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HAWAII AND U.S. PACIFIC ISLANDS SURFACE
COMMERCE ACT OF 1975

GOVERNMENT
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HEARING

BEFORE THE

SUBCOMMITTEE ON MERCHANT MARINE

OF THE

COMMITTEE ON COMMERCE

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

S. 1126

TO PROVIDE FOR THE NORMAL FLOW OF MARITIME IN-
TERSTATE COMMERCE BETWEEN HAWAII, GUAM, AMERI-
CAN SAMOA, OR THE TRUST TERRITORY OF THE PACIFIC
ISLANDS AND THE WEST COAST, AND TO PREVENT CER-
TAIN INTERRUPTIONS THEREOF

OCTOBER 15, 1975

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HAWAII AND U.S. PACIFIC ISLANDS SURFACE COMMERCE ACT OF 1975

WEDNESDAY, OCTOBER 15, 1975

U.S. SENATE,
COMMITTEE ON COMMERCE,
MERCHANT MARINE SUBCOMMITTEE,
Honolulu, Hawaii.

The subcommittee met at 9 a.m. in room 310-12, Hawaii State Capitol, Hon. Daniel K. Inouye presiding.

OPENING STATEMENT BY SENATOR INOUE

Senator INOUE. The Subcommittee on Merchant Marine of the U.S. Senate Committee on Commerce will please come to order.

On March 10 of this year, my colleague, Senator Fong, and I introduced S. 1126, "The Hawaii and United States Pacific Islands Surface Commerce Act of 1975," which is the subject of our hearing today. This is not the first bill we have introduced on this subject nor on which hearings have been held. On January 18, 19, and 20, 1972, hearings were held here in Hawaii on this same problem—the continuation of surface commerce between the west coast and Hawaii without lengthy interruption—but on a very different bill called the Hawaii Public Interest Protection Act. That measure called for Government operation of the ships and docks on an emergency basis in case of lengthy labor-management disputes in the longshore and maritime trades engaged in the west coast-Hawaii trade. On June 6, 1973, a full day of hearings was held in our Nation's Capitol on S. 1566, a measure somewhat similar to the one under consideration here today. With some revisions, that measure subsequently passed the U.S. Senate on July 17, 1974. It failed to reach a vote on the floor of the House of Representatives, however, and died with the adjournment of the 93d Congress.

S. 1126, the measure we are considering today, results from the knowledge gained from those earlier legislative efforts and objections raised to those measures. It is my hope that those testifying today will direct their testimony toward this revised and, I believe, much improved legislative proposal for protecting the public interest of the people of Hawaii and the other U.S. Pacific Islands. Hopefully, the bill under consideration today, S. 1126, will answer sufficiently the major objections raised previously while continuing to provide an acceptable level of relief from work stoppages in the very essential west coast-Hawaii ocean commerce. A companion bill has been in-

Staff member assigned to this hearing: Richard J. Daschbach

roduced in the House of Representatives by our Representatives Spark Matsunaga and Patsy Mink.

This year's legislative proposal was modified in several major areas in our effort to allay criticism. First, the maximum coverage of any injunction was reduced from a maximum 160 days, plus a possible 80 days under a Taft-Hartley injunction under the previous bill, to 120 days with an injunction under this measure to run concurrently with any injunction granted under Section 208 of the Taft-Hartley Act during the injunctive period. Second, this measure limits to the Chief Executive of the State or territory the power to request an injunction. That change prevents either party to the dispute or other narrow economic interest from using the court to intercede in the dispute under this act. Third, the court is required to determine that the health and well-being of the people of the petitioning U.S. Pacific Island is indeed imperiled prior to granting injunctive relief. It is not automatic nor subject to frivolous use.

It is now almost 4 years since we first held hearings on this subject so vital to the economic welfare of the people of my State and the other U.S. Pacific Islands. During that period, the shipping stoppages have been of shorter duration than some earlier stoppages, but it has also become eminently clear that even the threat of lengthy stoppages without some protection is sufficient to cause serious and lasting damage to the people and economies of our Pacific Islands.

