

Chronological: Governor's Tourism Congress, Sheraton Waikiki, 12:45 PM, 1984-12-10

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Senator DANIEL K. INOUE

topic: GOVERNOR'S TOURISM CONGRESS

date: MONDAY - DECEMBER 10, 1984
Sheraton Waikiki Hotel

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HONOLULU, HAWAII -- I wish to thank Governor Ariyoshi and the members of the Governor's tourism congress for the opportunity to share some of my thoughts on the subject which is of great concern to all of us.

I hope that I am correct in assuming we are all gathered here because we are convinced of the very positive value of tourism in the promotion of good will and understanding among peoples and in the generation of necessary revenue for our cities, states, and the nation. We in Hawaii should be very much aware of what tourism means in that regard.

Just for the record, I would like to recite some of these pluses:

- ° In 1983, worldwide travel volume was 3.6 billion arrivals.
- ° 21.7 million foreign visitors came to the United States that year; and in our domestic travel market there were 540 million household trips and 1 billion person trips.
- ° Foreign visitors to the U. S. spent about \$11.4 billion in 1983, and our domestic travel expenditures by U.S. residents amounted to \$198.5 billion. Total travel spending therefore amounted to \$210 billion.
- ° The travel industry is the second largest retail or service industry in the United States ((food stores is the largest (\$253 billion)).
- ° Tourism is among the 3 largest employers nationwide which directly employs over 6,000,000 men and women and, most importantly, it provides gainful employment for those who find it difficult to find employment-- such as our unskilled men and women--young and old.
- ° In 1982, tourism expenditures generated \$11 billion in federal tax revenues, \$7 billion in states tax revenue; and \$2.1 billion in local tax revenues.
- ° Tourism is also the least polluting of all major industries.
- ° In Hawaii, where land is our most precious asset, tourism occupies less than one half of one per cent of our total land area. In 1983, our tourist industry directly employed 164,500 persons and brought in the gross revenue of \$7,725,500.00.

On the other hand, in 1983, sugar producing cane land occupied approximately 4.4% of the total land area of Hawaii, generated gross revenues of \$447,195,000 and employed 7,800 men and women.

Economics aside, I believe it is also noteworthy that we continue to exchange tourists with countries where our diplomatic relations are not always the best--the Soviet Union, the Peoples Republic of China, Cuba, Nicaragua, to cite a few.

This, I believe, says a good deal about the worth of tourism as a means of international understanding and good will.

So you know and I know the value of tourism. And yet, we must ask the question -- why can't government officials in Washington see the picture as clearly as we do? As the King of Siam said, "it's a puzzlement".

I recall some years ago when I introduced the measure which up-graded the head of the then United States Travel Service to an Assistant Secretary of Commerce for Tourism. An Assistant Secretary, as you may know, is about a level below an Administrative Assistant in the Senate. Even though every other country throughout the world felt tourism was important enough to have a cabinet level minister in charge, my measure was opposed. One of the reasons given by a then Republican Administration was that it would entitle the Assistant Secretary to the use of a limousine!

Well Congress persevered and we got an Assistant Secretary. Some years later, we enacted another measure, which further up-graded that office, so now there is an Undersecretary of Commerce for Tourism. But not before a Democratic Administration had first vetoed that legislation. So the myopia is bi-partisan.

Today we have 6 regional travel offices located abroad to promote travel to the United States (Canada, Mexico, Japan, England, France, and Germany). Last year I initiated a proposal to create 3 more (Australia, Netherlands, and Italy), and they are scheduled to become operational early in 1985.

Significantly, the Soviet Union has 28 foreign offices; the U.K. 20; Canada 23 (14 of these are in the U.S.).

In terms of funding national tourism offices the United States ranked 38th in 1983 (\$7.6 million).

- Mexico ranked 1st -- \$182 million
- Czechoslovakia ranked 2nd -- \$134.8 million
- Korea ranked 7th -- \$59 million
- Jamaica ranked 12th -- \$29.5 million
- Syria ranked 22nd -- \$13.8 million
- Costa Rica ranked 34th -- \$8.7 million

It would seem there is an anti-tourism virus which afflicts those in official Washington. And be assured that virus has infected this administration as well as its predecessors.

So what can we expect from the government in 1985?

