The Other Side of Paradise: Hawai'i's Tourism Plantation

Gordon Lafer ▪

Last fall, readers of *Travel & Leisure* magazine named the island of Maui the "World's Best Island." "Surprise, surprise," sighed Condé Nast's editors—this was the fourth year in a row Maui won the title. For the tourists who flock to it from across the globe, Maui represents a tropical paradise where "bliss comes naturally." The island's combination of lush rain forest, stunning mountains, warm sands, and cool breezes is truly remarkable. But tourists come not only to escape cold cities for warm beaches; they also come to escape the pressures of the rat race for a week of Polynesian therapy—to wear leis, to see hula and luau, and to be enveloped in the easygoing nature and warm welcome of island life. As one travel brochure puts it, "from the moment you set foot on these exceptional islands, you are overcome with a feeling of well-being. Everywhere you go, people are smiling and relaxed."

But what is the World's Best Island like for the people who make the beds, cook the meals, and carry the bags—and whose culture is the stuff of others' fantasies? While the local culture may appear idyllic—and is, in fact, warm, informal and easygoing—the work is hard. The cost of living in Hawai'i is almost one-third higher than on the mainland. In the town of Wailuku—Maui's working-class county seat, far from the resorts—the American Friends Service Committee estimates that a single adult with one infant needs to make $18.64 an hour, forty hours a week, fifty-two weeks a year, just to meet basic needs. As a result, many workers live with large extended families sharing a single house, and almost everyone has at least two jobs. It is not uncommon for housekeepers to finish an eight-hour shift at a hotel and then rush off to another four- or even eight-hour job waiting tables, mopping floors, or pumping gas.

This is the contradiction that lies at the heart of the island's economy. From a visitor's viewpoint, Maui is a lush playground, where top suites list for $10,000 a night and the local population offers a welcome respite from the cold realities of life on the mainland. The hotels and travel companies plugging Hawai'i's laid-back beauty are making handsome profits. But behind the scenes, the people who care for the guests, and whose warmth and beauty are featured in hotel advertisements, are struggling to make ends meet. In 2000-2001, this contradiction led to a series of labor demonstrations focused on union contract negotiations. At the center of this gathering storm is the Royal Lahaina Resort, Maui's fifth largest hotel, where Hawai'i's biggest union faced off against the head of the state's largest travel company, Pleasant Hawai'ian Holidays.

The outcome of hotel labor negotiations will affect virtually every family on the island. Maui's economy has seen a transition from traditional Hawai'ian farming to large-scale capitalist agriculture and finally to tourism. The history of the island's

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development suggests that negotiations taking place over the next few years may prove to be a pivotal turning point for the local economy for decades to come.

Maui is, literally, a converted plantation. For most of the nineteenth and twentieth centuries, Hawai'i's economy was dominated not by tourism but by the sugar and pineapple plantations that stretched from one end of the islands to the other. The state's "Big Five" companies—founded by the New England whalers and missionaries who first colonized the islands in the 1820s—ran the docks, the stores, the plantations, and the government. Apart from the Yankees and native Hawai'ians, all others in Hawai'i are here because someone in their family was brought over to work the sugar fields. The state's diverse population—a unique mix of native Hawai'ian, Japanese, Chinese, Filipino, and Portuguese—reflects the successive waves of immigrant labor brought to work the fields in what, until the 1950s, was a near-feudal agricultural system.

In the late 1940s, the International Longshore and Warehouse Union (ILWU) staged a series of strikes in the sugar and pineapple fields and finally broke the back of the oligarchy, securing living wages and ending the company town system for tens of thousands of Asian-immigrant field hands. In many cases, Maui's communities owe their physical existence to the success of the ILWU's organizing drives. The island's neighborhoods are still dotted with names such as "Dream City," created when the union forced plantation owners to turn cane fields over for low-cost housing, providing a first-ever chance for workers to own their own houses.

Tourism developed late on Maui. Although the first hotel in Waikiki went up in 1906, it was almost half a century before the industry got rolling on Maui. In the early 1960s, the island's first major resort development was created when Alexander & Baldwin—one of the "Big Five" plantation companies that remains the island's largest landowner—plowed under agricultural land to create the Ka'anapali Resort. In the decades since, sugar production has steadily shrunk, while the number of hotel rooms keeps multiplying.

