

A Discussion on Sovereignty & the Hawaiian Economy



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-- We must no Squander our Gross National Happiness for the strait-jacket of the Gross National Product.

-- The study of a national economy must begin from the eyes of a hungry child.

Introduction

The topic of Hawaiian Sovereignty has made its way from the margins to the center of public debate over the past twenty years. As more attention is paid to this topic, the issue of the economy of Hawai'i as an independent nation is becoming a matter of great concern and is being discussed widely and more seriously. The Institute for the Advancement of Hawaiian Affairs is very happy to play a small part in this discussion and present in a dialogue form some of the issues considered by Ninau and Pane.

Hawaiian Independence

N: Pane, you say Hawai'i should be independent from the United States, and that in the independent nation of Hawai'i, citizenship should not be tied to race but to people's relationship to the 'Aina, so that Caucasians, African-Americans, Japanese, Chinese - in fact any one of any race who is keiki o ka 'aina, a child of the land, could be a citizen of Hawai'i. You also say that native Hawaiians should be specially protected by a whole set of "indigenous rights."

P: Yep

. Ninau, you seem to know the basics of my position. So let's get down to the details.

N: I've been waiting for that. You know, I agree with you that Hawai'i had a "raw deal," that our government was stolen by the Americans in 1893. But we've gotten used to being part of the United States of America, especially part of their economy. My biggest worry and it's lots of other people's too, is, how can we survive economically without the United States?

P: Worry not, my friend. Instead, look more clearly at what is happening in Hawai'i. You'll find that in actuality, we are not receiving any special aid from the United States for which we're not paying. We're not getting a free handout from the United States. Instead, the opposite is true. We're a captive market to their

economic system.

Basic Needs

N: Let's not deal in generalities. How shall we survive? I work for a paper company. We ship paper into Hawai'i from the United States and distribute to retailers throughout Hawai'i. I'll retire in four years. I've been paying FICA or social security taxes since I began working many years ago. My sister can't find a job because she's got a bad heart, so she's on welfare. Under an independent Hawaiian nation, wouldn't we lose those benefits? And if we do, how are we going to survive?

P: Not much different from how we're surviving now. Let's take you and your job first. Independence for Hawai'i does not mean we shut down all trade with foreign countries. I expect we would still trade with other countries for products we cannot produce locally. Paper products would still need to be brought in. So that would remain much the same.

N: But suppose the U.S. government refuses to trade with Hawai'i because it's upset with our independence?

P: We trade with other countries of the world for paper products. In fact, I would expect our local businesses to seek out new trading partners where products are cheaper and where we control import taxes. Right now, we have no control over such taxes. The U.S. government essentially dictates with whom we trade. Textiles, for example, could be purchased much more cheaply in Asia than in America. Yet, the U.S. government stops trade from one or another country through tariffs or outright prohibition. This forces us to buy products from America. Under independence, we would have the real freedom to control our own trade.

N: So there may be some changes dealing with my job, but the basic employment would remain. What about my social security benefits? How do I make up for the loss of it under Hawaiian independence?

P: Social security benefits are not necessarily lost as a result of your changed citizenship.

N: Are you saying, even if I denied a U.S. citizenship, I would still be covered by social security benefits?

P: Sure, if you paid into the social security system.

N: But would I have to pay?

P: That would be up to you, and after awhile, depending on the system itself, whether or not it would

continue to receive contributions from employment outside of the United States of America.

Transition

N: Sounds like there should be some transition as we move toward independence, some way of securing the same benefits without paying into the U.S. run system but into our own system.

P: I believe that transition should include negotiation with the U.S. government to turn over all of those funds retained for payment of all benefits to Hawaiian citizens to our independent government, for operation by our nation. Future payments into the social security system would be paid to the Hawaiian nation. As a nation, we would decide to continue the system or not, to make changes and how to make those changes. We would choose how to invest the funds so as to strengthen important elements of life in Hawai'i. It would be administered and run by our people.