The Presidential campaign with its rhetoric and promises is history, and it is time to deal with reality. And reality strongly suggests what the President chose to overlook during the campaign -- the staggering budget deficit is unacceptable, and its potential for a national economic disaster is devastating.

So how will the government go about reducing that deficit?

The President now realizes what should he have recognized months ago -- the deficit is not going to disappear through a decrease in government spending and an increase in economic growth.

Budget cuts will have to be made.

The new budget will be about \$1 trillion or \$1 thousand billion. Of this amount, \$300 billion will be for defense, and the President has insisted on "no cuts". \$200 billion will be for social security, and the President and Congress have said "no cuts". \$150 billion to keep up the debt payments of the United States. That leaves \$350 billion from which cuts can be made.

But are we going to tell our men and women who have served our country well and honorably in time of war and national emergency that the pension promises we made will have to be broken?

Will the President say "I wasn't candid when I said there would be no cuts in medicare or social security; and that taxes would be raised over my dead body?".

To be sure, cuts will be made in the defense budget; but just as surely those cuts will not be enough. So if we are not going to cut veteran's benefits, medicare, or social security, where will 'revenue enhancement' come from?

The Administration will have to look elsewhere to supplement them. Inevitably it must come from some form of tax increase. And be certain the President knows this has to be done!

I will give odds that most of what I am about to say is either on the Administration's drawing board or soon will be.

- Elimination of tax deductions for business entertainment -- the often rejected '3-martini lunch' proposal. According to statistics I have seen this would result in unemployment for about 130,000 men and women. Many of whom are the least employable in our work force.
- Elimination of tax deductions for 1st class business travel.
- Taxing travel incentives such as ticket bonuses.
- Taxing fringe benefits for employees in the travel industry.
- Increasing the airline ticket tax.
- Eliminating free orientation trips by travel agents.

All of these proposals have a common thread -- they will seriously affect the travel industry. And let's remind ourselves again what the travel industry means to the economy of the United States.

- A \$210 billion industry which is our second largest retail or service industry.
- One of the 3 largest employers in 39 of our 50 states.
- A source of more than \$20 billion annually in federal, state, and local taxes.

If the industry fails to see what is coming, it will be just as short sighted as those who believed that our staggering deficit would cure itself by reduced government spending and projected economic growth.

The industry must unite and oppose these measures which threaten it. Every segment of this diverse industry must look beyond its own special interest, and realize that if one segment is threatened all are threatened.

You may recall that during the early days of the first energy crisis, some elements of the industry weren't too concerned about certain conservation measures the federal government proposed, because they would not be affected by them. History, I believe, shows how foolish they were.

Official Washington has always been aware of how effective a policy of 'divide and conquer' can be, and it has not hesitated to follow that policy, if the industry is short sighted enough to let itself be divided.

For its own interest and, I believe, for the national interest, the travel industry should recognize what the old line labor movement recognized long ago -- in solidarity there is strength; and an injury to one is an injury to all.

Otherwise, the industry will end the year 1985, embattled and threatened from many sides, and the outcome could very well be disastrous for it and the nation.

There is another threat to the industry which I believe should concern us all. And that is the reality of foreign competition.

In survey after survey, people throughout the world have indicated that the country they would most like to visit is the United States. Indeed, according to a 1982 report from the International Monetary Fund, the United States was the leading destination in the world in terms of international tourism receipts (\$10.2 billion).

Americans too are eager to explore their own country, and as I have indicated, statistics show that in 1983, we took 1 billion person trips, and 540 million household trips.

With so much to offer, it is understandable that we might become complacent, and fail to realize that our neighbors to the north and south also have much to attract tourists, including our own citizens.

We must therefore remain competitive in all respects. It is not enough that we offer the finest facilities and attractions, we must ensure that we price them competitively. While we cannot control all of the economic factors which determine costs and prices, there are steps we can take to help ensure that we do not "kill the goose who lays the golden egg".

The foregoing rather lengthy discussion of the federal picture was presented to suggest to you that we cannot expect much from the Federal Government. The tourist industry will not be given any high priority. If Hawaii is to benefit from a flourishing tourist industry, we must do it on our own. Don't count on Uncle Sam for help.

So, let's talk about Hawaii.