Today, Maui is an island where a community of just over a hundred thousand people annually hosts twenty times its population in guests. Although the island remains "unspoiled" compared with Honolulu, its economy revolves just as completely around tourism. By the turn of the millennium, fully 80 percent of the island's economy was directly or indirectly dependent on the tourist trade. It is the children and relatives of the sugar workers who are now serving meals, cleaning rooms, and greeting guests in the island's hotels. These are the "warm Polynesians" of travelogue lore.

For much of the past thirty years, labor relations in Hawai'i largely followed the low-key approach that typifies much of the state's business. Following the dramatic victories of organized labor in the late 1940s, the state's primary employers gradually developed smooth relationships with the unions. Although employers' respect for the unions may have been based on the realpolitik of having been beaten in costly strikes, a pattern of cooperative relations developed that often seemed to reflect the easygoing local culture. Hawai'i is the most heavily unionized state in the country, and in some ways its labor relations mirror those of the industrial Northeast and Midwest in the 1970s—when union strength was a fact of life, and employers more or less played along. After an initial strike in the early days of organizing the tourism industry, the ILWU did not see a hotel strike for thirty years. Both labor and management largely assumed that when times were tough, everyone would sacrifice, and when business was booming, everyone would share in the prosperity.

THIS COOPERATIVE mentality was so much the norm that, when the tourism industry hit recession in the early 1990s, ILWU members gave up millions of dollars in negotiated wage increases to help the hotels through hard times. The ILWU estimates that at the Royal Lahaina alone workers gave up nearly a million dollars in wages to help the company survive the downturn. Over the course of the decade, however, tourism has rebounded across the state, and nowhere more vigorously than on Maui, whose hotels are now the most profitable in the state. From a low of 63.4 percent in 1991, Maui hotel occupancy soared to a high of 77.4 percent by the end of the decade. The year 2000 brought continuing increases in both occupancy and room rates. For hoteliers, the key index of profitability is revenue per available room (REVPAR)—defined as the actual amount of money taken in, averaged across all of a hotel's rooms, whether or not they were filled. As of 2000, Maui had by far the highest REVPAR of any island in the state. Indeed, since 1991, Maui hotels have seen REVPAR increase by a stunning 141 percent—many times higher than either the rate of inflation or the pace of wage increases.

But since the industry left the recession behind, it's clear that something changed besides the economy. In the past few years, the aggressive anti-unionism so common on the mainland has begun to creep into the Hawai'i hotel industry. Now that business is booming, some of the hotels that benefited from workers' sacrifice in the early 1990s have broken the implicit pact that framed labor relations for three decades. These companies now operate on the premise that even when times are good, workers should be forced to accept the lowest wages and benefits an aggressive management team can impose. This turn has fueled a surge in labor protests across the island.

The particular irony of Maui's hotel industry is that the same hotel owners who have imported slash-and-burn labor tactics are selling themselves to mainland tourists by advertising the warmth and generosity of their workers. This contradiction is nowhere more glaring than in the case of Pleasant Hawai'ian Holidays, the largest travel wholesaler serving the Hawai'i market, whose founders—the Hogan family of California—also own the Royal Lahaina Resort. Pleasant Hawai'ian does not merely sell airline seats or hotel rooms—it sells "Hawai'i." The company's brochure entices visitors with the promise that they will find something in Hawai'i that cannot be found on any other sandy beach: "the culture will fascinate you. The legends will intrigue you. . . . You will be treated as honored guests." Even repeat visitors can expect to "fall in love all over again with these magnificent islands and charming people."

