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Labor  
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in the

(West Coast Collective  
Bargaining Series)

Hawaiian  
Sugar  
Industry

Curtis Aller

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## **WEST COAST COLLECTIVE BARGAINING SYSTEMS**

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**WEST COAST COLLECTIVE BARGAINING SYSTEMS**

**Edited by**

**Clark Kerr and Curtis Aller**

**Institute of Industrial Relations  
University of California, Berkeley**

Labor Relations  
IN THE  
Hawaiian Sugar Industry

CURTIS ALLER

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## FOREWORD

This is the tenth in a series of short monographs which the Institute of Industrial Relations is publishing on collective bargaining on the Pacific Coast.

This region provides a splendid locale for such a group of studies. It has been familiar with unionism, collective agreements, and industrial conflicts for more than a century. Not only are workers more highly organized than in most other regions, but employer associations are unique, both quantitatively and in the extent of their activities. In some areas, particularly the San Francisco Bay Area, central labor bodies are unusually influential in the conduct of collective bargaining. And as Clark Kerr and Curtis Aller point out in their preface, the West Coast presents a fascinating diversity of industrial and social environments which have placed their stamp on labor-management relations. For these reasons collective bargaining on the West Coast has deservedly attracted national and international interest among practitioners and students.

The editors of the series have had a wide and varied experience in analyzing industrial relations problems on the Pacific Coast and elsewhere. Clark Kerr was Director of the Institute at the time the original plans for the series were formulated. He is now Chancellor of the University of California at Berkeley, as well as a member of the Institute staff. Curtis Aller, who is author of the present study as well as co-editor of the series, is a former member of the Institute staff who is now affiliated with the Economics Department and the Labor and Industrial Relations Center at Michigan State University.

ARTHUR M. ROSS  
*Director*

## PREFACE

The West Coast has a rich and remarkably varied history of collective bargaining despite its youth as a region of economic importance. Its Embarcadero in San Francisco, its streets of Seattle, its logging camps in the Northwest, its motion picture lots in the Los Angeles area, its fisheries in Alaska, its hard rock mines on either side of the Continental Divide, among other locales, have witnessed the development of unique and consequential systems of labor-management relations.

This study of labor relations in the Hawaiian Sugar Industry is the tenth in a series of reports being published on individual West Coast Bargaining situations. Each report is concerned with a single distinct system, whether it covers an industry, a portion of an industry, a union, or a group of unions. None of the studies purports to be an exhaustive analysis of the total collective bargaining experience of the system under survey. Rather, it is the intention to investigate one or a few central themes in each bargaining relationship—themes which relate to the essence of that relationship. The series will thus constitute a many-sided treatment of collective bargaining, illustrating both its diversity and its complexity.

The story of the unionization of the Hawaiian sugar industry is of particular significance as one of the few examples of successful union organization of workers in a predominantly agricultural environment. After a long period of resistance by the employer group on the one hand, and of weak and sporadic attempts to organize the workers on the other, unionism came to the industry with dramatic suddenness at the end of World War II. What were the factors that lay behind the surprising emergence of union strength and the almost equally surprising decision of the employer

group not to resist recognition of the union? This is the question which provides the central theme of Mr. Aller's study.

The question cannot be satisfactorily answered without a careful consideration of the historical background. Mr. Aller's study undertakes an extensive analysis of the development of Hawaii's plantation economy, emphasizing the early concentration of land ownership, the gradual emergence of the "Big Five" as the dominant power in the industry, and the recruitment of a labor force drawn from racially varied backgrounds. The chief focus of the study is on the changing policies and attitudes of management in response to a changing labor supply situation.

With annexation of the Islands came a shift from a contract labor system to a paternalistic approach to labor relations which proved to be reasonably stable during the first four decades of the present century. But the economic and social upheaval that accompanied World War II unleashed forces that led to the breakdown of the old paternalistic order. Mr. Aller analyzes these forces in terms of four factors: the economic, group consciousness, community, and institutional determinants of the emerging labor movement. Management responded by organizing the Hawaii Employers Council, which made the necessary minimum concessions to the union but, in retreating, conserved its forces for later battles considered essential to survival.

The developments of the ensuing 12 years provide a basis for at least tentative appraisal of the current status. The author comes to the conclusion that collective bargaining in the industry today is as mature as anywhere in the United States. Apart from the possibility of an abrupt change in the union's strategy, which cannot be entirely ruled out, he argues that the evidence is impressive that most factors in the present situation favor the continuance of a stable and peaceful bargaining relationship.

CLARK KERR  
*Editor*

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## THE PRESENT HAWAIIAN ECONOMY

### Introduction

The Hawaiian Islands lie a little over two thousand miles westward from San Francisco near the center of the Pacific Ocean. The total land area of 6,435 square miles is equal to the combined area of Connecticut and Rhode Island. Eight major islands make up the group, ranging from the largest—over four thousand square miles, to the smallest—about forty-five square miles. Only six of these islands are of importance economically—Oahu, Hawaii, Maui, Kauai, Molokai and Lanai.

The islands are all of volcanic origin. Hawaii, the newest and largest in the chain, is still growing. Its two volcanic peaks, now over 13,000 feet high, periodically erupt, creating new lava fields which sometimes reach to the sea and provide both a hazard to existing industry and population and a brilliant spectacle that draws residents and tourists alike.

The climate is remarkably mild and free from extremes. Cooled by an ocean current from California and by trade winds that blow almost continuously, the climate is semi-tropical rather than tropical as the latitude would indicate. Because of the mountain topography rainfall varies tremendously within a distance of a few miles. Mountain ranges on the windward side of the major islands catch the prevailing rainbearing clouds as they come off the sea. In the rain belts jungle conditions prevail, while a few miles away to the leeward, lie parched deserts receiving ten to twenty inches of rain a year.

## Resources and Major Industries

The soil has been and still remains Hawaii's principal basic resource, but due to the mountainous terrain and volcanic origin only 10 per cent of the land is arable.<sup>1</sup> Yet with only a little over 300,000 acres under cultivation, their utilization has provided the base for the development of a complex, high income, modern economy in Hawaii. In 1954, the two basic crops, sugar and pineapple, generated for the Territory \$245 million in mainland income or about 36 per cent of the total mainland income accruing to the Territory.<sup>2</sup> This represented a return of nearly eight hundred dollars for each cultivated acre.<sup>3</sup>

The warm, even climate has permitted an intensive and year-round farming system. The availability of water has permitted the development of a controlled irrigation system for arid lands. The land tenure system was conducive to large-scale farming. With these underlying conditions, scientists and industrialists have been able to create a specialized and complex agricultural system that is akin to the mass production industries of Detroit.

By virtue of its location, Hawaii has long been of importance militarily. As a consequence, the provision of services to the military has become a major factor in the economy. In 1954, this sector provided a slightly smaller share of the mainland income, 34.7 per cent, than did agriculture.<sup>4</sup> Yet this military contribution to the economy is not an unmixed blessing. It makes the economy vulnerable to sudden shifts in national military policy, shifts that may be beyond the Territory's immediate capacity for adjustment. Expenditures of the armed forces in Hawaii have gone through a number of wide swings in the last 15 years. Total Federal civilian defense employment alone varied from a peak of 65,069 in World War II to a low point of 17,384 prior to Korea and then increased to 24,152 during the Korean War period. Variations in the number of military personnel stationed in the Islands—from a peak of 378,322 to

<sup>1</sup> *Hawaii Facts and Figures*, 1951, (Chamber of Commerce of Honolulu, 1952), p. 31.

<sup>2</sup> *Hawaii—Growing Islands*, (Bank of Hawaii, Honolulu, T. H., June, 1955), p. 18.

<sup>3</sup> Estimated from *Hawaii Facts and Figures*, 1951, *op cit.*, p. 31.

<sup>4</sup> *Hawaii—Growing Islands*, *op. cit.*, p. 18.

a low of 21,191—accentuated these swings even further.<sup>5</sup> Thus the economy—the tail to the military's kite—has swung from inflation to depression and then to comparative stability as a consequence.

Hawaii's location, climate, and romantic history, have proven increasingly attractive to tourists. Their 1954 expenditures on goods and services in Hawaii of nearly \$49 million represented only seven per cent of the total mainland income,<sup>6</sup> but it is confidently expected that this industry will by 1965 be as important as the sugar industry.<sup>7</sup>

### A Specialized Export Economy

The Hawaiian economy is a highly specialized one, concentrated in three basic industries—sugar, pineapple, and services—each of which is dependent upon mainland political and economic developments largely beyond the control of the Territory. Less than one-third of its production of goods and services, it is estimated, is for internal consumption. The balance is exchanged for goods and services that are produced elsewhere.<sup>8</sup> Most of these goods—automobiles, heavy machinery and basic construction materials—could not be produced in the Territory in any event. In some fields where local production is technically feasible, it would be economically wasteful. Paradoxically, for an agricultural community, the Islands import nearly two-thirds of their food at a cost exceeding \$65 million annually.<sup>9</sup>

Having an economy so heavily dependent on exports, Hawaii, in common with other export economies, has a vital concern in its balance of payments. When receipts from abroad exceed outward payments, economic activity tends to be stimulated, but if the reverse is true, as was the case during many of the postwar years, the island economy must seek new sources of income from abroad or else face deflation and a reduction of its population through out-migration.

An unemployment crisis in 1949 and 1950 was resolved initially by outmigration rather than by internal expansion. During

<sup>5</sup> *Income of Hawaii*, (U. S. Office of Business Economics, Washington, 1953), p. 20.

<sup>6</sup> *Hawaii—Growing Islands*, *op. cit.*, pp. 18 and 44.

<sup>7</sup> *Hawaii's Visitor Industry, 1955-1965*, (Hawaii Visitor Bureau, Honolulu, T. H., July 1955), p. 19.

<sup>8</sup> *Hawaii—Growing Islands*, *op. cit.*, p. 21.

<sup>9</sup> *Working Dollars in Hawaii*, (Bank of Hawaii, Honolulu, T. H., June, 1953), p. 7.

the four-year period, 1949 to 1952, the Territory lost 12 per cent of its 1948 population, or 65,000 persons, through net out-migration.<sup>10</sup>

### Population

Hawaii is frequently referred to as the "melting pot of the Pacific." Its present polyglot racial complexion is the legacy of the rapid agricultural development following 1870. The principal obstacle to expansion, then, was the lack of labor, and ambitious labor solicitors canvassed the world for supplies of cheap, tractable labor. It is estimated that by 1930 approximately 400,000 people had been imported.<sup>11</sup> Those who stayed contributed to the resultant population of nearly a half million in 1953. The racial antecedents of the population in 1953 were as follows: 40 per cent Japanese, 17 per cent Caucasian, 17 per cent part-Hawaiian, 13 per cent Filipino, 7 per cent Chinese and 1 to 2 per cent each were Hawaiian, Puerto Rican, Korean, and others.<sup>12</sup> The present high rate of inter-marriage, averaging 31 per cent for all races, means the future population will be composed of mixed rather than pure racial groups.

The population is an extraordinarily youthful one—42 per cent being less than 21 years old.<sup>13</sup> A consequence of this predominantly youthful population is an expected net increase of over 100,000 in the labor force by 1970, an expansion of nearly 53 per cent in the present labor force of 190,000.

### Urbanization

One of the striking features about the Hawaiian economy is its high degree of urbanization. The Island of Oahu has only 10 per cent of the Territory's land area, yet it contains nearly three-fourths of the population. The city of Honolulu, located on Oahu, has slightly under one-half of the population.<sup>14</sup> Its size puts it in the metropolitan category. In its physical aspects—municipal services,

<sup>10</sup> *Increase in the Labor Force in Hawaii*, (Hawaii Employers' Council, Research Department, Honolulu, T. H., Oct., 1952), p. 2.

<sup>11</sup> A. L. Wills, "History of Labor Relations in Hawaii," *Report of the 1945-46 Social Economic Trends Committee*, (Hawaii Education Association, Honolulu, T. H.), p. 4.

<sup>12</sup> *Civilian Population Estimates, January 1, 1953*, (Bureau of Health Statistics, Department of Health, T. H., 1953).

<sup>13</sup> *Men, Land and Jobs in Hawaii*, (Bank of Hawaii, Honolulu, T. H., 1952), p. 10.

<sup>14</sup> *Hawaii Facts and Figures, 1951, op. cit.*, p. 14.

cultural facilities, and social outlook—it is much like other large American cities.

Similarly, though on a much smaller scale, each of the other islands has a city or town that serves as the center of island activities. Thus only 14 per cent of the population continues to live on the sugar plantations, and a much smaller group is in a true sense isolated from the influences of urban life.<sup>15</sup>

### Employment

Employment reflects the specialization of production noted previously. Moreover there have been substantial internal shifts in the industrial location of employment opportunity since the pre-war period. The influence of these factors can be seen by reference to Table 1.

The most striking change during the 1939-1952 period was the elimination of nearly 23,000 jobs in agriculture—a net reduction of 37 per cent from the 1939 level. Meanwhile, the total number of jobs in the economy increased by nearly 42,000—an expansion of 27 per cent. The job decline in agriculture was more than offset by the net gain in Federal employment of 30,000, two-thirds of which was defense employment. The expansion of 12,000 in military personnel made the defense contribution even more dominant since nondefense civilian employment, already small, declined by over a thousand.

Though employment in private industry increased over this period by 5,000, its relative proportion declined from 73 to 60 per cent. The increase in the share of the Federal government, from 20 to 31 per cent, emphasizes the role it plays in Hawaiian life.

### Income

Hawaii's present average income per capita compares favorably with that of the rest of the United States. In 1955, its per capita level of \$1,720 was only \$127 less than the mainland average. Only 22 states had an average level of per capita income higher than the Territory's.<sup>16</sup> If income is a valid guide, Hawaii's standard of living can be judged to be close to the average that American society offers.

<sup>15</sup> *Honolulu Star-Bulletin*, Oct. 22, 1949.

<sup>16</sup> *Ibid.*, Oct. 4, 1956.

HAWAIIAN SUGAR INDUSTRY

TABLE 1  
AVERAGE NUMBER OF FULL TIME EQUIVALENT EMPLOYEES, BY INDUSTRY,  
HAWAII, 1939 AND 1952

Industry	1939		1952	
	Thousands of Employees	Per cent of Workforce	Thousands of Employees	Per cent of Workforce
Agriculture (almost entirely sugar and pineapple—mill and field).....	62,326	39.9	39,437	19.9
Other manufacturing <sup>a</sup> .....	3,446	2.2	5,514	2.8
Contract Construction.....	5,311	3.4	10,112	5.1
Wholesale & Retail Trade.....	16,851	10.8	29,157	14.7
Transportation.....	4,754	3.0	6,888	3.5
Finance, Insurance, & Real Estate	1,889	1.2	3,591	1.8
Communications & Public Utilities.....	2,670	1.7	3,815	1.9
Services.....	16,145	10.3	19,895	10.0
Other.....	908	.6	1,276	.6
<b>TOTAL PRIVATE INDUSTRY.....</b>	<b>114,300</b>	<b>73.0</b>	<b>119,685</b>	<b>60.3</b>
Federal Government.....	32,093	20.5	62,194	31.4
Civilian.....	8,591	5.5	26,840	13.5
Defense.....	4,836	3.1	24,152	12.2
Non-defense.....	3,755	2.4	2,688	1.4
Military.....	23,502	15.0	35,354	17.8
Local Government.....	10,127	6.5	16,525	8.3
<b>TOTAL EMPLOYMENT.....</b>	<b>156,520<sup>b</sup></b>	<b>100.0</b>	<b>198,404<sup>b</sup></b>	<b>100.0</b>

SOURCE: Adapted from *Income of Hawaii*, (U. S. Office of Business Economics, Washington, 1953), p. 21.

<sup>a</sup> Manufacturing less employment in sugar mills and pineapple canneries.

<sup>b</sup> Total Employment figures differ from labor force figures quoted elsewhere because of differences in the manner of calculation. Many of these figures were derived from dividing payrolls by the average earnings calculated for full time employees. Hence the figures do not represent an actual physical count of the employees in each industry.

The importance of government employment, particularly Federal, in the establishment of these high income levels is shown by the inter-industry comparisons set forth in Tables 2 and 3. The average Federal civilian employee earned \$4,334 in 1954 in contrast to the \$3,134 annual average in private industry. Only those in transportation and communication and public utilities, both small in number, equaled or came close to the Federal average.

Table 3 shows the dramatic changes that have taken place in interindustry per capita earnings differentials since 1939. The range

TABLE 2  
AVERAGE ANNUAL EARNINGS PER FULL-TIME CIVILIAN EMPLOYEE, BY INDUSTRY  
(Dollars)

Industry	1939 <sup>a</sup>	1954 <sup>b</sup>
Sugar Plantation Companies.....	688	3,148
Pineapple Companies.....	923	3,164
Contract Construction.....	1,026	3,565
Wholesale & Retail Trade.....	1,255	3,038
Finance, Insurance, & Real Estate.....	1,985	3,656
Transportation.....	1,407	4,163
Communications & Public Utilities.....	1,587	4,282
Services.....	785	2,455
<b>TOTAL PRIVATE INDUSTRIES.....</b>	<b>923</b>	<b>3,134</b>
<b>Government</b>		
Federal Civilian.....	1,430	4,334
Defense.....	1,610	4,228
Non-defense.....	1,199	5,191
Local.....	1,619	3,852
Territorial.....	1,815	3,944
City & County.....	1,350	3,717
<b>ALL CIVILIAN INDUSTRIES.....</b>	<b>1,009</b>	<b>3,390</b>

SOURCE: <sup>a</sup> *Income of Hawaii*, pp. 22-23.

<sup>b</sup> *Research Bulletin*, (Hawaii Employers Council, November 1955), reporting supplemental figures of U. S. Department of Commerce.

TABLE 3  
AVERAGE ANNUAL EARNINGS PER FULL TIME EMPLOYEE AS A PER CENT OF THE  
AVERAGE FOR ALL CIVILIAN INDUSTRIES, HAWAII, 1939 AND 1952

Industry	1939 <sup>a</sup>	1954 <sup>b</sup>
Sugar Plantation Companies.....	68	93
Pineapple Companies.....	91	93
Contract Construction.....	102	105
Wholesale & Retail Trade.....	124	89
Finance, Insurance, & Real Estate.....	197	108
Transportation.....	139	123
Communication & Public Utilities.....	157	126
Services.....	78	72
Federal Government.....	142	128
Local Government.....	160	114
<b>ALL CIVILIAN INDUSTRIES.....</b>	<b>100</b>	<b>100</b>

SOURCE: <sup>a</sup> *Income of Hawaii*, pp. 13, 22-23.

<sup>b</sup> *Research Bulletin*.

between the high and low industries has been greatly reduced. All the industries with earnings substantially above average in 1939 experienced relative reductions by 1954. The service industry, below average in 1939, fell further behind by 1954, while contract construction and pineapple made small gains.

The shift in the position of the sugar industry is of interest on two counts. First, the marked reduction in employment has reduced the industry's downward pull on the Territory's average income level. Second, the decided improvement in its relative position, from 68 to 93 per cent of the civilian average, has also lessened its downward effect on the average.

### Economic Structure and the Quality of Labor Relations

Until 1944 the Territory was virtually without experience with trade unions. Then with dramatic suddenness unionism sprang to life and spread rapidly. By the end of 1946 sugar, pineapple, longshore, and utilities were fully organized. Many individual firms in a variety of other industries had also recognized unions.

To the island resident this sweeping union movement heralded a revolutionary change in the community's power structure. Economic power had long been concentrated in the hands of five sugar agencies. A group integrated by social and family ties as well as by interlocking directorates, the "Big Five," as they were called, dominated the sugar industry, had an important stake in the pineapple industry, controlled inter-island and mainland transportation, and were influential in every other local economic activity. To a large extent their power, particularly in retail trade, had been eroded away by the rise of mainland and local business competition beginning in the thirties, but even though no longer absolute the "Big Five" remained the dominant economic power in the Territory. Governmental, social, political, and opinion-making power was theirs also as a by-product of their economic dominance.

Unionism challenged this monolithic power structure in all of its manifestations. The dominant union, the International Longshoremen's and Warehousemen's Union, (then CIO and now independent) organized the base of the "Big Five's" industrial empire and its main arteries. The sugar, pineapple, and longshore workers were organized into a single union. Thus collective bargaining revolves around these three basic negotiations. The parties, whatever

the industry locale, are interrelated. The same forces likewise face each other in the political arena and compete aggressively by press and radio for public support.

Given this concentration of economic power on the one side and the parallel concentration of union power on the other, the quality of labor relations attains a unique importance. Conflict between these two giants acquires some of the overtones of a civil war as both commit their full resources to battle once it occurs. In sugar in 1946 and longshoring in 1949 both sides demonstrated their staying power. Into these protracted struggles the non-combatants are drawn by appeals to their fears and loyalties, so that few can remain entirely aloof. The divisions arising from the bitter industry-wide struggles, to which should be added the short pineapple strike of 1947, run throughout the social fabric of the community. War or peace on the industrial front to an unusual degree sets the tone of community life in Hawaii.

Maturity in labor relations, then, has an importance to Hawaii beyond the normal community concern for industrial peace. Industrial warfare in Hawaii, more than is the case elsewhere, is explosive rather than restricted and isolated. Therefore the building of a system of labor relations that minimizes and accommodates conflict is of utmost importance. To the extent that this objective is achieved the dangerous conflict potential can be avoided and the prospects for successfully expanding the economy enhanced.

If necessity is the mother of invention it remains for us to appraise the progress the Territory has made in creating a stable system of labor relations. This report on the progress made is drawn from the results of a broader study of Hawaiian labor relations.<sup>17</sup> Because of the limitations of space attention will be concentrated on the sugar industry. Sugar has long occupied the center of the Hawaiian stage; it remains the most important private industry and furnishes the majority of the ILWU's members in Hawaii. Developments here, with occasional references to outside events where appropriate, are sufficient to portray the essential features of the Hawaiian labor story.

Moreover, the focus is further narrowed in order to permit concentration on the changing attitudes and policies of manage-

<sup>17</sup> Financial assistance for the overall study of Hawaiian labor relations was furnished originally by the Wertheim Foundation, Harvard University.

ment. The reasons for this can be stated quite simply. First, Hawaiian management had some years of grace in which to observe and ponder over the experience of American management, generally, in meeting the onslaught of industrial unionism. It is of interest to note the lessons that were drawn locally from this mainland experience. Second, the ability to maintain internal cohesion meant that Hawaiian management had both the opportunity and the power to retain the initiative in the development of the collective bargaining structure. Consequently, Hawaii offers an opportunity for the study of management policies in the labor relations field in an isolated, compact, and small area where management was most favorably situated. Third, this orientation serves the purpose of making the study additive to others in the series.

## CHARACTERISTICS OF THE HAWAIIAN SUGAR INDUSTRY

### Reasons for Adoption of Plantation System

There were five major factors that largely explain the adoption of the plantation system rather than some alternative system of farming in Hawaii. These can be briefly summarized. First, land tenure was changed in 1848 by the Hawaiian King from feudal to private ownership under circumstances that facilitated the consolidation of land holdings into large blocs. Second, the rapidly declining native population of the time necessitated large-scale importation of labor if the land was to be developed. Third, only the large employer was in a better position to plan the crop cycle so as to avoid the seasonal peaks and valleys in labor demand of the small agricultural specialist and thereby provide full utilization of the scarce labor supply on an annual basis. Fourth, most of the best agricultural areas were arid or semi-arid and required the development of expensive irrigation systems. In the absence of governmental assistance only the large organization could amass the financial resources required. Fifth, several related but secondary factors increased the capital requirements and risks of agricultural production. Hawaii's growing season for cane is nearly two years as compared with the more usual annual cycle in tropical areas, extensive fertilization is required, expensive transportation systems had to be provided and the distance from consuming mar-

kets, together with the competition of other areas, all raised the capital requirements of the industry.

The result is an agricultural system exclusively in the hands of large corporations that are closely integrated in their operations and policies. The pattern of joint action on an industry problem which first emerged in response to the special difficulties of securing labor, spread gradually to other common problems until today it embraces finance, refining, marketing, lobbying, industrial research, and collective bargaining. Thus, to the modern outside observer, the sugar industry of Hawaii appears as a single entity.

One consequence of the plantation system is the extreme concentration of land ownership in present-day Hawaii. The largest single owner controls nine per cent of the land. The first 10 in terms of size control over 30 per cent of the land. The 50 largest landowners control 40 per cent of the land, an area slightly larger than that controlled by the Territorial Government. Virtually all of the productive agricultural land (less than 10 per cent of the total) is controlled through ownership or long-term leases by the plantations or other corporations.<sup>18</sup>

Accompanying this concentration of land utilization in the hands of a few large plantations has been the development of a landless, wage-earning rural proletariat. Even after a decade of rapid mechanization the average number of full-time employees per sugar plantation was 705 in 1954. The largest, Hawaiian Commercial and Sugar Co., Ltd., employed 2,837 in 1955.<sup>19</sup>

### The Sugar Industry

Commercial sugar production began in 1835. The industry remained small until the Civil War led to boom conditions for the industry. The Reciprocity Treaty with the United States in 1876 gave the industry favorable conditions of entry into the United States market and some assurances of security. This unleashed an era of rapid expansion, and within 15 years the industry had expanded tenfold from its 1875 level of 12,500 tons.<sup>20</sup> By 1932 pro-

<sup>18</sup> *Hearings Before the Sub-Committee of the Committee on the Territories, House of Representatives Seventy-Ninth Congress, Second Session Pursuant to H. Res. 236*, (United States Government Printing Office, Washington, D. C., 1946), p. 762.