For the past decade, Hawaii's politicians at all government levels, both Democrats and Republicans, have been advocating a hotel room tax, and as some of you are aware, I have always opposed the hotel room tax. The industry and the visitors are already being taxed in many ways. For that matter, about \$150 million was received in 1983 through the general excise tax. Approximately one third of state and local taxes can be traced to the tourist industry.

In a time when destinations, such as Acapulco and the Carribean Islands are strongly competing for the same tourists, I do not believe that a hotel room tax is the path to follow.

We should be adding to the enticement of Hawaii, not to the taxes tourists have to pay. I realize that a hotel room tax is a simple tax to administer--much like the general excise tax, and, therein lies the danger that we might "kill the goose who lays the golden egg". Consider how the general excise tax has grown. Thirty years ago, when I served in the Territorial legislature, I recall that the general excise tax was then one half of one percent. Today it is four percent.

However, I am aware that the present method of assisting our tourist industry is less than adequate. There is no consistency and no adequacy. The legislature, because of political considerations, finds it difficult to assure a steady flow of adequate funding for our Hawaii Visitors Bureau, and, accordingly, the Bureau cannot consider necessary long-range planning.

Like all of you, I am aware of this dilemma. Therefore, I was most pleased and excited to learn of your continuing funding for tourism proposal, which I believe will be discussed and acted upon by this Congress. This proposal was described to me a few days ago, and I feel that it makes good sense. It may be just what the doctor prescribed -- continuous reliable funding for tourist promotion without an additional tax burden on our citizens. I am aware of Walter Dods' banking expertise, but I was not aware that he was a legislative magician. I hope the Congress will give this matter its most favorable consideration.

We have our work cut out for us. It is time to man the barricades and consider any threat to any segment of the industry as a threat to the entire industry. This year, we should also open our eyes and realize that, although Hawaii is the most favored destination in the world with its blue skies, lovely beaches, beautiful people, and lush mountains, there are other places on this planet that can boast of blue skies, lovely beaches, beautiful people and lush mountains. We should realize that people will not automatically come to Hawaii. Visitors must be enticed and convinced to visit us. The typical visitor of today is one who counts his and her pennies. They have been trained to do comparative shopping in super markets and shopping centers, and they apply the same practice in selecting visitor destination places. We must spend money to attract money.

I will do all that I can in Washington and, together I am certain we can weather the budget crisis, and be successfully competitive with Mexico and the Carribean and other destination places.

Godspeed in your endeavors.

REMARKS OF SENATOR DANIEL K. INOUE
BEFORE THE GOVERNOR'S TOURISM CONGRESS
DECEMBER 10, 1984

I WISH TO THANK GOVERNOR ARIYOSHI AND THE MEMBERS OF THE GOVERNOR'S TOURISM CONGRESS FOR THE OPPORTUNITY TO SHARE SOME OF MY THOUGHTS ON THE SUBJECT WHICH IS OF GREAT CONCERN TO ALL OF US.

I HOPE THAT I AM CORRECT IN ASSUMING WE ARE ALL GATHERED HERE BECAUSE WE ARE CONVINCED OF THE VERY POSITIVE VALUE OF TOURISM IN THE PROMOTION OF GOOD WILL AND UNDERSTANDING AMONG PEOPLES AND IN THE GENERATION OF NECESSARY REVENUE FOR OUR CITIES, STATES, AND THE NATION. WE IN HAWAII SHOULD BE VERY MUCH AWARE OF WHAT TOURISM MEANS IN THAT REGARD.

JUST FOR THE RECORD, I WOULD LIKE TO RECITE SOME OF THESE

PLUSES:

- o IN 1983, WORLDWIDE TRAVEL VOLUME WAS 3.6 BILLION ARRIVALS.
- o 21.7 MILLION FOREIGN VISITORS CAME TO THE UNITED STATES THAT YEAR; AND IN OUR DOMESTIC TRAVEL MARKET THERE WERE 540 MILLION HOUSEHOLD TRIPS AND 1 BILLION PERSON TRIPS.
- o FOREIGN VISITORS TO THE U.S. SPENT ABOUT \$11.4 BILLION IN 1983, AND OUR DOMESTIC TRAVEL EXPENDITURES BY U.S. RESIDENTS AMOUNTED TO \$198.5 BILLION. TOTAL TRAVEL SPENDING THEREFORE AMOUNTED TO \$210 BILLION.