At the heart of what Pleasant Hawai'ian promises vacationers is something both local residents and mainland travel agents refer to as the "aloha spirit." Every hotel on Maui pledges that its workers embody this spirit and that guests will be pampered by its generosity. For hip urbanites visiting the island, it is easy to assume that "aloha spirit" means nothing beyond a cynical marketing ploy, promising service with a smile for tired executives. Of course, this is primarily what it means for hotel operators. The surprising fact, however, is that "aloha spirit" is a tangible and meaningful concept for the people who live here. A popular bumper sticker, for instance, urges the public to "Live Aloha," and letters to the editor in the local paper criticize aggressive or unkind behavior as exhibiting a "lack of aloha." In one sense, the hotel companies have landed the perfect workforce. Where service industry executives around the country engage in detailed scripting and intensive attitude adjustments in hopes of crafting a successful customer interaction, Maui's hotels operate with a workforce that regards a certain type of openness and generosity as a staple of its lifestyle. It's for this reason that local hotels sell themselves not by emphasizing the dedication of their particular staff but by trumpeting the virtues of the population as a whole. In a profound sense, local workers are part of the hotel's product.

ALTHOUGH EVERYONE agrees that "aloha spirit" is real, there is sharp disagreement about what it means. For the travel industry it is primarily a marketing strategy, with many hotels writing into workers' terms of employment the requirement to greet guests with a smiling "aloha." For local residents, however, the idea of "aloha spirit" carries a radical edge to it, focused ultimately on notions of fairness, sharing, and mutual respect. In 2000-2001, workers' and managements' ideas of aloha clashed dramatically in a series of battles over labor contracts for hotel employees. Leonard Nakoa, a golf course groundskeeper and union activist whose family has been on Maui for more than a thousand years, explains that "we show the guests aloha by opening our homes and our homeland for them. We don't do this because the hotels tell us to—we do it because this is the Hawai'ian way. But when hotels exploit our land and our families for their own profits—when they are getting rich off our hospitality while refusing to pay us a living wage—that is an abuse of the aloha spirit."

The fight over the meaning of "aloha," and the broader question of what mainland travel companies owe the people whose culture they advertise, was crystallized in the battle at Royal Lahaina. The hotel's owners sell Hawai'i tour packages to more than four hundred thousand tourists per year, and business is booming; after back-to-back record-breaking years in 1998-1999, the company broke in to the New York and Chicago markets in the year 2000, aiming to increase its customer base by 15 percent. The Hogan family itself has grown rich from its Hawai'i tourism business, with assets estimated in the hundreds of millions of dollars. The family has so much money, in fact, that it has set aside a hundred million dollars for a foundation dedicated to promoting the virtues of the travel industry.

Patriarch Ed Hogan is an outspoken booster of the benefits his business brings to the world. "We in the travel industry are the peacemakers of today," he proclaims. "By helping travelers experience and understand other cultures through travel and tourism, we help to create 'peace through commerce.'" Hogan has characterized his wholesale business as "taking care of the people of Hawai'i," and touts "the positive effects this great industry has on the world and its people."

BUT HOGAN's treatment of the "charming people" employed at his own hotel shows another face of the industry. Royal Lahaina employees are subject to stricter work requirements than nearby hotels—for instance, where other hotels require housekeepers to clean only fourteen rooms per day, Royal Lahaina's staff is required routinely to clean sixteen rooms. Despite the increased workload, in the year 2000 the Hogans paid up to $3,000 a year less than neighboring hotels for equivalent job classifications, and charged employees hundreds of dollars a year more for health insurance. Of the hotel's fifty-nine job classifications, only two paid as much as the American Friends Service Committee estimates a single mother and infant need to live on. Housekeepers—the single largest group of employees and overwhelmingly female—made only 60 percent of the subsistence wage. Indeed, it was possible to work full time at the Royal Lahaina and still qualify for food stamps. "A lot of us have been working at the hotel for twenty years or more," states Royal Lahaina cook Joni Cabacungan. "We are the ones who make this hotel work. . .and most of us are still working two jobs to make ends meet." Finally, the company unilaterally suspended contributions to the employee pension fund, despite having signed a contract promising to contribute. For a year and a half, employees who retired from the hotel left with decreased benefits. Finally, the pension fund's trustees restored benefits for

Royal Lahaina employees—out of the fund's general revenues and the contributions of other hotels—but the Hogans have never reimbursed the lost contributions.

Over the past year, many in the local community expressed anger at the image of mainland travel executives grown rich from peddling the image of "charming" Hawai'ians while holding down wages even in times of plenty. In this way, the labor policies at Royal Lahaina epitomized the essence of what had gone wrong in the island's premier industry. Over a thousand Maui citizens—including U.S. Representative Patsy Mink and Maui County Mayor James Apana—signed petitions accusing Hogan of an "abuse of the aloha spirit."