<sup>19</sup> *1955 Annual Report*, (Hawaiian Commercial & Sugar Co., Ltd., Maui, T. H.), p. 2.

<sup>20</sup> Jean Hobbs, *Hawaii, A Pageant of the Soil*, (Stanford University Press, Stanford University, California, 1935), p. 73.

duction had reached a peak of 1,063,605 short tons. Thereafter production declined somewhat as marginal lands were retired. The Sugar Act of 1948 established a fixed quota of 1,052,000 short tons for Hawaii, somewhat above the then current production level although beginning in 1953 the industry exceeded this figure. The quota guarantees to Hawaii about 15 per cent of the American market.

Until the successful appearance of the pineapple industry in 1901, sugar was the only basic industry in Hawaii. It continued to be the most important single industry until World War II and post-war developments brought a greater diversification to the Hawaiian economy.

The war had a great impact on the Hawaiian sugar industry. More than 40 per cent of its labor supply was lost. This forced the industry to resort to a costly and in some respects unsatisfactory mechanization program. Land was lost to the military, and some fields not suitable for mechanization were abandoned. Unionization, in part a result of the war, brought still other changes that will be discussed in detail later. By 1945, the land under cultivation by the sugar plantations had been reduced nearly 11 per cent, and production had dropped nearly 18 per cent below pre-war levels. Normal production was restored by 1951, but it was achieved with a land area and labor force 7 and 51 per cent respectively below 1939 levels.

The labor force reduction reflected a remarkable industrial revolution—an almost complete conversion from hand to mechanized labor. The biggest single advance was in the area of mechanical harvesting. The harvesting machines had to be designed and produced by the industry itself because of the size and uniqueness of the equipment.

Some figures derived by the ILWU from industry statistics summarize this impressive record. From 1939 to 1947 employment dropped 39 per cent while output per man-hour went up 45 per cent; from 1947 to 1954 employment dropped another 26 per cent while output per man-hour went up 91.8 per cent. In the latter period the reduction in employment was cushioned by a reduction

in man-days worked per year on the average from 283 to about 248.<sup>21</sup>

This industrial revolution was but the latest in a long series of technical achievements for which the industry has been famous. Long in advance of other industries, the Hawaiian sugar industry established a research center in 1895. Comparatively well-financed, this center has served the industry as a whole continuously for over half a century. Its scientists have repeatedly saved the industry, threatened by new diseases or insects, from destruction. Its work on new cane varieties, fertilization, irrigation, and production techniques, has enabled the industry to lead the world in the production of sugar per acre.

Yet for all its technical proficiency, the industry has never achieved the full status of legitimacy—that is, being able to survive in a free market. From 1876 onward the fortunes of Hawaiian sugar have waxed or waned with the varying privileges in the American market granted by the United States government. Tariff protection has been the traditional means of support, but since 1934 this has been supplemented by quota controls. Effective control over price is placed by the Sugar Act of 1948 in the hands of the Secretary of Agriculture, who is directed to maintain a price fair to both the consumer and the producer. The price is in fact determined within narrow limits, when the Secretary estimates, as he is directed to do in the Sugar Act, the anticipated annual sugar consumption of the United States and assigns quotas based on this total to the various producing areas.

Without this protection the Hawaiian sugar industry would quickly disappear in the face of unrestricted entry of cheaper Cuban sugar, and recognition of this factor has long determined the strategy of the industry. From its infancy to full maturity, the industry has required a government umbrella, and much of the history of the islands is explainable in terms of the industry's efforts, originally to secure protection through the Reciprocity Treaty and then to make this protection secure through annexation and, more recently, through full statehood.

<sup>21</sup> Figures taken from exhibits attached to address given by Secretary-Treasurer Louis Goldblatt to the 2nd Biennial Convention of ILWU Local 142, Hilo, T. H., Sept. 22, 1955.

## The Character of the Work

A brief look at the character of the work will be helpful in understanding the labor-management problems of the industry. Work on the Hawaiian plantation is divided into two divisions, the field and the mill. In common with farming elsewhere, field work consists of preparation of the soil, planting the crop, weeding, insect control, irrigation and harvesting. The principal unique feature is the scheduling of these operations so that a steady flow of ripe sugar cane will reach the mill during a ten-month period each year. Forward planning and coordination is thus one of the central tasks of plantation management. Planning for a crop begins as long as six years before it will be finally harvested.

Sugar cane is milled and processed into raw sugar directly on each plantation. The mills usually operate on a continuous 24-hour a day basis for nine to ten months a year. Shutdowns occur during the winter months when sugar yields are lower. The labor force continues to be used, however, in maintenance and repair work.

From every 100 pounds of sugar cane, about three pounds of molasses and 11½ pounds of raw sugar are produced. About two-thirds of this raw sugar is shipped to the industry's cooperatively owned refinery at Crockett, California, and the balance to Texas or the East Coast for the final refinery operation.

The distribution of the employees among these various operations for a typical plantation is set forth in Table 4, which reflects the major effects of the mechanization that took place during the war. By 1947, the industry had largely shifted to mechanical harvesting, with the result that only 17 per cent of the male workers as compared to 41 per cent in 1939 were engaged in harvesting activities.<sup>22</sup> This reduced the proportion of workers engaged in field work from 71 per cent in 1939 to 60 per cent in 1947.<sup>23</sup>

Mechanization drastically altered the character of plantation work. The man with the hoe and the cane knife performed heavy back-breaking work considered undesirable by local residents. Since this kind of work represented the bulk of the plantation's

<sup>22</sup> James H. Shoemaker, *The Economy of Hawaii in 1947*, (U. S. Government Printing Office, Washington, D. C., 1948), p. 57.

<sup>23</sup> Shoemaker, *Labor in the Territory of Hawaii, 1939*, (U. S. Government Printing Office, Washington, D. C., 1940), p. 38.

TABLE 4  
 NUMBER OF WORKERS ASSIGNED TO EACH OPERATION ON A  
 TYPICAL SUGAR PLANTATION IN 1947  
 (Excluding Supervisors)

<b>FIELD WORK:</b>	
Cultivation:	
Irrigation.....	87
Field-equipment drivers.....	32
Helpers.....	17
Seed cutters, planting and replanting, weeding, spraying, fertilizing.....	162
Total.....	298
Harvesting:	
Crane loader operators.....	12
Rake operators.....	11
Ground crew and broomers.....	106
Total.....	129
Transportation:	
Crane-truck drivers.....	39
Crane operators and pick-up.....	9
Sugar-truck drivers.....	15
General truck drivers.....	29
Total.....	92
Agricultural research.....	6
TOTAL, FIELD WORK.....	525
<b>MILL AND SHOP WORK:</b>	
Fireroom.....	18
Cleaning plant.....	22
Crushing plant.....	26
Boiling house and laboratory.....	58
Machine shop and welders.....	18
Blacksmith shop.....	6
Garage and field repairs.....	38
Electricity and pumps.....	26
TOTAL, MILL AND SHOP WORK.....	212

SOURCE: James H. Shoemaker, *The Economy of Hawaii in 1947*, (Bureau of Labor Statistics, Washington, 1948), p. 48.

labor requirements, a steady flow of alien laborers was imported for such labor. These either returned to their homelands after a tour of duty or moved upward in the plantation labor scale or outward into urban communities to be replaced by new levies of foreign labor. Mechanization was in part a response to the drying up of these sources. Its effects in terms of eliminating arduous labor and making possible higher wages through greater productivity have in turn made plantation work more attractive to citizen labor.

### The Wage System

Historically the plantations relied heavily on complicated piecework and bonus systems. Mechanization and unionization have both contributed to the development of a simpler wage system with a diminution in the importance of piecework and bonus methods of payment. In 1929, for example, it was reported for one plantation that 95 per cent of the field work was on a piecework basis.<sup>28</sup> Ten years later it was reported that for the industry as a whole the distribution of employees by type of payment was as follows:

50.5 per cent of man-days are under per diem rates.

36.8 per cent of man-days are under "short-term" piece rates.

12.7 per cent of man-days are under "long-term" cultivation contract rates.<sup>29</sup>

In 1947, following the mechanization of harvesting, it was found that 73 per cent of the employees were paid on an hourly basis, 19 per cent were on contract rates and the balance, 8 per cent, were salaried employees.<sup>30</sup>

Prior to unionization, all the basic field work operations ranging from the initial plowing to the final harvesting were paid whenever possible on a piecework basis. Gangs of from three to fifteen men would become specialized in these separate operations. They would be assigned to a job and supervised by a "luna." The "luna" would announce the rate for a job before it was initiated, even if it were to take only a few hours. These rates were set in accordance with general instructions and fluctuated in accordance with the

<sup>28</sup> *Labor Conditions in the Territory of Hawaii 1929-1930*, (U. S. Government Printing Office, Washington, D. C., 1931), p. 20.

<sup>29</sup> Shoemaker, *Labor*. . . , 1939, *op. cit.*, p. 38.

<sup>30</sup> Shoemaker, *The Economy of Hawaii in 1947*, *op. cit.*, p. 57.

natural conditions of the soil, topography, and type of cane so that on the basis of past experience the gang could be expected to earn at its normal earning level. The complexity and variety of rates inevitably led to misunderstandings. Favoritism was probably rare, as its existence in the closeknit plantation community caused dissension. Yet the arbitrary nature of the wage determination process contained within it the temptation to abuse of power. Sufficient complaints have been registered to suggest that abuse of power may have been fairly widespread.

In common with other mass production industries the industry responded to aggressive unionism with a concerted effort to rationalize its wage structure. Previously wage structures had evolved in accordance with the experience of each plantation. Some plantations had made a beginning in installing modern job classification systems. These were scrapped in favor of an industry-wide system installed in 1946. Some 375 field and mill jobs were ranked by an industry committee and allocated to 10 labor grades. These with modifications for certain plantations having higher wage scales were accepted with reservations by the union. The distribution of the employees among these labor grades is illustrated, for a small plantation, by Table 5.

One other historical characteristic of the plantation wage system, abandoned following unionization, was the perquisite system. All plantations provided housing to their employees without charge. The quality varied widely between the plantations and on each plantation from modern to old, dilapidated and unsanitary housing. Families usually secured single houses and the size and the quality were roughly equated to family size and income level. Single men were usually housed in barracks that generally were older and more poorly furnished.

The plantations also provided medical care, hospital facilities, electricity, wood fuel, some free transportation, and athletic facilities.

### The Labor Force

In 1953 over 65,000 people, 14 per cent of the Territory's population, lived on the sugar plantations.<sup>77</sup> This represented a drastic

<sup>77</sup> *Census of Hawaii Sugar Plantations*, (Hawaiian Sugar Planters' Association, Honolulu, T. H., June 30, 1953), p. 1.

reduction from the 1939 figure of 102,000, or more than 24 per cent of the Territory's population.<sup>28</sup>

Historically the industry has relied largely upon single men for its labor, but immigration controls, a growing body of resident labor, and mechanization have been influences facilitating a gradual shift towards citizen and hence family labor. In 1939, 41 per cent of the plantation population were adult males and of these

TABLE 5  
DISTRIBUTION OF EMPLOYEES BY LABOR GRADE  
Kahuku Plantation Company

Labor Grade	Classification Rate (hourly)	Nov. 30, 1953	
		No. of Workers	Per cent
1.....	\$1.02	35	9.4
2.....	1.055	38	10.6
3.....	1.105	134	37.6
4.....	1.16	51	14.2
5.....	1.22	44	12.3
6.....	1.28	20	5.6
7.....	1.36	15	4.2
8.....	1.455	3	.8
9.....	1.565	18	5.3
TOTAL*		358	100.0

SOURCE: *Annual Report, 1953*, (Industrial Relations Department, Kahuku Plantation Company), Tables 3 and 4, pp. 23-24.

\* Labor grade 10 did not exist on this plantation.

60 per cent were unmarried. By 1953 these totals had dropped to 37.5 and 45 per cent respectively. The proportion of aliens, particularly in the male category, also dropped sharply. This reflected the rapid decline in Filipino employees, most of whom were aliens.

A consequence of these shifts is that the period of industry reliance on single imported male labor is now over. The present-day labor force, though of Oriental origin, is increasingly American born and part of the American and Hawaiian culture pattern. The sex ratios are more nearly equal with the result that family living is typical rather than atypical.

The racial distribution reflects the industry's varied sources of labor supply. The Japanese and Filipinos represent the most recent sources and they still predominate.

Originally the various races were separated on the plantation,

<sup>28</sup> Shoemaker, *Labor...*, 1939, *op. cit.*, p. 35.

usually living in distinct villages and customarily accorded differential treatment. It was rare for an Oriental to rise to a supervisory or clerical position. Until the twenties racial differentials for the same type of work were common.

### Plantation Organization

Formerly the combination of size and general isolation served to make each plantation a small world in itself. Modern communication and transportation systems have largely ended the plantation's historical isolation. Today the barriers to movement are limited to one's pocket book. With the rapid post-war increase in wage levels and the establishment of the forty-hour week, plantation residents have been in a position to go outside the plantation for many of their social and recreational activities.

The typical plantation usually includes the following: (1) the field plantation town, comprising the housing, stores, clubs, theater, recreation field, hospital, and such municipal services as a water system, electrical system, police and fire protection; (2) a sugar mill; (3) central management offices; (4) the land area with about one-third in crops and the balance in pasture or watersheds; (5) a transportation system including roads, trucks, and tractors; and (6) a repair shop for the maintenance of field and mill equipment.

The plantation manager is normally appointed by the appropriate sugar agency. He is given complete authority to operate the plantation in accordance with his own judgment. The amount of supervision exercised by the sugar agency varies with the agency but is generally greater today than it was in the past. The manager once was virtually king within his own domain. On the remoter plantations the Honolulu influence was so far removed as to be nominal. Today the manager remains as the key figure in the plantation community and is responsible for the agricultural and mill operations. He is, however, subjected to more outside influences that tend to narrow his area of discretion. Some of these are merely an extension of factors long at work. To illustrate, the Hawaiian Sugar Planters' Association has long provided expert direction to the technical and scientific aspects of sugar production.

The most striking changes that have occurred, however, have taken place in the area of labor relations. These will be discussed in

detail later. Prior to the war the manager was the central authority on all matters pertaining to plantation life. He not only ran the production side of the business but in addition performed the functions of a mayor in the operation of community facilities, served as the final authority on matters of housing and other perquisites, functioned as extra-legal judge in matters of minor crimes, and served as the leader and final arbitrator for even the most minute personal matters and social affairs of the employees. Unionism brought vast changes in the scope of the manager's functions. The perquisite system was eliminated. Social and recreational activities shifted largely to the union. The community role of the manager was reduced.

In addition, there were the more usual effects of unionism on the authority of the manager to control and direct labor in the job situation. Labor questions were shifted in large measure to specialists and these in turn were coordinated first within each agency and second on an industry basis. Thus the manager today occupies a position similar to that of a manager of one of the plants of a large multi-plant corporation. His role is primarily limited to that of serving as the key coordinator of production activities.

Above the plantation manager there are three decision-making levels all of which influence and restrict the area of the manager's discretion. Each plantation is directly controlled by a sugar agency located in Honolulu. These agencies usually make most of the decisions on marketing, accounting, and administrative problems that do not involve the industry as a whole. Where the problem is common to the industry or might, if handled by a single agency, have implications for the balance of the industry, the problem is normally shifted from the agency to an industry-wide committee composed of a representative from each of the five major and one minor agencies. These committees vary with the number of problems facing the industry. Those in existence in recent years are the following:

Sugar Accounting Committee  
 Bulk Sugar Committee  
 Sugar Industrial Relations Committee  
 Plantation Health and Sanitation Committee  
 Sugar Tax Committee  
 Sugar Public Relations Committee.<sup>29</sup>

<sup>29</sup> Philip Brooks, *Multiple-Industry Unionism in Hawaii*, (Eagle Enterprises, New York, 1952), p. 76.

Ultimate responsibility for decision making rests with the individual agency presidents. These men communicate informally with one another, rotate the chairmanship of the Hawaiian Sugar Planters' Association, control industry committees through their subordinates, and make basic decisions concerning the activities of their own group of plantations.

The work organization of the plantation has always been simple. The complexity of the overall operation requiring careful advance planning, coordination, and close timing meant that decision-making was concentrated in the hands of the manager. The reliance on an immigrant work force, unskilled, inexperienced, and without a command of the language also contributed to the concentration of authority. Lines of authority were rigid and stemmed directly from the manager. The manager formulated the basic plans of operation. These were transmitted through department heads directly to the field "lunas" who were responsible for the work of a specialized gang.

#### The Agency System

A striking feature of the Hawaiian sugar industry is the dominating position of the five sugar agencies, the so-called "Big Five." Their role in providing a complete integration of the industry has already been touched upon briefly. By virtue of their control of Hawaii's most important and productive basic industry they soon became the dominant economic power in Hawaii. And this in turn has put them in a position not only to influence but also to benefit by the expansion and diversification of the Hawaiian economy.

Four of the agencies began as merchant traders during the heyday of the whaling trade. Honolulu was then a resting place and supply center for the whaling fleet. The collapse of the whaling industry coincided with the emergence of the infant sugar industry. The agencies and the plantations entered into a profitable and natural alliance. The plantations, isolated from their major markets, limited in financial resources, and plagued by countless unsolved production problems, lacked the time and resources required for satisfactory performance of the marketing function. A business firm located in Honolulu was in a strategic position to check the arrival of ships, to negotiate space for cargoes, to follow through on sales and collections, and to handle many other busi-

ness needs of the plantations. Gradually the plantations began to ask the Honolulu firms to act as their agents in these matters. This division of functions permitted an advantageous specialization, with the plantations concentrating on production and the agencies concentrating on the commercial problems of the industry.

The rapid expansion of the sugar industry during the Civil War and again following the Reciprocity Treaty in 1876 brought the agencies into even greater prominence in the industry. The agencies had begun to invest in the industry by extending long-term loans to the planters to cover production costs and these, if the crop or market were poor, had frequently been converted into part-ownership, a process that was natural and in a sense inevitable. The planters were generally struggling farmers living from hand to mouth and with inadequate resources. The agencies on the other hand had a diversified business, some had surplus capital, and all had access to capital supplies. Hence they had the capital the planter lacked and exigencies of nature and the market brought the two together into common ownership. This relationship broadened as the agencies were swept up in the expansion boom following the Reciprocity Treaty.

By 1900 the agencies completely dominated the sugar industry. This control was secured in a variety of ways. First, the agency owned stock in the plantation, usually enough to ensure control but not necessarily a majority interest. Second, the plantation relied upon the agency for financial assistance and was often heavily in debt to the agency. Third, long association with a particular agency meant that the agency was familiar with the special problems of the plantation and provided specialized services upon which the plantation was dependent. Fourth, a system of interlocking directorates reflected the underlying control and cemented the relationship. Fifth, the agency and its plantations were linked together by more tenuous but nevertheless effective ties of intra-family holdings.

The agencies in turn have further unified the policies of the industry through the Hawaiian Sugar Planters' Association. Its role in the areas of science, plantation policy committees, and labor supply has already been mentioned. It has also served to provide a single voice for the lobbying activities of the industry.

The practice of approaching industry-wide problems as a unit

was extended to the field of marketing in 1905. Prior to this time the industry had suffered from discriminatory pricing practiced by the sugar trust. Attempts to bargain away the differential failed and the industry finally moved to purchase a refinery in Crockett, California, which now serves as the outlet for Hawaiian sugar. This purchase together with subsequent control of the Matson Navigation Company, completed the integration of the industry and ensures complete control of all aspects of the industry from planting to final delivery in the hands of the five major and one minor sugar agencies.

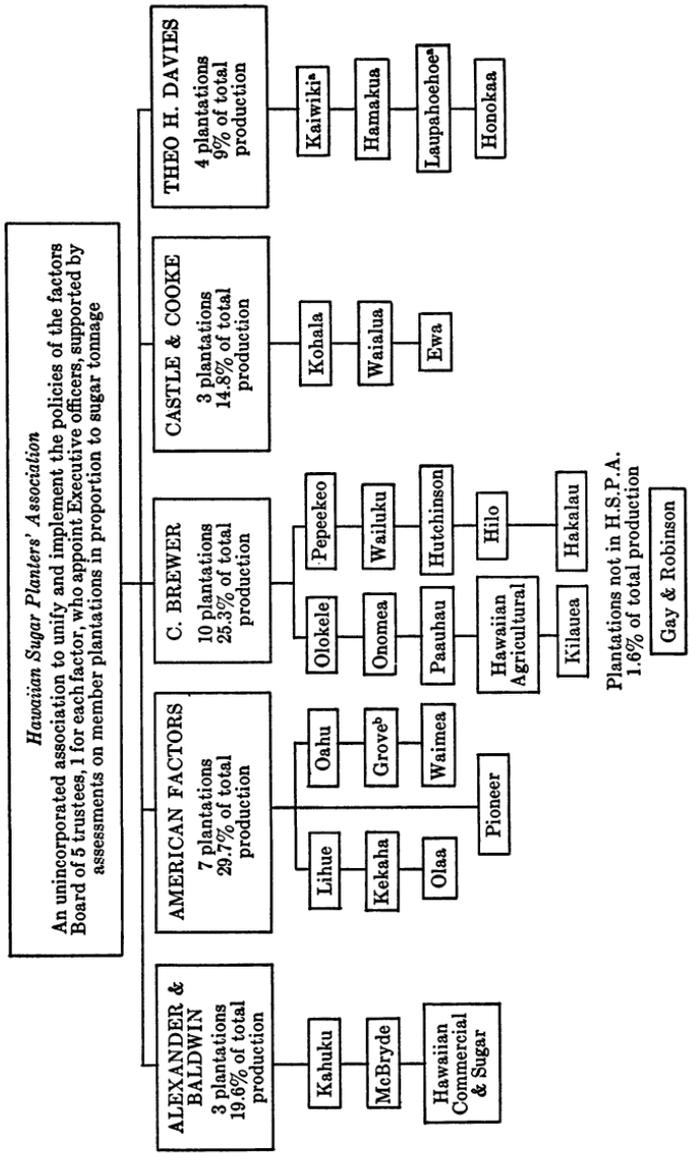
Vertical integration has been accompanied by horizontal integration as well. Both have been spurred by the drive for efficiency in search of greater profit and stability. In 1883 there were 90 plantations in existence, producing a total of 57,053 tons of sugar. By 1938 these had been reduced through consolidations to 38, with a combined total output slightly under one million tons of sugar. These in turn were further reduced by 1948 to 28 with approximately the same capacity.

The organization of the industry as it appeared in 1956 is summarized in the accompanying Chart 1.

Sugar was in 1900 the only important industry in the new Territory. Hence control of this industry assured the "Big Five," as the sugar agencies came to be called, a dominant position in the economy of the islands. As pineapple showed promise of being profitable, the "Big Five" began to participate in its development. And as had happened before in the case of the sugar plantations, the "Big Five" poured capital into the industry when catastrophe hit it in 1932 and emerged from the crisis with secure control of five of the eight pineapple companies—only the branches of three large mainland packing companies are today outside their ownership orbit.

The "Big Five" also branched out in other directions. They early secured control of the ocean transportation between the islands and the mainland. From this they branched out into hotel ownership to tap the returns of the tourist business. They also acquired control of the big utilities, the principal banks, other financial institutions, insurance, the large department stores, the daily press, inter-island surface and air transport, and many other smaller businesses.

**CHART 1**  
**STRUCTURAL ORGANIZATION OF THE HAWAIIAN SUGAR INDUSTRY**



Source: *Sugar Manual*, (Hawaiian Sugar Planters' Association, Honolulu, T. H., June 1956), pp. 9-10.  
<sup>a</sup> To be merged in 1957.  
<sup>b</sup> Agency Contract cancelled "for Economy Reasons," *Honolulu Star-Bulletin*, September 28, 1956.

As a consequence the "Big Five" prior to the war were in thorough control of the economic life of the Territory. Economic power in turn gave them unchallenged control of the social and political life of the Territory as well. This concentration of power now, to some extent, has been diminished. Some of the descendants of the original Oriental immigrants have managed to build substantial businesses of their own and are today important factors in real estate, merchandising and related activities. Mainland business firms began to enter the Territory prior to the war and today are an important element in the retail field. The rise of the air-transportation industry has broken the "Big Five's" hold on travel to and from the mainland. The rapidly expanding hotel industry has also attracted other local and mainland investors. And the rise of the military to its position as the Territory's major industry has lessened the concentration of economic power.

