

Everyone agrees that tourism should be developed in a sustainable way. Yet, nearly 25 years after the term “sustainable tourism” became fashionable, sustainable tourism development remains elusive. Residents in many popular destinations around the world complain about being overwhelmed by too many tourists, or “overtourism”. The United Nations World Tourism Organization blames the problem on poor management, and not because of growing number of tourists. This brief examines how some destinations are dealing with the problem of overtourism. The brief also examines the growth of tourism in Hawaii since the late 1980s. While there are many problems in managing tourism growth in Hawaii in a sustainable way, the brief concludes that Hawaii is not yet at the stage of overtourism.

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The United Nations World Tourism Organization (UNWTO) has declared 2017 as the International Year of Sustainable Tourism for Development. The official closing ceremony is scheduled for December 19<sup>th</sup> in Geneva, Switzerland with events, meetings and conferences included in the agenda of activities.

The idea of “sustainable tourism” to foster national and regional development has been around for some 30 years. Its origin can be traced to the publication of the 1987 *Brunland Report* by the World Commission on Environment and Development which highlighted the 3 pillars of sustainable development: (1) economic growth, (2) environmental protection and (3) social equity. The UNWTO defines sustainable tourism as “Tourism that takes full account of its current and future economic, social, and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.”<sup>1</sup>

Before “sustainable tourism” became a buzz phrase, it was preceded by “tourism carrying capacity.” The carrying capacity notion fell out of favor because it suggested that there is a finite number of tourists that is optimal for a tourist destination. Tourists bring both benefits and costs to a host destination; if the benefits can be increased and/or the costs decreased, it would be beneficial to the destination to attract more tourists. There is no pre-determinable optimum number of visitors<sup>2</sup>.

The UNWTO began promoting the idea of sustainable tourism at the Rio Earth Summit in 1992. At its 1995 World Conference on Sustainable Tourism, it outlined five ways to develop tourism in a sustainable way:

1. The natural, historical, cultural, and other resources for tourism are conserved for continuous use in the future, while still bringing benefits to the present society.

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1 World Tourism Organization, Sustainable Development of Tourism,” at <http://sdt.unwto.org/content/about-us-5>

2 See James Mak, *Tourism and the Economy, Understanding the Economics of Tourism*, Honolulu: University of Hawaii Press, 2004, Chapter 11.

2. Tourism development is planned and managed so that it does not generate serious environmental or sociocultural problems in the tourism area.
3. The overall environmental quality of tourism areas is maintained and improved where needed.
4. A high level of tourist satisfaction is maintained so that tourist destinations will retain their marketability and popularity.
5. The benefits of tourism are widely spread throughout society.

A follow-up report, *Making Tourism More Sustainable, A Guide for Policy Makers*, was published jointly by the United Nations Environment Programme and World Tourism Organization in 2005.

The gist of sustainability is that we need to look after the well-being of the current generation and at the same time not jeopardize opportunities for future generations. It is not only about “greening” the tourist industry. The World Bank observed that it is about enhancing the well-being of people—tourists and locals—through time.

Nowadays just about everything we do seemingly has to be “sustainable.” The UNWTO’s declaration is a reminder to all tourism stakeholders that, 25 years after the Rio Summit, a lot remains to be done to develop tourism in the proper way. Taleb Rifai, Secretary General of UNWTO notes that “With growth comes responsibility.”<sup>3</sup>

To be sure, it is not easy to achieve sustainable tourism. Tourism stakeholders do not all agree on which goals are the most important. The economic benefits of tourism development are well recognized and loudly cited by tourism suppliers who are well organized at the political bargaining table; not nearly so the voices of those who speak up against negative environmental, social and cultural consequences of mass tourism development.