N: Would the U.S. go for something like that?

P: I don't know. That's part of the transition and negotiating process.

N: What about my pension? I'm going to retire soon. If independence comes before my retirement or during retirement, do I lose all those benefits?

P: No. Your pension program is just like social security, it's a contractual agreement. You and/or your employer made a contract with the insurance or pension company. Payments were made to the company to your account during the years of your employment. Upon retirement, the company agreed to pay you at a certain rate until a particular age or death. Perhaps there is even an understanding that your spouse would also receive payments if she survived you. In such contracts, your political decisions or your change of citizenship should have no affect upon this contract. Of course, there are unusual cases in which the U.S. would prohibit any assets within the U.S. to be paid out to nationals of another country, but that shouldn't be the case here.

N: Let's go back to the social security program and my sister's condition. She's now collecting welfare because of her health which stops her from working. She's collecting more in welfare than she's ever paid into the program. Will she still be able to collect?

P: Welfare programs are actually administered by the states, although funds are received from the U.S. government to support the program. The U.S. government doesn't require that only U.S. citizens can be assisted. Therefore, if she denies U.S. citizenship, she doesn't lose her benefits under the system.

N: Do you foresee our developing our own social security and welfare systems after independence?

P: I think we'd move to that.

N: But can we afford to do that? To carry the load of a welfare system?

P: First, we're already doing that. Where do you think those present benefits come from today? From you and others who are seen as taxpayers. I think we'd be able to do a better job, because we're closer to our people. We'd be able to respond more quickly to our needs.

ECONOMIC MODELS

N: Let's jump into the economics of Hawai`i by my first leading off with a simple declaration. I don't understand economics. I hear on the news and read in the newspapers statements the bank and government economists make, but all of that means nothing to me. I become confused, often times just accepting the conclusions of the reporter or the interviewer. I feel so inadequate in addressing this subject.

P: Don't fool yourself. Many times economists and new reporters don't know themselves. The general approach now used by the mainstream economic model is to measure the health of the economy by a money standard. So you see terms such as gross national or domestic product, income flow, capital accumulation, construction start-ups, and stuff like that. In essence, its the measure of the flow of money through the system.

N: Like measuring what passes through the cash register?

P: Yeah, something like that, but nowadays with greater sophistication. They deal directly with bank to bank fund exchanges, computerized transfers, credit cards credit and debits, etc.

N: What's the problem with that? If you have a smart enough computer and operator, you could take all of that information in and come out with a picture of the well-being of the society, right?

P: The best that process could tell you is the condition of the money situation and make predictions of future conditions. That's a Western definition of societal well-being. Usually that process fails to do even that competently.

Ever hear the term garbage in - garbage out? Well it applies here. Those financial transactions which flow through Hawai`i are not an accurate way of measuring the fitness of our society. And the mistake we and many other "modern" societies have made is to let those economic models tell us how well we are.

N: How should we measure society's wellness?

P: I'd prefer measuring our well-being by society's ability to provide the quality of life that the people of Hawai`i need and want. The measurement of the healthy economy should integrate peace, environmental sanity, cultural and religious values, human rights, and respect for the native people of Hawai`i. This measurement should also include a pristine environment, leisure time, development of kind and loving relationships among people, include the elderly and children as important and respected members of the society, and encourage diversity in culture and religions, even laughter and joy.

In this economic scenario, the quest is to continually improve the human condition, not build an ever-increasing gross domestic product. Central to this economic model is people's life quality, not monetary flow. Can you see the shift from money to people?

N: But isn't money a measure of the quality of life you talk about?

P: Ninau, think about this - suppose you received twice as much income as you now receive, but the cost of living in Hawai`i increased twice what it is today. And in order to sustain this kind of growth the environment had to be exploited twice as much, which led to further pollution of the water and oceans and destruction of the land. Would the increase in your income really have improved your quality and condition of life?