- o THE TRAVEL INDUSTRY IS THE SECOND LARGEST RETAIL OR SERVICE INDUSTRY IN THE UNITED STATES ((FOOD STORES IS THE LARGEST (\$253 BILLION)).

- o TOURISM IS AMONG THE 3 LARGEST EMPLOYERS NATIONWIDE WHICH DIRECTLY EMPLOYS OVER 6,000,000 MEN AND WOMEN AND, MOST IMPORTANTLY, IT PROVIDES GAINFUL EMPLOYMENT FOR THOSE WHO FIND IT DIFFICULT TO FIND EMPLOYMENT--SUCH AS OUR UNSKILLED MEN AND WOMEN--YOUNG AND OLD.

- o IN 1982, TOURISM EXPENDITURES GENERATED \$11 BILLION IN FEDERAL TAX REVENUES, \$7 BILLION IN STATES TAX REVENUES; AND \$2.1 BILLION IN LOCAL TAX REVENUES.

- o TOURISM IS ALSO THE LEAST POLLUTING OF ALL MAJOR INDUSTRIES.

o IN HAWAII, WHERE LAND IS OUR MOST PRECIOUS ASSET,
TOURISM OCCUPIES LESS THAN ONE HALF OF ONE PER CENT
OF OUR TOTAL LAND AREA. IN 1983, OUR TOURIST INDUSTRY
DIRECTLY EMPLOYED 164,500 PERSONS AND BROUGHT IN THE
GROSS REVENUE OF \$7,725,500,000.

ON THE OTHER HAND, IN 1983, SUGAR PRODUCING CANE LAND
OCCUPIED APPROXIMATELY 4.4% OF THE TOTAL LAND AREA
OF HAWAII, GENERATED GROSS REVENUES OF \$447,195,000
AND EMPLOYED 7,800 MEN AND WOMEN.

ECONOMICS ASIDE, I BELIEVE IT IS ALSO NOTEWORTHY THAT WE
CONTINUE TO EXCHANGE TOURISTS WITH COUNTRIES WHERE OUR DIPLOMATIC
RELATIONS ARE NOT ALWAYS THE BEST--THE SOVIET UNION, THE PEOPLES
REPUBLIC OF CHINA, CUBA, NICARAGUA, TO CITE A FEW.

THIS, I BELIEVE, SAYS A GOOD DEAL ABOUT THE WORTH OF TOURISM AS A MEANS OF INTERNATIONAL UNDERSTANDING AND GOOD WILL.

SO YOU KNOW AND I KNOW THE VALUE OF TOURISM. AND YET, WE MUST ASK THE QUESTION -- WHY CAN'T GOVERNMENT OFFICIALS IN WASHINGTON SEE THE PICTURE AS CLEARLY AS WE DO? AS THE KING OF SIAM SAID, "IT'S A PUZZLEMENT".

I RECALL SOME YEARS AGO WHEN I INTRODUCED THE MEASURE WHICH UP-GRADED THE HEAD OF THE THEN UNITED STATES TRAVEL SERVICE TO AN ASSISTANT SECRETARY OF COMMERCE FOR TOURISM. AN ASSISTANT SECRETARY, AS YOU MAY KNOW, IS ABOUT A LEVEL BELOW AN ADMINISTRATIVE ASSISTANT IN THE SENATE. EVEN THOUGH EVERY OTHER COUNTRY THROUGHOUT THE WORLD FELT TOURISM WAS IMPORTANT ENOUGH TO HAVE A CABINET LEVEL MINISTER IN CHARGE, MY MEASURE WAS OPPOSED. ONE OF THE REASONS GIVEN BY A THEN REPUBLICAN

ADMINISTRATION WAS THAT IT WOULD ENTITLE THE ASSISTANT SECRETARY TO THE USE OF A LIMOUSINE!

WELL CONGRESS PERSEVERED AND WE GOT AN ASSISTANT SECRETARY. SOME YEARS LATER, WE ENACTED ANOTHER MEASURE, WHICH FURTHER UP-GRADED THAT OFFICE, SO NOW THERE IS AN UNDERSECRETARY OF COMMERCE FOR TOURISM. BUT NOT BEFORE A DEMOCRATIC ADMINISTRATION HAD FIRST VETOED THAT LEGISLATION. SO THE MYOPIA IS BI-PARTISAN.