With the number of tourists—international and domestic—growing ever larger, residents of some of the most popular tourist destinations are protesting against unrestrained growth. Public rallies have been held in a number of cities in Europe recently—notably in Venice and Barcelona—demanding a halt to more tourists<sup>4</sup>. A Google-search of “Too many tourists” turns up a long list of places where residents feel that they are being overwhelmed by visitors<sup>5</sup>.

A new buzz word—“overtourism” (from a Twitter hashtag #overtourism in August 2012)—has been added to the travel and tourism vocabulary. Overtourism occurs where locals (or tourists) believe that visitor numbers have reached levels that reduce their quality of life (or the quality of the tourist experience) unacceptably (at <http://responsibletourismpartnership.org/overtourism/>). Of course, what is acceptable and unacceptable is subjective. Opinions count.

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3 UNWTO, “Tourism growth is not the enemy; it’s how we manage it that counts,” PR No.: Opinion article 1, August 15, 2017 at <http://media.unwto.org/press-release/2017-08-15/tourism-growth-not-enemy-it-s-how-we-manage-it-counts>

4 Michelle Baran, “Crowded cities moving to limit tourism growth,” *Travel Weekly Daily Bulletin*, February 1, 2017; Lauren Frayer, “For Barcelona, Tourism Boom Comes At High Cost,” *Hawaii Public Radio*, March 1, 2017; Angela Giuffrida, “Imagine living with this crap”: tempers in Venice boil over in tourist high season,” *The Guardian*, July 22, 2017; Adrian Mourby, “Can Venice save itself from its own popularity? CNN Travel, July 4, 2017; Ginia Bellafante, “How Much Tourism Is Too Much?” *The New York Times*, June 29, 2017.

5 See, for example, Katherine LaGrave, “15 Places Telling Tourists to Stay Home,” *Conde Nast Traveler*, October 24, 2016.

When market-based measures such as admission fees to popular attractions, higher taxes on accommodations, and entry and exit taxes at borders fail to curb unrelenting tourism growth, some destinations/attractions are placing caps on the permissible number of tourists (and accommodations)<sup>6</sup>. Market-based measures such as admission fees are also politically unpopular as they are seen to favor the rich<sup>7</sup>. In Hawaii, a tough management plan using both an admission fee and numerical restrictions was implemented in 1990 to actually reduce the number of visitors to Hanauma Bay Nature Preserve<sup>8</sup>.

Rifai maintains that “growth is not the enemy; it’s how we manage it that counts... The current “tourism phobia” on the part of citizens is largely a result of the failure to manage growth in a sustainable manner.” He argues that “the sector needs regulations and clear guidelines, but not ones that would curb growth.” Numerical restrictions are not the solution. UNWTO estimates that tourism today accounts for 10% of the world’s GDP and 1 in every 10 jobs. Tourism growth leads to economic prosperity, jobs and resources to pay for protection of environmental and cultural assets, and through people-to-people contact, tourism can help to create a better world. Instead, Rifai recommends actions and policies that:

1. Diversify visitor activities, both in type and location.
2. Effectively manage visitors at visitor sites;
3. Reduce seasonality;
4. Provide incentives for the private sector to invest in new areas and new products;
5. Provide incentives and policies to reduce energy and water consumption and address other community needs, shortcomings and deficits.

In sum, Rifai advocates moving tourists around to less travelled seasons, from congested to less congested locations and visitor attractions, and to develop new locations and attractions by giving incentives to private sector entrepreneurs. Economists disagree on the efficiency of giving targeted incentives to induce tourism investment<sup>9</sup>.

Instead of giving incentives, the City of Amsterdam is attempting to use technology to solve the problem of overtourism. It has developed an app called “Discover the City” that sends timely notifications to potential visitors that a particular attraction is busier than usual and to try another attraction today. The City’s tourism organization has also packaged outlying districts as stand-alone tourist destinations in order to divert tourists from the congested city<sup>10</sup>. Likewise, New York City’s tourism organization encourages tourists to visit the other (non-Manhattan) boroughs<sup>11</sup>. Actually, tourists today do quite well on their own using technology and social media to find less

6 Wouter Geerts, “Overtourism and the Struggle for Sustainable Tourism Development,” Skift, March 9, 2017.

7 See, for example, Timothy Egan, “National Parks for the 1 Percent,” The New York Times, November 3, 2017.

8 James Mak, *Developing a Dream Destination, Tourism and Tourism Policy Planning in Hawaii*, Honolulu: University of Hawaii Press, 2008, Chapter 6.