N: I guess not. This shift from monetary flow and accumulation to people's happiness or what you call "life quality" will take some effort. I understand you're not saying we should disregard the elements within mainstream economic model, but place it in the perspective where people's life quality is supreme.

P: That's the direction of change I'm proposing.

N: Wouldn't you agree, though, that we should go one step further and consider if we should decrease in importance even a **people's** life quality to the quality of the wider environmental condition?

P: It seems to me that all of these things would line up going in the same direction. Let me say it this way: Oftentimes, the native Hawaiians talk about the **mo`omo`o** to describe the succeeding generations. **Mo`o** is a lizard. It could also be a poetic or **kaona** reference to the early development of a child in a mother's womb.

Mo`omo`o is for me, the child within that child or another way to speaking of the succeeding generations without end.

In planning for a healthy life quality, the time span we must speak of is to extend to our mo`omo`o, or to a time when the last of our descendants are birthed. Some of the North American Indians speak of the 7th generation. If we are to plan for the never-ending generation of our descendants, we can not avoid planning with the whole environment as a central consideration.

Permit me another point, Ninau. Even aside from the time factor I've just mentioned, let's take a look at a relational factor. That is that the human, in the end, can not be separated from the earth, nor from the air, the waters, light and darkness, heat and cold. Life quality for one equates to life quality for all. Poison any one and we poison all. In the end, our economic model must come face to face with this truth.

N: This sounds like a separate discussion we need to get into someday. But for now, let me bring us back to some details of the day.

MILITARY BENEFITS

I'm especially worried since the U.S. military brings in significant money and jobs into Hawai`i. What will be the economic consequence of independence?

P: First, I want to lay to rest the notion that the main importance of the military in Hawai`i is to protect us from foreign invasion. It's clear, and your question supports the point that the major importance of the military in Hawai`i is economics - how much money and how many jobs it creates in Hawai`i. But the trade-off for this money and jobs is awful.

N: Why awful? It pays pretty good!

P: Yeah, but so do prostitution, gambling and drugs! Is any way of making money and creating jobs acceptable to us? Why are we so willing to sacrifice the safety of our people and our future just because the military brings in money and jobs?

N: What do you mean, "sacrifice the safety of our people and our future?"

P: We are at risk while the U.S. military remains in Hawai`i. They are a threat to our safety and security. If we decide to move toward independence, they would be the first to try to prevent us from exercising

self-determination. Irrespective of such a decision, their very presence is hazardous to us.

N: What do you mean, their presence is hazardous?

P: The military stores nuclear weapons in our mountains such as the Ka`ala range and harbors such as Pu`uloa (they call it Pearl Harbor); in Makua Valley, they constantly bomb, carry out military war games and now use Makua as a site for destruction of old munitions, right across from Makua Beach where families live, fish, and enjoy recreation. There have been misfirings during military exercises at Wai`anae Uka (they call it Schofield) with bombs landing in civilian yards across the mountain in Lualualei and Wai`anae Kai valleys; planes, trucks and ships carrying explosives and toxic chemicals continually criss-cross our homeland and ocean. They're dumping radioactive waste in Pearl Harbor, they've bombed that island shrine Kaho`olawe, inviting other countries including Japan, Canada, Britain and Australia to join them, They've taken private lands for firing practice and at the end of the term, refuse to clean them up, condemning and confiscating those lands instead!

N: But don't forget, they also protect us! They defended us against Japanese attack in 1941.

P: That's the American media story, taken from the U.S. military public relations office. It's a story that has been so intertwined with tragedy, patriotic fervor and outright propaganda that we need to take a fresh look at that whole history of that war.

N: Can that ever be done, especially with so much emotion involved in those events?

P: Probably not for a while longer. But isn't it obvious that as long as the U.S. military remains a significant presence in Hawai`i, we remain a significant target by the U.S.'s enemies because their military bases are in our homeland? We endure all this danger for what? The U.S. dollar?