The hearings which have been held, the reports which have been filed, and the debate on the floor of the Senate have all amply demonstrated the severity and uniqueness of the problem which this measure seeks to resolve. We, in Hawaii, are uniquely dependent upon one mode of surface commerce and upon that commerce flowing between the west coast ports and our ports in Hawaii. Such dependence is shared only by the other U.S. Pacific Islands. Yet that trade has almost no influence on the collective bargaining process because it constitutes such a small percentage of total west coast maritime trade. The west coast-Hawaii trade constitutes only some 3 percent of the total longshore hours worked on the west coast and some 7 percent of the shipboard labor. On the management side, the carrier involved in this trade has less than 13 percent of the voting strength in the Pacific Maritime Association, the management interest responsible for negotiating settlement of maritime disputes affecting the west coast trade.

The Hawaii and U.S. Pacific Islands Surface Commerce Act recognizes the principle that we should interfere as little as possible, consistent with our objective, with the normal economic forces which are operative in labor-management negotiations.

My bill recognizes further that any measure of interference in labor-management disputes must be an evenhanded one. Any interference must be to the advantage of neither labor nor management.

This measure recognizes that any proposed solution must not only be fair and reliant on normal labor-management economic forces but it must also be one which can be readily implemented. The proposed solution is one which has been regularly utilized on a voluntary basis to transport military cargo including post exchange and commissary supplies during previous shipping stoppages.

It is my hope that this hearing will amply demonstrate that this measure, S. 1126, meets the very necessary criteria of having broad

support among the public, business, and governmental leaders of the affected areas.

It is time to act decisively to protect our people from the sudden and repeated severance of the lifeline of commerce with the west coast United States which is so vital to our economic and psychological well-being. We are confident that this can be achieved without giving up the important rights of any group. We can and must secure the basic welfare of our people who may otherwise once again be held hostage to a dispute not of their making and one in whose resolution they play no effective role under existing law and practice.

[The bill follows:]

94TH CONGRESS
1ST SESSION

S. 1126

IN THE SENATE OF THE UNITED STATES

MARCH 10, 1975

MR. INOUE (for himself and Mr. FONG) introduced the following bill; which
was read twice and referred to the Committee on Commerce

A BILL

To provide for the normal flow of maritime interstate commerce
between Hawaii, Guam, American Samoa, or the Trust
Territory of the Pacific Islands and the west coast, and to
prevent certain interruptions thereof.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Hawaii and United
4 States Pacific Islands Surface Commerce Act of 1975".

5 SEC. 2. The Congress hereby makes the following
6 findings:

7 (a) that the unique geographical situation of the
8 State of Hawaii and of the territories of Guam and
9 American Samoa, and the Trust Territory of the Pa-

1 cific Islands, which are physically isolated and separated
2 by thousands of miles of water from both Alaska and
3 the forty-eight contiguous States, generates a unique
4 dependence on ocean shipping as a means for maintain-
5 ing normal commerce between any of the United States
6 Pacific islands and the rest of the United States;

7 (b) that disruption of the normal flow of maritime
8 interstate commerce which results from a strike or lock-
9 out affecting the longshore or maritime industries on the
10 west coast imperils the health or well-being of the people
11 of the United States Pacific islands;

12 (c) that the people of the United States Pacific
13 islands have frequently been innocent third parties in,
14 and suffered enduring harm from, disruptions in mari-
15 time interstate commerce described in subsection (b) ;

16 (d) that a disruption described in subsection (b)
17 means suffering for the people of the United States
18 Pacific islands comparable to that which the people of
19 any other State would suffer if all domestic surface trans-
20 portation serving such State were halted, thereby con-
21 structing a barrier around such State and preventing
22 both the entry and exit of all goods transported thereto
23 and therefrom by rail, truck, ship, barge, and any other
24 means of interstate surface commerce, permitting only

1 extremely expensive long distance air transport into and
2 out of such State;

3 (e) that the use of present Federal emergency dispute
4 procedures for resolving disputes affecting the west
5 coast longshore or maritime industries has not prevented
6 serious disruptions in the normal flow of maritime commerce
7 which has imperiled the health and well-being
8 of the people of the United States Pacific islands; and

9 (f) that provision for the continuation of normal
10 maritime interstate commerce between west coast ports
11 and the United States Pacific islands is necessary in
12 order to protect the health and well-being of the people
13 of the United States Pacific islands.

14 SEC. 3. (a) No strike or lockout in the longshore or
15 maritime industries in the State of Washington, Oregon, or
16 California (hereafter in this Act such States are referred
17 to as the "west coast") which imperils the health or well-
18 being of the people in any United States Pacific island shall
19 be permitted to interrupt normal shipping from any port on
20 the west coast to any United States Pacific island, or from
21 any United States Pacific island to any port on the west
22 coast for a period of one hundred and twenty days.