9 See James Mak, *Tourism and the Economy, Understanding the Economics of Tourism*, Honolulu: University of Hawaii Press, 2004, Chapter 11.

10 Mark Ellwood, “How Amsterdam is Solving Its Overtourism Problem,” Conde Nast Traveler, October 19, 2017.

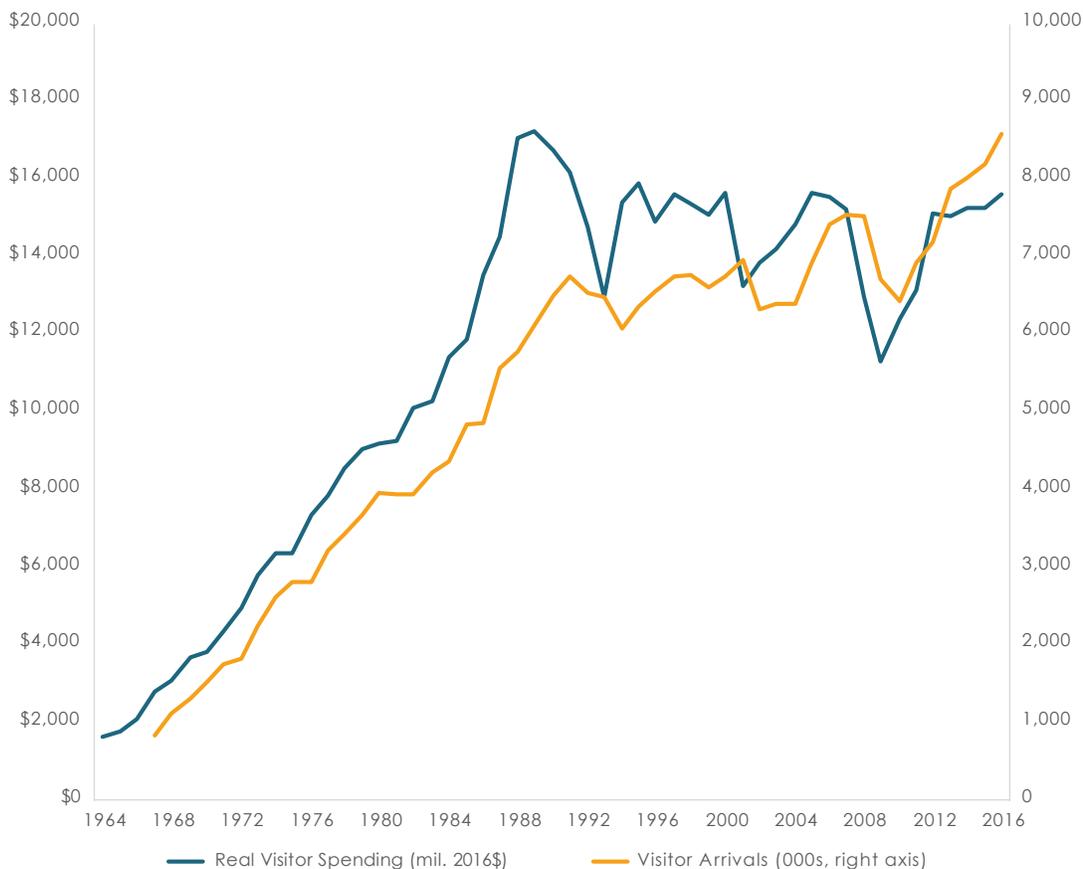
11 Jessica Allen, *5 Days, 5 Boroughs, NYC Official Guide*, May 25, 2016.

traveled places to visit. In not too distant future, no hidden attractions/destinations will remain undiscovered. Those destinations potentially will face their own overtourism problem.