N: Well, aren't you at least willing to admit the military brings in a lot of needed capital to our economy? Look at military personnel spending!

P: Seems to me military personnel spend the majority of their money within the military system: PX, commissary, etc. Most of the bases provide all the services (medical, dental, recreational, entertainment, retail stores even) that its personnel need - so those dollars stay within their economic system. They pay no State taxes on those bases. Even after retirement, those who remain in Hawai`i continue to use those military establishments.

The military doesn't pay its fair share for using and polluting our lands, water and air, nor for all the public services we provide for them to "keep them happy," nor for all the anxiety they create in Hawai`i. And let's

remember, that the military is not beyond threatening us with the loss of their revenue dollars anytime people in Hawai`i protest their activities like bombing at Makua or Kaho`olawe.

Don't you think it's time we stop being hostages in our own land?

N: Let's turn the question around. If the military did leave Hawai`i, where will we be economically? Peace and justice doesn't put food on the table.

P: No, not immediately. But in the long run, it will. Let's take your scenario. The U.S. leaves Hawai`i. Twenty-five percent of O`ahu opens up for local use. We recover Makua valley, we recover and rename Schofield, Wheeler, Pearl Harbor, Hickam, Bellows, Wai`anae Rest Camp, Fort DeRussy, Fort Ruger, Ka`ena Tracking Station, and on and on. Our population decreases by the reassignment of military personnel, freeing up lots of housing, decreasing pressure on our police services, fire services, water use, etc.

N: But we also lose many jobs and Federal funding for schools and national defense highways.

P: How much do we save in not having to pay in taxes to the U.S. government and in services to meet their presence here? How much do we gain in fair rental value for all the valuable lands they now hold, much of it ocean-front? What amount of environmental degradation will we prevent by ending their dumping of nuclear and other toxic chemical waste?

N: Where's the numbers on all of this?

P: There are no accurate numbers. No one has quantified these values. How does one value a toxic dump-site or destruction of a plant specie? How do we count for the storage of plutonium at Pearl Harbor, which threatens the destruction of all life forms there as we know it for the next 50,000 years?

TOURISM

N: Let's take a look at the tourism industry. Won't tourism be negatively affected if we become independent from the U.S., and wouldn't that impact negatively upon our quality of life?

P: Why do you think that?

N: Well, aren't Americans from the mainland the largest group of people who visit Hawai`i?

P: As of the 1992 count from the Hawai`i Visitors Bureau, they make up over 1/2 of the total visitor count, (3.7 million out of a total of 6.5 million) although the Japanese (1.6 million) spend about three times per person more than the Americans (\$117.14 per person/day - American; \$344.68 per person/day - Japanese).

N: Yes, but the Americans' total expenditure is still 60% of all tourist dollars. We would suffer by American tourists staying away from an independent Hawai`i.

P: I can not accept that conclusion. Why are you assuming that the Americans would not want to come to Hawai`i as tourists? They come here precisely because it is not America; they come because it is exotic to them. Why wouldn't they continue to come here? As a matter of fact, the more Americanized we become, the fewer tourists come here. The only thing that makes us different from Puerto Rico, Jamaica and dozens of other tropical islands - many of which are cheaper for most U.S. tourists to get to, by the way - are the Hawaiian people and their culture.

N: I never thought of that. Then what would change in the tourist industry if Hawai`i regained her independence?

P: I think the biggest change would be who controls the industry and determines the rules by which tourism and all other forms of industry enter and become established in Hawai`i. Currently, the U.S. Congress through the Constitution determines our state's commerce policies, not the people of Hawai`i. If Hawai`i controlled its own commerce it could burst those tourist bubbles which float away from Hawai`i's economy.

N: What do you mean, tourist bubbles?