The political power of the "Big Five" was also weakened during the thirties, under the influence of the New Deal. Democratic governors became the order of the day and were in a position to offset the power of local Republican Legislatures sympathetic to the interests of the "Big Five." But the most important impact of the "New Deal" lay in the new agencies and particularly the labor agencies it brought to the Territory.

Within 20 years Hawaii experienced rapid changes in its power structure. As late as 1935 power of all kinds, economic, political, and social, was concentrated in the hands of a small group tied together by kinship, race, and inter-locking holdings with the "Big Five" at the apex of the power structure. By the end of the period power was dispersed among a number of competitive and complementary groups. The labor movement stands out as being most competitive, but the military has on occasion occupied this role as well. Local and outside financial interests have made inroads on the "Big Five's" economic empire. These, it should be recognized, represent a growth of competition in the expanding areas of the economy and in no respect represent a lessening of the control of the "Big Five" over Hawaii's most important basic resource—the land—and to the extent that land control is retained the "Big Five" will continue to be a central force in the Territory. Finally, a strong middle-class group has emerged, particularly in Honolulu, to support and broaden the diversification of power in the community.

This concentration of economic power was an important factor in the development of a union movement that represents an equivalent concentration of power. The result is that the same union leadership represents the workers in the sugar, pineapple, and longshoring industries. Before returning to the implications of this development for the Territory it will be necessary to trace in more detail the evolution of labor policies of the sugar industry. These had their beginnings in the contract labor period—1850 to 1900—and the traditions of that era lived on until unionization appeared in 1944.

## THE HERITAGE OF CONTRACT LABOR

### The Masters' and Servants' Act—1850<sup>30</sup>

Secure land titles and the blessing of the King provided opportunities for launching plantations but labor supply problems prevented their full realization. The native Hawaiian labor supply was too limited to satisfy the growing demand. Moreover, the Hawaiians preferred freer, more irregular occupations and avoided the steady, monotonous labor required in the cane fields. They worked, if at all, irregularly, thereby making the planter's operations hazardous.

Thus reliance on a free labor market which had succeeded feudalism offered little hope, though the planters did secure a prohibition of further emigration so as to preserve the existing supply. Slavery could not hope to win public approval and a compromise solution had to be found. Already familiar with American shipping law through their contacts with the whaling trade, the islanders transferred the nautical traditions to the land. Since the laborer was accustomed to shipping out and many of the early overseers were former whaling captains, both groups borrowed easily from the shipping practice of contracting for a voyage.

The main provisions of the new law passed in 1850 permitted the contracting of native labor for a period up to five years and

<sup>30</sup> For good general discussions of this period see one of the following: Katherine Coman, "The History of Contract Labor in the Hawaiian Islands," (Publication of the American Economic Association, August 1903); Richard Alan Liebes, "Labor Organization in Hawaii," (unpublished Master's Thesis, University of Hawaii, Honolulu, T. H., 1938); or Andrew W. Lind, *An Island Community, Ecological Succession in Hawaii*, (The University of Chicago Press, Chicago, Illinois, March, 1938).

of foreign labor for up to ten years.<sup>21</sup> This contract system became the basis for the plantation's labor system. For fifty years under this law, the sugar industry was able to draw upon surplus labor pools throughout the world as labor was needed for replacements, expansion, or merely to dampen wage pressures and unrest.

It is to the credit of the Hawaiian government that the planters were subjected to restraints absent in other tropical areas of the period where similar systems were adopted. Private importation of labor was ended in 1864 and flogging abolished in 1869. Beginning in 1872 increased protections were given to the contract laborer in response to the prodding of reform elements in the legislature. Yet, the system was continued and the planter could always count on the essential police power of the state to secure compliance with the contract. Otherwise, desertions which became the biggest single category of police work would have destroyed the system.

#### Public vs. Private Interest

Throughout the period there was a running battle between the planters, concerned with their self-interest, and other elements in the community, concerned with larger issues. The planters wanted cheap labor in abundant supply, and single men from the Orient best met this test. Other groups in the community wanted men and preferably family immigrants from western or polynesian sources. Basically the King and his allies wanted to assure Hawaii's future as a western-polynesian rather than as an eastern nation. The history of the period is filled with the efforts of the government to solve this problem while holding off and ultimately succumbing to the pressures of the planters for more cheap labor.

#### Labor Conditions

Discipline on the early plantations was extremely strict, read in the light of modern conditions. There was a tendency to regulate minutely the behavior of the workers, both on and off the job.

Although physical abuse was probably not widespread, exploitation and abuse were sufficiently common to provoke government regulation and supervision. The evidence suggests that the most serious abuses concerned the planter's violation of the terms

<sup>21</sup> *Penal Code of the Hawaiian Islands*, (Honolulu, 1850), pp. 174-175.

of the contract. It was admitted by one manager, for example, that the practice of fining workers for their failure to meet the foreman's conception of proper work led to considerable injustice.

Wages fluctuated considerably during this period in response to supply and demand. The planters were acutely conscious of the depressing effect upon the wage level of ample supplies of labor. Frequently the argument for further labor importations was put in terms that equated low wages with the public interest.

It may seem strange that labor disputes were part of the labor-management picture of the day since in a strict sense strikes by contract laborers were illegal, and an organized labor movement never came into existence. Yet from time to time spontaneous revolts by groups of workers occurred and the attention of the community as well as that of the planters was directed to the discovery of methods for eliminating labor disputes.

These disputes rarely involved wage issues. Typically they were protests by a group of workers against the actions of their immediate foreman and concerned issues that today would be covered by grievance procedure.

#### Evaluation of the Contract Labor System

If the thesis is accepted that the industry should have been expanded rapidly to its full land capacity, then the contract labor system emerges as perhaps the only vehicle suitable to the task. Until the eighties labor apparently was unable to emigrate independently to the islands so a subsidy in the form of passage was required. The contract system permitted the industry to benefit from this subsidy by protecting it against a rapid loss of the manpower to other more attractive occupations.

In some respects, at least, the contract system gave the planters the advantages of slavery without its disadvantages. It secured for them a work force predominantly composed of young men in their prime and obviated the necessity for lifelong care that slavery might have entailed. On the other hand the system preserved some of the disadvantages of slavery in that the employer was not always able to discharge those who turned out to be lazy, stupid, vicious or otherwise unsuited for the work or to develop a system of rewards for those more efficient.

The system permitted a rapid, extensive development of the

sugar industry on a profitable basis and hence was an unqualified success in terms of narrow, short-run employer interest. The labor supply was made elastic, thus ensuring ample supplies at wage levels the industry considered desirable.

But the question remains as to whether it was in the long-run interests of the industry as well as the community to create a permanent resident labor force. Contract labor was migratory labor and fresh levies were constantly required for replacement as well as expansion purposes. At any particular point of time, it always appeared to the planters cheaper and easier to import new supplies but over the long-term an early investment in creating a resident population might have proved less costly.

In any event this issue involved far more than a purely economic calculus. It was here that the desires of the broader community and the planters clashed most sharply. To a large extent the argument over the virtues of a resident rather than an imported labor force was intertwined with and confused by the exaggerated fears of the whites and natives over the cultural and racial future of the islands. But these fears for the future were submerged as the government found it expedient to accede to the continual pressure of the planters for more cheap labor. Hawaii became a "melting pot of the Pacific" from which alien strains ultimately emerged stamped in the American model, more by accident than by design.

Far more important was the social stratification along racial lines left as a legacy of the contract labor system. It is best described in the words of a 1902 observer:

Up to the present time the Asiatic has had only an economic value in the social equation. So far as the institutions, laws, customs, and language of the permanent population go, his presence is no more felt than is that of the cattle upon the mountain ranges. He lives apart, his society forms an *imperium in imperio* that is not assimilated, and does not even coalesce with the social organism of the dominant race, Caucasian.<sup>23</sup>

The laborer was considered a commodity to be used and discarded rather than viewed as the raw material for the construction of a new society. Undeniably, emigration to Hawaii represented an economic gain to the laborer but the ceiling was a low one. The

<sup>23</sup> *Report of the Commissioner of Labor on Hawaii, 1902*, (U. S. Government Printing Office, Washington, D. C., 1903), pp. 37-38.

plantation system effectively blocked his upward climb to a landholding or managerial status. As a submerged racial group, the laborer suffered from some of the same economic limitations which the Negro on the mainland confronted. The progress that other immigrants to America apart from the Negro made in a generation or two required the Oriental as many as three to achieve. This was the negative side for the laborer and in the final historical appraisal it matters little that he was at the outset but dimly aware, if at all, of the opportunities withheld.

## FREE LABOR, PROBLEMS AND SOLUTIONS

### Introduction

Annexation profoundly changed the relationship of the planters and their employees by ending the system of contract labor. Free labor proved more difficult to secure and retain, required more subtle and indirect methods of control, and quickly exhibited some capacity for effective collective action. Thus the consequences of a free labor system were far reaching. New policies were required and these in turn reflected an embracing mantle of benevolent paternalism that now emerged from its natural beginnings in the perquisite system to become management's guiding philosophy. This system of paternalism though undermined by attacks from without and forced to adapt to evolutionary changes beyond the control of the planters retained its strength until unionism suddenly blossomed in 1944 and overnight required the industry to convert to a system of collective bargaining.

### Labor Supply

The Joint Resolution annexing the islands in 1898 contained a prohibition against any further importation of Chinese. Confusion existed over the status of the contract system but acting on official assurances that private importing was still legal the industry recruited 30,000 Japanese men in the two years 1898-99. Part of this new labor force was absorbed in the frenzied expansion of the sugar industry that accompanied annexation. The end of the contract system on June 14, 1900, resulted in some losses as workers left for alternative employment and the planters complained that efficiency declined because of increased mobility. It was reported

too, that the higher wage level resulted in a proportionate decrease in the working time as the workers preferred increased leisure to income. By late 1902, the Japanese reserve had dwindled away and the Planters' Association was claiming that the industry needed another 5,450 men, about 12 per cent of the labor force.<sup>23</sup>

Chinese exclusion was never relaxed despite the repeated appeals for relief. Puerto Rican, Spanish, Portuguese, and Japanese sources were also blocked by Federal action or local opposition. Finally the industry turned to the Philippines and until 1930 the Filipino, outside the various exclusion restrictions due to his status as a national, was the primary source of new labor for the plantation. With the onset of the depression the era of outside labor recruiting drew to a close. Subsequently, the industry relied upon the growing citizen labor force within the Territory with the exception of 1946 when 6,000 Filipinos were imported to replace war-time losses.

Annexation also made foreign labor more difficult to retain in Hawaii by broadening the area of domestic mobility. Mainland employers began to recruit labor in Hawaii and outmigration reached a peak of 11,132 in 1905. To offset the attraction of other labor markets Hawaiian employers raised wages and improved working conditions. California opposition finally brought the flow to an end in 1906 when Congress prohibited the immigration of Japanese from Territories to the states.

The conflict between general and special interest sharpened following annexation. Less was heard of the restoration of the native race and more about Americanization. Though some in the industry had misgivings the general view remained that expressed by R. A. Cooke in 1930:

There are those who seem to believe that the employment of Filipino laborers by the plantations, or at least the importation of labor, is unethical. Of course, if satisfactory native born workers were available it would be extremely unwise, and I think wrong, to give the Filipinos employment, but such is not the case. Just as our sugar is forced to meet the competition of sugar produced elsewhere, so also our local labor must recognize and at least approach the competition of imported labor. . . . Even if the plantations could afford it, would it be right for the directors, considering their responsibility to their stockholders, to pay far more for local labor than that which they are now paying Filipinos?

<sup>23</sup> *Report. . . ., 1902, op. cit., p. 48.*

From a strictly ethical standpoint, I can see little difference between the importation of foreign laborers and the importation of jute bags from India. . . .<sup>34</sup>

### Labor Control

1. *Incentives*.—Unable to compel work by penal sanctions the planters were forced to develop a variety of incentives. Higher output was encouraged by several types of piece-work systems described earlier. At various times individual plantations used a limited profit-sharing plan to encourage work in accordance with plantation standards. Those whose work was satisfactory would be paid a bonus at the end of the season, the exact amount dependent upon the price received for the crop.

2. *Work Continuity*.—Work continuity, once penal sanctions were removed, became a major problem. To cope with this a variety of contingent rewards were offered. Immigrant workers were normally offered a bonus for the satisfactory completion of a three-year tour of duty on a plantation. In the case of the Filipinos the reward was in the form of free passage home. There was a growing tendency for the workers during the period of rapid wage increases following annexation to choose a greater amount of leisure in place of income. Turnout bonuses of 10 per cent of the monthly wage were consequently offered to encourage a full month's work. In 1929, it was reported, 83.1 per cent of the 47,000 adult male employees in the industry earned this bonus.<sup>35</sup>

3. *Housing Control*.—The industry consistently rejected the advice of those who urged home ownership as a means of upgrading the labor force and stabilizing it.<sup>36</sup> The perquisite system was retained and expanded in part because it gave the planter greater control of the worker. Housing assignments were a potent means of rewarding some and punishing other workers. Eviction on a wholesale basis brought the 1909 and 1920 strikes to an end. Those whom the planter considered undesirable such as vice traffickers, agitators, gamblers, and disloyal workers could be readily eliminated as long as the plantation owned the community facilities.

<sup>34</sup> Reply of R. A. Cooke to Dr. C. A. Prosser's Questionnaire of June 25, 1930; Governor's Advisory Committee on Education, July 24, 1930. (University of Hawaii, War Research Laboratory, Honolulu, T. H.).

<sup>35</sup> *Labor Conditions in the Territory of Hawaii, 1929-1930, op. cit.*, pp. 32-33.

<sup>36</sup> *Third Report of the Commissioner of Labor on Hawaii, 1905* (Government Printing Office, Washington, 1906), p. 77.

4. *Employee Welfare*.—Beginning about 1905 the planters paid increasing attention to the welfare of their employees. Improvements in housing, sanitation, and medical care would, it was thought, slow down the exodus of workers by making plantation life more comfortable. Following the 1909 strike the industry launched a program to provide more amusement and recreational facilities. A major "welfare offensive" of its own was undertaken by the industry subsequent to the 1920 strike. During the ensuing four years, over four million dollars was spent on extensive improvements in housing, sanitation and water facilities.<sup>77</sup> Preventive medicine and recreation received greater emphasis and full-time recreation and welfare directors began to make their appearance.

In a sense this welfare program reflected the employer's conception of his paternalistic obligations. But the industry also considered it a sound investment. Even the preventive health program of which the industry was so proud was justified by an enthusiastic industry spokesman in these terms: "Healthy people are happy people. Happy people work faster. Faster work is cheaper."<sup>78</sup>

#### Labor Protest and Management Reaction

Work ceased for a short while on most plantations upon abolition of the contract system as the workers waited for a readjustment of the work relationship. Even after work was resumed sporadic strikes occurred. The workers, usually Japanese, resorted to the strike weapon to redress a personal injury to one of the number, to secure higher pay for some field operation, to demand discharge of an overseer, or to demonstrate for some adjustment in camp conditions. The strikers never established a labor organization, asked for recognition, attacked the plantation system, or in any way indicated awareness of a labor movement.

There is some evidence suggesting that leaders of the industry were aware of management's responsibility for those disturbances. One official of the HSPA is quoted as having written to a plantation manager following a strike that:

In times past we got too much into the habit of treating the Japanese and Chinese as if they were more animals than men. We cannot do

<sup>77</sup> Richard Allan Liebes, "Labor Organization in Hawaii," (Unpublished Master's Thesis, University of Hawaii, Honolulu, T. H., 1938), p. 40.

<sup>78</sup> John W. Vandercook, *King Cane*, (Harper & Bros., New York, 1939), p. 91.

this now, and it is not likely that the Japanese will stand being so treated when they themselves are an extremely polite race. So, while you must not give way to loafers for a moment, it would be well to be firm in a more kindly manner than was the custom ten years ago.<sup>39</sup>

To prevent strikes and to ensure victory if they occurred the industry consciously followed a policy of "divide and rule." Puerto Ricans, though small in number, were welcomed in 1902 because, "the regular arrival of monthly expeditions of Puerto Rican laboring people throughout the entire year largely disabused them (the Japanese) of this sense of monopoly and made them much more reasonable in their relations with their employers."<sup>40</sup> Later the planters returned to the theme of Chinese importation with the argument that this:

. . . would at once break up the race solidarity of the present plantation labor supply, destroy the monopoly now held by the Japanese, temper their aggressiveness, and very much simplify the problem of plantation discipline and plantation management.<sup>41</sup>

Unable to convince Congress of this necessity the industry turned to the Philippines after the 1909 strike in order to secure a division in the labor force. Once on the plantation these different racial groups were kept as far apart as possible. They were housed separately, frequently in their own individual camps. Racial differences in pay and opportunities for advancement also preserved this separate identity. Certain groups—the Hawaiians, Puerto Ricans, and Portuguese—were given premium status and pay and consequently remained entirely loyal to the plantation. The contract system ensured a division within the other racial groups sufficient usually to prevent complete unity of action.

Nevertheless three large strikes affecting a major portion of the industry occurred in 1909, 1920 and 1924.<sup>42</sup> All three were concerned primarily with wage issues and were supported by a single nationality group. The first two, organized by Japanese on Oahu, were costly to the industry and lasted three and six months respectively. The industry as a whole was assessed an estimated

<sup>39</sup> *Third Report. . .*, 1905, *op. cit.*, p. 141.

<sup>40</sup> *Report. . .*, 1902, *op. cit.*, p. 32.

<sup>41</sup> *Third Report. . .*, 1905, *op. cit.*, p. 45.

<sup>42</sup> For the full details on these strikes see the following: *Fourth Report of the Commissioner of Labor on Hawaii*, 1910, (Document No. 866, 61st Congress, Washington, 1911), pp. 62-98; Ernest K. Wakukawa, *A History of the Japanese People in Hawaii* (The Toyoshoin, Honolulu, T. H., 1938), p. 240; and Liebes, *op. cit.*, pp. 35-56.

\$2,000,000 in 1909 and \$12,000,000 in 1920 for the support of the affected plantations. The 1924 strike was called by a poorly organized group of Filipino workers in support of demands for higher wages, lasted eight months, involved over half of the plantations, and was accompanied by considerable violence.

Throughout this period the sugar industry responded to strike action in a manner similar to that adopted by large industry elsewhere in the United States. Collective action by employees was not accepted, and representatives of workers were refused recognition. Strikes were met by private and where possible public force. "Divide and rule" made unity hard to achieve and potential leaders were removed from the scene upon discovery. Company welfare programs had the effect of blunting dissatisfaction and creating loyalty, whatever their actual motivation and rationale may have been.

On the worker side recognition of the need for organization had grown. Strike action, when it came, was directed towards the industry as a whole and the goals sought were broad rather than restricted to specific grievances. But the organizations that were created were weak, ability to finance a strike was limited, leaders were lost at critical times on conspiracy charges, and the organizations were unable to survive defeat. Fundamentally, the inability of the workers to depart from a nationalistic basis for organization represented the fatal weakness.

#### Paternalism, A Final Evaluation

It is generally agreed, even by industry spokesmen, that one of the distinguishing features of the period was the emergence of a philosophy of paternalism in the sugar industry. Critics of the planters usually reserved their most ringing phrases of condemnation for this central element of paternalism. The planters in defense retorted that paternalism was the natural outgrowth of the early necessity for furnishing the essentials of living to thousands of isolated workers and that moreover the planters should be complimented for their accomplishments and assumption of responsibility for the welfare of the workers. That the planters were benevolent is undeniable. Their record in many respects is the more remarkable if the policies of large agricultural employers in California at the time are taken as the standard of comparison.

Paternalism is a vague concept in many minds and it has been used to describe a wide variety of industrial relationships. As used here the following definition by Dr. Herbert Blumer is accepted as a working guide:

The characteristic features that distinguish paternalism from other forms of industrial relationship are: (1) a sense of proprietorship over workers held by the owning or directing group; (2) the possession of conclusive authority and control by this directing group in matters affecting the workers; and (3) a sense of responsibility and obligation on the part of the directing group for the welfare of their workers.<sup>48</sup>

The last feature, the sense of responsibility and obligation, is both the most important element and one that was most evident in the plantation economy. Many of the early plantations were started for the express purpose of revitalizing the Hawaiian race. The descendants of the missionaries who were so influential in developing the industry were always conscious of their moral obligations to the workers. These concerns mitigated the harshness of the penal contract system and modified the single minded pursuit of profit at all costs. In this early period the closeness of the manager and his workers frequently led to the development of reciprocal claims of sympathy and understanding.

This intimacy tended to disappear as the plantations grew in size after 1890, as new supplies of labor from different sources entered the industry, and as the founders of the industry were replaced by hired managers. The emergence of large-scale labor protest revealed the weakening of worker ties to management and served to spur management into launching even more ambitious welfare programs.

Two comments by Federal Government observers, 20 years apart, attest to the reality, importance, and continuance of this paternalistic element in the plantation philosophy. Writing in 1915 the U. S. Department of Labor commented:

... The plantation interests form a benevolent industrial oligarchy. The relations existing between the plantation manager and his laborers are semifeudal. Laborers and their families on the sugar plantations, for the most part living in isolated village communities, are accustomed to regard the plantation manager as an earthly providence whose paternal business it is to supply them with certain utilities and disutilities with

<sup>48</sup> Herbert Blumer "Paternalism in Industry," *Social Process in Hawaii* (Sociology Club, University of Hawaii, Honolulu, T. H., Vol. 15, 1951), p. 26.

or without their advice and consent. Other industries are either unable or both unable and unwilling to do as much for their laborers in the way of medical, nursing, and hospital treatment, water supply, camp and house sanitation, amusements, and the like.<sup>44</sup>

E. J. Eagen, a representative of the National Labor Relations Board reported in 1937, ". . . if there is any truer picture of Fascism anywhere in the world than in the Hawaiian Islands, then I do not know the definition of it . . ."<sup>45</sup> This sharp-tongued criticism he qualified with the further observation:

These industrialists should not be too severely criticized because of the situation which exists there; rather, one should be amazed that conditions are not worse. Their absolute control and domination of the lives and welfare of virtually every individual in the Islands is such that, had not their actions been somewhat tempered by some regard for the rights of human beings, the picture would be far darker. . . .<sup>46</sup>

To the industry such criticism, implied or direct, was unwarranted. Paternalism was admitted but defended by virtue of its benevolence. Benevolent paternalism, it was argued, was to be acclaimed, as the industry unselfishly enabled the workers to attain a higher standard of living. This is the burden of the defense of paternalism offered in 1939 by an industry spokesman in a study sponsored by the HSPA.

It is, of course, frankly paternalistic. The Hawaii sugar men take no active pride in paternalism, nor on the other hand do they appear ashamed of it. It seems to work. There is no more, they feel at the moment, to be said.

The "perquisites" of Hawaiian sugar plantations—free housing, free fuel, medical attention and the rest—are expensive. It is sometimes argued, from a safe distance, safe in lack of information as in lack of prejudice, that free men would be freer and therefore better off if the differential could be paid to the workers in wages so they could care wholly for themselves, as other workmen do. From the point of view of abstract ethics this is probably true. However, in Hawaii it seems mechanically impossible.

In a group of islands that because of its economy and geographical character is almost devoid of towns, no adequate number of agricultural workers could find nearby lodging. . . .

<sup>44</sup> *Labor Conditions in Hawaii, Fifth Annual Report of the Commissioner of Labor on Hawaii*, (Document No. 432, 64th Congress, Washington, 1916), pp. 66-67.

<sup>45</sup> E. J. Eagen, "Report to Bertram Edises, 20th Region, National Labor Relations Board," 1937, pp. 8-9.

<sup>46</sup> *Ibid.*, p. 1.

What seems to the sugar farmers of Hawaii far more important than any merely mechanical or practical consideration is the fact that the kind and quality of the perquisites they provide are indubitably superior to any that the sugar farm-workers could possibly provide for themselves. Deprived of their free dwellings, the employees would be at the mercy of outside landlords. Rent would in all probability be high and houses inferior.<sup>47</sup>

Essentially, the critics and defenders of paternalism were arguing over the type of man to be produced by the plantation community. The critics wanted an independent worker, able and schooled to run his own life. The defenders dismissed this as visionary. Realism, it was contended, supported the conclusion that dependence was more likely and certainly more desirable for the worker.

To the worker the advantages of benevolent paternalism were by no means so self-evident. The price enacted for the paternal watchfulness was complete loyalty to the plantation system. Labor organization was an anomaly. To join a labor union constituted a breach of faith, an act of treason of the highest order, sapping the foundations of a whole social order. Similarly, too much ambition for one's children was often considered a treasonable act justifying the discharge of the parents on occasion.

