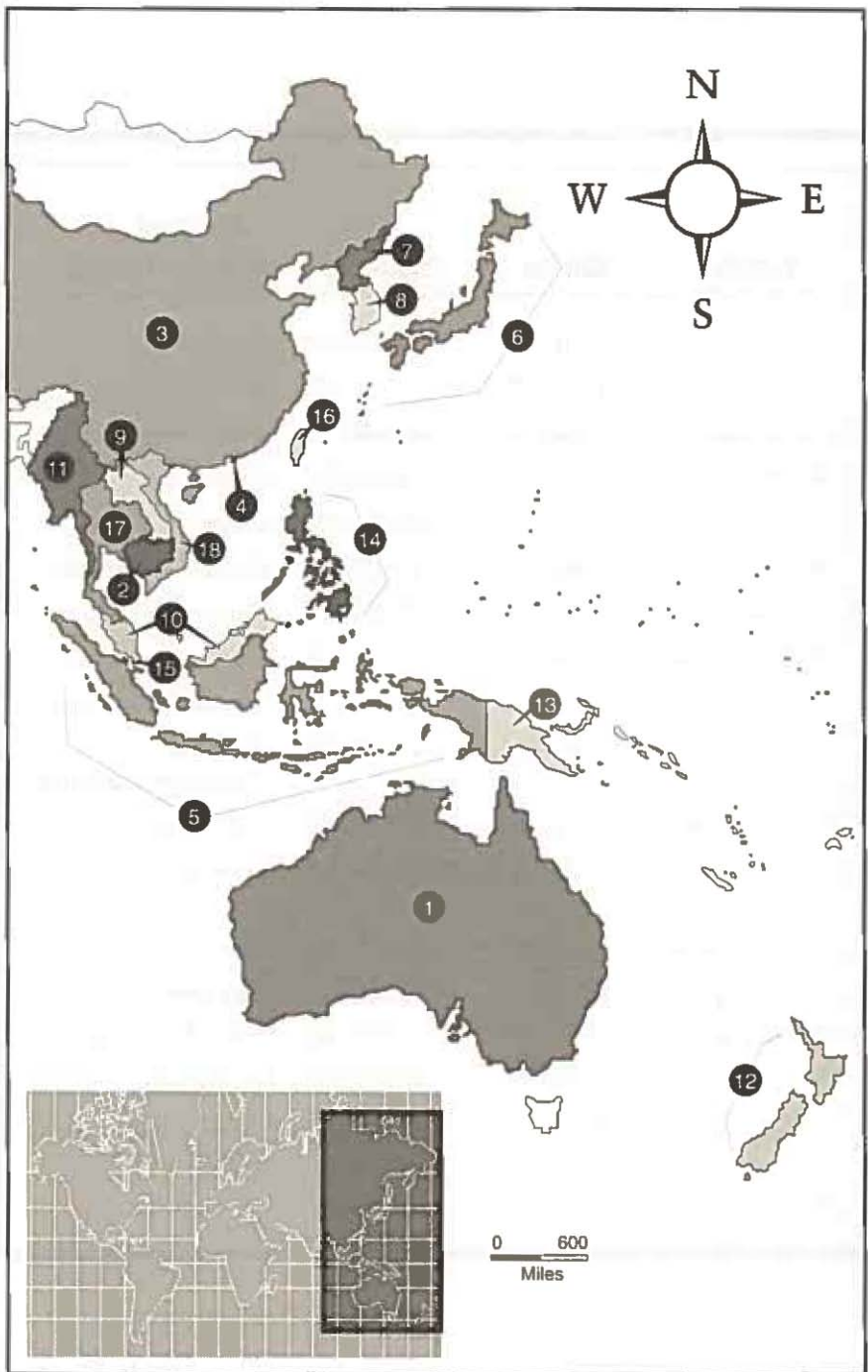
and Warehousemen's Union has shown that flexibility and reasonableness can be effective in getting what its members need, if not what they want. Similarly, the International Typographical Union has led by example by allowing unnecessary jobs to be phased out, as long as affected workers are compensated, retired, or given a chance to retrain for another position. Unfortunately, too many unions insist on inflexible work rules and unproductive positions, evidently without realizing that every employer has to be competitive to survive in the long run.

Special environment. We must recognize and take advantage of our strengths. Our ethnic and cultural diversity is more than just unique, it is inspiring. By showing the world that many different races can maintain ethnic pride and heritage and yet work and play and raise families side by side, we attract public-spirited employers who want to provide that kind of special environment for themselves and their workers.

Education should be our calling card. From preschool to postgraduate work, Hawai'i should be in the running as a place to get educated. I'm especially hopeful with respect to our community colleges. It's tough for UH to compete with Harvard, Stanford, and the like. But our community colleges could be a major provider of international training.

Our educational system will not be what we want it to be until the state Department of Education develops and articulates a clear mission the community can support. The desire for change and a readiness to act are there, waiting for leadership. I'm for a voucher system that would give parents more of a choice about where to send their kids. The department would *have* to compete. Unfortunately, it will probably take that kind of "nuclear" jolt to force meaningful change.

Finally, all of us must be more outward-looking. It's folly to think of ourselves as being in the center of anything until we pay more attention to what's going on elsewhere. That will involve more than a geography quiz, but we've got to start someplace. See how well you do identifying the eighteen Pacific and Asian countries that I listed on page 54 and a few things about them. These are countries, by the way, that are growing daily in importance. If most readers do poorly, perhaps that means that, at least for now, Hawai'i is in the middle of nowhere.



Country	Capital	Population	Political or National Leader
1. Australia	Canberra	17,000,00	Paul Keating
2. Cambodia	Phnom Penh	7,000,00	Hun Sen
3. China	Beijing	1,200,000,000	Jiang Zemin, Li Peng
4. Hong Kong	—	6,000,000	Chris Patten
5. Indonesia	Jakarta	180,000,000	Suharto
6. Japan	Tokyo	123,000,00	Morihiro Hosokawa
7. North Korea	Pyongyang	22,000,000	Kim Il Sung
8. South Korea	Seoul	44,000,000	Young Sam Kim
9. Laos	Vientiane	4,000,000	Nousak Phoumsavan
10. Malaysia	Kuala Lumpur	18,000,000	Datuk Seri Mahathir Mohamad
11. Myanmar	Rangoon	42,000,000	Dhan Shwe
12. New Zealand	Wellington	3,400,000	Jim Bolger
13. Papua New Guinea	Port Moresby	4,000,000	Paias Wingti
14. Philippines	Manila	65,000,000	Fidel Ramos
15. Singapore	—	2,700,000	Goh, Chok Tong
16. Taiwan	Taipei	20,000,000	Lee Tung-hui
17. Thailand	Bangkok	56,000,000	Chitichai Choonhavan Chuan Leekpai
18. Vietnam	Hanoi	67,000,000	Le Puc Anh



The Unbelievable Empire