Strikingly, Rifai does not mention taxes as a potential deterrent to overtourism (or, as he prefers, “tourism phobia”), as taxes might dampen tourism growth. However, taxing tourists and tourism suppliers is an excellent way to increase tourism’s benefit to a host community, as long as the taxes do not scare too many tourists away<sup>12</sup>. Tourists, too, also benefit if some or all of the tax revenues are used to maintain and improve visitor infrastructure and public attractions.

**TOURISM GROWTH IN HAWAII**

“Hawaii visitor arrivals, spending see record numbers” reported the *Honolulu Star Advertiser* on January 30, 2017. According to statistics released by the Hawaii Tourism Authority (HTA), in 2016 Hawaii recorded its fifth consecutive record year for visitor arrivals and visitor spending. Hawaii’s 8.9 million visitors in 2016 spent \$15.571 billion in the Aloha State. HTA’s President and CEO claimed “Hawaii tourism has experienced five consecutive record-breaking years for visitor spending.”<sup>13</sup> 2017 has not concluded, though preliminary data indicate that Hawaii will achieve a sixth consecutive year of visitor arrivals and spending growth<sup>14</sup>.



12 See James Mak, *Tourism and the Economy, Understanding the Economics of Tourism*, Honolulu: University of Hawaii Press, 2004, Chapters 11 and 12.

13 Allison Schaefer, “Visitor spending surges in March,” *Honolulu Star Advertiser*, April 29, 2017.

14 Allison Schaefer, “Growth in visitor numbers outpaces spending,” *Honolulu Star Advertiser*, October 27, 2017.

But is tourism really setting arrival and spending records? The confusing answer is: Yes. And no! The number of visitors coming to Hawaii has never been greater than in 2016. So is visitor spending in Hawaii in current dollars. But not visitor spending in numbers that really matter. That is because HTA only presents estimates of visitor spending in current (or, nominal) values and not in inflation-adjusted (real) values. What really matters to Hawaii's economy and residents is visitor spending after adjusting for changes in the prices of travel goods and services. It is increases in visitor spending in real dollars that creates additional local employment. The U.S. National Travel and Tourism Office reports tourism spending (demand) in the U.S. in both current and in real dollars.

Between 2012 and 2016 Hawaii visitor spending in current dollars increased every year, but in only three of those five years in inflation-adjusted dollars. None of the years was a record setting year, after adjustments are made for price changes using the Honolulu consumer price index (CPI-U). Indeed, annual real visitor spending (valued at 2016 prices) exceeded \$15.571 billion in 8 of the 28 years between 1988 and 2016. The peak years in visitor spending were 1988 and 1989 when visitors spent a little over \$17.0 billion each year on local goods and services (again, in 2016 prices). The Great Recession (2007-2009) were down years for Hawaii tourism. But after it was over, visitor spending in current dollars increased every year (over the previous year), while inflation-adjusted visitor spending increased in five of the seven years after the recession ended. That speaks well for Hawaii's recovery. Recently, Hawaii may have benefited from growing apprehension among American consumers to travel to other overseas destinations<sup>15</sup>.

Taking a longer view, yearly inflation-adjusted visitor spending in Hawaii contracted by \$1.678 billion between 1989 and 2016 even as the number of visitors to Hawaii increased by 2.4 million. Real visitor spending per 1,000 Hawaii residents declined from \$15.8 million in 1989 to \$10.8 million in 2016. Today, the visitor industry in Hawaii is a much smaller share of the State's economy than it was nearly 30 years ago, partly because the rest of the State's economy has been growing faster and partly because the tourism sector in Hawaii has actually been shrinking.