To the older workers, the first generation immigrants, these demands on the whole were not considered onerous, though protest, as noted, did arise. There is abundant evidence to suggest that most felt content with the "fatherly" supervision of the plantation. The "cooperative and friendly" spirit, the islanders' *Aloha* was mutually reciprocated. Feelings of gratitude for the security and livelihood the plantation had given were deeply held. Close personal relations between supervisor and worker were frequent.

The younger workers viewed the plantation paternalism in a different light. The favoritism everywhere evident was disparaged. The necessity to watch one's step and the close supervision of speech and actions was resented. Welfare activities were viewed not as benevolence but as a calculated means of improving production. The contrast between the equalitarian ideals fostered in the schools and the daily life of the plantation, with its unquestioned authority in the hands of the supervisors and its clear-cut pattern

<sup>47</sup> Vandercook, *op. cit.*, pp. 97-98.

of racial discrimination, bred frustration. As a result, timidity and belief in cordial relations vanished.

These are the sentiments most frequently expressed in the writings of University students from plantation areas that have been collected for many years by the War Research Laboratory on the campus of the University of Hawaii. From this wealth of material the following selection has been taken as illustrative of a more general attitude.

The public school system perhaps without realizing it created unrest and disorganization. Here the children learn about democracy or at least the theory of it. Democracy is a vague word, but as people on the plantation see it, there are outward manifestations like economic, political, racial, social, and religious equality . . . But we only learned the theory of economic and social equality, for after graduation, the inequalities showed themselves. Learning that honest labor was a virtue in school we saw that it wasn't so on the plantation. If you were a haole (white) applying for a job, you didn't have to worry too much. But if we were of any other color, we had to be "smart with the mouths." We had to be able to give them the "lip" . . . We also learned a bit of self respect. We didn't have to kiss any man's feet. Moral values of fair play and industriousness were also reiterated by the school. But too many times, the disparity between practice and theory was wide.<sup>48</sup>

The more aggressive attitude of the younger generation in contrast to the docility of their parents is illustrated by the following incident. Some of the older children on a sugar plantation had secured work on a pineapple plantation. The manager first had the bus service stopped so as to force the children to work on the sugar cane, but they refused and walked to a nearby town, where the bus stopped. The manager followed and ordered them off the bus. While the children obeyed they subsequently took the following action.

Rebellious, a few of the more aggressive boys stormed into Mr. Fricke's office. The rest of us stayed out on the porch and peeking through his window released our pent-up emotions on what we thought of him. . . . "Who do you think you are? . . . a dictator? . . . telling us what to do . . . Did you know that this is America? . . . Our parents took a lot from you but we're not going to, see? . . . Thereafter whenever Mr. Fricke passed by in his car, we stood up and assumed the "Heil Hitler"

<sup>48</sup> "Labor Attitudes on the Plantation," unpublished report in the files of the War Research Laboratory, University of Hawaii, June, 1947. (Author's name withheld by request.)

sign. . . . I must admit that our actions were not based on any positive argument, but the significance of this "little strike" from a sociological viewpoint is not whether our reasons were logical or who was right and who was wrong, but instead, the fact that student-workers of fourteen and fifteen and sixteen had enough nerve to walk into the manager's office and pound on his table and call him a "Hitler." Even now, their parents who had been brought up on the plantation would have never thought of "sassing" the manager for even plausible reasons.<sup>49</sup>

The authority and capriciousness of the manager emerges as the dominant theme in many of these reports. Thus it was reported that on one plantation the manager ". . . kicked out from the plantation all the families whose sons have come out to Honolulu and whose father was too old to do efficient work . . ." <sup>50</sup> The same manager also ". . . beat laborers who had the gall to talk back to him . . ." <sup>51</sup> In another instance a manager, convinced that a boy emptying dirt from his shoes was loafing, a charge the boy denied, discharged him with these words, ". . . Oh, one of those fresh educated kinds, eh? You can pick up your things and leave. . . ." <sup>52</sup>

To sum up, paternalism in the sugar industry evolved naturally from its early beginnings in the necessity for the plantation to exercise many functions ordinarily performed by the government or by individuals. The shift from contract to free labor strengthened these tendencies since new controls had to be developed. The forces making for paternalism were intensified after large-scale labor protest threatened the survival of the system. Motives were undeniably mixed, and it is clear that the basic authoritarianism was softened by the benevolence of those in control. Yet the system contained three inherent elements of weakness noted by Dr. Blumer.

First, paternalism was subservient to the profitability of the enterprise. The younger generation of workers saw this and thus discounted the factor of good will on the part of the planters. Second, decision-making was concentrated at the top. The younger generation, imbued with the ideals of democracy, wanted to decide questions concerning their own welfare themselves. Third, con-

<sup>49</sup> "War Disorganized Management and Labor Relations on the Waiamae Plantation," unpublished report in the files of the War Research Laboratory, June, 1947.

<sup>50</sup> "The Stratified Racial Pattern on the Plantation," unpublished report in the files of the War Research Laboratory.

<sup>51</sup> *Loc. cit.*

<sup>52</sup> "My Life on the Plantation," unpublished report in the files of the War Research Laboratory.

centration of authority resulted in capricious and differential treatment of the employees. This became more evident in the lower levels of management. Examples of abuse and favoritism sharpened the resentment of the younger generation.

The strengths of paternalism were most evident among the older generation. Raised in the system, they considered it as the natural order. Dependency on management had been so long implanted that alternatives were viewed with fear and suspicion. Second, the security and benefits of the plantation ranked high in the value system of the elders. Third, the system fostered many personal relationships that created a sense of loyalty and attachment to the plantation.<sup>53</sup>

Thus paternalism worked and worked well for the planters for the first forty years after annexation. Its strengths on balance overshadowed its weaknesses. And, in a crisis, the industry was able to mobilize sufficient power with the assistance of the government to destroy any attacks on the system. Yet, this favorable position was being gradually eroded away by the growing importance of a younger generation with radically different attitudes. The war brought a final crisis the industry was not able to surmount. The system crashed with dramatic suddenness in 1944-45. The industry thereafter had to adjust to the necessity of bargaining with a strong, militant, and antagonistic trade union movement whose influence was brought to bear wherever the industry's power had once reigned supreme, from the plantation to back-stage lobbying in Washington, D. C.

## CAPITULATION

### Factors in the Development of Plantation Unionism

Before proceeding to the next stage in the development of management policies it will be helpful to summarize briefly the reasons for the rise of the sugar workers' union to which these new policies were a response.<sup>54</sup> These factors are grouped into four major categories: economic, group consciousness, community, and institutional determinants of a labor movement. These deter-

<sup>53</sup> Blumer, *op. cit.*, pp. 28-31.

<sup>54</sup> The following discussion is primarily based upon the findings of a field trip to Hawaii in the summer of 1948 during which over a hundred key individuals in the industry, other industries, union, and community were interviewed.

minants are by no means mutually exclusive and are in fact all inter-related. But such a framework is useful in ordering simply the more crucial factors at work.

1. *The Economic Determinant.*—The Hawaiian sugar industry, as has been indicated, closely resembles other large mass-production industries notably in its size of operation, managerial techniques and policies, product specialization, and sharp distinction between the managers and the managed. The pattern of employer-employee relationships produced, therefore, is that of the factory rather than that of the family farmer working with his family and a few hired hands. The underlying economic environment, consequently, was favorable to the emergence of unionism.

The worker, with few exceptions, performed unskilled or semi-skilled work. The more highly skilled workers were industry-rather than craft-oriented as their skills were acquired usually through job experience within the industry. Hence job conditions made industrial rather than craft unionism a more natural structural form to adopt.

Employment was provided on a stable year-round basis, the seasonal peak being only 7 per cent above the low point of employment demand. Thus of the approximately 40,000 sugar workers regularly employed in 1940 the vast majority were permanently affixed to a locality and job. Their situation was ideally suited to the creation and maintenance of a permanent labor organization with a stable financial, membership, and leadership base. The importance of this factor alone is underlined by the extreme difficulties the same union has faced in the pineapple industry, where the seasonal work-force, amounting to nearly half of the total, has never been fully organized, thereby making effective power difficult to mobilize.

Dissatisfactions with the economic conditions enjoyed by the plantation worker manifested in the earlier strikes have been discussed earlier. Some of these, principally racial differentials, had been corrected in time but the conflict possibilities inherent in the industry's wage practices were still enormous. These were noted in an article on the 1937 strike published by the *Honolulu Star-Bulletin*:

The H.S.P.A.'s method of paying field laborers is one of the most complicated in effect anywhere and has resulted in grievances, dissatis-

faction and industrial strife. As long as the piece work system continues, with rates for piece work arbitrarily fixed by plantation managers, there will continue to be unrest and dissatisfaction.<sup>55</sup>

During the martial law period, from Pearl Harbor till mid-1944, the military government followed policies that resulted in a growing restiveness on the part of the sugar workers with the level of earnings. The war generated tremendous demands for labor and, to protect the Hawaiian civilian economy, the military divided Hawaii into two sectors. The military sector, based upon mainland wage scales and relying heavily on imported mainland labor, was sealed off from the remainder of the economy. The civilian sector through this device was stabilized at its pre-war levels with a wage scale far below that prevailing in the military sector. Escape was virtually impossible as military and plantation officials working together dealt summarily with violators of the manpower freeze. The pressure of a labor shortage that might have otherwise overwhelmed the wage level in the civilian sector was thereby avoided. At times plantations would loan equipment and manpower for use in the military sector, but the workers received the regular scale from the plantation. Plantation workers who had changed jobs in time to escape the freeze, but with no special qualifications distinguishing them from those who remained on the plantations, reaped the benefits. The breaking point came when the efforts to insulate the plantation workers from the war economy were weakened with the resumption of civilian government in mid-1944. Upon the removal of military controls, plantation workers embraced unionism virtually overnight, sometimes organizing on their own before the organizers dispatched from Honolulu could arrive.

With unfilled jobs of all kinds everywhere apparent, joining a union became, for the first time in Hawaii, riskless in terms of immediate job opportunities. The plantations' historical policy of maintaining a surplus labor pool had been destroyed. No longer able to replace workers the plantations were loath to take retaliatory action against union members. To do so would merely provide the worker with a convenient excuse for moving to the higher paying military or urban sectors of the economy.

Paradoxically there was another group of workers tied to the plantation for reasons of age or inclination to whom unionism

<sup>55</sup> *Honolulu Star-Bulletin*, April 1, 1938.

offered the hope of future job security. Mechanization was rapidly raising the status level of plantation work to such an extent that Oriental workers, in particular, feared their displacement after the war by white workers who had migrated from the mainland. To them unionism was a means of preventing both technological and racial displacement.

The war also contributed to the final breakdown of plantation isolation. The stationing of troops in even the remotest sections of the Territory required new roads, created new social centers, and accelerated the tempo of life in the rural areas. The free spending of the troops and war workers served, of course, to increase the dissatisfaction with the meager level of living provided by the plantations.

The ILWU had successfully established its organization on the waterfront just prior to the war. This union's economic power lay in the fact that goods moving in or out of the Territory must cross the waterfront. That the waterfront workers, therefore, should become interested in the unionization of other workers in the Territory was to be expected in view of the structure of corporate organization and control discussed earlier. Expansion of the waterfront union throughout the existing industrial system was dictated by the necessity of preventing the waterfront employers from amassing resources in unorganized sectors of the economy to carry on battles with the waterfront union. Because the waterfront workers were astride the weakest link in the industrial empire of the "Big Five" they became what Professor John Dunlop has termed a "growth bud" from which the largest and most important element of the islands' labor movement developed.

2. *The Group Consciousness Determinant.*—Trade unionism does not tend to develop until workers have a sense of community or "we-ness" that sets them apart as an identifiable group in the industrial society. Further, for permanent organization, this consciousness must be based on some feeling of permanence of the worker's role in the economic system. Both of these unifying attitudes were lacking or weak prior to the thirties. Group ties were limited to one's racial group. Moreover, the work role was to some extent viewed as temporary in time, as the worker expected to return home, or temporary in a generation sense, as the parent viewed his life as one of sacrifice devoted to children who were

expected to leave the plantation for a better and possibly middle-class occupation elsewhere.

Increasingly, though, the alien laborer was succeeded by those of his children who were unable to move up the dreamed of ladder of opportunity. During the decade of the thirties, citizen labor increased from 12 to 45 per cent of the plantation workforce.<sup>56</sup>

Here, too, the war made a decisive contribution. The war drastically weakened the traditional position of authority of the elders in the Japanese family. The younger Japanese, by virtue of their greater security as citizens and their dramatic participation in the war effort, were viewed by the wider community as the representatives of the whole Japanese group, and thus plummeted into the decision-making position within the Japanese family society.<sup>57</sup> This expanded the importance of one large element within the citizen labor force far beyond its numbers in the plantation economy and made the Japanese as a group particularly receptive to unionism for the reasons discussed next.

Public education, as already noted, made a crucial contribution to the creation of a "we-ness" feeling. It was public education that largely broke the cultural and language barriers between the various races, thereby destroying the effectiveness of the "divide and rule" plantation policy. The last attempt at purely racial trade union organization occurred in the 1937 Maui strike by a Filipino union. Thereafter, union organization proceeded on a multi-racial basis with the appeal grounded more on the worker's status as a worker rather than on his status as a worker of a particular race.

Better educated, the younger worker was more articulate than his parents, able to respond to the appeals of trade union leaders, and more qualified to assume the obligations of local leadership.

To the common culture, a communication medium, and higher training, public education added unintentionally a powerful ingredient of rebelliousness. The school, as indicated earlier, raised rosy promises of democracy and material welfare that were rudely shattered by the realities of plantation life. Blocked from promotional advance by racial restrictions, limited in their possibilities

<sup>56</sup> Shoemaker, *Labor*. . . , 1939, *op. cit.*, p. 79.

<sup>57</sup> Andrew W. Lind, *Hawaii's Japanese, An Experiment in Democracy*, (Princeton University Press, Princeton, N. J., 1946).

of escape to the city, and yet "culturally disqualified" for plantation life the citizen worker felt the limitations and restrictions of the plantation community most keenly. It is no wonder, then, that visitors to plantation communities following unionization were struck by the new-found sense of freedom exhibited by the worker.

The racial cleavage warrants special recognition, as this was a most effective force in the desire for unionization. Above a certain level, jobs were normally reserved for white workers. Thus to the usual employee-employer conflicts, there was added the powerful emotional element of racial discrimination. That this was used to good effect by union organizers is suggested in the following brief excerpts from personal reports by University students.

The union seemed to offer something better than the plantation. No longer could the plantation kick around the laborers; no longer would they stand in fear of the boss. There would be equality of opportunity. Haole (white) would have to stand up through the same things the others had to go through. Men would be chosen for promotions more on merit than because of race. Once a strike had failed because the races were divided; this time they made sure everyone was in it and behind the union's program.<sup>88</sup>

It is generally known among the workers that some of the haole "bosses" are prejudiced against the Japanese. That is why many of the Japanese workers feel there's not much use in "bucking against the haoles." Their general attitude is, "What's the use of trying to get ahead in the plantation? We won't get anywhere. The haoles are always trying to push us down and won't give us a fighting chance."<sup>89</sup>

The leaders of the union played on the hatred of the worker and told the workers how they could knock the bosses from their horses. When union rallies were held in the plantation hall near my home, the leaders of the local union, some of them field workers, related almost all the unpleasant incidents between the bosses and the workers. At the end of the story they would call out, "Isn't that true, Joe?" or "Isn't that true, Pablo?" or "Isn't that true, Haruo?" In this way by showing the workers that the bosses disliked not only one race, but all the races, the union leaders rallied all the workers against a common foe. In this way, the leaders created a we group feeling among the workers.<sup>90</sup>

One by-product of this racial discrimination which rebounded to the benefit of the union was the availability of an ample pool of leadership talent. Blocked from economic advances, those with

<sup>88</sup> "Labor Attitudes on the Plantation," *op. cit.*

<sup>89</sup> "My Background for Observing Race Relations in Hawaii," unpublished paper in the files of the War Research Laboratory.

<sup>90</sup> "My Life on the Plantation," *op. cit.*

leadership ability turned to the labor union to fulfill their desires for self-expression. Local union leaders in describing for the author the meaning of the union to them normally spoke first of this factor; the union provided them with a means of self-expression, prestige and status within the plantation community previously denied to them.

The Portuguese occupied a unique position within the plantation community. Not fully accepted by the north-European stock they were denied admittance to the white aristocracy. Yet since they were considered above the level of the other workers they were relied upon to fill the minor supervisory positions. This had the effect of further isolating top management from the main body of workers. Policies, even when well intended, were implemented by a disaffected group unable to communicate readily with the policy makers. It was to be expected, therefore, that abuses of authority would occur and that on the whole, the job of supervision would be done badly. Moreover, grievances could not be expressed as the workers and their supervisors were isolated from top management.

The perquisite system added, to the usual load of grievances connected with job problems, those concerning housing, recreation facilities, sanitation matters, and police behavior that are usually absent from the urban worker's factory life. All of life's dissatisfactions, consequently, became focused upon the plantation boss who was the universal symbol of authority. The evidence of "those on the hill versus the rest of us" lay everywhere at hand.

3. *The Community Determinant.*—More, of course, is needed for the emergence of a successful union movement than a favorable economic environment and a state of mind predisposed towards collective rather than individual action on the part of the workers. To mention one obvious example, no desire for unionism, however strong, can come to fruition when state power is used ruthlessly to prevent it. Similarly, in Hawaii, there was little likelihood of a union movement as long as the "Big Five" controlled all the agencies of government and were abundantly endowed with private power as well. It was not until the passage of the National Labor Relations Act in 1935, and actually only after its legality was upheld by the Supreme Court in 1937, that trade unionism became a real possibility. As the act began to be enforced in the Territory,

the violence, intimidation, summary police action, blacklist, and industrial spy systems adopted by employers in the thirties to prevent unionization were abandoned.<sup>61</sup> Employer strategy became more subtle, relying instead on antiunion propaganda in the daily press, the creation of personnel departments in an effort to reduce abuses, and more careful cultivation of potential leaders of the workers. Organization no longer required the securing of points of economic power too costly for the employer to dislodge but rather now required the winning of the worker's allegiance in a political contest isolated from the employer's direct influence. And since the plantations did little to alter traditional policies the stimuli to union organization remained.

Moreover, individual administrators of the NLRB in some instances gave valuable guidance to the emerging labor movement. That this was important is attested to by the employers' bitter complaint that they, more than any others, were responsible for the success of the Hawaiian trade union movement.

Criticism by a Congressional committee investigating statehood in 1937 caused the Territory to expand and improve its labor and social legislation. The appointment of a Democratic Governor breathed new life into the local Democratic Party and its electoral gains by 1944 were such that the 1945 legislature acceded to union requests for a "Little Wagner Act" covering, among others, agricultural workers excluded from the federal law. Field workers on the plantations, therefore, secured the same protection of the right to organize as the sugar mill workers then being organized.

By the late thirties the emerging middle class of Oriental extraction was large enough to provide a basis for the dispersion of these new ideas. Critical of the "Big Five," many leaders in churches, schools, and community organizations aided in the development of a climate of thought less hostile to unionism. At least one of the two regular newspapers in Honolulu reflected this changed sentiment. Unionism, as a consequence, came less to be feared by the community, more to be expected, and, to a degree, to be encouraged.

4. *The Institutional Determinant.*—All other factors may be favorable, and yet the workers may be still unable to establish

<sup>61</sup> George O. Pratt, "Intermediate Report of Trial Examiner," National Labor Relations Board, Case No. XX-C-55, August 14, 1937, pp. 11-23.

stable trade unions. Hawaii furnishes a striking illustration in the construction workers, ordinarily among the first to organize, who are still largely unorganized ten years after the sugar workers built their unions.

Worker traditions, covered in part earlier, are of considerable importance. Most of the immigrants to Hawaii were peasants completely lacking in a background of union experience. Their dissatisfactions expressed in earlier plantation strikes had not resulted in any long-term organizations that could build this tradition of worker action and provide a core of experience that could be drawn upon as the need arose. Without exception, local workers remained ignorant of customary union aims, policies, and procedures. They knew only that unionism was considered by every opinion-forming organ in the Territory to be dangerous to the community and to industry. By 1941 this situation was beginning to change. Permanent organizations on the waterfront, though small, had been in existence for a number of years, thus providing a core of active members with several years' experience in the union movement. It was from this body of workers that the organizers who so effectively spread the "gospel" of unionism among the sugar workers in 1944 and 1945 were drawn.

Of the factors making for success, it was the quality and kind of leadership that made the final telling contribution. Poor leadership noticeably retarded the growth of unions in the later thirties. Many of the early leaders were volunteers from the maritime unions who would stay "on the beach" for a time in Honolulu, usually just long enough to learn something of local conditions, and then be forced to leave because of a shortage of funds. The local leaders who gradually replaced them were slow to learn the techniques of organization, negotiation, and administration of contracts. Strikes, a weapon that requires some skill to use, were repeatedly called at the wrong time—either too early or too late—and the battle lost. The leaders, too, were not yet adept at presenting their case either to the membership or to the public. Most of the AFL leaders who had some experience proved incapable of effective action. Their horizon was that of the craft unionist working in government service, mostly at the navy's shipyard at Pearl Harbor, and they were unable to adapt their views to the vastly different world of the unskilled and semi-skilled worker in private

employment. Moreover, the traditional antipathy of the AFL to Orientals inhibited both their action and their appeal.

The entry of the CIO and more particularly, the ILWU, brought leadership of a quality and kind needed for organization. Once successful on the waterfront they looked to expansion as essential to survival. Hence, the resources of the entire union were made available for an organizing drive. Regional representatives chosen for this task were experienced organizers, and they had the active assistance of specialists from the International in solving the multitude of problems confronting them. Moreover, this was successful leadership, successful not only on the Pacific Coast but also in Hawaii. This success not only bred self-confidence but also succeeded in infecting the plantation worker with enthusiasm. Calling attention to the mistakes of the past, the ILWU stressed the theme of solidarity on the plantations as the magic weapon that would remove all obstacles.

This dream of power sufficient to bring the "Big Five" to terms was the prize the ILWU claimed to offer the sugar worker for the taking. Racial divisions had defeated the workers in the past, they said. If all joined hands together, nothing could stop them. And if by chance the sugar industry tried, their ILWU colleagues on the waterfront would stop the wheels of the industry. Behind them stood the longshoremens of San Francisco, never defeated, and alongside them was the ILWU in partial control of the industry's refinery at Crockett, California. The sugar worker had in the ILWU reserves sufficient for any battle. The prospects of success were tantalizing.

### The ILWU Invasion Begins

Beginning in 1935, sporadic efforts to organize the Honolulu waterfront were made by volunteer organizers. The waterfront was susceptible to new ideas as it was the most exposed to outside influences. Maritime workers from the coast fired local imaginations with stories of the dramatic events of the 1934 general strike in San Francisco. Conditions on the Honolulu waterfront, the shape-up and low wages, were such as to make unionism appealing.

With the appearance of the organizer, the employers went on the offensive. The Industrial Association of Hawaii, an employer organization of the belligerent type, was formed in 1936. This asso-

ciation established an industrial spy system and close liaison with Army Intelligence and local police was maintained. Intimidation and coercion of union members became the order of the day, and organizers who appeared were threatened with violence and kept off the waterfront by the police.<sup>23</sup> This organization was disbanded in 1937, allegedly in order to avoid the scrutiny of the NLRB, then investigating the actions of Castle & Cooke on the Honolulu waterfront.

The intervention of the Board brought to a halt the activities of the Industrial Association before they were well underway. The entry of the Board was exceedingly timely for the ILWU, as employers were committed to antiunionism with missionary zeal. On the other hand, west coast longshoremen were committed to organization of Hawaiian ports because of the strategic importance of the area to their own position. The most important shipping line, Matson Navigation, was controlled by Hawaiian interests. Lack of unionization at one end of its operations posed a threat to the survival of unions at the other end. The San Francisco longshoremen, an unusually militant group, were not likely to leave this condition untended for long. Repression and violence in Hawaii, then inevitable, would have intensified their efforts. The stage was thus set for a series of prolonged and possibly bloody battles between two determined and militant antagonists. The removal of the organizational issue from the arena of combat while the early skirmishes were being fought undoubtedly saved Hawaii from becoming another and perhaps famous historical labor battleground.

Castle & Cooke, one of the leading spirits in the Industrial Association, meanwhile was attempting to improve its personnel policies. On October 16, 1935, the day after the first public union meeting of its longshoremen, the company raised its wage rates ten cents an hour. Regular gangs were scheduled for the first time so as to eliminate the necessity of reporting for nonexistent work. Bonuses and turkeys were given for Christmas. By February 1936, a personnel department had been created to operate a newly opened recreation hall, to encourage savings, to establish employment records, and to provide necessary welfare assistance for employees who were sick, disabled, or otherwise incapacitated.