P: Here, let me describe the Japanese version of the tourist bubble. Imagine a Japanese family signs up for a group tour to Hawai`i with other Japanese people through a Japanese travel agent. In preparation for their trip to Hawai`i they stay overnight in a Japanese hotel in Japan, board a Japanese airline and fly to Hawai`i. They're greeted at the airport by a Japanese owned tour company guide, taken to a Japan-owned hotel on a Japan-owned tour bus. While at the Japan-owned hotel they watch Japanese tv programs and listen to Japanese radio stations; they then take a Japanese tour and buy from Japanese shops along Waikiki streets, they board another Japanese tour bus to go to a Japanese-owned golf course and dine at a Japanese restaurant before returning to the Japanese-owned hotel. Finally, they leave by Japanese tour bus to the airport, then board the Japanese airplane back to Japan.

N: If I project that family by millions of people who have come to Hawai`i, that's a lot of money! Imagine the millions, no, billions of dollars that have been lost already!

P: Remember, it's not only the Japanese bubble floating around here. They're from many other places as well. So when you read the Hawai`i Visitors Bureau's statistics on how many nights they stayed and how much money they spent, it means nothing.

N: Well, what can we do? The U.S. Constitution says the Congress controls foreign relations, immigration and foreign trade.

P: That's my point. With independence from the U.S. we don't have to eliminate tourism, we just apply direct and better control over that industry. We could issue visas, charge a departure tax at the airport, require foreign corporations to integrate local labor at every hotel, tour company, golf course, etc. and at every employment level.

N: What do you mean, at every employment level?

P: We should require that our local people take part in management as well as in lower staff and housekeepers. We could set a 75% integration policy in which these tourism entities are required to place local people. Local people could be defined as those who have lived at least 1/3 their lifetime or 10 years in Hawai`i.

N: Big business wouldn't like that!

Don't you think we should also define what tourism is and what form of it we want here? For example, we might encourage tourism in which people can learn about what is truly Hawaiian, and can become friends and supporters. We might encourage eco-tourism which emphasizes respect for our precious culture and island resources.

P: Sounds good to me. Those controlling the industry today wouldn't like it very much though because it threatens that very control.

N: So, it's okay to have our economy be a tourism-based economy as long as we say how it's going to be run and where the economic benefits are going to?

P: No. No. I'm not saying that. Tourism can be a part of the economy, but it shouldn't be the foundation of the economy. Tourism rests on too many factors that are outside of Hawai`i's ability to control or to influence. Tourism relies on oil prices, fads, airline price wars, etc. With the political and economic instability being experienced worldwide I think it's dangerous that so much of Hawai`i's economy be based on this industry. What we need is to be make our economy and our country as self-sufficient as possible, so we can meet our basic needs, irrespective of world events.

SELF-SUFFICIENCY

N: When you say "self-sufficient," what do you mean?

P: I mean the ability to produce everything we need in Hawai`i to survive. I mean not being dependent on any other part of the world for our basic needs.

N: Everybody talks about a "world" economy. Even I've heard about NAFTA and GATT and now the World Trade Organization, WTO. It seems nobody, not even our precious Hawai`i, can stay out of the world economy. Are you talking about isolating Hawai`i from the rest of the world?

P: You're right, Hawai`i cannot be isolated from the rest of the world or from the world economy. But I want to isolate Hawai`i from world economic disasters. Nobody can guarantee the future, but we could at least increase the chances of surviving disasters if we begin planning for and implementing our self-sufficiency now.

N: How do we get there without going back in time and pretend that the last 100 years never happened?

P: Simple. We get down to basics. We identify the bottom line of our economic system. We identify our needs and our wants. Often we confuse the two, thinking that one is the same as the other. For example, we need food, we want TV sets; we need medical care, we want fancy cars; we need education, we want entertainment.

N: So what's your point?

P: Our economic system's first priority should be that everyone's basic needs, not wants, are met. What we must have to fulfill those needs should be produced locally in Hawai`i. We shouldn't need anything that cannot be produced here. Let's be sure that we don't have to depend on any foreign country or any transnational corporation to fulfill our needs. We support locally produced food and other goods and treat our local producers with the respect in the market place that they deserve. We protect them from foreign competitors rather than the other way around, and see them as essential to the strength of the nation.

