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Frozen in Time:

The Un-Sustainable Development of the Hawaiian Tourism Industry and its Effects on Indigenous Hawaiian Sovereignty

Research Notes

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Frozen in Time: The Un-Sustainable Development of the Hawaiian Tourism Industry and its Effects on Indigenous Hawaiian Sovereignty

Henri Keskinen *

In February of 2026, the Economic Research Organization at the University of Hawai‘i (UHERO), published their report on the economic decline of the Hawaiian Islands. Economists Steven Bond-Smith and Erich Schwartz (2026) base their analysis on the outmigration event, where more residents, especially the Indigenous Kānaka Maoli, move out of Hawai‘i than are born or move to the island group. According to Bond-Smith and Schwartz, this movement reflects not only Hawai‘i’s rising cost of living, but also nearly three decades of neglected economic development and weak per-capita growth that have contributed to the state’s economic stagnation. Their report finds that per-capita incomes in Hawai‘i in 2024 were 5% below the national average, compared with the 1970s, when they were 30% higher than average. Indeed, as Bond-Smith and Schwartz note, Hawai‘i has begun to resemble regions such as rural Mississippi, Alabama, and upstate New York. (Bond-Smith & Schwartz, 2026, pp. 1–2 & 10–12).

As someone studying the Hawaiian tourism industry and its effects on the Kānaka Maoli culture and the overall way of life in the island group, these findings in the 2026 report sadly present few surprises. I see this economic decline as part of the long history of the corporate tourism industry in Hawai‘i. In this short research summary, I aim to provide historical context as to why this unsustainable development has occurred in Hawai‘i, based on my ongoing PhD research. The UHERO report correctly points out that the economic decline started in the 1990s, but I see the seeds of cultural erosion starting much earlier (Bond-Smith & Schwartz, 2026).

Discussing economic decline and cultural erosion in the same sentence might seem odd to those unfamiliar with the history of the Hawaiian tourism industry. Even a discussion of tourism and the Hawaiian economy needs a brief explanation. Hawai‘i’s economy has largely depended on tourism since the decline of cane sugar production in the 1950s (MacLennan, 2014, pp. 275–279). Today, the tourism industry is the largest economic sector in Hawai‘i, accounting for around 16% of the island group’s overall GDP (DBEDT Research Division, 2026, p. 4). The important point here is how the tourism industry maintains its profits, which I argue rely heavily on the Kānaka Maoli. Their culture, heritage, and land drive the industry.

For example, the famous tourism sites near the Mauna Loa and Kīlauea volcanoes sit on Indigenous Hawaiian lands, now federal U.S. National Parks. Their histories are deeply

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intertwined with United States settler colonialism, apparent from the late 1800s onward (Saranillio, 2018, pp. 52–56). Meanwhile, other cultural products like the famous hula dance are likewise staples of the Hawaiian tourism industry, with an equally disquieting past (Imada, 2012, pp. 12–15). Thus, the island group's economics cannot be discussed without also considering Hawaiian culture.

Returning to Hawaiian economic distress and its relevance to the tourism industry, I see them as closely linked to Hawai'i's historical and cultural development. In other words, I feel the tourism industry has not been able to maintain economic well-being in Hawai'i because of how it was devised over its long history. Its purpose was never to cherish or develop Hawaiian culture; rather, it was built to control and sell the fantasy of American Hawai'i to visitors. How the tourism industry handles Kānaka Maoli cultural products is the key to understanding this phenomenon.

The corporate tourism industry in Hawai'i aims to freeze culture. Frozen culture, where everything stays the same, makes commercialization easier by turning it into a neat, stereotypical package that can be valued, sold, and resold repeatedly; take, for example, the hula dance. The image of the scantily clad woman dancing the hula hasn't changed much in advertisements and visitor performances since the 1800s (Trask, 1991). In comparison, the Kānaka Maoli have lived with the hula over time, introducing new dances and customs with many different meanings (Bacchilega, 2007, p. x).

Similarly, the volcanoes and their place in Kānaka Maoli religious customs have changed little under the tourism industry. Instead of an integral part of the ever-changing natural life on the islands, the volcanoes are still seen as spectacles marketed for the visitors. According to folklorist scholar Cristina Bacchilega, this is due to the industry's need to manufacture a sort of "legend" of Hawai'i, an easily digested and enticing narrative or picture of exoticism, as a marketing tool (Bacchilega 2007, pp. 1–2 & 16–18).

What does this have to do with the island groups' economic stagnation? Consider how this frozen atmosphere affects economic development. Tourism, as an industry, does little with development. By fabricating this carefully curated legendary Hawai'i, complete with exotic people and breathtaking views, one leaves little room for interpretation and change. In fact, there is little need to change a "working product". Tourists arrive, spend money, and then leave, establishing an industrial baseline that has evidently worked until recently. Change is detrimental to the industry in this case because it might disrupt profit plans and visitor statistics. Only planned transformations and trends are allowed, like changing an exhibition theme in a museum, because those can be accounted for. The motivations for investing or developing are thus nullified. Even more so, change is problematic for corporations, as it might facilitate increased self-determination for the Kānaka Maoli.

Here we can see the connection. While the tourism industry stays the same, the outside world inevitably evolves. This creates a paradox: the attempt to preserve Hawai'i's ever-sustainable legend becomes ultimately unsustainable. This effect is strengthened by what the UHERO report calls the "Dutch-disease conditions", which are conditions formed when a

booming economic sector, in this case the tourism industry, overshadows its competitors. As this dominant industry wanes, other sectors cannot survive on their own, worsening the economic downturn. As Bond-Smith and Schwartz point out, the tourism industry peaked in 1989, and no other industry has surpassed it since. This also suggests that the tourism industry itself has plateaued (Bond-Smith & Schwartz, 2026, p. 11).

These developments have obvious ramifications for the Kānaka Maoli and the islands at large. The point is that the tourism industry uses ownership of cultural products, such as the land itself, for profit. That profit rarely flows evenly among the inhabitants of the island group, as many scholars and members of the Hawaiian Sovereignty Movement point out (Trask, 1991; Williams & Gonzales, 2017). However, we can also see another important consequence of the economic downturn. The outmigration event threatens to disrupt not only the islands' economy, but also Hawaiian society and culture itself. As the UHERO report points out, as of 2026, more Kānaka Maoli live outside Hawai'i than within it. This outmigration physically threatens to break Indigenous Hawaiian relationships with their land and cultural heritage (Bond-Smith, Schwartz 2026, pp. 3–4).

Finally, the concept of stagnation presents interesting viewpoints for the historical approach. How can one sustain economic growth using cultural products? And does this mean that the commercialized legend of Hawai'i has finally reached its end? Enormously difficult and complex questions which deserve their own analysis in a different, larger format. I feel however, that these problems are symptoms of a systematic malfunction, which are not going to go away without much needed change. The obvious answer would be to do away with the corporate tourism industry altogether, but this is much easier said than done.

The UHERO report argues that tourism is here to stay, while also offering more stability than the previous industries, such as sugar. According to Bond-Smith and Schwartz, diversifying Hawaiian economy happens by not hindering tourism, but branching out from it (Bond-Smith, Schwartz 2026, pp. 40–42). I would like to add here that I believe that this solution would also require the tourism industry to acknowledge its past and change its stance to the frozen “legend” of Hawai'i. Increasing sustainability and self-determination of the Kānaka Maoli is tantamount with the wellbeing of Hawai'i, economic or otherwise.

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