<sup>23</sup> *Loc. cit.*

Union dues began to decline as a result. Those who remained active were weeded out on one pretext or another.<sup>68</sup>

Then late in 1937 the NLRB found the company guilty of violating the National Labor Relations Act. This hearing and decision was a historic turning point. Up to this time there was not a single written labor agreement in the Territory. But 10 days after the hearing had concluded, C. Brewer, another of the "Big Five," had signed a recognition agreement for its longshoremen in Hilo.

Though a battle had been won by the union, the fruits of victory were long delayed. Only in the above instance were the employers willing to recognize a union without an election. And those that were held on the union assumption that the historic Castle & Cooke decision would be persuasive were lost. Organizational work therefore continued for another four years in Honolulu before success crowned the union's efforts.

Meanwhile the United Cannery, Agricultural, Packing and Allied Workers of America, CIO had entered the sugar industry. Concentrating on the Island of Kauai, the union finally won an election of the nonagricultural employees at the McBryde Sugar Company on May 20, 1939. Election-winning proved to be easy compared with the job of bargaining with the company, then a marginal plantation. A written agreement was not signed for over two years. And this agreement merely provided for the continuance of current wages and other working conditions in return for a union agreement not to strike, slow-down, picket or otherwise indulge in economic pressure for the duration of the contract.

Weak as the contract was from the union point of view, its signing represented another significant reversal in the industry's long history of opposition to trade unions. A ten-month longshore strike on Kauai (began July 18, 1940) led finally to the signing of contracts for the longshoremen in Honolulu. This solid foothold, won after six years of effort, provided a basis for expansion. The ILWU approached UCAPAWA with an offer to pay half the costs of a full-time organizer for the sugar industry. Rebuffed, it decided to "go it alone" and began the campaign with a mass meeting at Ala Park in Honolulu one week before the attack on Pearl Harbor.

A few weeks before this meeting, Almon Roth, president of the San Francisco Employers' Council, visited Honolulu and spoke to

<sup>68</sup> *Loc. cit.*

a small group of the top management representatives. Roth warned them of the effects of unionization on the Territory and urged that they profit from the bitter experiences of San Francisco employers by preparing for unionization in advance so as to develop industry's position and the strength needed to ensure its implementation."

War obviated the necessity for immediate decisions. Within a few weeks, Hawaiian unions were virtually destroyed. Labor and labor unions received unusually harsh treatment under martial law. Jack Hall, one of the principal leaders of the Hawaiian longshoremen, abandoned his efforts for the time being and took a job with the Territorial Department of Labor. A final critical blow to the union was struck by the waterfront exclusion of the Japanese, who were the hard core of the union.

### The "Big Five" Turns Its Back on the Past

War, though it brought many problems, gave to Hawaiian management a welcome respite from union organizers. During this breathing spell, debate continued within the inner circles of management. There were a considerable number of diehards who were convinced that union efforts could be defeated as they had been in the past by a show of strength. Others, more moderate, argued that Hawaiian employers could not, single-handedly, defeat the Federal Government after American industry had generally accepted the Wagner Act. And to them the dependence of the sugar industry upon the bounty of the Federal Government was not easily dismissed. Finally, there were those who argued that unionism was part of the order of the day and that Hawaii could not long remain an exception to the general American pattern. On these moderates the pre-war advice of Almon Roth was not lost.

Preliminary meetings of a small group headed by Leslie Hicks, president of the Hawaiian Electric Company, were held during the spring of 1943. Finally on July 16, 1943, 46 persons representing all the large business interests of Honolulu attended a preliminary organizational meeting. This was followed by a formal organizational meeting on August 18, 1943, and adoption of by-laws by 24

" Summary furnished by confidential management source and verified with others.

firms for the newly formed Hawaii Employers Council, modeled after its San Francisco counterpart.<sup>66</sup>

The immediate pressure for the formation of the Council appears to have arisen out of the expected entry of the War Labor Board, and the desire to assist employers in adjusting to the new system of controls. The larger concern, stressed in the news releases, was to provide an organization to meet the expected union onslaught. As it became apparent that sugar and pineapple were likely to be organized, representatives of these industries joined the Council. Within the first year, 189 firms became members, and the total climbed to a high point of 253 in 1946.

In its formative days the Council cast itself in the role of a mediator interested in helping the parties to a dispute to achieve a settlement. Moreover, the Council stressed its advisory role, disavowing any intention to become the dictator of management's labor relations.

Meanwhile, the founders of the Council set out to staff their new organization with the best personnel available, irrespective of the cost. Several months were spent in the search for the president, the most important position, and applicants were considered from all parts of the country. The man finally chosen, reportedly at a salary of \$40,000 a year,<sup>67</sup> was James P. Blaisdell, a former president of the San Francisco Distributors' Association. He arrived in Honolulu on January 20, 1944. Under his direction, the Council assumed a much more active role and quickly became virtually the sole spokesman for local industry on labor relations problems.

Blaisdell came to Honolulu with a background of long experience as a management representative responsible for relations with the ILWU in San Francisco. He knew the union's leaders personally, was familiar with their objectives and tactics, and was respected by them as a master of employer strategy. It was therefore possible for him to bridge the usual initial sparring-for-position period, thereby avoiding the resort to direct action frequently associated with the transition to collective bargaining.

It was the combination of this fact of Blaisdell's personal knowledge plus the relative inexperience of local businessmen in

<sup>66</sup> "Report of the First Annual Meeting of the Hawaii Employers Council," May 11, 1944, War Records Depository, University of Hawaii, Honolulu, T. H.

<sup>67</sup> Brooks, *op. cit.*, p. 13.

collective bargaining that made for the Council's unusually dominant position during the 1944-1946 period. Unionism came to the Territory overnight, and local businessmen were at a loss as to how they should proceed. Moreover, the mere mention of Harry Bridges gave rise to an apprehensive look over the shoulder. Industrialists close to the Council during this period have reported to the writer that in the early meetings with the union the knees of the local businessmen would literally shake as the labor leaders entered the negotiating room. Under these circumstances there was every disposition on the part of the local industrialists to let the experienced and confident Blaisdell take the lead.

That this fear of Harry Bridges should be so debilitating becomes understandable in terms of the image of Harry Bridges local employers had acquired from their associates in Matson, friends in San Francisco, and little incidents the traveler to San Francisco noted as he landed on the docks. To one writer with personal experience as an employee of the Council, Harry Bridges meant the following:

... they faced as well a very special kind of unionism, one which they had seen in effect in San Francisco and which seemed to challenge management at every turn, expropriating managerial authority, slowing down the work, destroying worker-allegiance to employers, raising costs, and constituting a potential destruction of business. It was a kind of unionism which started with control of water transportation through control of the docks, and then spread its control to land operations as well.

... It was a union which subjected land-operations to its control by means of selecting certain ocean freight and preventing it from being shipped. It was a union that took control over operations, arrogating to itself the discretion to decide which work should be performed and which should not be performed.

... The history of the union which was threatening Hawaii was fear-inspiring and the threat that the Bridges union would invade all industries of Hawaii was ominous."<sup>7</sup>

Taking a leaf from traditional union principles, Blaisdell used as his main theme the essential "solidarity" of local industry, this being the central feature of his report to the Board of Governors at their second annual meeting on July 13, 1945. To illustrate:

<sup>7</sup> *Ibid.*, pp. 7-8.

... industrial unrest on the Mainland adds emphasis to the need for full recognition in Hawaii of the mutuality of interest of all island industry. . . .

... mutual recognition that the action of one individual or one company may have definite effect, either good or bad, upon Island industry as a whole. . . .

... every member of the Council makes it his inviolate rule to "clear through the Council" before making any industrial relations commitment.<sup>88</sup>

The fundamental objective of the Council under Blaisdell's direction, consistently reaffirmed, was to achieve industrial peace and stable labor relations quickly and with minimum cost to management authority. Blaisdell convinced Hawaiian business leaders that recognition of unions was the first step in the direction of stable labor relations. It was not only required by law, but could be forestalled, if at all, only temporarily and at considerable cost, leaving as a legacy employee bitterness that would complicate subsequent collective bargaining. By granting recognition without a struggle (actually required by law) it was hoped that a state of maturity could be quickly achieved. The Council explained this policy in these terms:

... The customary method of attainment of maturity in the field of labor relations, and by maturity is meant that point at which the representatives of each party have learned to respect the rights, privileges and responsibilities of each other, is a trial and error method with each party resorting to the indiscriminate use of its economic strength until each learns that the prosperity of each is dependent upon the prosperity of the other. It is our firm conviction that it is possible, especially in Hawaii, to reach that state of maturity in the field of labor relations without the customary waste caused by strikes and lockouts. . . .<sup>89</sup>

The most significant test of the reality of this recognition policy occurred in 1944 when the ILWU and the AFL initiated their sugar workers' organizational campaign. Union officials have stated, and the record supports them, that the sugar companies made surprisingly little effort to interfere with the organization of the workers. During the entire two-year organizational period, the ILWU found occasion to file only three unfair labor charges with NLRB against sugar companies. Some managers, it is true, tried to

<sup>88</sup> Hawaii Employers Council, "Report of the President to the Board of Governors," July 13, 1945.

<sup>89</sup> Hawaii Employers Council, "Bulletin to Members," November 26, 1943.

encourage their employees to join independent unions but in so doing they acted entirely on their own initiative. The Hawaiian Pineapple Company, the largest pineapple producer, formally instructed its foremen by written memorandum that there was to be no interference with the efforts of their employees to organize and to join trade unions.

Moreover, private discussions with those active in both labor and management at the time have convinced the writer that the Council scrupulously avoided interfering in the struggle for power that was going on among the various unions at the time. The AFL publicly invited the sugar industry to join with it in forestalling the ILWU, but the Council considered it wiser to avoid the dubious experiment of supporting one union as this would provide an opportunity for the other to denounce it as a company union.

The ILWU's recognition (the AFL never admitted as much) of the contribution the Council made in convincing local employers as to the necessity for recognizing and dealing with unions has been repeatedly reaffirmed by the union's top officers. Thus the ILWU stated:

Until the founding of the Hawaii Employers Council . . . negotiating with local employers was as futile as attempting to stop a filibuster by the late Senator Huey P. Long. . . .

Under the leadership of the Council, employers, to a certain extent, began to realize that unions were here to stay and regardless of any particular employer's wishes, the Council apparently convinced most employers that it might be more profitable to negotiate with unions in bona fide collective bargaining than to continue carrying on what was a losing fight of trying to destroy the unions.<sup>70</sup>

Recognition of unions was only the first of many revolutionary moves management set in motion in 1943-44. Before continuing with the full story, the effect of the noninterference policy on the sugar worker needs to be covered.

#### Organization of the Sugar Workers

Following the partial lifting of military controls in March 1943, the sugar workers became increasingly restive. Though uncertain as to how they might improve their lot, some of these

<sup>70</sup> Robert McElrath, "Report of the 1945-46 Social Economic Trends Committee, Hawaii Education Association," (Hawaii Education Association, Honolulu, Hawaii, February 21, 1946), pp. 24-25.

workers contacted officials of the ILWU local in Hilo, Hawaii, and asked for advice on the starting of a labor union. Somewhat non-plussed, the longshoremen advised the plantation workers to "hold everything" while they asked their Honolulu office for instructions.

Still not yet recovered from the effects of martial law, the ILWU was not in a position to provide immediate assistance to the plantation workers. Yet it was apparent that immediate action was required to prevent the sugar workers from seeking aid elsewhere. The most likely source of this aid was Arthur Rutledge, business agent for a number of AFL unions and secretary of the Central Labor Council, AFL in Honolulu, who was then the only trade union leader in the Territory actively organizing workers and had, moreover, acquired widespread respect among workers for his militancy and forthright opposition to the military officials administering martial law. His loyalties to the AFL were not particularly strong, as he had argued for years that island workers must find their salvation in an independent organization of all workers in the Territory rather than attempt organization along the jurisdictional lines of the mainland AFL. Since he was then personally friendly with a number of CIO leaders in Hawaii, it was easy to enlist his support for an independent sugar union jointly sponsored by the AFL and the CIO. To the ILWU, the move was a delaying one that offered the prospect of meeting the sugar workers' immediate aspirations but left open the possibility of ultimate control by the ILWU if desired.

This proposal was launched at a meeting of sugar workers on Hawaii during December 1943, attended by Rutledge and Jack Kawano, president of local 137 of the ILWU. But the organization proved to be stillborn, as Rutledge was shortly embroiled in a bitter battle to defeat an expulsion move brought on by his opponents in the AFL who were angered at his joint organization proposal for the sugar workers. The AFL then attempted to organize the sugar workers directly. With Rutledge immobilized, the initial AFL advantages were lost. Ineffectual leadership robbed them of further advantages, and the AFL ended with only one small foothold in the industry. This was lost when the plantation was liquidated in 1948.

Meanwhile the ILWU was moving fast. Already interested in the sugar industry for the long run strategical reasons mentioned

earlier, it hurriedly improvised an organizational drive to capitalize on the evident discontent of the sugar workers. Picked teams of active longshoremen from Hilo were dispatched to the plantation communities to initiate organization. The International Office in San Francisco sent one of its experienced organizers, Frank Thompson, to the Territory to direct the campaign. In June, 1944, Jack Hall, active in the pre-war CIO efforts, returned from work with the Territorial Department of Labor to become the ILWU Regional Director in the Territory. The staff, money, and energetic local organizers were thus available for a concerted organizing campaign.

Once underway, the actual organizing proved to be remarkably successful. Initially the organizers concentrated on those workers whom they considered to be industrial in nature and who were therefore protected under the provisions of the National Labor Relations Act. By March 1944, it claimed majorities at five plantations and had requested recognition. Six more requests were filed by August. As the union applied for recognition, it became embroiled in a controversy with industry attorneys over the "appropriate unit" to be used for bargaining purposes. The industry hoped to trade recognition for a smaller unit than the union wanted, in return for a reasonable contract, and was threatening to tie the issue up in the courts for a lengthy period, a delay the union recognized might well rob them of the fruits of a legal victory.

This industry position had already been accepted by the AFL but the ILWU decided instead to fight the industry on the issue and petitioned the NLRB for a hearing. The hearings, held between August 29 and October 9, 1944, were followed by a decision on January 12, 1945, fully upholding the ILWU's position. Even the ILWU was surprised by the sweeping nature of the decision, since it had been willing to negotiate, if necessary, for a smaller unit. As it turned out, the decision classed as nonagricultural from 50 to 60 per cent of the employees instead of the 15 to 20 per cent claimed by the industry.

Elections held in accordance with the decision, in February and March 1945, resulted in a sweeping victory for the ILWU—2,496 for and 132 against. This overwhelming victory changed the whole future course of the organizational campaign. The industry,

recognizing the verdict, abandoned any further obstructive efforts. Subsequent elections were held with the consent of the industry upon union application. Of the 19 held in 1945 the ILWU secured 5,568 favorable votes to only 222 against. Thus by October 1, 1945, the first phase of the organizational campaign had ended, with the ILWU recognized as the bargaining agent for 32 of the 35 sugar plantations. Only two small and one AFL plantation remained outside the ILWU orbit.

From this initial success, the union turned to the task of organizing the agricultural workers. The union was convinced, on the basis of informal discussions with industry representatives and the experience of the AFL in its efforts to organize the field workers on its single plantation, that, until governmental backing was obtained, the plantations would refuse to recognize a union of agricultural workers. Up to this point, the industry had been careful to comply with the law, was prepared to fight the union legally on questions of interpretation of the law, and willing to threaten delaying actions through court battles as part of its bargaining strategy. But there was no indication that the industry was willing to come to terms on the field workers unless compelled by the law or the union's economic power.

The contest over the agricultural workers took place first in the political arena. The union actively entered the 1944 campaign and claimed success in electing a controlling bloc in the House and a substantial group of Senators. The fruits of this political victory were harvested with the enactment on May 21, 1945, of a Hawaii Employment Relations Act, extending to agricultural workers the same rights to union organization provided industrial workers by the National Labor Relations Act.

With this new support, the union actively entered the agricultural field, and by August claimed majority status on 30 plantations. The initial contract for the sugar industry signed in September 1945, contained a provision for cross-checks to validate the union claims. When these were completed, the ILWU was accepted as the bargaining agent for the agricultural workers on all the plantations, including the AFL unit, with the exception of two small plantations.

By mid-1946, this success was duplicated in the pineapple industry. The ILWU also expanded into the plantation railroads,

water companies, on the waterfront, and thus succeeded in organizing the workers at all stages of agricultural production and transportation. Expansion beyond, to merchandising, laundries, bakeries, fishing and other industries began, but union reverses in 1947 and 1948 brought these moves to an end. At its high point in 1946, the ILWU claimed to represent about 35,000 workers, of which about 28,000 were actually dues-paying members.<sup>71</sup> Moreover, it had successfully organized the workers in Hawaii's two basic agricultural industries, and had negotiated initial contracts—all in about 36 months. The union also claimed to be the dominant political power in the Territory and its successes in 1944 and 1946 provided some support for this view.

These dramatic events, coming suddenly after a century of employer control, shook the community to its roots. Viewed from island eyes, a revolution had occurred—a revolution that had greatly weakened the power of the "Big Five" and raised a new power to the fore. In a sense it was an enduring revolution, since the union was a new power center that remained powerful. But it was not as revolutionary as first appeared. No major battles had yet been fought, and the respective strengths could not be appraised. The employers as a group had seen the handwriting on the wall, made the necessary minimum concessions, thereby riding out the first full tide of popular discontent, and in retreating, conserved their forces for battles on issues they considered essential to survival.

## MANAGEMENT ADJUSTMENT TO INDUSTRIAL UNIONISM

With the passage of time the major aspects of the decisions management made in the turbulent years of union organization have become clearer. And the passage of time permits an analysis both of the reality and effect of these decisions. Speculation as to the intent of specific management policies is no longer necessary, as the record provides the evidence for an appraisal.

First, and possibly most important, was the decision to create a strong centralized mutual defense organization. Second, specific

<sup>71</sup> Estimates obtained from ILWU sources and one generally accepted in the Territory.

goals and strategies for each of the major industries were established subject to modifications as circumstances required. Third, a general move to modernize the personnel policies and practices of industry was launched. Fourth, various programs designed to compete with the union for the support of community groups were set in motion.

These separate developments were basically complementary, though at times some conflicts arose between groups committed more to one program than another. Interrelated as they were they can still be usefully separated for purposes of analysis as their impact on various sectors of the management community and their timing varied.

### Hawaii Employers Council

This new organization, as already indicated, was given a near monopoly on management's relations with unions. The Council as now organized has four divisions:

Union and Employee Relations  
Research Department  
Public Relations Department  
Business Office

Of these, the negotiation function was the most important in the early stages. Typically, the negotiations took place in the Council's offices and a Council representative served as the employer spokesman. Even when an employer undertook negotiations directly, the Council was kept informed so that it could advise on major questions of bargaining policy. The Executive Committee, composed of 8 of the 33 members of the Governing Board, met weekly or more often to consider current developments. Consequently, the Council served, for all practical purposes, as the negotiator for all employers in the Territory. Any union engaged in contract negotiations found itself dealing either directly or indirectly with the Council. The clearance policy of the Council was successful, and deviations from the Council line were infrequent.

Industry-wide organization by the ILWU in sugar, pineapple, and longshoring has also contributed to centralization in bargaining. Although negotiations have been conducted separately for each industry, the settlements arrived at have strongly influenced

the outcome in the others. The union's bargaining strength varies among the three industries and while different leading spokesmen may be used in each, the union's internal centralization of decision-making enables it to devise a coordinated strategy for all three.

On the management side, each industry handles its own negotiations today, but the Council normally serves as a spokesman for the negotiating committees. While the separate industries may take different positions in bargaining, particularly on wage issues, because of important differences in their economic situation and philosophy, the Council provides coordination and is an important factor in maintaining a united position on basic Council policies.

The high degree of coordination within management has prevented the gradual accumulation of union gains through whip-sawing that might have been the result of decentralized bargaining. Small strikes by the same token were made less likely. Hence the strike weapon became largely restricted to major efforts, principally by the ILWU, to change the basic power relationships of the parties.

Given this line-up of forces in the Territory resort to economic warfare thus becomes dangerously akin to civil war—a fight to the finish with virtually all in the community forced to choose sides.

There were six fundamental policies concerning the power relationship of the parties which the Council considered essential to business survival.

1. "*Union Security, Hawaiian Style.*"—Nearly 80 per cent of the union contracts in force in September, 1948, relied on a voluntary irrevocable check-off as the only form of union security, a variation that is modestly labeled in Hawaii as "*Union Security, Hawaiian Style.*" This formula was evolved by the Territorial War Labor Board as a means of ending a deadlock that threatened at the beginning of the agency's life to postpone indefinitely the emergence of genuine collective bargaining.

The ILWU, fresh from its victory in the controversy over the appropriate bargaining unit and basking in its electoral successes on the plantations and in the 1944 general election, looked forward confidently to the first negotiations with the sugar industry. The union expected to secure the standard wartime "maintenance of membership" union security clause without difficulty as government policy seemed definite, but on this issue the employers

proved to be adamant. The Council supported its refusal with the following arguments:

1. No form of closed or union shop prevails in the Territory.
2. The summary dismissal clause might become a handy means of obtaining job release through union resignation for an employee who was attracted to a higher paying job, but who otherwise was ineligible for a certificate of availability.

3. That maintenance of membership was fraught with danger of creating industrial unrest in Hawaii through its likelihood of engendering disorder within the unions themselves.

... Account must therefore be taken of the probability that whatever racial bloc was in the ascendency in a union would impose discriminations upon other racial blocs if they were bound irrevocably in union kinship from which there was no voluntary escape. . . .<sup>73</sup>

Underlying these surface reasons, advanced for their persuasive effect on government officials, was the Council's conviction, as it once candidly admitted, that "maintenance of membership" would give the unions too much power:

The peculiarities of the economy of the Territory and its geographic isolation made the dangers of union job control and abuse through union- or closed-shop agreements much more obvious than on the Mainland. With one union representing almost all of the hourly rated workers in the two basic industries, it was obvious that if some form of compulsory membership was a condition of employment, this union would have the power to determine who would work and who wouldn't. There are practically no other agricultural jobs outside of sugar and pineapple, and the possibilities for employment on other industrial jobs is very limited. Even with the safeguards of the new law, (Taft-Hartley) a worker who did not want to belong to this union would be hard put to find any job. Nor could they go to some adjacent community or state for relief.<sup>74</sup>

This power of a union, the Council feared, would provide a union with a life or death control over every island business. Above all the Council feared the adoption by the longshore union of the "hot cargo" tactic which would permit it to boycott the handling of goods for any island business it chose. To give this union job control would provide it with another means of compelling worker obedience in "hot cargo" disputes.

<sup>73</sup> Hawaii Employers Council, "News Bulletin," March 2, 1945.

<sup>74</sup> Hawaii Employers Council, "Voluntary Irrevocable Check-off vs. Compulsory Union Membership," Statement to the Joint Congressional Committee on Labor-Management Relations by the Hawaii Employers Council, May 24, 1948, p. 2.

Consequently, the Council made it clear that it would exhaust every legal avenue of appeal in the event the TWLB granted a "maintenance of membership" provision. The threatened delay meant that other issues in the sugar negotiations would remain unresolved, a prospect that gave the union's leaders considerable concern as they were anxious to provide quick gains to a membership already impatient and not as yet firmly wedded to the union. And the TWLB did not aspire to the uncomfortable and thankless task of writing the initial contracts for virtually all of the new unions that were mushrooming to life throughout the islands. So under its auspices, a compromise was finally evolved that proved acceptable to the Council, the CIO, and to a reluctant AFL. This provided an irrevocable voluntary check-off as a substitute for the "maintenance of membership" clause. Thus unions gained financial security and the employers prevented outright job control.

This compromise served the ILWU well, as with financial security it was able to survive and even to prosper. Though it made gestures from time to time for greater union security, continued employer opposition made the costs of attaining it too high. Even where union shop elections authorized by the Taft-Harley law were subsequently won by the petitioning union, the employers adamantly refused to concede the issue, stating they would refuse even if every worker voted for the union shop.

Nevertheless this united position on the union shop has been breached in some important industries organized by the AFL. The Teamsters were able to secure the union shop first in the dairy industry as the principal company was mainland controlled and chose to pattern its policy on its practices elsewhere rather than follow the Council pattern. Later the Teamsters were able to secure the union shop from the mainland hotel operators who were entering the Waikiki hotel business and who likewise did not accept Council leadership. Their action finally led to the capitulation of the remaining holdout when the Matson Hotels with reluctant Council acceptance decided against taking a strike on this issue. Finally in September 1956 the Hawaiian Electric Company shattered precedent further by granting a modified union shop to the International Brotherhood of Electrical Workers, Local 1260, covering 824 workers.

In all, 91 contracts (about one-third of the total in force but

covering less than 10 per cent of the union membership) now include a union shop provision. Their existence creates pressure upon other employers and weakens one of the Council's great rallying points. Even so, the Council expects employers will be able to resist further inroads and remains confident the ILWU, at least, will continue to accept the present formula as being entirely adequate for its needs.