N: And pay the higher price for locally produced goods?

P: If that's what it takes to employ and support our people, then we do so. We will all benefit in the end. The

money stays within our society, and so, in the long run, the price is lower because the economic benefits are greater. The work that we do helps to keep our people healthy and proud. It gives them a sense of identity, a role in the society. As we invest in our people, we create a multiplier effect not only in terms of keeping and circulating the money within our communities, but we also gain in positive social, cultural, and health benefits to the society.

N: How?

P: Simple. Ninau, if your neighbor who keeps a garden of taro, ungchoi, and sweet potatoes, sells produce at the community market on Wednesdays, the same day and at the same place you usually go grocery shopping, you'd take an interest in what he's planting and how he cares for the plants, right? You'd want to know if he's using pesticides. In fact, if a storm came, threatening to wipe out his green beans, you'd be running over there trying to help him pick 'um before they got ruined, right?

N: I guess so.

P: And over time, you'd get to know your neighbors and maybe even invite the family over for a party, show them your art works and your antiques. You'd know that if your house was being robbed or on fire, your neighbors, after calling 911, would be racing over your place to help out instead of standing within their fences, looking.

N: Well, I hope so! Especially right after I threw a party for them! What does all this have to do with the economy?

P: It has everything to do with the economy. By developing self-sufficiency, we begin to care about one another, we become dependent on the health and well-being of one another. We become more humane, more environmentally conscious, more involved in the health of our society.

N: I never thought caring for each other was connected to the economy!

O.K. Suppose I want to be a rocket scientist or a nuclear bomb maker. Where's my place in the Hawaiian economy?

P: Oh, same place it's now. Nowhere.

N: Why would I favor your idea of an economy which doesn't allow for my individual aspirations! Suppose I

don't want to be a farmer, I'm a city guy.

P: I think we should all cherish individual aspirations. But I don't think your making a nuclear bomb in Hawai`i and sticking it on top of a rocket is such a good idea. Even if you're a city guy.

N: So, only farmers fit into your Hawaiian economy?

P: Of course not. Doctors, lawyers, teachers, scientists, bankers, tour operators, mechanics, fisherpeople, merchants, musicians and of course poets, but probably not a rocket scientist/bomb maker. For that, I think you would need to find employment elsewhere.

N: Tell me more about this economy you have in mind. What do you call it?

ALOHA ECONOMIC MODEL

P: For now, let's call it the Aloha economy.

N: It sounds like a tourist-kind name. Can't you come up with anything better?

P: I like it. I think it's tome we retrieved aloha and made it part of our real life. I'm not willing to abandon it to anyone else.

N: What are the factors which make up this economy?

P: Earlier, I mentioned many of the factors. But the more important question would be, who decides those factors? I have my list of factors, but that's secondary. We need, instead, an understanding of how to integrate the full Hawai`i society into a discussion of our preferred future.

N: But that's nothing new. Those discussions have been going on

P: But not with people willing to take off their colonial mind-set. We need to think of it under an independent Hawai`i scenario. I'd like to see the participants broadened far beyond the college types, business people and politicians.

N: Are there sufficient numbers in the pool of native Hawaiians to engage in such discussions?

P: Of course there are. Native Hawaiians now fill the gamut of professions and lifestyles. They could make great contributions to such discussions, bringing new perspectives and values. But I don't see any reason to limit such discussions only to native Hawaiians. The results of the discussions would have impacts upon the whole Hawaiian society so everyone should participate in this dreaming for a preferred future.

N: I understand the "process" is important, but tell me, what do you think should be the factors making up the economy?

P: Let's start out with the principle that people always come first. From that point, we can see that a healthy economy is one which is not seen only in terms of the distribution of wealth among people, but in making people wealth producers for themselves.

