December 18, 2010

2010: The End of a Tumultuous Decade
2011-2020: More Challenges Ahead
By Dr. Richard Kelley

As we slip into the second decade of the millennium, I am sure many are relieved that we’re leaving the first decade behind. What a roller coaster ride it has been!

As the year 2001 began, everything seemed to be going well. With the collapse of the Soviet Union nearly a decade earlier, the threat of global nuclear holocaust had receded into a nightmare from which we had thankfully awakened. True, terrorism was something we read about from time to time, but it was happening mostly in distant places we knew little about. The name Osama bin Laden meant nothing to most of us. Here in Hawai‘i, a nearly decade-long recession was finally petering out. A record 6.95 million visitors had arrived in our islands the year before. Almost everything was going in the right direction.

However, in the March 24, 2001 issue of Saturday Briefing, in an article titled “Storms Ahead,” I likened our situation to what the captains of sailing ships used to face in the centuries before weather satellites. They had to worry about unknown perils and storms lurking over the horizon. I had no idea how accurate this comparison would turn out to be.

As the “Good Ship Hawai‘i” sailed on in 2001, the storm clouds gathered. Visitor arrivals were off 1 percent for the first eight months of the year.

On September 11, 2001, we were suddenly in the midst of an unbelievable “storm” as terrorists flew hijacked aircraft into the World Trade Center and the Pentagon, killing more people than had died in Japan’s 1941 attack on Pearl Harbor. That threw everything into a tailspin. U.S. and British troops were sent to Afghanistan a month later, and in 2003, U.S. and coalition forces invaded Iraq, putting a further damper on the economy.

In Hawai‘i, we sailed in calmer waters from 2004 through 2007, setting new records with 7.0 to 7.6 million visitors, with unemployment numbers consequently reaching near-record lows.

But we may have been in the eye of a hurricane. We soon had to batten down the hatches, as a global recession dramatically impacted Travel & Tourism. Hawai‘i’s visitor arrivals plummeted to 6.8 million in 2008 and 6.5 million in 2009.

The past 12 months have been challenging, but they are a real improvement over 2009. Hawai‘i’s visitor arrivals are up over 7 percent, and we expect the final number to be 7 million or more for year. As regular readers of Saturday Briefing know, arrivals tell only part of the story. Visitor spending is the measure that really counts. Fortunately, this is also heading up, but we probably have several years to go before our industry returns to pre-recession health.

In spite of economic and political challenges, we have nonetheless continued to make progress and give our guests exceptional service and warm hospitality in Hawai‘i, Guam, Fiji, Australia, Thailand, and Bali.

We continue working on new projects, including an exciting resort in Hainan, China, and a recently announced new golf resort at Vinh Hoi Bay, Vietnam. This week, we announced the addition of the 81-room, five-star Outrigger Koh Samui at Bhumibol Beach, Thailand, effective February 1, 2011.

Within our company, the Ke ‘Ano Wa’a Voyage of Discovery, Renewal, and Inspiration has continued sailing along, and Alaka‘i from all properties have been busy coordinating many activities and events in celebration of the 6-Paddle Process.

Together we are a powerful team. Whether you are at the Front Desk, in Engineering, Housekeeping, Accounting, Reservations, Renovations, or some other area, your individual efforts are what have made our success possible. You are all hugely appreciated.

As we look ahead to 2011, we know there will be continued challenges. The United States, indeed the world, is struggling.

I am quite concerned about the future for a number of reasons. Globally, fanatics with a radical political agenda continue their assault on the civilized world. The struggle predates 9/11, with attacks on U.S. embassies, barracks, and the destroyer U.S.S. Cole, and since 9/11, it has spread to targets from Spain to Indonesia.

For the first time in history, technology has given single individuals the ability to inflict mass destruction and mass casualties with easily concealed and transported explosives. I was warned during 2009 briefings in Washington, D.C., that the

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~ Dr. Richard Kelley
planting of car bombs on America’s streets is not out of the realm of possibility. Last week’s terror bombing in normally peaceful Sweden is an example of what may lie ahead. Air travelers can look forward to more inconveniences, delays, and TSA “pat downs” in the coming months.