23 (b) The Governor of Hawaii, Guam, or American
24 Samoa, or the High Commissioner of the Trust Territory of

1 the Pacific Islands, or the designated representative of any
2 such Governor or of such Commissioner (if such a strike
3 or lockout interrupts normal shipping of any United States
4 Pacific island where such Governor or High Commissioner
5 is the executive) may petition any United States district
6 court having jurisdiction of the parties to any disruption
7 described in section 2 (b) of this Act to enjoin that part of
8 any strike or lockout or continuation thereof which inter-
9 rupts normal shipping between the west coast and any
10 United States Pacific island, and if the court finds that such
11 strike or lockout meets the condition described in section
12 3 (a) the court shall have jurisdiction to enjoin that part of
13 any such strike or lockout or continuation thereof which
14 interrupts normal shipping between the west coast and any
15 United States Pacific island, and to make such other orders
16 as may be appropriate, in accordance with the provisions of
17 this section. Any such injunction and temporary restraining
18 order shall in the aggregate remain in effect one hundred and
19 twenty days unless discharged prior to expiration of such
20 period with discontinuance of the disruption of maritime in-
21 terstate commerce.

22 SEC. 4. (a) Any employee (the terms or conditions of
23 whose position of employment are governed by the agree-
24 ment entered into between the employer and the labor orga-
25 nization prior to such strike or lockout described in section

1 3 (a) of this Act) who performs work or services for his
2 employer during the term of the injunction or temporary
3 restraining order referred to in section 3 (b) shall perform
4 such work or service pursuant to wages, hours, and other
5 terms and conditions of employment of the last agreement
6 between such employer and labor organization prior to such
7 strike or lockout.

8 (b) Each employee shall receive additional wages for
9 performing work or services described in subsection (a)
10 to fully compensate him for the difference between the hourly
11 wage he actually was paid for performing such work or serv-
12 ices and the hourly wage he would have been paid under
13 the agreement which resolves the labor dispute had it been
14 in effect.

15 SEC. 5. The provisions of the Act entitled "An Act to
16 amend the Judicial Code and to define and limit the juris-
17 diction of courts sitting in equity, and for other purposes",
18 approved March 23, 1932 (29 U.S.C. 101-115), shall not
19 apply to any injunction issued under section 3 (b) of this
20 Act.

21 SEC. 6. For the purposes of this Act—

22 (a) the term "interrupt normal shipping" means—

23 (1) a refusal to permit the receipt or processing
24 of cargo or its loading aboard a ship at a port on the

1 west coast if such cargo is destined for use in Hawaii
2 or any United States Pacific island; or

3 (2) a refusal to permit the unloading of cargo
4 from a ship or its processing and delivery at a port
5 on the west coast if such cargo was shipped from
6 Hawaii or any United States Pacific island; or

7 (3) a refusal to operate (or to permit the oper-
8 ation of) a ship from a port on the west coast with
9 cargo destined for use in any United States Pacific
10 island or a ship from Hawaii or any United States
11 Pacific island with cargo destined for a port on the
12 west coast;

13 (b) the term "strike" has the same meaning as it
14 has in section 501 (2) of the Labor Management Rela-
15 tions Act, 1947; and

16 (c) the terms "employer", "employee", and "labor
17 organization" have the same meanings as such terms
18 have in section 2 (2), (3), and (5), respectively, of
19 the National Labor Relations Act.

20 (d) the term "United States Pacific island" means
21 the State of Hawaii, Guam, American Samoa, or the
22 Trust Territory of the Pacific Islands.

23 (e) the term "west coast" means any port or ports
24 located in the States of California, Oregon, or
25 Washington.

1 (f) the term "maritime interstate commerce".
2 means that cargo destined for use in or shipped from any
3 United States Pacific island from or to the west coast
4 by surface transportation.

5 SEC. 7. The provisions of section 3 of this Act shall take
6 effect on the date of its enactment unless a strike or lockout
7 in the longshore or maritime industry on the west coast
8 is occurring on such date of enactment, in which case such
9 provisions shall take effect on the fifth day after such date
10 of enactment.

Senator INOUE. Our first witness today is Hon. Senator Hiram L. Fong.

