Good morning and Aloha! I am honored to be with you today to discuss two of my favorite topics: Tourism and the Pacific Islands.

In my 75 years on earth, I have learned a couple of things about both. But, to give you an idea about where I am coming from, I’d like to share a few personal memories.

I was born here in Honolulu in 1933 during the Great Depression. Our home was a bungalow in Waikiki with a lily pond in front. My mother was a secretary. My father was an architect.

Around 1940, we moved into a new three-story home across the street, on Kuhio Avenue. My father had his office on the ground floor, and we lived upstairs. On December 7, 1941, we stood on our lanai and watched the bombing of Pearl Harbor. I can still remember seeing the planes diving toward the huge cloud of smoke rising into the sky. When a faulty anti-aircraft shell exploded just two blocks away and shrapnel fell onto our lanai, we ran for cover.

When the war was over, my parents built a five-story walk-up hotel, The Islander, just off Kalakaua Avenue. My sisters and I learned the basics of the hospitality industry by helping with the laundry and serving a breakfast of pineapple, rolls, and coffee to guests on the lanai. Rooms were about $7.50 a night. Sometimes I earned a 25- or 50-cent tip when I hauled guest luggage to the upper floors.

Some 25 years later, in 1970, after following my dream of becoming a physician, I found myself back in the hospitality industry. My parents had been pioneers in developing a number of economy hotels that made Hawaii affordable to middle-class travelers. So I joined my parents in expanding their Waikiki base, but I also developed an interest in Travel & Tourism beyond Hawaii.

A friend told me that Continental Airlines had recently established Air Micronesia to serve many of the Pacific Islands and was building hotels at some of its destinations. It was like Matson Navigation building the Royal Hawaiian Hotel next door. The theory was that available hotel beds would generate demand for transportation.

It was not easy, as you know. I really admire those travel industry pioneers.

Continental had difficulty attracting experienced managers for its “off the beaten path” hotels. Keeping the managers was even more challenging. Legend has it that when one new manager arrived at Truk, now called Chuuk, he took one look at the hotel, grabbed a cab back to the airport and hopped back on the plane just before it took off again.

Things got better when Continental Hotels hired a part-Hawaiian hotelier named Bill Charlock, who had managed a number of properties here in Hawaii. He had both the skills and cultural sensitivities needed for Continental’s new properties in Truk, Guam, Saipan, and Palau.

When Bill invited me to bring my family for a visit to his properties, I jumped at the chance. When summer vacation came, we began the first of a number of trips to many Pacific islands over the next decade.

Our first stop was the Continental Hotel in Truk. It was a magnificent experience. In Truk Lagoon, we dove on the World War II wrecks with the legendary Kimiuo Aisek, owner of the Blue Lagoon Dive Shop. My daughter Kathy sat in the cockpit of a Japanese aircraft some 60 feet down. On Palau we floated with unbelievable schools of fish. We had many other great experiences in Guam, Saipan, the Solomon Islands, and the islands off New Guinea.
Even in those days, I could see the potential for Travel & Tourism in the Pacific, and I was delighted when several decades later, our company was able to help realize that opportunity and manage hotels on some of the same islands.

What I have learned from over 60 years in business is that, done right, travel is one of the best ways to bring economic development and job opportunities to an area.

Unfortunately, the full economic benefits of Travel & Tourism are often underestimated.

That may be because when economists first set up the Standard Industrial Codes, no code was established for Travel & Tourism. The economic activity generated by Travel & Tourism is scattered across many categories. For most people, it is off the radar screen.

As comedian Rodney Dangerfield says, “We get no respect!”

The economics of Travel & Tourism remind me of an iceberg. On the surface, you can see activities, such as people arriving at the airport. However, there is an unbelievable amount of additional activity going on “below the waterline” that is needed to keep a visitor housed, fed, and entertained.

More recently, the World Travel & Tourism Council and Oxford Economics have developed the concept of “satellite accounting,” which aggregates the total impact of Travel & Tourism. Satellite accounting has now become the standard by which the economic contribution of Travel & Tourism is measured.

Travel & Tourism represents more than 9 percent of global GDP – that is, the total economic activity of the entire world. It also accounts for over 220 million jobs, or nearly 8 percent of all the jobs in the world.

Because of their location, weather, and natural beauty, Travel & Tourism is even more important to the economies of the islands represented here today.

In Hawaii, with the help of the World Travel & Tourism Council, we commissioned several satellite economic studies of Travel & Tourism about 10 years ago. They all found that the industry accounts for at least 25 percent of Hawaii’s GDP and one job out of every three.

That is a huge impact, an enormous benefit to our state.

But there’s even more to it than that. Why? Because satellite accounting scrupulously avoids including any multiplier effect.

However, the multiplier effect is a basic fact of economic life. It’s what happens, for example, when Travel & Tourism employees spend their money in the community—and that money is re-spent again and again. It also happens when hotels, airlines, tour operators, restaurants, taxi companies, and other service providers make local purchases of goods and services.

So if we consider the multiplier effect, it’s clear that the overall contribution of Travel & Tourism is even greater than the impacts shown by satellite accounting.

How big is the multiplier? That’s a little complicated. Suffice it to say that the satellite accounting studies were recently reviewed in a major research report for First Hawaiian Bank by economist Leroy Laney. He estimated that the multiplier effect for Travel & Tourism in Hawaii is 1.5 – a very conservative estimate.

Applying that estimate to the 25 percent figure derived from satellite accounting, Dr. Laney concluded that the true impact of Travel & Tourism in Hawaii is about 40 percent of our entire economy (GDP). He also estimated that an astounding three-quarters of Hawaii’s employment is in some way associated with tourism.

