

Introduction

PI'RATE, n. [L. pirata.]

In strictness, the word pirate is one who makes it his business to cruise for robbery or plunder; a freebooter on the seas.

— Webster's 1828 Dictionary

THIS BOOK IS ABOUT MODERN PIRATES — the ones who sail huge cruise ships from one port to another and offload thousands of day-visitors at a time. When multiple ships stop at a port, it is more an invasion of visitors than a matter of people coming to experience a new place. They come ashore, visit sites, buy trinkets and t-shirts, and sail away. They spend most of their money on the ship.

The ships aren't much better than the passengers they bring. Passengers buy tours ashore provided by local folks in the ports they visit, but the cruise ship keeps more money from the sale than is given to the person providing the tour. On top of this, the stores where passengers shop kick back substantial sums for the privilege of having cruise passengers in their place of business, ports often provide incentives for cruise ships to stop, and governments look the other way regarding cruise industry environmental practices. Governments believe they need cruise ships more than the cruise ships need them. This power-dependence relationship only increases the pirate's greed. Ports admittedly make money, but it pales in comparison to the industry's take.

The cruise industry would argue with this characterization, but the facts speak for themselves. The North American cruise industry earned more than \$2.5 billion in net profit in 2004. It pays virtually no corporate income tax and is exempt from most laws in the countries that the ships visit. If a port or country is too demanding the industry will pass it by and go somewhere else. This warns others: either put up with the relatively small crumbs they receive or they'll get nothing.

Interestingly, some of the most attractive and high-priced islands in the Caribbean are places cruise ships don't visit. When cruise ships invade, the texture of a port or an island changes. These changes are good for cruise ships day-visitors who want quick and easy access to sites, clean streets, and an absence of poverty, and also want to see a place as they think it should be — often much like home — rather than the way it actually is. The changes are often disastrous for tourists staying at a resort for a week or two. The crowds of cruise passengers, taxis and attractions may not be available on days when multiple cruise ships are in port, and the beaches of island resorts where visitors spend real money are invaded by cruise passengers at the peak

of the day. As cruise passengers increasingly displace visitors to land-based resorts, the port's dependence on cruise ships increases as does the greed of the pirate.

At face value, the foregoing is provocative. Some would say it is blatant exaggerations and unfair. Before concluding that the critics are right, you must read on. The following chapters support the conclusions drawn. In fact, some may opine that my characterizations are much too generous and that they don't recognize the plundering of ports. You will need to judge for yourself.

The New Pirates of the Seven Seas

The book begins with a look at the development of cruise tourism in North America — the birth of the modern pirates of the seven seas. Though ships have been used for ocean travel for centuries, cruise tourism as we know it today began 30 to 40 years ago. Princess Cruises, Norwegian Cruise Line, and Royal Caribbean Cruise Line all began operations in the mid to late 1960s. Carnival Cruise Lines was a latecomer, starting in 1972.

The industry grew slowly in its early years, but had expanded widely and significantly by the 1980s. Cruise lines were building bigger and bigger ships; they were operating more ships, and new companies appeared on the scene. Some were successful, others went belly up, and still others were swallowed up by the “big guys.”

Carnival was the leader in takeovers and mergers. It was smaller than Princess and Royal Caribbean in 1988, but by 1990 it eclipsed both. It was unsuccessful in its 1988 attempt to take over Royal Caribbean, but succeeded in acquiring Princess Cruises in 2003. Carnival Corporation today controls more than 50 percent of the North American cruise market. Worldwide it owns and operates 12 cruise lines; at least two tour companies, which own hotels, trains, buses, and tour boats; and an increasing number of port terminals used by its ships. Some would characterize it as monopolistic. Carnival's closest competitor, Royal Caribbean, has less than 34 percent market share and Norwegian Cruise Line follows with 9 percent.