N: What does this mean?

P: It means we should be directing our efforts not so much in traditional "economic restructuring" but to human development. We should invest human beings and in creating conditions to release their full potential. Upon that will come one's economic structure.

N: Human development? You're straying from the topic of economics now. You're talking about a people's culture: how they learn and grow, how they make decisions, what makes them happy, what makes them tick.

P: You're right, I am talking about culture. But I'm not straying from economics. You see, we need to understand that an economic system is really a reflection of the deep culture of a society. As you ask me what the Aloha economic model is, I'm trying to describe to you what the Aloha society and its deep culture and values must first be. It must be ingrained with respect for one another, for our environment, for our homeland, for ourselves. It must be a culture of sharing and caring, of concern and protection for our future generations to the end of time. It must be a culture of tolerance to other traditions. It must be a culture respecting individual rights, yet understanding the need to protect the integrity of the whole.

N: But you make no mention of the native Hawaiian culture.

P: To the contrary, that is the foundational culture upon which all else will eventually come to rest. It is that inclusiveness of the native Hawaiian culture that can allow for this Aloha economy. You will find all of these values, in fact, in the native culture - malama `aina (caring and appreciating the land), aloha `aina (loving and

being committed to the land), kokua (helpfulness), kako`o (supportive), akahai (modest, gentle, meek), lokahi (togetherness), ha`aha`a (humility), `olu`olu (kindness), and ahonui (patience).

LANDS

N: How does all of this translate to land in Hawai`i? Will private ownership continue? Will all of the lands go back to a Hawaiian government?

P: I expect individual land ownership will remain. Fee simple title is good because it builds within people a drive to own their plot of ground and to improve that land. They become more caring, more concerned, more protective and prideful of their land and of themselves.

N: But what happens when we have foreign corporate land-grabbing which takes lands out of the hands of our people? That's part of private ownership as well!

P: I think we need to be particular about the type of land ownership allowed in Hawai`i. I'd like to see all foreign corporate ownership end within a reasonable time following independence. Land title must revert to Hawaiian citizens or corporations. Land would have to be put to productive use within a reasonable time or be confiscated. Productive use does not mean merely productive investments, such as title simply changing twice within a year, but actual use of the land which meets basic human needs.

N: But don't you agree that the privatization of land is what started the downfall of the Hawaiian nation? And don't you think we should get rid of private land ownership in Hawai`i?

P: No. The downfall of the nation came about because of greed. And greed was fed by an increasing dependence on a foreign economy, the sugar trade with the United States of America. And that greed was supported by greed from another side, from the militarists in the United States of America. The fault was not private property.

N: But what about communal land ownership? What about indigenous values and ways of life and sharing the use of common lands? Are those things never to be seen again in Hawai`i?

P: Private land ownership does not mean there can be no communal land ownership! It does not mean native Hawaiians cannot pool their lands together. It does not mean the central government is let off the hook for providing places for the continuation of more traditional lifestyles, where traditional customs and values and social systems can flourish. Private land ownership and some sense of communal ownership can co-exist in our society. In fact, it could advance the "economy" of Hawai`i. Some people work more productively in a communal system than in an individualized one. So why not allow for a mix of land relationships in Hawai`i?

Hawai`i's particular situation is ideal for this mix. We have available the opportunity to use government lands previously claimed by the Republic of Hawai`i and ceded to the United States of America.

N: Let's get back to the Aloha economy. What are the major factors of this economy?

EDUCATION

P: Well, we've already covered one - land. I'd say education is a another factor.

N: Education is an economic factor? That seems more like a social factor.

P: Education is perhaps the most important investment in the human being we can make. Its most important value is in the stepped-up quality of the whole society - a very intangible quality, yet certain to manifest itself in the society. Education is also quantitative. A well-educated population means a higher potential for producing quality products, it means greater production efficiency, it means greater and more valued participation in management of the means of production.