2. *Recognition of the Hawaii Employers Council.*—Just as a union has to secure recognition, so, too, the Council had to be recognized as the collective bargaining agent for employers engaged in negotiations with unions. This recognition was relatively easy to secure from the CIO unions. The ILWU had long dealt with similar bodies on the west coast, one of which had been led by the president of the Hawaii organization, and the experience therefore was not an untried one for them. By 1948 an uneasy truce had been established. The AFL unions were forced to recognize the Council as the bargaining agent for the employers, and the Council in turn had abandoned its efforts to dislodge Rutledge, whom they considered "irresponsible."

3. *Employer Security.*—Taking another leaf from unionism's book of principles the Council has aggressively fought for guarantees from unions that are analogous to union security provisions from the employer standpoint. These have been designed to restrict labor disputes to the primary employer and employees concerned and to prevent any spreading of the dispute through secondary boycotting, picket line crossing and "hot cargo" designations. This particular policy attracted nation-wide attention, as union protests about the illegality of guarantees were first supported by a trial examiner of the NLRB and then rejected upon appeal to the NLRB.

Council members refused to sign a contract unless it included guarantees for employer security provided by three contract clauses entitled, respectively, "No Strikes or Lockouts," "No Discrimination," and "Discharge."<sup>4</sup>

<sup>4</sup> The "No Strike or Lockouts" clause reads:

"The parties hereto agree that during the term of this agreement any past, existing, or future custom or practice of the Employer or the Union to the contrary notwithstanding, there shall be no lockout by the Employer, nor any strike, sit-down, retardation of production or picketing of the Employer on the

These clauses were intended to provide compliance on the part of a firm's employees with the terms of the contract whatever the circumstances. One specific target was the "picket-line loop-hole" commonly found in contracts which would permit an interruption of delivery service if a customer or supplier of the employer was strike-bound. This practice would, the Council believed, be particularly dangerous in Hawaii as the waterfront union would be in a position to dictate terms to individual firms by its refusal to handle its supplies.

The first two of the clauses contain union promises to provide continuous service. The third permits the employer to take remedial action if the union promises are violated by directly disciplining the employees involved and if necessary by replacing them.

Insistence on the "three clauses" resulted in a major conflict between the Council and the Teamster's Union. Prior to the Taft-Hartley law, the Teamster's Union in Hawaii and elsewhere used the secondary boycott as its most powerful weapon against recalcitrant employers. But attempts to use it in Hawaii were met by immediate discharge of the employees involved, discharges upheld by arbitrators. The Teamsters responded by attempting to force bargaining on a contract without the clauses, called strikes on the issue, and finally tried without success to have the NLRB declare the clauses illegal.

The ILWU, on the other hand, continued to accept the clauses. It has, however, made it clear that the union would not

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part of the Union or its representatives or on the part of any employee covered by the terms of this agreement."

The "No Discrimination" clause reads in part:

"The Employer will not discriminate against any employee because of his membership in the Union or for legitimate Union activities; provided, however, that such activity shall not interfere with the Employer's operations, and must not be conducted during working hours unless expressly provided for in this agreement.

The union agrees for itself and its members that neither it, its representatives or members will attempt to intimidate or coerce any employee of the Employer for the purpose of compelling such employee to join the Union."

The "Discharge" clause reads in part:

"Employees shall be subject to discipline or discharge by the Employer for insubordination, pilferage, drunkenness, incompetence, failure to perform the work as required, or for failure to observe safety rules and regulations and the Employer's house rules which shall be conspicuously posted. Any discharged employee shall, upon request, be furnished the reason for his discharge in writing. Probationary and temporary employees may be summarily discharged."

honor the three clauses on the docks if the pineapple or sugar industries attempted to operate during a strike by their workers.

Though the Taft-Hartley law subsequently made secondary boycotts illegal, the Council has continued to insist on the "three clauses" so as to provide employers with a means of immediately countering a secondary boycott or a refusal to cross a picket line. This remedy, they believe, is cheaper and more effective than legal action.

This position has substantially reduced the bargaining power of the Teamster's Union and some other small unions by foreclosing the possibility of these unions concentrating upon a single employer and using the support of union members elsewhere to prevent the employer's operations. As for the ILWU the provisions have not been important so far. Bargaining and strike action, in their case, occurs usually on an industry-wide basis, the industry has not attempted to operate, and the two sides commit a substantial portion of their resources to an endurance contest. It should be noted, however, that while the principal opponent has seemed to be the Teamsters, the real concern of the employers has been that of preventing the ILWU from using its control of the docks to put pressure on employers elsewhere by use of the "hot cargo" device.

4. *Arbitration of Primary Disputes.*—The Council has taken a firm stand against arbitration of primary disputes, to which it has adhered without exception, despite the strongest pressure exerted, on some occasions, by a striking union, Territorial and Federal officials, and the influential *Honolulu Star-Bulletin*. Again a basic principle is involved which the Council believes could affect the survival of local businesses and to the defense of which every resource at its command would be expended. On the first occasion the principle was involved the Council reported, "Pineapple growers in 1947 . . . said, in effect, they would risk losing a \$60 million crop rather than submit the fixing of their wages to an arbitrator."<sup>78</sup> Again in 1949, arbitration of the longshore strike was refused. And in 1951, several proposals for arbitration of the Lanai pineapple strike were rejected.

The reasons advanced for this determined opposition to arbitration were as follows:

<sup>78</sup> Hawaii Employers Council, "News Bulletin," Sept. 30, 1948.

1. Arbitration deprives management of the responsibility to run its own business as it sees fit. Management cannot delegate the determination of a company's financial future to an unknown, frequently unskilled, third-party.

2. Reliance upon arbitration destroys free collective bargaining by taking away the responsibility from *both* sides for working out mutual problems. If arbitration is at the end of the road anyway, why bargain?

3. Arbitration, by its history shown in innumerable cases on the mainland, is compromise. . . . compromise between the union's highest demand and the company's best offer.

4. Arbitration puts in the hands of an arbitrator the power to destroy, by his decision, the employer or the union, or both.

5. Arbitration has no stopping point. If management arbitrates so important a matter as wages, what then is to stop it from arbitrating profits and prices as well?<sup>76</sup>

This position appears to contrast sharply with that taken by its San Francisco counterparts, at least until the end of 1948. There it has been reliably reported that the development of the employers' associations and the resort to multiple-employer bargaining has led to an increased use of arbitration in primary disputes.<sup>77</sup> The difference arises partly from the superior bargaining power of Territorial employers vis-a-vis unions as compared to San Francisco. Island employers have felt secure in their ability to control the scope of bargaining and thereby prevent union institutional gains. If the balance of power should at any time shift drastically, then it can be expected that this principle, now inviolate, might be abandoned.

Even so they might continue to oppose arbitration out of concern over the strategic location of the longshoremen in the local economy. As long as the employers remain as one party to a voluntary final settlement they are in a position to avoid concessions that would permit the longshoremen to strengthen the power of the union. An arbitrator, while possibly not giving more in total, might nevertheless structure the final settlement differently so as to give the union greater sovereignty over the worker.

Concern over its potential vulnerability on the waterfront is heightened by local industry's convictions as to the tactics and objectives of the ILWU. The ills of the west coast, they believe,

<sup>76</sup> *Ibid.*

<sup>77</sup> Clark Kerr and Lloyd Fisher, *Multiple-Employer Bargaining: The San Francisco Experience*, (Institute of Industrial Relations, University of California at Berkeley, Reprint No. 7, 1948), p. 54.

can be traced to the initial 1934 arbitration award which transferred job control from the employer to the union. To avoid any gain in union power they therefore resist arbitration, even where it involves a purely economic issue, so as to prevent the establishing of a precedent that might subsequently be embarrassing in a dispute concerning union power. This position was explicitly stated in the employers' rejection of the ILWU's demand for arbitration of the 1949 longshore strike:

The ILWU says the waterfront strike will end if the employers agree to arbitrate the wage issue.

Yes, the strike might end, but the effects of arbitration would live on in Hawaii for years!

How can we be sure of that? Read what has happened in San Francisco during the past 14 years! Employers there had agreed to arbitration, aware of its dangers, in the hopes of having peace on the waterfront! In spite of what arbitration was supposed to cure, strikes and disruptions kept on happening! . . .

. . . The unfortunate precedent set by the arbitration of even one issue such as wages would be a calamity for Hawaii! . . .<sup>78</sup>

5. *Industry-wide Bargaining.*—One of the more controversial aspects of Council policy among local employers has been its reliance on industry-wide bargaining. In sugar and pineapple the initial negotiations with the ILWU were conducted on an industry-wide basis on the advice of the newly organized staff of the council. At the outset this approach was clearly to the advantage of both the employers and the union. Both sides were limited in the number of available skilled negotiators and industry-wide bargaining provided economy in their use. Moreover, the Council wanted to prevent the accidental establishing of an unwelcome pattern which might arise from decentralized bargaining. The ILWU, for its part, wanted to standardize wages, hours, and working conditions within each industry. In addition, as a representative of newly organized workers with a middle group of leaders not yet fully committed to the ILWU, the union sought industry-wide bargaining as a means of maximizing its institutional survival. Breakaways and union raiding became virtually impossible with an industry-wide contract as Kerr and Fisher have observed.<sup>79</sup>

However, following the negotiation of the initial contracts

<sup>78</sup> Hawaii Employers Council, "News Bulletin," May 13, 1949.

<sup>79</sup> Kerr and Fisher, *op. cit.*, pp. 38-39.

and more noticeably after the 1946 sugar strike, industry sentiment began to divide into at least three definable groups. Resultant negotiations have been an attempt to work out formulas for negotiation on the management side that satisfied the dissidents without abandoning completely the master-contract approach.

In one group were some of the personnel specialists attached to the individual operating firms and agencies who became vocal critics of industry-wide bargaining. These specialists were convinced that the Council approach made the industrial relations program of their firms inflexible, thus preventing adjustments required by their unique circumstances. Some felt their companies would or did pursue more progressive industrial relations policies than those provided in the contracts without being able to capitalize in terms of improved union and employee relations. The sins of the laggard firms became instead, theirs to bear as well. And a few went further to charge that the Council, itself, was concerned solely with questions of strategy vis-a-vis the union and was blind to the broader aspects of a personnel program.

Another group of critics, mostly operating company industrial relations specialists, emphasized the varying breakeven points of the sugar plantations—variations of 40 cents an hour were claimed—in their opposition to industry-wide bargaining. This became an issue in the 1948 negotiations when the sugar industry divided into two groups, each presenting a separate wage proposal to the union. Industry-wide bargaining, these critics argued, became geared either to the strongest or the weakest firms depending upon who won the game of bluff in intra-industry policy determination.

At the time, there were many who were convinced that the expected loss of bargaining power which individual company bargaining was expected to bring was not as great as had been maintained. There were evidences of dissident movements within the ILWU after 1946 which they believed might materialize and, if not, were of sufficient gravity to force the union to temper its actions sufficiently so that employer whipsawing would not result. Decentralized bargaining, in their view considered riskless, had the further advantage of putting pressure on the union, as the task of providing 25 bargaining teams for simultaneous bargaining in the sugar industry would sorely strain the union's resources.

And by spreading the negotiations, the potentialities of heckling and harassing of management on the part of the union's negotiators would be minimized. Industry-wide unity on crucial issues was assured, as the Council would remain an active coordinator of employer strategy. This group, therefore, appraised industry-wide bargaining as merely conferring advantages on the union without securing any offsetting gains for management.

A third group remained as stalwart supporters of industry-wide bargaining for the reasons mentioned earlier. Moreover, many operating people supported its continuance out of a desire to avoid any further responsibility for relationships with the union.

The opposition was sufficiently strong to cause the Council staff, after the sugar strike of 1946, to adopt a neutral position, thereby opening up the possibility of decentralized bargaining on the part of those most convinced of its desirability. In the end, however, it was the ILWU, rather than the business community that decided the issue.

The union, following the split in the sugar industry in 1948, fought hard to retain industry-wide bargaining, a battle which it won then at the cost of concessions on other issues. Nevertheless, the sugar industry continued to press for company-wide bargaining. The Castle & Cooke agency reported in its 1950 annual report that:

While we recognize the dangers that can arise from the uncoordinated action in such matters, we believe the properties for which Castle & Cooke is responsible have suffered from the indecision and compromise which seem inherent to industry-wide bargaining.<sup>80</sup>

But the union refused to concede and pushed instead for industry recognition of the consolidated sugar local that had replaced the individual plantation locals in 1947. Finally, late in 1950, the sugar industry agreed to recognize this consolidated local. This capitulation came on the verge of certification hearings scheduled by the NLRB at the request of the union.

The pineapple industry fought harder and a lengthy battle ensued. The Hawaiian Pineapple Company, in a move heralded by the Council, launched separate negotiations with the ILWU in the fall of 1950. The union protested bitterly but finally entered negotiations because of internal weakness. The resultant contract

<sup>80</sup> *Annual Report, 1950, Castle & Cooke, Ltd., (Honolulu, T. H.).*

was ratified by four of the bargaining units in the company but the fifth on the Island of Lanai rejected the contract, and a 203-day strike ensued. There is no agreement on the causes of this strike but once begun the union made company insistence on ending industry-wide bargaining a major issue. Certainly at the end of the strike, the union asserted that the principal gain won by the union was the return to industry-wide bargaining as the industry agreed to recognize the consolidated pineapple local following proof of its legal existence.

Thus the pineapple experiment, culminating in the Lanai strike, effectively ended the intra-industry dispute over industry-wide bargaining. Whatever the theoretical advantages company or unit bargaining might offer, the union had demonstrated its determination to preserve industry-wide bargaining. And industrial leaders reluctantly concluded that the issue was not of sufficient importance to justify continued costly struggles with the union.

6. *Non-intervention in Internal Union Affairs.*—The public image of the ILWU is that of a Communist-led union and it was on these grounds that the union was expelled from the CIO in 1950. Yet the Council has never directly made this an issue in its relations with the ILWU. Moreover, it has consistently refrained from attempting to support those within and without the union who challenged the leadership on the Communist issue. This policy of neutrality stands in sharp contrast with the shifting post-war policy of west coast employers who first in 1948 made the continued leadership of Harry Bridges as president of the ILWU a strike issue and subsequently appeared as character witnesses for him during trials of the government's attempts to revoke his citizenship. Privately most Hawaiian employers were concerned about the presumed radicalism of the ILWU's leadership, but this affected the bargaining relationship only to the extent that suspicion of the union's motives was heightened, resistance to union efforts to extend job control was stiffened, and the emergence of a cooperative rather than arm's length relationship was retarded. That such an explosive issue did not affect bargaining more seriously represents a major achievement of the Council. As a result of the Council's influence employers now approach the ILWU as they would an ordinary union for purposes of contract negotiation and administration rather than as an ideological enemy.

Nevertheless, following the end of the 1946 sugar strike the issue of Communism within the ILWU became a major political issue in the community. The reasons for this are many and beyond the scope of this study. Undoubtedly one of the major factors was the growing international tension and resultant domestic stress. The House Un-American Activities Committee spent the period from April 10 to 15, 1950 in the Territory and later received testimony in Washington regarding Communist control of the local ILWU; the local newspapers joined in the fray; a local organization, Imua, was started and carried on an active anti-Communist propaganda campaign; and Jack Hall, the Regional Director of the ILWU was convicted in 1953 on charges of violating the Smith Act, an action that is still being appealed. Parenthetically the Council throughout the period preceding the trial and during its lengthy course made only one reference to the case. It reaffirmed its long-standing policy as to its impartiality regarding matters not properly within its field, denied union charges that employers had conspired to destroy the ILWU by securing this indictment, and pointed out to other critics that it was required by law to bargain with officials legally representing the employees. The essence of the Council's position was set forth in the following excerpt:

... Obviously, as citizens all of us have an interest in eliminating the threat of Communism. As employers, it is equally obvious that the strictly union-management relationships required by law should be disassociated from personal attitudes and activities bearing on the subject of Communism.<sup>51</sup>

Though the ILWU kept its ranks intact during the 1946 sugar strike and made substantial gains it began to demonstrate thereafter signs of internal weakness. Early in 1947, Robert Mookini, a former official of the pineapple local, tried without success to take the pineapple workers into the AFL. In July 1947, the union lost a disastrous five-day strike in the pineapple industry primarily because of an inability to prevent strike-breaking activities on the part of its members and outsiders. Even though the union was decisively defeated, the Council, according to Brooks, agreed to face-saving negotiations thereafter which permitted the union to rebuild enough support among the workers so that the organiza-

<sup>51</sup> *News Bulletin*, Hawaii Employers Council, Sept. 24, 1952, p. 5.

tion could be maintained, albeit without any strike power until 1951.<sup>82</sup>

Then on November 15, 1947 the former president of the Kauai longshore local, Ichiro Izuka launched a bombshell by publishing a pamphlet entitled *The Truth About Communism in Hawaii*. He laid bare his former participation in the Communist party, charged that the principal local leaders of the ILWU were still members of the Communist party, and attempted to demonstrate the manner in which they controlled the union and determined its policies. Though vilified by the ILWU, Izuka's disclosures created wide concern among the membership.

Responding to these disclosures the Division Vice President of the consolidated sugar local, Amos Ignacio, suddenly announced at a meeting of the units on Hawaii on December 14, 1947 that he was leaving the ILWU to form a non-Communist independent sugar workers' union. A total of six plantation units supported him and he claimed initially that 4,000 union members were joining him. This revolt surprised the ILWU leadership but they moved rapidly to head it off. An emergency three-day conference of sugar workers was held in Hilo beginning January 3, 1948. The first day was devoted to a discussion of Izuka's charges, he was invited to appear and state his case, and was subjected to harassing questions posed by those hostile to his position. To quiet the unrest the ILWU modified its attempt to secure five days' pay from every member for a fighting fund and discarded its publicized plans for a general strike in pineapple, sugar and longshoring in the spring of 1948. Moreover, the leadership repeatedly urged the necessity of internal unity, asserted independent unionism would fail, and called for an immediate referendum of the sugar workers to decide by majority vote whether all would remain in the ILWU or form an independent union.<sup>83</sup> Bridges announced on January 23, 1948 that 98 per cent of the workers had voted in favor of the ILWU and that on Hawaii, where the revolt had started of 6,500 eligible 5,560 had voted in favor and only 125 had voted against.<sup>84</sup>

Though the ILWU won, the revolt had been costly. Ignacio remained as a potential threat throughout the year and the union

<sup>82</sup> Brooks, *op. cit.*, pp. 178-187.

<sup>83</sup> Mimeographed minutes of United Sugar Workers, ILWU Local 142, Territorial Sugar Conference, Hilo, Hawaii, January 3, 4, and 5, 1948.

<sup>84</sup> *Honolulu Star-Bulletin*, Jan. 23, 1948.

dared not risk its position by further strike action. No evidence exists that the industry either encouraged Ignacio in his move or attempted to support his efforts thereafter. Some in the sugar industry thought the time was ripe to move aggressively against the union but the majority hesitated to risk a potential strike because of the precarious economic position of the industry.

A third breakaway movement began on December 24, 1952, when Local 155 in Hilo with 377 members in five local businesses withdrew from the ILWU. This local was headed by Bert Nakano, one of the local heroes of the labor movement because of the crippling injuries he had received in the 1938 Inter-Island strike. Nakano had previously testified as to his past affiliation with the Communist party before the Un-American Activities Committee in 1950. In withdrawing from the ILWU the rebels charged:

We do not believe the ILWU is serving the interests of the working people at the present time, because unionism is made secondary to other matters today.<sup>88</sup>

Though the local made it clear that it merely wanted to go its own way, was not planning to raid the ILWU, and would endeavor to organize the unorganized, the ILWU made every effort to recover the lost workers. Finally after two years the ILWU won a close election 159 to 155 at the Flintkoke plant, the largest unit in the independent unit.<sup>89</sup> Again the appeals for unity and the presumed weakness of independent unionism won for the ILWU.

Over the years the ILWU developed through internal reorganization a structure that now makes it almost invulnerable to either secession or external raiding. First, various locals in each of its industries were consolidated into a single industry-wide local. Industry delayed in recognizing the new locals, as it believed the decentralized local organization served to restrain the leadership, but ultimately it was forced to capitulate. Then on January 2, 1955 the four locals for sugar, pineapple, longshore, and miscellaneous industries, were consolidated into a single new local for the entire Territory.

While the intense public outcry over Communism seriously weakened the ILWU on occasion and thereby affected its bargaining strategy, it did not result in a change of leadership or seriously

<sup>88</sup> *Ibid.*, Dec. 24, 1952.

<sup>89</sup> *Ibid.*, Feb. 9, 1955.

reduce the union's ranks. The ILWU weathered the storm and meanwhile created a stronger internal structure. Throughout the Council maintained its neutrality in the face of pressures for it to attempt to influence the outcome.

### Results of Collective Bargaining in the Sugar Industry

1. *Introduction.*—There remained, aside from these non-negotiable policies, the continuing problem of negotiating acceptable contracts for specific industries. Involved was the overnight conversion of virtually the entire economy from the paternalism described earlier to one in which the basic rules of employer-union and employer-employee relationships were formally determined by the process of collective bargaining. This process for the sugar industry was exceedingly complicated and required several years for the completion of the basic framework.

In some respects the path was untrod, as the Hawaiian sugar industry represented the first American agricultural industry to be completely unionized. Though it was in all essential respects identical to other mass-production industries, there nevertheless existed in the minds of many industry representatives the conviction that agriculture was somehow different—a conviction that, if it had prevailed, would have seriously disrupted the collective bargaining process. Moreover, to the customary array of issues there was added a host of off-the-job relationships requiring resolution, thereby increasing the complexity of the task before the parties.

For the ILWU this represented its first venture into a complex, continuous-process industry. Previously confined to the waterfront and warehouse industries, its experience was limited to industries having a simple wage structure embracing only a few jobs instead of the hundreds with a wide variety of tasks found in the sugar industry. The union's previous experience, too, was in industries dominated by intermittent employment, and the consequent concern of the union had been with the allocation of work. In these industries, too, questions of competitive survival were not so immediately urgent as was the case with the sugar industry. Hence the fundamental differences in the industry environment required some significant adjustments in union objectives, policies, and strategies.

There were differences, too, in the outlook of the workers, occasioned by differences in their environment, traditions, and experience. The frequent comments of union leadership in private conversation as to the lack of militancy on the part of the Hawaiian worker attest to the importance of this factor.

2. *The Initial Contract.*—Fortunately for everyone concerned, the parties chose to make the initial step in the transition peacefully. Once the decision to admit the union had been made, the industry, on the advice of the Council, was prepared to move quickly in an effort to achieve a state of maturity in its management-union relations. In essence, the Council looked upon the initial negotiations as an opportunity to embed firmly in the contracts those basic principles discussed previously. Offsetting flexibility on economic issues was possible, as concessions in this area were long overdue because of the stringent military controls. Consequently the employer strategy was simple and effective. It was to give the union economic gains in return for union acceptance of certain basic management policies. The initial contract, thus, was viewed as a stop-gap measure, one that established precedents for preserving managerial authority, that minimized concessions to the union as an institution, and that, while giving the worker some benefits, retained for the employer the opportunity to set his house in order so that any permanent framework of collective policies would, in important respects, be of the employer's own making.

The union, for its part, had originally placed great reliance on the probability of favorable decisions from the TWLB. But the employer's threat to use all the avenues of delay made the TWLB route unattractive. The Lea Amendment of July 1945, removing agricultural workers from the War Labor Board jurisdiction, presented the union with the undesirable alternative of having to fight first for the mill employees, if it chose the governmental route, while the field workers would have to wait, in all likelihood, for lesser gains.

Strike action as an alternative was not considered feasible. The leadership was uncertain as to the temper of the membership. Organization had proceeded so rapidly that the leadership had been able to pay little attention to the building of union morale, local leadership, and internal organization. Moreover, the Inter-

national officials of the union, still pursuing their post June 1941 policy of complete cooperation with industry and governmental agencies in the interests of the war effort, desired an amicable settlement.

Consequently, when Blaisdell appeared at a union dinner on May 9, 1945, to convey his "sincere desire to test out whether there can be established—for the first time in Hawaii—successful collective bargaining"<sup>77</sup> his message met with a receptive response.

Bargaining began in the middle of June 1945 on the principal union demands for a 55-cent minimum wage exclusive of perquisites, a 10-cent general wage increase, a joint job classification board, and an extension of the medical perquisites to uncovered employees. Management offered first 4 cents, then 6 cents, and finally a 7-cents-an-hour general wage increase which was accepted by the union on July 20. A job classification system was to be developed by the industry subject to union ratification and the agricultural workers were to be included in the event a cross-check demonstrated union membership.

Outsiders who had followed the negotiations closely were greatly surprised at the final results. They were generally agreed that the union had promised the sugar workers, up to the last moment, an increase of at least 15 cents an hour. Moreover, the new base rate was only 43½ cents an hour, except for Hawaii, where the customary lower differential of 2½ cents an hour was maintained. Some dissatisfaction and rumblings of internal dissension appeared but the leadership convinced the dissidents and secured a 50 to 1 ratification vote.