After years of putting up with substandard conditions, Royal Lahaina workers seemed to boil over in anger during the past year. "It's just unfair," explained cashier Jiuna Ulep. "We have the lowest pay and we do the same work as the other hotels. . . . We work hard to take care of the guests. It's not right that the Hogans should get so rich and still pay their local Hawai'i workers such low wages." While negotiations were underway, Royal Lahaina employees staged a series of marches through West Maui's premier resort area and put up loud picket lines in front of the hotel entrance and along the beachfront. Guests who gathered to watch picture-perfect sunsets over the Pacific found themselves engaged by union chants and giant puppets marching down the beach. Inside the hotel, workers wore buttons, signed petitions, and filed grievances in record numbers.

For hotel employees, negotiations were only half the problem; the other half was what appeared to be a widespread pattern of withheld wages and contract violations. Hotel managers admitted to having systematically withheld overtime payments for employees who work back-to-back shifts. This concession—representing thousands of dollars of unpaid wages—came only after months of stonewalling and denials. For two months, the hotel refused to provide the payroll records needed to determine whether or not wages had been properly paid. On the eve of a grievance hearing, the hotel provided records for just one week, insisting that if employees could not identify contract violations in that week's records, the claim would be rejected. In fact, the union identified more than twenty-five separate contract violations in that one week's worth of records; based on this information, the union estimates that Royal Lahaina owes upward of $100,000 in unpaid wages. Even after this revelation, the hotel demanded that the union pay thousands of dollars to have payroll records produced—essentially asking employees to pay the costs for correcting the hotel's withholding of earned wages—and ultimately simply refused to provide records for most of the period in question. Over the past several months, Royal Lahaina employees have won cases charging that the hotel illegally extended workers' "probation" wage period, refused to provide earned vacation benefits, assigned employees to higher-paying duties without paying the appropriate wage, and repeatedly violated seniority rights in setting work schedules.

IN THE lobby of the Royal Lahaina's human resources office hangs a watercolor painting of a faceless dark-skinned worker stooped over in a field of sugar cane. Perhaps meant to recall the lost intimacy of plantation life, or perhaps intended to remind employees that they are only one generation away from stoop labor, the picture seems a peculiar choice—harking back, above all, to an era when management ruled with a free and iron hand. If this recollection of bygone labor repression is intended to discourage uppityness, it doesn't seem to be working. During the past year, more than a hundred employees have walked past this painting to file grievances, including class action complaints seeking years worth of unpaid wages. The combination of contract violations inside and substandard proposals at the negotiating table fueled protests of increasing intensity. In February, Royal Lahaina became the site of the first ILWU hotel strike since 1970, when workers walked off the job in protest over the hotel's violation of federal labor law. Throughout February and March, picket lines became part of the Maui experience for tourists visiting the hotel. The workers also received critical support from the mainland, where labor federations in California and Oregon voted to initiate a boycott of Pleasant Hawai'ian Holidays until the owners signed a contract with Royal Lahaina employees. Even travel agents started getting on the bandwagon, with more than twenty agencies signing a pledge that they would not use Pleasant Hawai'ian for their clients so long as the labor dispute was unresolved. Finally, at the end of March, the company gave in. After ten months of fighting and two strikes, Royal Lahaina employees won a contract that includes a 16 percent wage increase over two and a half years, a 50 percent increase in tips for waiters, and resumption of pension contributions. The wage increases will, by the end of the contract period, bring Royal Lahaina close to parity with industry leaders. This is a big victory for the employees, and also suggests the hope that, by pulling up the floor of the industry, the fight at Royal Lahaina may have helped raise—or at least protect—standards for workers across the industry.

The victory at Royal Lahaina is a sweet one, both for employees and for the ILWU as a whole. But everyone knows it's only a beginning: seven more hotels have contract negotiations scheduled this year alone. As the drama unfolds, hotel workers may rally around their own definition of "aloha spirit." In the words of a union poster popular on picket lines this year, " 'Aloha' Means 'Share The Wealth.' "

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