TODAY WE HAVE 6 REGIONAL TRAVEL OFFICES LOCATED ABROAD TO PROMOTE TRAVEL TO THE UNITED STATES (CANADA, MEXICO, JAPAN, ENGLAND, FRANCE, AND GERMANY). LAST YEAR I INITIATED A PROPOSAL TO CREATE 3 MORE (AUSTRALIA, NETHERLANDS, AND ITALY), AND THEY ARE SCHEDULED TO BECOME OPERATIONAL EARLY IN 1985.

SIGNIFICANTLY, THE SOVIET UNION HAS 28 FOREIGN OFFICES;
THE U.K. 20; CANADA 23 (14 OF THESE ARE IN THE U.S.).

IN TERMS OF FUNDING NATIONAL TOURISM OFFICES THE UNITED
STATES RANKED 38TH IN 1983 (\$7.6 MILLION).

- o MEXICO RANKED 1ST -- \$182 MILLION
- o CZECHOSLOVAKIA RANKED 2ND -- \$134.8 MILLION
- o KOREA RANKED 7TH -- \$59 MILLION
- o JAMAICA RANKED 12TH -- \$29.5 MILLION
- o SYRIA RANKED 22ND -- \$13.8 MILLION
- o COSTA RICA RANKED 34TH -- \$8.7 MILLION

IT WOULD SEEM THERE IS AN ANTI-TOURISM VIRUS WHICH AFFLICTS
THOSE IN OFFICIAL WASHINGTON. AND BE ASSURED THAT VIRUS HAS
INFECTED THIS ADMINISTRATION AS WELL AS ITS PREDECESSORS.

SO WHAT CAN WE EXPECT FROM THE GOVERNMENT IN 1985?

THE PRESIDENTIAL CAMPAIGN WITH ITS RHETORIC AND PROMISES IS HISTORY, AND IT IS TIME TO DEAL WITH REALITY. AND REALITY STRONGLY SUGGESTS WHAT THE PRESIDENT CHOSE TO OVERLOOK DURING THE CAMPAIGN -- THE STAGGERING BUDGET DEFICIT IS UNACCEPTABLE, AND ITS POTENTIAL FOR A NATIONAL ECONOMIC DISASTER IS DEVASTATING.

SO HOW WILL THE GOVERNMENT GO ABOUT REDUCING THAT DEFICIT?

THE PRESIDENT NOW REALIZES WHAT HE SHOULD HAVE RECOGNIZED MONTHS AGO -- THE DEFICIT IS NOT GOING TO DISAPPEAR THROUGH A DECREASE IN GOVERNMENT SPENDING AND AN INCREASE IN ECONOMIC GROWTH.

BUDGET CUTS WILL HAVE TO BE MADE.

THE NEW BUDGET WILL BE ABOUT \$1 TRILLION OR \$1 THOUSAND BILLION. OF THIS AMOUNT, \$300 BILLION WILL BE FOR DEFENSE, AND THE PRESIDENT HAS INSISTED ON "NO CUTS". \$200 BILLION WILL BE FOR SOCIAL SECURITY, AND THE PRESIDENT AND CONGRESS HAVE SAID "NO CUTS". \$150 BILLION TO KEEP UP THE DEBT PAYMENTS OF THE UNITED STATES. THAT LEAVES \$350 BILLION FROM WHICH CUTS CAN BE MADE.

BUT ARE WE GOING TO TELL OUR MEN AND WOMEN WHO HAVE SERVED OUR COUNTRY WELL AND HONORABLY IN TIME OF WAR AND NATIONAL EMERGENCY THAT THE PENSION PROMISES WE MADE WILL HAVE TO BE BROKEN?

WILL THE PRESIDENT SAY " I WASN'T CANDID WHEN I SAID THERE WOULD BE NO CUTS IN MEDICARE OR SOCIAL SECURITY; AND THAT TAXES WOULD BE RAISED OVER MY DEAD BODY?".

TO BE SURE, CUTS WILL BE MADE IN THE DEFENSE BUDGET; BUT JUST AS SURELY THOSE CUTS WILL NOT BE ENOUGH. SO IF WE ARE NOT GOING TO CUT VETERAN'S BENEFITS, MEDICARE, OR SOCIAL SECURITY, WHERE WILL 'REVENUE ENHANCEMENT' COME FROM?