The signing of the contract signaled a spectacular and significant change—one which perennial pessimists had doubted could ever happen in "feudal Hawaii." Hawaiian industrialists with this step permitted collective bargaining to arrive peacefully. Moreover, the contract represented a dramatic first for the nation as a whole, in that agricultural laborers, still almost entirely unorganized elsewhere, were covered.

3. *The Second Master Sugar Contract.*—The first contract, though representing a dramatic change, was but a tentative first step. Many issues and the most complex ones remained to be resolved before the new system was complete. These came to the

<sup>77</sup> *The Honolulu Advertiser*, May 10, 1945.

fore in 1946 at the time of the second negotiations, and a shattering 79-day strike ensued.

The industry was convinced early in the negotiations that the union leadership had decided upon a strike whatever the concessions offered. Some of the management group, though few in number, welcomed the coming test of strength, thinking it would prove the union's weakness and might lead to its dissolution. Others believed that the changes they were supporting were so far reaching a strike was essential in order to eliminate opposition to the new system in both management and union circles.

The decision to strike on the union side was the result of a number of pressures playing upon the union leadership. The propensity to strike in 1946 was very high, and Hawaiian workers were undoubtedly influenced by the plethora of successful strikes then sweeping the country. This strike temper was heightened by the fact that the initial gains of the sugar workers had been quite modest and far below those they had expected. Moreover, the sugar workers were, as evidence in reports collected by the University of Hawaii suggest, anxious to demonstrate their newly-found collective strength and repay the industry for past hardships and injustices. The continuation of labor shortages necessitating importing Filipino laborers at the time removed the specter of unemployment which in subsequent years measurably dampened the ardor of the sugar workers for strike action.

To the union leadership a strike at the time offered appealing possibilities. If it was won, the concessions secured would strengthen their own position with the membership, heighten the members' loyalty to the union, minimize the prospects for success on the parts of dissident groups, and create a favorable climate for union expansion into other industries. The strike, then, offered a means of making a dramatic, symbolic declaration of independence.

Moreover, the leadership was conscious of the deterrent effect on their bargaining position of the belief in some industry circles that the union could not survive a trial of strength. Not only would the strike demonstrate the union's strength but also it would provide a more accurate gauge of the economic power of the employer coalition. The union could not, for example, know for certain in advance whether the industry would remain united in the face of

a protracted strike. Nor could it tell whether the industry was really prepared to take the losses that would come with a strike in order to preserve without alteration its stand on such basic principles as union security, arbitration, and management prerogatives; issues that were of considerable importance to the union.

A final factor, and an important one, was the ending of the union's wartime policy of industry-cooperation. It was charged by Ichiro Izuka, a union leader once close to the International officials in the Islands, after he left the Communist party, that the original decision to strike had been made in San Francisco in accordance with party strategy without consultation with the local representatives.<sup>88</sup> While this may well have been the case, it remains true that other factors were of sufficient importance to make the decision to strike in 1946 appear to have been a straightforward one—one that could reasonably have been expected from a conservative as well as a radical leadership.

Negotiations, beginning July 11, 1946, centered on four union demands that subsequently became strike issues: an 18½-cent-an-hour general wage increase and a 65-cent minimum wage, a 40 hour work week, joint administration of a perquisite fund and the union shop. Other demands of the union covered the proposed job-classification system, seniority, a no-discrimination clause regarding race, penalty rates for hazardous jobs, elimination of the Hawaii differential and monthly stop-work meetings.

Actual negotiations were desultory as both sides, accusing the other of a refusal to bargain, undertook preparations for a long struggle. The industry made a wage offer amounting to \$5,000,000, well below the union's request which was estimated to cost \$21,000,000. On the other issues the industry stood firm while at the same time it advanced two major innovations that became part of the extremely complicated strike settlement and because of their importance merit some extended discussion at this stage.

*a. Job Classification.*—Within the industry there was considerable opposition to an industry-wide job classification system, some technical and some ideological. At least one agency strenuously opposed the idea, believing that job classification lessened initiative, discriminated against the family man and was "socialistic."

<sup>88</sup> Ichiro Izuka, *The Truth About Communism in Hawaii*, (Privately published, Honolulu, T. H., Nov. 15, 1947), p. 23.

The Industrial Relations Counselors in 1937 had advised the adoption of a job classification system for each separate business. At the time the idea found only a few takers, principally in pineapple and utilities. Once unions appeared the Council silenced the objectors with the firm assertion that collective bargaining could not begin until the industry had established a standard job schedule. This, the Council held, was an essential preliminary to collective bargaining. To those who urged the virtues of a plant by plant approach the Council urged the necessity of an industry system to minimize the possibilities for union whipsawing.

Unionization, therefore, speeded up the rationalization of the industry's wage structure. It was, however, a rationalization that resulted almost entirely from management initiative, as the union began, shortly after the signing of the first contract, to oppose the principle of job classification. Union opposition arose from its conviction that job classification and collective bargaining are antithetical. Thus the union wanted to preserve its freedom to bargain over the rates paid to individual workers. And the union was convinced a job classification system became too technical to be understood by the junior leadership, thereby making it impossible for the union to service the membership properly.

Union specialists in this area also complained bitterly over the approach used by the industry which, in their opinion, provided only for a re-ordering of the existing structure rather than allowing for intrinsic differences in the jobs. In this connection the union pointed to the rates for certain jobs it considered comparable in other industries that were considerably above those proposed by the industry.

Prior to the strike the industry had offered to meet some of the union's technical objections by lowering the rates for the entering grades and adding the amount saved to the rates for higher-skilled employees. But the industry stood firm in rejecting the union's demand for a general wage increase without a job classification system.

*b. Perquisite Conversion.*—Conversion of perquisites represented the other major innovation proposed by the industry. This change went to the heart of the industry personnel philosophy and its adoption represented a major and irrevocable break in the industry's historic policy of paternalism. From then on the stage

was set for a rapid evolution to an independent employee status, with the employer concentrating managerial energies on production problems, leaving the employee free to handle his welfare problems on his own or through the union.

Though psychologically deeply committed to the perquisite system, the industry's leaders, nevertheless, demonstrated a surprising ability to alter their outlook when the realities of a changing world compelled a shift. Government officials had advocated the change as early as 1915 and the Industrial Relations Counsellors strongly urged it in 1937 but all such suggestions had been vehemently rejected by local industry as much too radical. And when advanced by the Council in 1945 the proposal provoked bitter controversy within the management community.

Most of the older industrial leaders resisted conversion, using the following arguments: it was too big a step to take at once; it would weaken the industry's hold over the workers since they could no longer evict strikers as in 1937 and earlier; it would lead to a gradual abandonment of valuable agricultural lands if the plantations lost control of housing; perquisites were not taxable whereas cash income was and the employee would thereby lose; perquisites favored the family man who needed more income than the single man; and it would dangerously lower the living and particularly the health standards of the employees. Though all these arguments were of importance, the evidence suggests that the opposition centered largely on the welfare question.<sup>88</sup> Thus the president of the HSPA in his 1946 annual report commented:

... The change is not an issue of dollars and cents but involves the change of a policy which over the years provided Hawaii's sugar workers with better housing and better medical care than obtained in any other sugar producing area...

The fundamental question arising from this sweeping change is whether the employees will maintain of their own accord standards of living and health as high as they achieved under the perquisite system. Abandonment of the system should by no means be construed as abandonment by the plantations of their consideration for employee welfare...<sup>89</sup>

<sup>88</sup> This summary is based on a series of confidential interviews with industry leaders made in the summer of 1948.

<sup>89</sup> H. A. Walker, *Annual Report of the President*, (Hawaiian Sugar Planters' Association, Honolulu, T. H., Dec. 2, 1946).

In opposition to this view could be found many of the recently employed industrial relations and personnel specialists who were concerned with changing the industry's philosophy of labor relations. They argued that from an industrial relations point of view perquisites were indefensible. Genuine acceptance of a human relations philosophy required, in their view, the elimination of all vestiges of paternalism, of which perquisites were an important remaining element. Moreover, they countered the argument as to the special income needs of the family man by pointing to a basic tenet of modern personnel practice, namely, equal pay for equal work. The perquisite system, they felt, reduced employee morale as it resulted in discrimination and favoritism. Further, they contended, the second generation employee fervently desired a fuller control of his off-the-job life than was possible with a perquisite system.

Some urged longer-run considerations in justifying their opposition. It was suggested that adding to the employee responsibilities for making economic decisions would, in the end, yield intangible benefits in the form of increased maturity and community responsibility on the part of the workers. Many employees, it was pointed out, had never had the experience of budgeting their family expenses—hence, it was asked, how could they understand the problems the industry faced in making ends meet. Increased cash income, it was thought, since it made the rewards for work more tangible would provide a greater incentive for regular work and the acquisition of skills thereby making the whole work force more productive. And the manager, freed from the necessity of spending time and energy on the off-the-job problems of his employees could concentrate more fully on his primary function of efficient production. This economy in the use of managerial talent, it was suggested, would contribute to the over-all efficiency of the operation.

There were suggestions of a belief in perquisite conversion as offering the only real hope for long-run peaceful relations with the sugar worker. A rapid conversion, particularly if it opened the way for home ownership, would generate a middle-class-minded worker, impervious to the class-conscious appeals of union propaganda, and anxious for a leadership attune to this changed set of

attitudes. And industry-oriented unionism, conservative, and pragmatic, would, it was forecast, be the ultimate result.

Supporting this philosophical condemnation of perquisites was the practical problem of financing the modernization of housing facilities which was recognized as overdue. Costs of the industry's plans for this were advancing so rapidly as to require their abandonment in view of the already overexpanded capital program being projected for the rehabilitation and mechanization of the physical plant. In fact, conversion offered a way of shifting the burden. When some of the projected new housing was subsequently constructed, it proved to be so expensive that few employees chose it, preferring instead to remain in the poorer but cheaper housing.

Governmental intervention provided another practical reason for conversion. Preliminary federal investigation of the industry's compliance with the Fair Labor Standards Act suggested that a separate evaluation of the perquisites furnished each employee might be required for calculating overtime rates. The variation in rates and administrative difficulties posed would be such as to make the continuance of perquisites unfeasible. If inevitable on this score, then, it was argued, the industry by moving early could control the details of the conversion, a practical, dollars-and-cents argument that won over all but the extreme old guard who wanted to see the issue through to a bitter end.

The negotiators for the industry, in addition, considered the perquisite system a distinct liability, as it was psychologically indefensible in the event of a strong union attack and provided the union with a convenient weapon for enlisting a sympathetic public opinion. Moreover, the system was so old as to be considered part of the normal working environment, with the result that the expenses borne by the plantations had no corresponding income calculation in the employee's mind. Under these circumstances, the union was always in a position to compare unfavorably the industry's basic wage rate to that of other industries and areas. Finally, continuing the system confronted the industry with the future necessity of negotiating over the quantity and quality of the perquisites. The 1946 negotiations furnished some examples of this possibility. First, the union had demanded an accounting of the funds supposedly set aside by the industry during the war to pro-

vide for the rehabilitation of the housing. These funds the union wanted a hand in administering. Subsequently, during the strike the union modified its demand to the extent of requiring a fund for new housing to be established by each plantation but still to be jointly administered.

Thus, those who clung to the past were won over or silenced by the fears of government opposition and the course of future union action. But the actual conversion presented a number of formidable questions. A flat increase would penalize the older, generally married, and normally most valuable employee, while if geared to their position would yield a premium to the single employee. Moreover, conversion would, at least initially, require bargaining over rental and other fee schedules.

The initial offer, 15-cents-an-hour and a proposal to establish a rental schedule, proved completely unacceptable to the union. It wanted assurances that the subsequent charges would not exceed the allowance and an avoidance of disproportionate increases for union members inherent in the flat allowance offer. So they countered with a demand that the system be continued, a purely reflex action as they were opposed to perquisite continuance but had no workable alternative to offer. The industry's offer they denounced as a union-wrecking proposal since its benefits would go primarily to the Filipino, usually unmarried, and penalize the normally married Japanese worker as well as the skilled workers living in the best and consequently the more highly priced housing.

This single issue, provoking as it did bitter argument within management and raising prospects of internal union cleavage, probably could not have been resolved without the sugar strike.

*c. The Sugar Strike.*—Publicly the union charged the strike was provoked by management in an effort to destroy the union, and management countered with the charge the union was trying to impose the union shop. But privately it was conceded that these were not the issues. The union within two weeks was offering compromises on the union shop issue and management, aside from violent outbursts by irreconcilables, expected to continue doing business with the union whether it won or lost this particular contest. The underlying battle was a straight fight over the economic issues, essentially the wage cost of the industry and the allocation of the increases among the employees.

The industry divided into three more or less distinct groups as regards strike strategy—a division that led ultimately to an earlier settlement than would otherwise have been possible. The nonirrigated plantations, located mostly on the island of Hawaii, were in the most favorable position in that they could withstand a strike of two or three months without much loss to the crop. In fact, certain of these plantations were so situated that they may actually have saved money, since the strike came during the off-season when they normally utilized their employees in what the management considered to be unproductive work.

To the irrigated plantations, however, the strike was an immediately serious matter as irrigation was required to prevent damage to the growing cane. The Castle & Cooke management acceded to the union policy of not permitting irrigation in order to avoid violence, which they reasoned would create lasting antagonisms and nullify their efforts to establish good working relations with their employees. But American Factors chose, instead, to attempt irrigation by using supervisory personnel. Court injunctions against mass picketing—injunctions the union continued to fight in the courts long after the strike was settled—were required to prevent union interference.

After the strike had been underway for two months the government announced an increase in the sugar subsidy, which was expected to add \$7,000,000 to the industry's income. With this in hand the industry made a new offer raising its total concession from five to ten and one-half million dollars.

Even so, the offer was made at this time primarily at the insistence of one agency, Castle & Cooke. It threatened to make its own offer if no action was taken, as Ewa Plantation, one of the most important in its group, was faced with the complete loss of its crop, having failed to receive any rainfall to mitigate the effects of interrupted irrigation. And since this agency was not prepared to irrigate over union opposition, it wanted a settlement so as to avert total disaster. Even so, it was subsequently estimated that the strike losses to this one plantation amounted to about \$6,000,000. Normally one of the most profitable plantations in the Territory, it was in a position to assume added cost burdens. Consequently, the agency argued that its higher responsibility to its own stock-

holders necessitated the abandonment of the fight to preserve industry cost levels below those essential to its own operations.

*d. The Strike Settlement.*—Taken as a whole, the perquisite conversion and job classification system represented the heart of the second master sugar contract. The final package was very complex and consisted of a number of parts.

The rental provisions of the contract were integrated so as to ensure a minimum net cents-per-hour increase for each of seven different categories of dependency ranging from 19 cents an hour for a single person to 23.5 cents an hour for a married man with five dependents. This guarantee was provided only for the transition period. Subsequent changes in dwelling or family status would not affect the individual's pay rate. New employees were to be hired at the appropriate job classification rate so that in time these special family allowances were expected to disappear.

The rental schedule was also extremely complicated. For each of the two basic categories—single men's dwellings and all other types—there were three separate classes, each of which were subdivided into three grades on the basis of physical upkeep. The contract also included provisions relating to the charges to be made for water, electricity, and medical services. The pension issue was left for future discussion though subsequently the industry decided the issue was not negotiable and some plantations installed plans without union approval.

The remainder of the wage portion of the agreement consisted of the union acceptance of the job classification system, some modifications in the rates set forth in the schedule, a general wage increase of 11½ cents an hour, and a guarantee of a minimum increase of 10 cents an hour for those above the classification rate. The final agreement provided for the elimination of the Hawaii differential, as well as another one-half cent in the schedule, in settlement of the union claims for retroactivity.

Four plantations with historically higher wage scales agreed to schedules higher at the lower grades and tapered so that they were only one-half cent above the industry level for grade ten.

As a result of these various increases the average hourly earnings of the sugar workers, two months after the strike's end, were 30 cents above those prevailing before the strike. If the industry's evaluation of 15 cents an hour for the perquisites is accepted then

the wage gain averaged 15 cents an hour. But Brooks in his evaluation of the settlement estimated the correct requisite valuation was close to 8 cents, thereby making the union's cash gain about 22 cents per hour. This compares with the union's post-strike claim that it had settled for a 20-cent wage increase, an improvement over its pre-strike offer to settle for 18½ cents without conversion or job classification.

Though the union conceded many issues—the union shop and representation of the supervisors were of importance to management—the end of the strike represented a remarkable union victory. In its first test of strength the union emerged as the winner with its ranks intact. This display of strength not only frightened the industry, but it also made the union seem invulnerable in the eyes of other workers and the general public. For a time it appeared not only to the union leaders but to virtually everyone else in the community that the “Big Five” had been replaced by the “Big One,” the ILWU.

This contract established the basic framework for the collective bargaining system in the sugar industry. Many of the more minor issues remained unresolved and the details of the new system had yet to be provided. More than was then realized the strike settlement represented a balance of power between the parties that proved enduring. In the first two negotiations, the industry had managed to convert from a highly paternalistic system to one closely modeled on the standard practices of other large American industries, without losing the initiative in determining the more basic changes and without surrendering any essential managerial prerogatives. It paid a price, higher than it wanted, but still a price confined to purely economic issues. These gains, on the other hand, were sufficient to establish the union as a going organization able to count on the loyal support of the vast majority of its membership.

The strike served a most useful purpose in this transition. It was the catalyst that made the new system acceptable to all concerned. And its very length served the secondary purpose of minimizing subsequent strike possibilities. The industry, with some exceptions, never seriously doubted the ability of the union thereafter to strike. Such a strike, bound to be long, threatened the industry with serious losses to growing crops and more important the permanent loss of markets. Thus fear of a strike, if it seemed likely,

served subsequently to elicit more favorable offers to the union. On the union side, it was also readily recognized that a sugar strike, if it came, would be long extended as the industry had demonstrated its endurance powers and internal cohesion. And employee resistance to undertake again the sacrifices a long strike entailed, served to restrain the union from embarking on another strike in the 10 years that followed.

4. *The 1947 and 1948 Reopenings.*—The first reopening, limited to wages, came shortly after the union had suffered a disastrous defeat in the short-lived 1947 pineapple strike. The industry made an unexpected offer of 8 cents an hour with a minimum of 5 cents which proved to be so close to the union demand of 11½ cents an hour that it was accepted quickly. Unintentionally and by accident, the high industry offer reduced the prestige the union had won by its victory the year before.

By 1948 the union was threatening a general strike in sugar, pineapple, and longshoring in an effort to secure further major concessions. But a breakaway movement within the sugar local on Hawaii forced cancellation of this move as the union leadership had to promise peace with the industry in order to hold the dissidents. Unable to back its negotiators with a strike threat the union entered the negotiations on wages, hours, and the job classification system without any real power.

The industry attempted to secure agreement to a recasting of the job classification system by re-evaluating the jobs on each plantation in accordance with an industry set of principles. But, the ensuing argument over principles proved to be fruitless, so the industry withdrew its proposal for the time being.

The principal feature of these negotiations lay in the internal dissension that arose within the industry group. Three agencies—C. Brewer, Theo H. Davies, and Shaefer Company—proposed that the wage schedule be linked to the price of sugar, and the formula they offered meant an immediate wage reduction of 7½ cents an hour. They wanted a long-term wage settlement that would ensure survival of their, mostly the high-cost, plantations. The balance of the industry—Castle & Cooke, American Factors, and Alexander & Baldwin—believed instead in reviewing wage questions regularly in the light of the then existing circumstances, and they

contended that the price of sugar, while important, was only one of a number of wage determinants.

This division of opinion in the industry was a deep one that persisted despite the efforts of some of the more important industrial leaders to preserve a united front. Several attempts were made to secure an industry position and at one point the three-three division had altered to a five-one division. But the one holdout, an important one, refused to yield and the line-up shifted back to the original split. This holdout agency proposed to take a strike, if necessary, arguing that it would either secure union acceptance or break the union in the attempt.<sup>91</sup> That the division occurred at this time reflected the comparative weakness of the union, as before and since important ideological and practical differences have been held in abeyance by the compelling necessity of presenting a united front to the union.

The union refused to accept either proposal, and after four months of negotiations the sessions were ended by mutual consent, as by then the termination of the entire contract was only two months away.

5. *The Third Master Sugar Contract—1948.*—A new spirit of compromise pervaded the negotiations during the renewal period. The union remained uncertain as to its membership support, internal revolt in the event of a strike was feared, and the union leadership and resources were already fully committed to the then imminent west coast longshore strike. On the industry side, only a minority considered the contract changes it wanted important enough to risk a strike, as the majority considered the industry's economic position too precarious to risk a prolonged controversy. As a result, negotiations stayed fairly close to the major framework of the earlier contract and neither party seriously proposed radical alterations. Rather, the principal concern was with the cost items of the contract. The stronger plantations vetoed a proposal for a general wage cut but the weaker plantations went ahead on their own.

a. *The "Distressed Plantations."*—This proposal by certain plantations—originally seven—to reduce wages temporarily so that they could continue a rehabilitation program designed to

<sup>91</sup> This information was provided in confidential interviews with persons in the industry.

restore their earning capacity was the outstanding feature of the 1948 negotiations. One plantation, Olaa, withdrew entirely from the negotiations and the other eighteen offered to continue existing wage schedules.

As negotiations proceeded, three of the "distressed plantations" withdrew their request for a wage decrease but the remaining four requested a reduction of 8 cents an hour. These all opened their books to union officials who made on-the-spot investigations. Following these fact-finding sessions the union agreed to accept a 5 cent cut on one plantation—Onomea. The other three "distressed plantations" dropped their request, following a \$10 increase in the sugar price, in return for some other union concessions. They were further protected by a provision providing for a special extra wage reopening between the regular ones open to either side and a floating reopening which the individual company could exercise at any time. The union also agreed not to reopen the job classification issue for these plantations when it became negotiable for the balance of the industry. For the Pioneer Mill Company the union agreed to ensure the full cooperation of its membership there in the company's efforts to increase productivity. Olaa subsequently asked for a 17.2 per cent wage reduction, coupled with a threat to liquidate otherwise, but the union refused, struck for 68 days, and finally secured acceptance of only a 5-cent reduction.

These special concessions were precedent-making, as this represented the first time the ILWU had ever accepted a wage decrease in Hawaii or on the west coast. Moreover, this decrease occurred at a time when most other unions in the United States were winning wage increases. It represented a remarkable evidence of the growing maturity of the parties as each took one another into full confidence and approached a specific problem from the standpoint of preserving the basic interests of each party. It indicated, too, that the union was prepared to sacrifice the basic union attachment to the standard rate, if necessary, to ensure survival of a plantation and hence the job opportunity of their members, provided only that it was convinced that others—management, stockholders, and agency—were equally willing to make comparable sacrifices.

*b. Other Provisions.*—Some further minor changes were incorporated in the contract, but on the whole the 1946 settlement,

including the issues unresolved at the time, remained in effect. The only important modification concerned the union's acceptance of the industry's revised job classification system proposed earlier with the inclusion of some additional assurances of continued industry-wide uniformity for equivalent work and subject to union approval of any grade changes made by the individual plantations.

6. *The 1949 and 1950 Reopening.*—Brooks argues that the union felt compelled to demonstrate its strength again in 1949, as it had not made any major gains in Hawaii since 1946. Prospects for success in sugar and pineapple were slight, primarily because of the membership weaknesses. The 178-day longshore strike that occurred was, according to Brooks, a sugar dispute in disguise.<sup>92</sup>

Efforts to secure strike authorization from the sugar workers, successful on 16 plantations, were rejected by the Kohala unit. As a result the union let negotiations on its request for a 10-cent-an-hour wage increase lapse while it concentrated attention on the longshore negotiations and ensuing strike. The prolonged strike placed increasing burdens on the sugar industry for sugar storage and the servicing of its established markets had to be abandoned. One agency, C. Brewer, proved to be particularly hard-hit as its ready cash position had been weakened by its recent purchase of the Spreckels sugar interests. Spalding, the President of Brewer, broke the industry's united front by engaging in private consultations with the union's leaders. He was subsequently joined by representatives of Matson, allied with another agency, Castle & Cooke, which was suffering severely from the loss of shipping revenues, and a representative of a San Francisco bank, heavily committed in short-term loans to Brewer and possibly to Matson and other sugar agencies. The agency heads took over the final negotiations, bypassing, in effect, the Employers Council and ignoring the pleas of many smaller businesses for a continuance of the strike.

The final settlement in longshoring was in effect a package settlement for both longshoring and sugar. The sugar portion of the bargain rested on an oral understanding with the union that it would accept the industry's spring offer of a sliding-scale tie-in with the sugar price provided the floor was increased to 80 cents an hour. Brooks suggests that the evidence supports the view that

<sup>92</sup> Brooks, *op. cit.*, p. 189.

an agreement, by at least part of the industry, to recognize the consolidated sugar local was also part of this oral understanding.<sup>88</sup> By December 22, two and one-half months after the longshore agreement, the parties formally agreed to the wage formula with a base of 80 cents, the elimination of the "distressed plantation" provisions, an immediate increase of 4½-cents an hour, an extension of the contract to 20 months with one wage reopening for the industry in the event the federal sugar act was changed adversely, and a number of other minor changes.