The growth of Carnival Corporation is presented in Chapter 2, “I Never Saw a Cruise Line I Didn't Want to Own.” It tells the story of Ted Arison and his son Micky, and how they grew a company that in 1972 had virtually no money to a company today worth tens of billions of dollars. As the chapter title suggests, there aren't many cruise lines that have either not been taken over by Carnival, or that Carnival attempted unsuccessfully to take over. The chapter is as much about the development of Carnival Corporation as it is about the history of the cruise industry. It gives insight into how the industry thinks and operates.

Most North Americans are under the impression that major operators are American-based, likely because the two largest corporations accounting for almost 85 percent of the North American market have their corporate offices in Miami. But

almost every cruise line serving North Americans is foreign-registered, even if beneficial ownership is US-based. By registering in countries other than where they operate, cruise corporations avoid virtually all income tax in the country from which they sail. In the case of Carnival Corporation and Royal Caribbean Cruises Limited, the only corporate income subject to taxation is from US-based tour operations. And with friends in Congress, the industry continues to get special breaks and consideration. Chapter 3 looks at how the industry avoids taxes and how it uses lobbyists, campaign contributions, and contributions from industry-controlled foundations to influence political decision-making. In stark contrast to the Boston Tea Party's cry in the 1770s against taxation without representation, the cruise industry enjoys representation without taxation. The industry exercises its influence in national politics as well as state, provincial, and local decision-making.

Cruise Ship Squeeze

The second part of the book focuses on the cruise industry's relationship with and exploitation of ports and port cities. Chapter 4 focuses on a strongly held perception that cruise ships are "cash cows." The cruise industry, its lobbyists, and its various regional trade organizations promote this view. It is based in part on consistent claims by the cruise industry, and adopted by many ports, that the average cruise passenger spends more than \$100 in each port a ship calls upon. Ports extrapolate from this and make exaggerated claims about the annual impact of cruise tourism on the local economy. On this basis, many ports invest tens of millions of dollars in port facilities and terminals so they can get in on the economic windfall. Many are quickly disappointed.

The cruise industry also makes claims about the impact of the cruise industry on the US economy and on the economy of individual states. In 2004 the International Council of Cruise Lines said the cruise industry had a \$25 billion impact on the US economy. While considerable if viewed in isolation, this sum appears smaller when compared with the annual sales of the Marriott hotel chain — approximately \$20 billion per year. And if put into context of the industry's past claims, the industry's contribution to the US economy has decreased since the mid-1990s rather than increased, despite an almost doubling in capacity. Chapter 4, "Cruising Cash Cows," looks at industry claims, puts them into perspective, and more accurately depicts the true impact of the cruise industry on local and national economies.

In contrast to its economic benefits, cruise tourism carries considerable economic costs. As well, the cruise industry adeptly draws on its economic power and political connections to compromise the will of local governments, including national governments of many small island states. Chapter 5, "A Game of Divide and Conquer," focuses on relationships between the cruise industry, governments, and

local people. We will see how the industry extracts concessions by playing governments against one another, and compromises the will and interests of local governments and regional organizations through threats. Like a child, it kicks and screams when it doesn't get its way. The industry's opposition to a 2003 initiative by the Caribbean Tourism Organization for a \$20 passenger levy for ships visiting the Caribbean is a good illustration. But there are others, such as the continuing struggle for ports to establish and charge appropriate and fair fees for use of their facilities.

Another significant change is the unbundling of the cruise product. Consumers perceive cruises as all-inclusive. With the growth of new sources of onboard revenue, and the introduction of fees for things that were previously included in the cruise fare, the cruise experience has changed, and its all-inclusiveness has been lost. Although there have always been budget cruise lines, these changes have opened the market to “no-frills” cruise ships similar to the “no-frills” budget airlines. UK-based easyJet recently introduced easyCruise,¹ a wholly unbundled product where passengers pay separately for the passage, their food, and even maid service if it is desired. Chapter 6, “Squeezing the Last Drop,” looks at the unbundling of the cruise product and the implications this has had for cruise passengers and for ports. A passenger today can have a cruise for a fraction of the cost 10, 20, or even 30 years ago, but additional onboard costs today are exponentially higher than in those earlier days. And as passengers spend more money onboard, they have less to spend onshore. Unbundling helps the cruise line with its income, but undermines the potential income for ports on which cruise lines depend.