THE ADMINISTRATION WILL HAVE TO LOOK ELSEWHERE TO SUPPLEMENT THEM. INEVITABLY IT MUST COME FROM SOME FORM OF TAX INCREASE. AND BE CERTAIN THE PRESIDENT KNOWS THIS HAS TO BE DONE!

I WILL GIVE ODDS THAT MOST OF WHAT I AM ABOUT TO SAY IS EITHER ON THE ADMINISTRATION'S DRAWING BOARD OR SOON WILL BE.

- o ELIMINATION OF TAX DEDUCTIONS FOR BUSINESS ENTERTAINMENT -- THE OFTEN REJECTED '3-MARTINI LUNCH' PROPOSAL. ACCORDING TO STATISTICS I HAVE SEEN THIS WOULD RESULT IN UNEMPLOYMENT FOR ABOUT 130,000 MEN AND WOMEN. MANY OF WHOM ARE THE LEAST EMPLOYABLE IN OUR WORK FORCE.
- o ELIMINATION OF TAX DEDUCTIONS FOR 1st CLASS BUSINESS TRAVEL.
- o TAXING TRAVEL INCENTIVES SUCH AS TICKET BONUSES.
- o TAXING FRINGE BENEFITS FOR EMPLOYEES IN THE TRAVEL INDUSTRY.
- o INCREASING THE AIRLINE TICKET TAX.
- o ELIMINATING FREE ORIENTATION TRIPS BY TRAVEL AGENTS.

ALL OF THESE PROPOSALS HAVE A COMMON THREAD -- THEY WILL SERIOUSLY AFFECT THE TRAVEL INDUSTRY. AND LET'S REMIND OURSELVES AGAIN WHAT THE TRAVEL INDUSTRY MEANS TO THE ECONOMY OF THE UNITED STATES.

- o A \$210 BILLION INDUSTRY WHICH IS OUR SECOND LARGEST RETAIL OR SERVICE INDUSTRY.
- o ONE OF THE 3 LARGEST EMPLOYERS IN 39 OF OUR 50 STATES.
- o A SOURCE OF MORE THAN \$20 BILLION ANNUALLY IN FEDERAL, STATE, AND LOCAL TAXES.

IF THE INDUSTRY FAILS TO SEE WHAT IS COMING, IT WILL BE JUST AS SHORT SIGHTED AS THOSE WHO BELIEVED THAT OUR STAGGERING DEFICIT WOULD CURE ITSELF BY REDUCED GOVERNMENT SPENDING AND PROJECTED ECONOMIC GROWTH.

THE INDUSTRY MUST UNITE AND OPPOSE THESE MEASURES WHICH
THREATEN IT. EVERY SEGMENT OF THIS DIVERSE INDUSTRY MUST
LOOK BEYOND ITS OWN SPECIAL INTEREST, AND REALIZE THAT IF ONE
SEGMENT IS THREATENED ALL ARE THREATENED.

YOU MAY RECALL THAT DURING THE EARLY DAYS OF THE FIRST
ENERGY CRISIS, SOME ELEMENTS OF THE INDUSTRY WEREN'T TOO CONCERNED
ABOUT CERTAIN CONSERVATION MEASURES THE FEDERAL GOVERNMENT
PROPOSED, BECAUSE THEY WOULD NOT BE AFFECTED BY THEM. HISTORY,
I BELIEVE, SHOWS HOW FOOLISH THEY WERE.

OFFICIAL WASHINGTON HAS ALWAYS BEEN AWARE OF HOW EFFECTIVE A POLICY OF 'DIVIDE AND CONQUER' CAN BE, AND IT HAS NOT HESITATED TO FOLLOW THAT POLICY, IF THE INDUSTRY IS SHORT SIGHTED ENOUGH TO LET ITSELF BE DIVIDED.

FOR ITS OWN INTEREST AND, I BELIEVE, FOR THE NATIONAL INTEREST, THE TRAVEL INDUSTRY SHOULD RECOGNIZE WHAT THE OLD LINE LABOR MOVEMENT RECOGNIZED LONG AGO -- IN SOLIDARITY THERE IS STRENGTH; AND AN INJURY TO ONE IS AN INJURY TO ALL.