N: The U.S. has the most highly educated people in the world. But their economic condition is pretty bad today. That doesn't say much for your education ideas.

P: I think it does. The U.S. probably has the highest elitist education in the world, but that's not where it counts. What counts is the education of the larger population. Among the masses of people, we could probably find that Japan and other Asian countries - perhaps countries in Europe as well, have a higher education level among the lowest groups in the society. That's where quality of life really matters, to say nothing of productive capacity. You can see the importance in such education especially where there are democratic processes, where the people are able to make informed selections of their leadership.

N: Are you saying that we need to revamp the education system as part of developing a new Hawaiian economy?

P: Yes. For example . . .

N: Wait, let's not go into that discussion just yet. Besides education, what else should we do to create this

Aloha economy?

P: Just listing one or another factor can become an interesting but endless exercise. I think what we need is stay focused on the societal goal. We must remember as we rethink our economy that the quest should not be to build an ever-increasing gross domestic product, but to continually improve human conditions. People's life quality must be central to an economic model - not monetary flow.

N: You're saying, we can't study economics in isolation? We need to take a holistic look at society itself?

P: Yes. And one can not do that under the restrictions of a colonial power controlling your strings. The fact is, one of the deepest cultural values of native Hawaiians is the connection among all things. They do not divide up areas of life into categories. Economics, spirituality, family, art, political life - these are all connected.

N: Perhaps I should prepare for a career change from rocket scientist to Aloha economist! But first, I need to muddle through some of the alphabet soup like NAFTA now WTO!

I'm not sure I really understand those agreements. I keep getting tangled up in what seems to be a maze of international trading. I've simply given up and accepted them as good because its "free trade."

P: Sounds like rhetoric masking reality.

N: Why do you say that?

P: What is called "free trade" should really be called unregulated international commerce. It is supported by a simple principle called comparative advantage. Under this principle, supporters of NAFTA and WTO are trying to commit the world to economic globalization.

N: The principle of comparative advantage doesn't sound like such a bad idea also. Tell me about that.

P: Comparative advantage concept starts with the position that countries with different technologies and circumstances will incur different costs when they make the same types of products. For example, one country could grow rice for half the price as another while the other may be able to manufacture pencils for 1/10 the cost of the first. Therefore, rather than having each country grow rice and make pencils, the first will ship rice to the second and the second will ship pencils to the first.

N: Makes a lot of sense! I like it.

P: Let's extend this scenario a little bit more. Suppose the rice growing nation decides it has enough pencils, or that instead of 10 pencils for a bag of rice, it will demand 100 pencils, later shipping 90 off to another country to purchase guns. What do you think happens to the pencil-making country?

N: Simple, it either buys rice from another country or it grows its own rice.

P: But the cost of rice has gone up all over the world, because when our rice country began raising the rice price, the very few other rice producers got on the band-wagon and did the same. And when the pencil company tried to grow its own rice, they found their farmers had all left the farms, the land got turned into pencil factories, the water flowing in the creeks was redirected.

N: You could say, they were up the creek without a paddle! But lots of pencils.

P: That's one of the dangers of such trade. What you can end up with is not "free" trade. The pencil country in fact is no longer free **not** to trade. It has just lost its independence. Who wins out in this type of competition? Rich countries and transnational corporations which need to abide by no country's rules are the winners.

N: So what's the solution? No trade across national borders? That doesn't seem to do too well for a country.

P: I don't think we should accept either extreme. The middle road? As I've said before: strive for self-sufficiency first. Plant our own rice or taro. Be sure we can produce enough to meet our basic needs. Never lose sight of that, even to the extent of having other industries subsidizing those basic needs. Permit open trade only to the extent it does not jeopardize our self-sufficiency.

N: `Auwe! The time has gone by so fast. Let's talk again. Aloha e Pane.

P: `Ae, aloha a hui hou, e Ninau. (Yes, aloha, until we meet again.)

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