Dr. Laney made one more key point. He wrote that in Hawaii, because the industry’s impact is so pervasive, “for all practical purposes, it is impossible to draw the line between shares of the economy affected and unaffected by tourism. It is almost analogous to the removal of 40 percent of the vital organs from the human body and speculating on the survival of the individual.”
As both a physician and a hotelier, I could not agree more.

Travel & Tourism is perhaps even more important to the U.S. Virgin Islands, where it accounts for about 37 percent of GDP and 45 percent of employment. This is without the multiplier.

Travel & Tourism throughout Oceania represents about 11 percent of the economy and 12 percent of the jobs. Again, no multiplier.

It is even more significant in Guam, where Travel & Tourism represents about 21 percent of GDP and one job in every three.

The huge impact of Travel & Tourism on our economies is why I so often speak out and beat the drum to remind everyone who will listen that “Tourism Is Everybody’s Business.”

Another benefit of Travel & Tourism is that, contrary to popular belief, the job opportunities in this industry are broad, going far beyond entry level to advanced technology, top management, and much, much more.

It’s also important to remember that the dollars earned from Travel & Tourism are export dollars that bring new money into the local economy.

When people talk about exports, they generally visualize manufacturing and shipping a product. Few people understand that the Travel & Tourism industry is also selling an export. We export an experience to visitors, and the dollars they bring in support local infrastructure, small businesses, individual employees and, of course, government—through taxes.

As I said earlier, I am very pleased that our company has been able to expand in the Pacific and play a positive role in the future of many of the places I love.

We have generally been successful because of our own island tradition and our history of working well in a variety of cultures. Basically, we have applied the principles I grew up with or learned in Hawaii from people like my parents and Bill Charlock.

Our philosophy is to honor the culture and traditions of the area and not try to import a culture from another place.

We practice that here in Hawaii and have integrated Hawaiian values into a program we call Ke ‘Ano Wa’a, which roughly translates as “The Outrigger Way.” Our employees have developed this set of island values and ethics, which they practice daily throughout our company. These values include Flawlessness, Equality, Sharing, Hospitality, Respect for the environment of this Place, Accountability, Family, and Love (Aloha).

One way these values are expressed is in encouraging employees to share what they value about Hawaii’s culture and history with our guests. We believe this makes a real difference in the quality of the guest experience.

On Guam, we have blended the “Outrigger Way” concepts with Chamorro values in a program called Inafa’maolek – The Spirit of Hospitality. Like Ke ‘Ano Wa’a, it helps people keep a statement of values in mind.

So perhaps it should be no surprise that the Outrigger Guam Resort was recently honored with the 2008 All-Star Award by the Guam Hotel & Restaurant Association.

In our Fiji and Bali resorts, we have also adopted local cultural values. Fiji General Manager Darren Shaw says, “We focus on Fiji’s unique points of difference and the strong cultural pride of the staff.”

Inafa’maolek and similar programs our employees have developed in each Pacific location all reflect “human values,” but they go far beyond word-for-word translations of Ke ‘Ano Wa’a. These values statements, therefore, reflect not the Hawaiian culture, but their own.

One more point – one of the most exciting things about our operations in the Pacific is the opportunity for many fine young people to hone their skills, develop new ones, and advance their careers.

This has happened in all of our Pacific properties. For example, in Fiji, our chefs have developed some extraordinary talents and are winning culinary competitions around the world.

Before I close, I would like to offer a few words of advice rooted in my more than six decades of hospitality experience.
As most of you know, developing a visitor industry is no easy matter, particularly on islands located far from major population centers.

The first sale has to be the “Internal Sale.” Local residents are an essential part of the process. If they are not “sold” on the benefits of the industry, difficult issues will arise sooner or later.

The visitor industry has to be a partnership between the private sector, labor, and government. Everyone involved has to visualize the effort needed and the potential risks and rewards.

Here’s another bit of advice. Don’t tax visitors more heavily than local people.

It’s so easy to start down that path because visitors come and go, and it’s easy to think they don’t vote.

There’s an old saying attributed to former Louisiana Senator Russell B. Long: “Don’t tax you. Don’t tax me. Tax that fellow behind the tree!”

Visitors too often are seen as “that fellow behind the tree.”

But visitors do vote. Not at the ballot box, but with their pocketbooks. Information about rip-off taxes on visitors is flashed around the globe on the Internet.

There are a couple of final points I want to share.

Keep your infrastructure up to date. Nothing turns a visitor off quicker than poor airport facilities, antiquated transportation equipment, dirty public restrooms, unfriendly government officials, and so on.

And never forget that visitor safety is essential. If something happens to a visitor, no matter whose fault it is, be prepared to do everything you can to help. That kind of Island Hospitality pays tremendous dividends.

Here’s a final thought.

There is a Hawaiian proverb that says, ‘A ‘ohe hana nui ke alu ‘ia – No task is too big when done together by all.

This powerful message is more important now than ever.

Currently, things are very difficult, but I truly believe that the future for Travel & Tourism in the Pacific is very, very bright.

Many of you in this room will be the leaders who will accomplish important things in coming decades. And, perhaps some day one of you will be standing up here speaking to the next generation. Perhaps you will tell them about a guy who once gave a talk in Honolulu about Pacific Tourism. He said, “By pulling together, we can accomplish anything we set our minds to do.”

And he closed by reminding us of the central point of his speech, namely that “In the Pacific, Tourism Is Everybody’s Business.”