OTHERWISE, THE INDUSTRY WILL END THE YEAR 1985, EMBATTLED AND THREATENED FROM MANY SIDES, AND THE OUTCOME COULD VERY WELL BE DISASTEROUS FOR IT AND THE NATION.

THERE IS ANOTHER THREAT TO THE INDUSTRY WHICH I BELIEVE SHOULD CONCERN US ALL. AND THAT IS THE REALITY OF FOREIGN COMPETITION.

IN SURVEY AFTER SURVEY, PEOPLE THROUGHOUT THE WORLD
HAVE INDICATED THAT THE COUNTRY THEY WOULD MOST LIKE TO
VISIT IS THE UNITED STATES. INDEED, ACCORDING TO A 1982 REPORT
FROM THE INTERNATIONAL MONETARY FUND, THE UNITED STATES WAS THE
LEADING DESTINATION IN THE WORLD IN TERMS OF INTERNATIONAL
TOURISM RECEIPTS (\$10.2 BILLION).

AMERICANS, TOO, ARE EAGER TO EXPLORE THEIR OWN COUNTRY,
AND AS I HAVE INDICATED, STATISTICS SHOW THAT IN 1983, WE TOOK
1 BILLION PERSON TRIPS, AND 540 MILLION HOUSEHOLD TRIPS.

WITH SO MUCH TO OFFER, IT IS UNDERSTANDABLE THAT WE
MIGHT BECOME COMPLACENT, AND FAIL TO REALIZE THAT OUR NEIGHBORS
TO THE NORTH AND SOUTH ALSO HAVE MUCH TO ATTRACT TOURISTS,
INCLUDING OUR OWN CITIZENS.

WE MUST, THEREFORE, REMAIN COMPETITIVE IN ALL RESPECTS.
IT IS NOT ENOUGH THAT WE OFFER THE FINEST FACILITIES AND
ATTRACTIONS, WE MUST ENSURE THAT WE PRICE THEM COMPETITIVELY.
WHILE WE CANNOT CONTROL ALL OF THE ECONOMIC FACTORS WHICH
DETERMINE COSTS AND PRICES, THERE ARE STEPS WE CAN TAKE TO
HELP ENSURE THAT WE DO NOT "KILL THE GOOSE WHO LAYS THE GOLDEN
EGG".

THE FOREGOING RATHER LENGTHY DISCUSSION OF THE FEDERAL
PICTURE WAS PRESENTED TO SUGGEST TO YOU THAT WE CANNOT EXPECT MUCH
FROM THE FEDERAL GOVERNMENT. THE TOURIST INDUSTRY WILL NOT BE
GIVEN ANY HIGH PRIORITY. IF HAWAII IS TO BENEFIT FROM A FLOURISHING
TOURIST INDUSTRY, WE MUST DO IT ON OUR OWN. DON'T COUNT ON
UNCLE SAM FOR HELP.

SO, LET'S TALK ABOUT HAWAII.

FOR THE PAST DECADE, HAWAII'S POLITICIANS AT ALL GOVERNMENT LEVELS, BOTH DEMOCRATS AND REPUBLICANS, HAVE BEEN ADVOCATING A HOTEL ROOM TAX, AND AS SOME OF YOU ARE AWARE, I HAVE ALWAYS OPPOSED THE HOTEL ROOM TAX. THE INDUSTRY AND THE VISITORS ARE ALREADY BEING TAXED IN MANY WAYS. FOR THAT MATTER, ABOUT \$150 MILLION WAS RECEIVED IN 1983 THROUGH THE GENERAL EXCISE TAX. APPROXIMATELY ONE THIRD OF STATE AND LOCAL TAXES CAN BE TRACED TO THE TOURIST INDUSTRY.

IN A TIME WHEN DESTINATIONS, SUCH AS ACAPULCO AND THE CARRIBEAN ISLANDS ARE STRONGLY COMPETING FOR THE SAME TOURISTS, I DO NOT BELIEVE THAT A HOTEL ROOM TAX IS THE PATH TO FOLLOW.