**STATEMENT OF HON. HIRAM L. FONG, U.S. SENATOR
FROM HAWAII**

Senator FONG. Thank you, Mr. Chairman. I am pleased to be on this panel to hear testimony on S. 1126, the Hawaii and U.S. Pacific Islands Surface Transportation Act of 1975, which I am cosponsoring with my colleague from Hawaii, Senator Inouye. Holding this hearing in Honolulu will give an opportunity for many persons to be heard who would be precluded from traveling all the way to Washington to testify. I am sure that the many witnesses scheduled today will build a hearing record which will be extremely helpful to the Merchant Marine Subcommittee, the Senate Commerce Committee, and the Senate in considering this bill.

As you know, a notable legislative struggle took place on the Senate floor on July 17, 1974, at the end of which Hawaii's two Senators succeeded, by a 59-38 vote, in securing passage of S. 1566, the Hawaii and U.S. Pacific Island Surface Commerce Act of 1973, a bill similar in most respects to the one now before this subcommittee.

In the course of that debate, I stated that I could recall no other legislation during my years in the Senate since Hawaii achieved statehood whose enactment was of greater importance to the people of my State. If S. 1566 were passed, I told the Senate, the people of Hawaii would, for the first time, be safeguarded against the devastating impact of a west coast longshore or maritime strike or lockout.

Such stoppages have disrupted our ocean lifeline for a total of 464 days in seven major strikes and for more than 1,000 days in scores of lesser strikes since World War II. From mid-1971 to the end of 1972, shipping strikes on the west coast cut Hawaii's shipping lifeline for 176 days—6 months out of 18, or one day out of three.

Mr. Chairman, the assertions which I made 15 months ago with regard to the necessity and value of this legislation are no less true today. Nothing has since occurred to alter the geographic and economic facts of life which compel the enactment of legislation to exempt Hawaii and the other U.S. Pacific Islands from the effects of a west coast shipping tieup.

I want to stress that such legislation would not only protect Hawaii from actual shutdowns in west coast shipping operations, it would also sharply reduce the great uncertainty which colors many, many governmental, economic, and domestic actions taken in Hawaii every single day of the year. This uncertainty springs from the possibility that something unexpected could happen at any time on the west coast to close off shipping. It derives also from the periodic expiration dates of contracts with the west coast longshore and offshore unions. It is manifest in warehousing on a massive scale, in contract provisos, and in an undercurrent of anxiety which touches many other daily plans and transactions.

I appeared before this subcommittee on January 18, 1972, and again on June 6, 1973, to testify in favor of shipping dispute relief for Hawaii—and that testimony is, of course, available. During the Senate

debate on S. 1566 last year, I delivered perhaps the most comprehensive statement in favor of this legislation which has been made by anyone to date. I would like to have that statement included in the hearing as an appendix to my statement today.

In these remarks, I intend to briefly summarize the case for S. 1126, to note the inadequacy of existing remedies, and to describe the improvements made in this bill to meet the suggestions of friends and critics.

At the outset I want to state that while I advocate enactment of this legislation, I remain firmly committed to the principle of collective bargaining, the right of unions and management to negotiate freely regarding the terms and conditions of labor. The public interest cannot be ignored, however, when in certain instances the failure of collective bargaining, mediation, conciliation and other normal processes imperils the public health or well-being.

This legislation is necessary because of a combination of geographic and economic factors which distinguish Hawaii and the other U.S. Pacific Islands covered by this bill—Guam, American Samoa, and the Trust Territory of the Pacific Islands—from every other State in the Union.

Geography has imposed a water barrier 2,500 miles wide between Hawaii and the west coast ports of the United States, over which a lifeline of ships must constantly travel. To cut into or sever that ocean lifeline is to cut to the very heart of Hawaii's economic health and security. To live as we do under present law under a threat that that lifeline could be severed at any time is to inject uncertainty and insecurity into every aspect of our economy.

Sea transportation normally carries 99 percent of all goods which travel between Hawaii and the U.S. mainland. Air cargo, which carries the remaining 1 percent, can expand in times of emergency to carry at most only 3 percent of normal freight tonnage.

Approximately 80 percent of all physical commodities purchased by Hawaii's 881,000 people must be imported, primarily from the U.S. mainland and almost entirely shipped from the west coast. It is no less essential that Hawaii be able to export its sugar, pineapple, and other locally produced or manufactured products, without fear of interruption.

This legislation seeks for Americans living in the mid-Pacific only that security of transportation service which the great majority of citizens on the U.S. mainland enjoy through having many interstate transportation choices available to them—trucks, trains, barges, local short-haul airfreight, and so on. The Pacific Islands do not have that array of transportation alternatives.