Purveyors of Trust

Part 3 of the book looks at contradictions between what the cruise industry says and what it does. This is most glaringly visible in the industry's invocation of “trust us,” but then what it does shatters the foundation for trust.

Chapter 7, “The Art of Greenwashing,” looks at environmental issues, where the greatest contradiction is found between image and behavior. The cruise industry unabashedly promotes itself as environmentally “green” and often counters critics by asking why cruise ships would pollute the pristine areas they visit when their continuing income depends on those areas remaining pristine. This question is compelling until the industry's actual environmental record is considered — collectively, it has paid almost \$100 million in environmental fines since the early 1990s. Since 1998 Royal Caribbean has been fined more than \$30 million and Carnival Corporation and its affiliated companies have been fined more than \$22 million. And the violations continue. In December 2003 the State of Hawai'i reported at least 16 violations of a voluntary memorandum of understanding it had with the cruise industry with regard to environmental practices.² In June 2004 the vice

president for Environmental Compliance for Carnival Corporation-owned Holland America Line was fined after pleading guilty to confirming environmental audits that were never performed³ — the Court had mandated the audits after Carnival Corporation pled guilty to falsifying environmental records. And the list goes on. The industry’s active “greenwashing,” and how it is achieved, is contrasted with behavior that is more brown than green.

Chapter 8, “Paradise Lost at Sea,” goes in two directions. It explores issues of safety and health on cruise ships. This includes safety from physical harm, safety of the ship from accidents, and safety from illness. The last item is particularly salient given the frequency of disease outbreaks aboard ships — more than 100 outbreaks affected over 10,000 people between 2002 and 2004.⁴ The most common cause of illness on cruise ships is the Norwalk-like virus (also called “norovirus”). How has the cruise industry handled the virus? Following particularly nasty multiple outbreaks on each of several ships, the industry took the offensive and successfully shaped the media’s view of the virus. Focus shifted from the ship as a source of the virus to the industry’s now mantra-like claim that passengers bring the illness with them. This claim is made even when there are facts to the contrary. The chapter looks at how the industry has handled disease outbreaks, examines ways in which the industry’s self-serving view of the virus has influenced the Centers for Disease Control and media, and offers a broader view of the causes of outbreaks and the risks faced by a passenger. Just as it has effectively used public relations campaigns to shape perceptions of environmental responsibility, the industry has effectively campaigned to make itself look like a victim of norovirus and thus not responsible for the outbreaks when they occur.

The chapter also looks at other sources of paradise lost, including issues around cruise industry’s noncompliance with the Americans with Disabilities Act, and the liberties taken and arrogance shown in significantly changing itineraries before departure of a cruise. The pirate attitude carries over to the industry’s dealings with consumers.

Prospects for the Future

Part 4 of this book looks at prospects for positive change. It summarizes key issues and, in turn, presents arenas for social activism and grassroots activity. The premise is that the cruise industry is not going to change its environmental practices, relationship with ports, or means for influencing political decisions. In its view, it is successfully turning a profit and any voluntary changes would cut into those profits. Any perceived need for change will only be realized by direct action by individuals, groups of individuals, and organizations. Already credible groups, nationally and locally, need additional support if they are to successfully protect against piracy.

These groups are identified, as is a range of activities to make the industry more environmentally responsible, more generous in sharing economic benefits, and more supportive and sensitive to local communities and cultures. The resulting form of tourism would be sustainable economically, environmentally, and socially. In its present form, “sustainable” would not be used to describe the new pirates of the seven seas.