WE SHOULD BE ADDING TO THE ENTICEMENT OF HAWAII, NOT TO THE TAXES TOURISTS HAVE TO PAY. I REALIZE THAT A HOTEL ROOM TAX IS A SIMPLE TAX TO ADMINISTER--MUCH LIKE THE GENERAL EXCISE TAX, AND, THEREIN LIES THE DANGER THAT WE MIGHT "KILL THE GOOSE WHO LAYS THE GOLDEN EGG". CONSIDER HOW THE GENERAL EXCISE TAX HAS GROWN. THIRTY YEARS AGO, WHEN I SERVED IN THE TERRITORIAL LEGISLATURE, I RECALL THAT THE GENERAL EXCISE TAX WAS THEN ONE HALF OF ONE PERCENT. TODAY IT IS FOUR PERCENT.

HOWEVER, I AM AWARE THAT THE PRESENT METHOD OF ASSISTING OUR TOURIST INDUSTRY IS LESS THAN ADEQUATE. THERE IS NO CONSISTENCY AND NO ADEQUACY. THE LEGISLATURE, BECAUSE OF POLITICAL CONSIDERATIONS, FINDS IT DIFFICULT TO ASSURE A STEADY FLOW OF ADEQUATE FUNDING FOR OUR HAWAII VISITORS BUREAU, AND, ACCORDINGLY, THE BUREAU CANNOT CONSIDER NECESSARY LONG-RANGE PLANNING.

LIKE ALL OF YOU, I AM AWARE OF THIS DILEMMA. THEREFORE,
I WAS MOST PLEASED AND EXCITED TO LEARN OF YOUR CONTINUING
FUNDING FOR TOURISM PROPOSAL, WHICH I BELIEVE WILL BE
DISCUSSED AND ACTED UPON BY THIS CONGRESS. THIS PROPOSAL
WAS DESCRIBED TO ME A FEW DAYS AGO, AND I FEEL THAT IT MAKES
GOOD SENSE. IT MAY BE JUST WHAT THE DOCTOR PRESCRIBED --
CONTINUOUS RELIABLE FUNDING FOR TOURIST PROMOTION WITHOUT
AN ADDITIONAL TAX BURDEN ON OUR CITIZENS. I AM AWARE OF
WALTER DODS' BANKING EXPERTISE, BUT I WAS NOT AWARE THAT HE
WAS A LEGISLATIVE MAGICIAN. I HOPE THE CONGRESS WILL
GIVE THIS MATTER ITS MOST FAVORABLE CONSIDERATION.

WE HAVE OUR WORK CUT OUT FOR US. IT IS TIME TO MAN
THE BARRICADES AND CONSIDER ANY THREAT TO ANY SEGMENT OF THE
INDUSTRY AS A THREAT TO THE ENTIRE INDUSTRY. THIS YEAR,
WE SHOULD ALSO OPEN OUR EYES AND REALIZE THAT, ALTHOUGH HAWAII
IS THE MOST FAVORED DESTINATION IN THE WORLD WITH ITS
BLUE SKIES, LOVELY BEACHES, BEAUTIFUL PEOPLE, AND LUSH
MOUNTAINS, THERE ARE OTHER PLACES ON THIS PLANET THAT CAN
BOAST OF BLUE SKIES, LOVELY BEACHES, BEAUTIFUL PEOPLE AND
LUSH MOUNTAINS. WE SHOULD REALIZE THAT PEOPLE WILL NOT
AUTOMATICALLY COME TO HAWAII. VISITORS MUST BE ENTICED AND
CONVINCED TO VISIT US. THE TYPICAL VISITOR OF TODAY IS ONE
WHO COUNTS HIS AND HER PENNIES.

THEY HAVE BEEN TRAINED TO DO COMPARATIVE SHOPPING IN SUPER
MARKETS AND SHOPPING CENTERS, AND THEY APPLY THAT SAME
PRACTICE IN SELECTING VISITOR DESTINATION PLACES. WE MUST
SPEND MONEY TO ATTRACT MONEY.

I WILL DO ALL I CAN IN WASHINGTON AND, TOGETHER I AM
CERTAIN WE CAN WEATHER THE BUDGET CRISIS, AND BE SUCCESSFULLY
COMPETITIVE WITH MEXICO AND THE CARRIBEAN AND OTHER DESTINATION
PLACES .

GODSPEED IN YOUR ENDEAVORS.

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