For September, 2017 Hawaii received more visitors but they spent less money, measured in current (not inflation-adjusted) dollars. A *Honolulu Star Advertiser* editorial (October 30, 2017) has the heading, "More visitors but less spending is disconcerting." The decline in visitor spending for that one month prompted a prominent visitor industry entrepreneur to comment that "The focus forward need to be on visitor spending—higher spending is how we want to grow tourism." He says that Hawaii needs to "look at the type of visitor we are attracting." Hawaii should focus more on first time visitors and visitors from Asia who tend to spend more and less on visitors who stay in alternative accommodations. ("The Airbnb visitor is going to Costco buying cold cuts.")<sup>16</sup> More disconcerting than the one-month visitor spending decline for September is that "more visitors and less spending" in inflation-adjusted dollars has been going on in Hawaii for a long time. It means that tourism's costs to Hawaii have been rising, but its benefits have been falling.

15 Tovin Lapan, "Hawaii tourism aims to build on 'fantastic' 2016" *Travel Weekly Daily Bulletin*, December 23, 2016.

16 Allison Schaefer, "Growth in visitor numbers outpaces spending," *Honolulu Star Advertiser*, October 27, 2017.

## OVERTOURISM IN HAWAII

Some residents here believe that Hawaii also suffers from “overtourism”<sup>17</sup>.

Hawaii has had a lengthy history of residents questioning how much tourism is too much. In the late 1960s and the entire decade of the 1970s, many in Hawaii felt that tourism was growing way too fast. The average annual rate of increase in visitor arrivals in Hawaii was 20% in the 1960s and nearly 9% in the 1970s. In response, the Legislature passed Act 133 (The Interim Tourism Policy Act) in 1976 which required the State to craft a 10-year strategic plan to chart the course of tourism development for the next ten years. It became part of Hawaii’s first (overall) State Plan in 1980<sup>18</sup>. In 1980 Hawaii had 3.9 million visitor arrivals compared to less than 300,000 in 1960. We are now approaching 10 million visitors per year. Obviously, the State’s tourism plans have not curbed tourism growth. As a state, Hawaii cannot legally cap the number of visitors to the Aloha State; nor has there been widespread public support for such a strategy. At times, private citizens have taken the matter into their own hands. In two high profile cases, citizen activism stopped the interisland Super Ferry, and earlier, prevented the extension of the airport runways at Kahului (Maui) and Lihue (Kauai) that would have permitted “jumbo” jets to begin direct flights from the mainland to the two neighbor islands.

Surveys commissioned by the HTA find most residents in Hawaii “strongly/somewhat agree that tourism has brought more benefits than problems.” HTA’s *2015 Resident Sentiment Study* noted that 66% of Hawaii’s residents surveyed felt that way. But the percentage of residents who agree with the quote has been slipping in recent years. The percentage used to be in the 70s, going as far back as 1975. The percentage of respondents who perceive “Tourism has been ‘mostly positive’ for you and your family,” has slipped quite a bit from 60% in 1988 to 40% in 2015. The less positive responses at the individual/ family level might be explained by the fact that we are much less dependent on tourism than we were 25 to 30 years ago as tourism’s imprint on Hawaii’s economy has declined. Tourism’s (direct) share of Hawaii’s gross domestic product peaked in 1988 at 24.7%; by 2010 it had fallen to 12.3% (16.4% in 2010 if tourism’s indirect effects are included, and 16.7% in 2015)<sup>19</sup>.