During 1950 the union concentrated on its efforts to rebuild the internal strength of its sugar worker's local. The steward system was improved, and job action, hitherto rare, became frequent. Ten plantations became involved during the year with quickie strikes over grievances.

7. *The Fourth Master Contract—1951.*—In 1951 the union proposed a virtual recasting of the contract and concentrated on its demands for strict seniority, the union shop, a 40 hour work week, a one-dollar floor to the wage formula, and joint termination with the longshore contract. The union shop was originally the major issue, but in union shop elections the union failed to secure the required 75 per cent majority required by Territorial Law at its first election for the agricultural workers at Oloa, expected to be one of its strongest units. Subsequent failures in two more units led to union cancellation of the elections and the dropping of the issue in negotiations.

The final settlement provided an 11-cent-an-hour general wage increase, a continuation of the wage-price formula with special concessions for four "distressed plantations" below a sugar price of \$126 a ton, special increases for labor grades three to six, liberalization of the holiday, vacation, and sick leave benefits, and a 40-hour workweek for 26 weeks except for five "distressed plantations" where the limit was eight weeks. The union also received promises of company encouragement of union membership; strict seniority for layoffs, recalls, and downgrading, greater seniority for promotions, a regular work force with one year's service established for purposes of additional protection in the event full-time work was not available, and three stop-work meetings a year. In addition the grievance procedure was speeded up, the arbitrator

<sup>88</sup> *Ibid.*, p. 264.

was authorized to modify discipline penalties in discharge cases, and the provision requiring a preponderance of evidence to sustain a reversal of company action was dropped.

The final contract, though considerably less than the union wanted, still provided for substantial gains to both the union member and the union as an institution. Significantly, this was the first time since 1946 in which the union claimed it had achieved a victory.

8. *The 1952 and 1953 Reopenings.*—In 1952 the union secured a further 11-cent-an-hour increase in the base rate (actually about 6 cents cash increase because of the then existing sugar price bonus); discontinuance of the escalator plank except for four “distressed plantations” where it was continued with an additional feature of an escrow plan for prices above \$126.01 a ton; thirty-eight 40-hour workweeks, except for the “distressed plantations” where it was increased to 26, and 20 for Olaa; a night shift differential; overtime rates for Sunday work, and some other minor adjustments in the hours of work provisions.

Then in 1953, the industry became convinced, for the first time in years, that the union had the power to call a strike. Later, after reaching agreement in the spring of 1954, industry representatives commented bitterly on being forced to accede to an uneconomic settlement by virtue of the union’s power. This agreement provided a two-year contract without any reopening; a uniform contributory pension plan, frozen for five years, which the union claimed was better than that in force in other large American industries; a general wage increase of 4-cents-an-hour (enough to cover the employees required 3 per cent contribution to the pension plan) except for the “distressed plantations” which added 3-cents-an-hour to the wage-price escalator; a uniform medical plan; a continuance of the incentive provisions—which had resulted in a strike on one plantation—with the proviso that pending grievances were withdrawn and the union waived a favorable arbitrator’s decision requiring union approval to changes in existing incentive plans; 3½ cents for additional fringe benefits; a standard 40 hour workweek for 12 plantations; and an informal system of 32 plantation arbitrators for minor grievances.

9. *The Fifth Master Contract—1956.*—Ten years after the sugar strike the portents of another shattering contest seemed

everywhere at hand. New and complex issues faced the parties, management adopted a tougher bargaining approach determined to secure a three-year contract and union concessions with only modest increases in costs, and the union went to the "point of no return" before agreement to another trail-blazing contract was reached.

Before bargaining actually began, the five sugar agency heads for the first time spoke out publicly on the problems the industry faced in dealing with the union. These statements were addressed to two major problems. First, the industry claimed that it could not increase its costs further and would not hazard its future by reliance on expediency. Second, the agency heads were critical of the union. Charging "irresponsibility" they demanded enforceable guarantees of contract observance and greater awareness of the economic problems of the industry.

The ILWU responded by denouncing the statements as a declaration of war and a demand for unconditional surrender on the employers' terms. Other officers later took a more conciliatory posture by emphasizing that the union had no intention of wrecking the industry. Yet when bargaining began it became apparent that the parties were far apart. The union wanted a one-year and the industry a three-year contract; the union wanted an end to the escalator provision for the distressed plantations, a union shop or some means of equalizing the costs borne by union and nonunion workers, shorter hours, and more costly severance pay and group insurance plans than those offered by the industry. The industry wanted a guarantee against work stoppages with sanctions in the form of withdrawal of dues check-off privileges, some protection against further infringements on management's rights, and modest cost increases.

Following the expiration of the contract on February 1, the union asked for and secured an overwhelming strike authorization vote. In further bargaining the industry improved its severance pay proposal and increased its wage offer to 9-cents-an-hour over a three year period. This was rejected by the union and the industry rejected a union proposal for a one-year contract embracing three changes: a 3-cent-an-hour increase, the end of the escalator provision, and the union severance pay plan. The union took the issue of acceptance of the industry's offer to the membership, re-

commended its rejection, and won an overwhelming vote for rejection amidst industry statements that rejection was a vote to strike. Industry leaders in statements and full page advertisements claimed their position was absolutely final and that the union was apparently determined to strike but was stalling for a more favorable beginning date during the summer dry season.

Federal mediators entered, negotiations resumed and finally on April 12 a settlement was reached. First, a two-year contract was signed incorporating a six-cent wage increase deferred for one year, third week vacation after 20 years, increased sick leave benefits, increased allowance for stop-work meetings and some other minor language changes. Second, a three-year agreement provided for severance pay on the basis of the industry's last offer. A unique feature of this plan was the extension to agricultural employees of company payment of unemployment benefits on the same basis as those covered by the Territorial unemployment compensation system. Third, a two-year agreement established a fund of \$150,000 to provide special benefits for those laid off or repatriated. Fourth, a two-year agreement established a fund of \$750,000 to finance the costs of voluntary repatriation of employees. This provision was reportedly agreed to in lieu of a 1956 wage increase. Fifth, a three-and-half-year agreement provided for the gradual elimination of the wage differential under the escalator provision and its final elimination. In addition the union provided two separate policy statements setting forth machinery for the union to make every effort to end illegal walkouts promptly and assuring good-faith administration of the seniority section so that the companies' right to select the best qualified employee for promotion would be protected.

The industry claimed the settlement stayed within its final cost position. However, it agreed to a rearrangement of the cost items so as to provide for an incentive for voluntary repatriation, as a means of easing union fears of further involuntary layoffs, it failed to secure the three-year contract, agreed to an end of the escalator, and had to be content with union policy statements on matters it considered important. Thus the strike threat yielded but modest additional gains for the union. That a strike did not occur was perhaps a reflection of the union's conviction that the industry had no more to give, together with an awareness of the reluctance

of the membership to undertake a long strike. By setting up a mutual defense fund to equalize strike losses, the industry convinced the union that it was prepared for a six months' strike. But the industry warned that such a strike would leave it with less rather than more ability to pay. To one local observer, Harold Roberts of the University of Hawaii, the agreement demonstrated the willingness of each to meet the survival needs of the other.<sup>4</sup>

10. *Conclusion.*—This brief review supports the conclusion that the original outline of a collective bargaining system established at the end of the 1946 strike proved to be durable. Subsequent negotiations took place within this framework and management proved able to restrict union gains almost entirely to economic issues. Union power was at a low ebb within the industry from 1947 until 1951, and not until 1953 was the union again able to threaten strike action.

In 1946, possibly in 1951, and certainly in 1953, the union was able to secure economic gains for the worker beyond those that might otherwise have been offered by the industry. But even so, it had proved unable to follow up fully on the opportunities that the 1946 strike settlement opened. The perquisite area, once conversion was accomplished, fell outside the union orbit as the industry continued to operate with the then-existing rental schedule and moved on its own to make home ownership a reality in many areas. The pension question, rather than being resolved quickly, was left in abeyance by the union until 1953.

More fundamentally, the industry had won its basic battle to prevent more than legally required concessions to the union as an institution. The union shop, dropped as an issue in 1946, could never be strongly pursued thereafter by the union because of membership resistances to strike action. Full joint control of incentive systems was never secured, the job classification system was constructed on management lines with only minor variations, seniority provisions remained weak until 1951, and the arbitration of grievances left considerable power in management's hands until 1951.

In all, management converted to a system of collective bargaining with a minimum loss of management freedom, suffered only one industry-wide strike which was in a sense inevitable and contributed to the success of the transition, conceded wage in-

<sup>4</sup> *Honolulu Star-Bulletin*, May 25, 1956.

creases beyond those it wanted and would have been required to make by labor market considerations, and managed to secure concessions on costs when necessary for the survival of weak units. Though not prosperous the industry survived, a feat of considerable significance in view of the industry's marginal position and the determination of its workers to escape from their hitherto low wage levels. This survival, it should be noted, was made possible by the industry's ability to mechanize. The resultant gains in man-hour productivity were sufficient to prevent any increase and in fact reduced the direct labor cost of producing a ton of sugar. Possibly the credit for the industry's successful transition from paternalism to industrial unionism belongs primarily to its scientific and technical personnel, as they provided a cushion of rapid improvements in man-hour productivity from which the essential economic goals of industry, labor, and the public could be met.

The 1956 negotiations reflected a growing maturity in the relationships of the two sides. Prior to the formal opening there had been a summit meeting between top leaders of the industry and the union which cleared the air and eliminated the ghosts. Management convinced the union that its security was not threatened, the union agreed to drop its "hate-the-boss" propaganda, and the two sides agreed to minimize the usual type of public appeal during the coming negotiations. The sugar agency heads spoke out publicly for the first time in an effort to secure appreciation of the industry's needs and position by both the union and the public, the management negotiating committee was given, again for the first time, full authority to settle, and in a significant move the sugar industry changed its policy so that full financial information—more than is given to stockholders—could be given to the union. This unusual candor was dictated by the industry's desire to convince the union there were no hidden financial reserves and that its proposed cost increase represented the maximum that could be borne.

For its part the union has been demonstrating a responsibility long-sought by the industry. Management seems convinced that the top union leadership now understands the sugar industry's needs and economic limitations. And management believes the union is willing to tailor its demands accordingly and more important, is equally concerned with maintaining the health and vitality

of the Territorial economy. The union is evincing more support of the industry's efforts to improve efficiency. Job action strikes, long a symbol of the union's irresponsibility in management's eyes, have begun to decline in the face of vigorous union efforts to substitute reliance on the grievance machinery. The evidence is mounting that the union has transferred the famous "new look" from the San Francisco waterfront to Hawaii. Or as one management leader commented to the author, "the union has begun to learn to live with peace."

Informality has come increasingly to be characteristic. Only one group of plantations maintain formal relationships while the others engage in a good deal of advance consultation on coming problems. This informality extends to the top and prevails during and between negotiations.

There now exists considerable optimism among the leaders of the industry and the union that they have entered an era of comparative stability. The basic division of sovereignty between them first established in 1946 has lasted so long it is now becoming traditional. The principles management considered essential have been accepted by the union, the union feels secure and is demonstrating the responsibility management wanted, and both agree that future problems will revolve around economic issues. Disagreements will most certainly arise, but the situation is now one that induces their peaceful solution. If the industry continues its 1956 practice of making financial information available, it will strengthen the present tendency towards factual bargaining. The balance of power is approximately equal with the result that both parties accept the fact that a strike would be certain to be long and the costs high. Hence the pressure upon both to arrive at a settlement without a strike is great. This serves to elicit compromises designed to iron out differences that at best will be narrow because of the industry's precarious financial position. Bargaining will no doubt continue to be sharp but rational calculation of differences, largely economic, weighs the odds heavily in favor of continuing peace.

#### Modernization of Personnel Policies

While the Employers Council concentrated on its primary function of holding the line on union encroachments, a quieter,

less dramatic, and after 1949, determined, reorientation of the industry's personnel practices took place.

Prior to the war, in 1937, Hawaiian management had sponsored a study of its industrial relations policies by the Industrial Relations Counselors of New York City, but the recommendations—recognition of employees' right to organize, creation of industrial relations departments, publication of personnel policies, supervisory training, job classification and formal pension plans—were then extremely displeasing to top management and the contents of the report were largely concealed. Only Castle & Cooke among the agencies, and then only in pineapple, and the utilities, made any serious attempt to implement these recommendations. The era of military controls made modifications of traditional policies less compelling, as discontent was quelled. Then unionization in 1944 and 1945 galvanized the industry into some action.

This first period, roughly from the time of the organization drive through the sugar strike, was a time of transition. Verbal support of the concept that personnel management was an essential element of management's job was readily acceded by top management. And it was generally accepted that the new look ought to be of the "human relations" variety. But the translation of this verbal conversion into reality proved to be a difficult and slow process.

The second period began with the ending of the sugar strike and lasted until the end of the longshore strike in 1949. The success of the union in 1946 convinced the doubters as to the necessity of some action. Two agencies, Castle & Cooke and American Factors, had smoothly functioning industrial relations departments by 1948 and had made substantial progress in applying new policies. The others had begun but had made less progress as they continued to cling to earlier traditions.

The sugar strike enabled the agencies to extend the industrial relations program to the plantation level without opposition from the managers, but the quality of the program varied enormously. At the worst, some managers established departments staffed by untrained personnel shifted from other operations without, moreover, providing them with authority to develop a program. At the best, highly qualified mainland specialists were imported, given adequate authority, and supported strongly by the continued interest of the manager.

Many of the agencies began, also, to inculcate a new concept of management at the plantation level. The old type of manager, authoritarian in manner and practice, passed out of fashion to be re-educated or replaced by those who demonstrated an ability to maintain good employee relations. Consultative management, in some places extended downward to include the supervisors, became strongly emphasized. Two of the agencies, reflecting this new trend, distributed the 1947 report of the Industrial Relations Counselors widely among their management group and one was considering its distribution down to the first line supervisors.

One crucial objective of this new program was the integration of the supervisors into the management group. Prior to the sugar strike many of the first line supervisors had joined the union. The union lost most of this group during the strike and failed in its efforts to secure bargaining rights for them. The industry moved rapidly in an effort to regain the allegiance of the supervisors. The remaining vestiges of a double standard of wages were rapidly removed. Some of the agencies undertook to classify the supervisors' jobs, increase the pay, add to the supervisors' responsibilities, enlist their assistance in the task of formalizing plantation personnel policies, and provide for a fuller flow of information on management goals and policies. Supervisory training programs were initiated on many plantations, with the focus initially on contract administration and then broadened as supervisory acceptance of training grew.

This special attention to the supervisory level is of peculiar importance to Hawaiian management and in the long-run will have tremendous effect on labor-management relations because of the heritage of racial discrimination. As early as 1946 some of the plantations had begun to eliminate the remaining racial barriers to advancement. Recognition of the power of racial discrimination in fostering militant union attitudes led to a more ready acceptance of the principle of promotion from within the organization and even in some instances to a forced draft whereby locally born employees were upgraded faster than their demonstrated abilities might otherwise have justified. The scope of this new policy is revealed by the belief expressed in some union circles that local management was deliberately and successfully raiding the ranks of local union leadership as fast as it emerged.

Yet invisible racial barriers still remain, the precise level varying with the company, and the potency of the discrimination weapon in the union arsenal has been blunted, not eliminated. At the immediate points of contact between management and the worker, a nonwhite group has been developed with a consciously inculcated management identification, thereby greatly weakening the historical race-class identification. Above the supervisory level only a few companies by 1948 were willing to go, believing that staff positions and higher had to be reserved for white employees because the social responsibilities of the job required individuals who could move freely in all circles locally and on the Mainland. Thus, race restrictions at the better business clubs and the attitudes of customers were cited as the determining factors in establishing the final level of non-haole employment. But even with this limitation, and logic requires its eventual lifting, it remains true that one of the more significant counter moves management made to unionism was in this area of raising the ladder of racial opportunity.

The end of the longshore strike ushered in an era of full commitment to the "progressive" policies summarized by the President of the HSPA in 1947. By then, the upholders of the old traditions and the believers in the eventual disappearance of the union were in full retreat. The sheer magnitude of the task involved in developing the job classification system, converting perquisites, beginning the normal housekeeping functions of a personnel office, and preparing for the periodic negotiations had absorbed the energies of much of the skilled personnel until 1949. The Council, which had begun paying greater attention to the nonunion aspects of employer-worker relations, was able in 1950 to initiate an annual industrial relations conference which in subsequent years was supplemented by island workshops for supervisors reaching as many as 600 at a time. The years of comparative labor stability following the longshore strike permitted more concentration of staff time on the modernization program. Thus supervisory training, executive development, formalization of medical and pension programs in conjunction with the union, expansion of employee information programs, stimulation of home ownership, and the careful review of company policies became the characteristics of this period. Following 1949 the personnel and industrial relations function acquired full status as the industry placed its hopes for

long-term industrial peace upon its specialists on employee relations.

### Community Relations

The isolation and structure of industry combine to lend special urgency to an otherwise normal aspiration of industry to put its best foot forward in public. The "Big Five" symbolize the tight-knit industrial control and in opposition, both economically and politically, the ILWU is a formidable antagonist. Astride the transportation lifeline and apparently secure in the basic industries the union has considerable economic power which if used can affect the livelihood of the entire community. Its membership base is located predominately in the rural areas which in turn have disproportionate political influence in the Legislature, thereby providing the union, if it is effective, with a means of exercising a political influence far greater than its numbers might justify. Both sides, consequently, battle for the support of the uncommitted whose views can be crucial in determining the final outcome of economic and political struggles. A steady flow of information through various media is maintained by both groups, addressed both to the workers and to the general public.

### CONCLUSION

Hawaii has entered an era of economic uncertainty occasioned by the tendency of the labor force to expand more rapidly than job opportunity. Employment in the basic agricultural industries is expected to decline slowly in response to increased mechanization, and Federal employment, the most important single source, is so volatile its swings generate boom or bust conditions. To reduce the dependence on Federal employment, to restore employment losses in agriculture, and to absorb the yearly increases in the labor force, economic expansion is sorely needed. The quality of labor relations—its stability and maturity—can make economic expansion harder or easier to attain.

There are two dimensions to Hawaii's labor relations, internal and external. The latter is outside the control of the Territory except insofar as Matson Navigation Co. can be influential. Yet repeated interruptions to shipping services on the scale of the post-

war years affect the tourist industry, raise doubts in the minds of potential investors, raise the cost of distribution within the Territory, and threaten Hawaiian agriculture with the loss of its established markets.

Internally Hawaiian management has an opportunity to influence the outcome inasmuch as it deals directly with the unions representing its employees. To the extent that its efforts contribute to the creation of stable and mature collective bargaining relationships the environment for economic expansion is made more attractive. More important, in view of the polarization of management and labor into two, internally cohesive groups, industrial warfare has tended to become all-embracing, opening up cleavages that spill over into political and community life. Given this division, only the parties could make peace—there has been no third force around which neutrals can rally. The central concern of this study has been the exploration of the manner in which Hawaiian management used its opportunities to influence the course of Hawaiian labor relations internally.

The end of the war found Hawaiian labor relations in the midst of momentous transition. A system based on paternalism was collapsing as the sugar workers with the support of the government and a powerful labor union demanded a new order. Management, breaking with the past, chose to accept the handwriting on the wall rather than battle to stem the tide. Borrowing heavily from the experience of employers in the San Francisco Bay Area and relying upon newly hired mainland experts, Hawaiian management set as its goal the rapid achievement of maturity in labor relations.

The first step was the creation of the Hawaiian Employers Council to serve as industry's mutual defense organization and sole bargaining agent. Accepting management's legal obligations the Council recognized unions but fought hard and successfully to prevent the expansion of the union's power over employees, the loss of management's prerogatives, and the adoption of principles and policies reducing management's freedom of action. The Council, aided by the internal solidarity of the management community, stabilized the main lines of the collective bargaining framework by the end of 1946. Thereafter, concessions, admittedly greater than management considered desirable for economic health, con-

cerned economic issues neither adding to nor detracting from the institutional power of the two sides. Even within this area, notably on job classification and prerequisite conversion, management retained the initiative and by acting promptly was able to determine the main lines of development. In total, management's claim to have more successfully contained union power than most American employers elsewhere seems solidly based.

Much like the situation in the motion picture industry, the institution of collective bargaining in Hawaii demonstrated its ability to adjust to unique circumstances. An agricultural industry with an entrenched paternalistic tradition was converted in a remarkably short time to a new compensation system resting on a formal ranking of the jobs from the previous complex combination of piece rates, day rates and bonuses, frequently personalized and essentially arbitrary. At the same time the historic prerequisite system was abandoned, leaving the individual responsible for meeting his housing and welfare expenditures. The 1946 sugar strike, costly as it was in many respects, served a useful purpose in making this rapid transition possible with a minimum of dissent within both the management and union groups. This wholesale overhauling of the industry's compensation system reflected the Council's conviction that these steps were an essential pre-condition to successful collective bargaining. In the absence of unionization, such changes would have been long delayed as management's attachment to the old traditions remained strong.

The modernization of personnel policies, first accepted theoretically in 1944, was given impetus by the success of the 1946 sugar strike, and was pushed determinedly after the 1949 long-shore strike. In this area management has tended to borrow from the best of mainland practice in its efforts to review and formalize personnel policies, to improve the quality of supervision and to develop a new type of manager able to function successfully in the changed union-management environment. Again unionization accelerated these developments as management, previously ignoring the recommendations of its outside consultants, embraced the new ideas only when the union proved its continuing vitality.

In some areas—the ending of prerequisites, the reduction of racial barriers to promotion, and encouragement of home ownership—management has adopted policies that can over time result

in the creation of a new kind of employee, one more mature, with a greater stake in the industry, and thus desiring a more conciliatory union leadership.

Conciliators and others close to the parties agree that bargaining today is as mature as anywhere in the United States. Most factors in the present situation favor its continuance and by consequence a generally peaceful relationship. The balance of power between management and the unions is approximately even so that, if contests were to occur, they would be long. This severely inhibits the use of force unless a major issue arises which can not be resolved by any other means. Yet such an issue is not now readily apparent. Those principles considered essential by management have been accepted for so long that they are part of the established framework, and no present union goal or need appears to require any significant modification. The unions are sufficiently secure, their inter-relationships stable, and the loyalty of the members is unquestioned. In the economic area the portents are likewise favorable. One of the great issues of the past, parity of the docks with the West Coast has now been resolved by an agreement that virtually maintains such parity on an automatic basis. Other industries, notably the tourist hotels, have moved in the same direction and there is general expectation that wage rates throughout the community will gradually be raised to mainland levels. Bargaining developments, particularly on fringe benefits, have spread rapidly to Hawaii. Any lag in Hawaii's economic improvement or serious local recession would severely strain existing relationships as the cessation of economic gains would be difficult for labor to accept. But even such an economic disaster could be weathered successfully provided the present maturity of the parties continued.

The greatest remaining uncertainty surrounds the unresolved controversy over the ideological orientation of the ILWU. In the opinion of some of the employers, continued governmental attacks on the union leadership and the uncertainty over the ultimate disposition of cases involving the conviction of some of its leaders under the Smith Act makes the union nervous and its actions somewhat unpredictable. The union's response via short political strikes is not only unsettling and costly to the employers but also serves to keep alive concern over its responsibility and long-run goals. If the outcome is removal of the present leaders, either as a conse-

quence of the ultimate disposition of the Smith Act cases or of new legislation, the result, some feel, is likely to be an internal struggle for power and perhaps a period of renewed instability for Hawaiian industry. If the issue could finally be resolved, there is evidence that the union might evolve rapidly in a direction favorable to continued stability in labor relations.

Increasingly the union leaders and members act as if they believe their battle has been won. More and more the union is moving in the direction of acting as a steward for past gains rather than as the general in a great crusade. The trend is toward the cautious use of power, the avoidance of risky enterprises, and the acceptance of gradual gains.

Not only in the collective bargaining arena but in the community at large as well, the position of the union has gradually been changing. In politics, the union has discovered that its major legislative interests are better served by a nonpartisan rather than a partisan approach. Hence its political activities no longer provoke violent reactions. Meanwhile, declining employment in the basic industries has brought membership reductions, whereas the expanding areas of employment are in industries that are likely to remain unorganized or to come within the potential orbit of the AFL-CIO. Thus, as a result both of underlying economic trends and of shifts in the union's political strategy, the union's political power appears to be diminishing.

It would be rash to predict that the trends of recent years are certain to continue. An abrupt change in the union's strategy, prompted by international developments or by a decisive change in its leadership, is within the realm of possibility. But apart from this contingency, the evidence is impressive that the present stable pattern of labor-management relations in Hawaii is likely to prove enduring.

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