Nationally, we are witnessing an effort to drastically change the free-market system that is the source of America’s remarkable economic and political strength.

Massive federal spending is out of control. We are adding millions of people to the federal payroll and providing more government services than we can afford. According to the financial newsletter DaveManual.com:

- In 2007, the federal deficit was $162 billion
- In 2010, it is projected to be $1,350 billion

To pay the bills, the national debt piles up and is predicted to more than double in the foreseeable future.

Neither the federal government nor most state governments report the true cost of government. Unfunded liabilities run into trillions of dollars. Free Enterprise Nation (http://tinyurl.com/y8e7g7q) reports, “The total federal and non-federal debt (if unfunded liabilities are included) is an estimated $112+ trillion, or SEVEN TIMES higher than the total $15 trillion currently disclosed to taxpayers.”

No wonder the U.S. dollar has kept losing value, and there is every indication that interest rates will soon rise significantly.

This year, the Obama Administration and a Congress controlled by Democrats rammed through legislation that will drastically change the way Americans pay for health care.

During the debate over this legislation, I offered an effective plan to reform health care and lower its cost. The four elements of the plan were:

- Individual Choice & Free Market Competition
- Tax & Geographic Equity
- Personal Responsibility
- Tort Reform

regrettably, none of these concepts were included in the bills passed by Congress. In fact, each of these concepts were either eliminated or made far more difficult in the law finally enacted.

I fear we may end up with runaway costs, higher taxes, bureaucratic control of personal health decisions, declining quality of care, and rationing, similar to what they have in Canada and England.

A federal court has just ruled that a key element of “Obamacare” is unconstitutional. That will take the law to the U.S. Supreme Court, perhaps in 2012, right in the middle of the next presidential election.

Many suspect that the President’s real agenda is neither health care reform nor economic recovery but rather the imposition of government control over a major segment of our nation’s economy.

As I wrote in last year’s wrap-up article, it is important to remember that, over time, civilizations change and usually disappear. In my 77 years on earth, I have been fortunate enough to see the remains of magnificent bygone civilizations. I have climbed the ruins of Mayan temples on Mexico’s Yucatan Peninsula, stood in the shadow of the pyramids and Great Sphinx in Egypt, wandered through the rubble of the Parthenon in Athens (where democracy first flowered, then perished centuries before Christ), and walked through the ruins of great structures built all around the Mediterranean by the ancient Romans. At each location, I wondered how such thriving civilizations could have crumbled.

Is the United States setting itself up to follow in the steps of Greece and Rome?

Many feel that China will soon become the world leader in terms of productivity and economic growth. During my visit there this year after a 20-year absence, I was amazed by the change, growth, and vitality I saw. China now produces more new automobiles than the U.S. In the past 26 years, its economy has grown 10-fold. It is now the world’s third-largest economy, after the U.S. and Japan. Goldman Sachs predicts that China will surpass the U.S. GDP by 2027; The Economist magazine thinks this might happen as soon as 2019. Read more about this in Niall Ferguson’s excellent article, “In China’s Orbit” (http://tinyurl.com/3adn9w9) or “The dangers of a rising China” in The Economist, December 2, 2010.

Is the United States approaching a tipping point, in which the way of life we cherish will be eroded, perhaps even washed away, in the swirling tides of history? I certainly hope not.

We must be careful and remain active and involved particularly in the political process. If not, we may find that we have allowed others to vote for more government at the expense of freedom, individual choice and personal responsibility, which are the basis of everything that has made our country great for over 234 years.

In any case, I am confident that whatever happens in the world around us, here at Outrigger and OHANA, if we continue to work as a team, we will get through the current economic turmoil and grow in coming years, both as a company and as individuals.

Again, my thanks to everyone for all the great things you accomplished in 2010, and my warmest wishes to you and your families for a happy and healthy 2011.