There is broad agreement that in developing tourism, it is the residents’ well-being that must come first<sup>20</sup>. One observer of New York City’s aggressive tourism promotion sagely observed that “...a city engineered expressly for tourists ceases to care for its own citizens.”<sup>21</sup>

HTA’s surveys show a disturbing trend in resident attitude about whose interests—residents or tourists-- receive priority in Hawaii. The majority (58%) of the respondents to HTA’s survey in 2015 agreed with the statement: “This

17 See, for example, Ben Gutierrez, “Influx of tourism spurs concerns about future of Kailua,” Hawaii News Now, updated November 20, 2016; Audrey McAvoy and Caleb Jones, “Too Many Tourists Are Spoiling Maui’s Most Magical View,” Time, February 1, 2017; and Lee Cataluna, “Foundering canoe is full already, yet more get in,” Honolulu Star Advertiser, January 11, 2017.

18 James Mak, *Developing a Dream Destination: Tourism and Tourism Policy Planning in Hawaii*, 2008.

19 Andrew Kato and James Mak, “Technical Progress in Transport and the Tourism Area Life Cycle,” in Clement A. Tisdell (ed.), *Handbook of Tourism Economics: Analysis, New Applications and Case Studies*, 2013; Eugene Tian, James Mak and PingSun Leung, “The Direct and Indirect Contributions of Tourism to Regional GDP: Hawaii” in Clement A. Tisdell (ed.), *Handbook of Tourism Economics: Analysis, New Applications and Case Studies*, 2013; also 2015 State of Hawaii Data Book.

20 World Tourism Organization, *National and Regional Tourism Planning Methodologies and Case Studies*, 1994, p. 8

21 Jeremiah Moss, “Tourism is Eating New York Alive,” July 25, 2017 at [https://www.vice.com/en\\_us/article/d38k4j/tourism-is-eating-new-york-alive](https://www.vice.com/en_us/article/d38k4j/tourism-is-eating-new-york-alive)

island is being run for tourists at the expense of local people.” The first year this happened was in 2005. Yet, no follow-up studies have been done to find the reasons for the response and hence how to reverse the perception. If residents in growing numbers feel their wellbeing is not the state’s priority in developing tourism, how might that affect the “Aloha Spirit” which is so important to the industry?

Hawaii has had success in dispersing tourism to the Neighbor Islands, away from congested Oahu. Management of Hanauma Bay Nature Preserve generally has been regarded as another success story. Not so in dealing with the proliferation of vacation rentals, which has drawn the ire of many residents, especially on Oahu. HTA’s 2015 survey “show that there were vacation rentals available in almost every zip code across the state.”<sup>22</sup> Both state lawmakers and the governor want to find a way to collect uncollected hotel room tax revenues from illegal vacation rental units, but that does not address the problem of unconstrained proliferation of alternative accommodations in neighborhoods where most residents may not want them. Hawaii can learn much from the regulation of such rentals in New Orleans, which has been described as a potential model for the rest of the country<sup>23</sup>. Homelessness, which affects both residents and visitors, is another critical issue crying out for solution.

Unlike in some European cities, Hawaii’s residents are not marching in the streets to demand a halt to more tourism growth. We are not yet at the stage of overtourism. (A colleague of mine disagrees.) But developing tourism in a sustainable way remains a challenge, and gets more difficult each year as the State’s current priority appears to focus on enticing as many tourists to come to Hawaii as it can.

Blame for overtourism is often placed on destination marketing organizations. SMG Consulting (*Overtourism: When is There Too Much Tourism?* August 30, 2017) offers suggestions to destination marketing organizations on how best to deal with overtourism; the most important “is to be part of the solution. Do not be seen as part of the problem.”

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<sup>22</sup> Hawaii Tourism Authority, 2015 Visitor Plant Inventory.

<sup>23</sup> City of New Orleans, Short Term Rental Zoning Amendments & Enforcement Regulation, December 1, 2016; Kevin Litten, “Airbnb: New Orleans will become nationwide model for short-term rental enforcement,” *The Times-Picayune*, October 20, 2016; Katie Benner, “New Orleans Becomes New Model for Airbnb to Work With Cities,” *The New York Times*, December 7, 2016; and James Mak, “Regulating Home-Share Rentals in Hawaii,” *UHERO: Economic Currents*, January 5, 2017.