A cutoff in shipping to and from the west coast reverberates throughout the economy of the State of Hawaii. Our 881,000 people begin to suffer from shortages of the necessities of life and business, from higher prices, rising unemployment, and reduced working hours, small business failures, a sharp drop in construction activity, a loss of investor confidence in the growth and viability of our economy, and, not least, an inability to ship our two major exports, sugar and pineapple, to markets on the U.S. mainland.

In my July 17, 1974, statement appended to these remarks, I cited a number of statistics detailing the economic impact of the 1971-72

strike period on employment, food prices, retail sales, construction earnings, State tax collections, and personal income.

There is considerable irony in the fact that west coast maritime and longshore stoppages do not originate in Hawaii, have no participants in Hawaii, and are not susceptible to any direct influence which might be exerted by public opinion and economic distress in my State.

It is manifestly unjust for nearly 1 million American citizens to have their economic livelihood placed in jeopardy by a few thousand individuals 2,500 miles away. This legislation, quite simply, seeks to right that wrong.

There is no doubt, and this is documented in my appended statement, that existing remedies for Hawaii in the event of a west coast shipping tieup are entirely inadequate. Taft-Hartley, which requires a "national" emergency to become applicable, has either been invoked too late, not at all, or with scant success.

The compulsory arbitration legislation which virtually compelled the parties to the 1971-72 west coast longshore strike to reach agreement voluntarily, was enacted only after 4 months of strike, the failure of a Taft-Hartley injunction, a concurrent strike closing the east and gulf coast ports, and serious injury sustained by the people and economy of Hawaii.

We need more reliable remedies, such as S. 1126 would provide.

I am convinced that the answer to Hawaii's dilemma lies in the bill before this subcommittee, S. 1126. It would permit the Governor of Hawaii, Guam, or American Samoa, or the High Commissioner of the Trust Territory of the Pacific Islands, to seek a 120-day injunction continuing shipping service between the west coast and the U.S. Pacific Islands in the event of a west coast longshore or maritime strike or lockout which imperils the health or well-being of the people in any U.S. Pacific island.

If a Federal district court finds that there is such an imperilment, it may enjoin that part of the strike or lockout which interrupts shipping between the west coast ports of California, Oregon, and Washington and the State of Hawaii, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

The 120-day injunction period would run concurrently with any Taft-Hartley injunction with which it might overlap.

Any employee who performs work during the injunction period would be governed by the wages, hours, and working conditions of his previous contract, but the bill provides that he shall be paid retroactively for that period the amount of any wage increase which may be in his new contract.

I would point out that the exemption for Hawaii provided by S. 1126 would involve only 31½ percent of the man-hours normally worked by west coast longshoremen and only 7.3 percent of the man-days normally worked by shipboard labor with west coast contracts, according to a recent study. It is clear that this would have only a negligible impact on collective bargaining. Indeed, an exemption for Hawaii shipping under this legislation would probably reduce the likelihood of much more massive Federal intervention under the Taft-Hartley Act.

As I have stated, this bill is based generally on S. 1566, the Hawaii and U.S. Pacific Islands Surface Commerce Act of 1973, which Senator

Inouye and I cosponsored in the 93d Congress and which passed the Senate last year only to die in the House. It improves upon that bill in several respects in order to meet the suggestions of friends and critics, including some members of the Senate Labor and Public Welfare Committee:

The length of the injunction period has been reduced from 160 to 120 days.

An injunction obtained under this legislation would now run concurrently with any Taft-Hartley injunction which might be obtained.

A judicial finding of an imperilment of health or well-being is required.

By blunting some of the criticisms of this legislation, these changes should improve its chances for enactment.

S. 1126 is an effective and essential response to a longstanding problem of great seriousness and vital importance for the people of Hawaii. It will render obsolete the frequently applied characterization of Hawaii as "the most vulnerable State in the Nation."

Make no mistake about it. This bill will have a direct and major impact on jobs, income and future growth in the State of Hawaii. Its passage will provide confidence in the economic viability of our island State as no other action could do—confidence felt by the local, mainland and foreign investor and by the man in the street alike. Confidence which will be translated into more jobs and higher income and which will act as a springboard for future growth.

The breadth of appeal of this legislation was made clear just 2 months ago in a poll conducted on Oahu, in which it was strongly supported by 83.4 percent of Honolulu's residents. Men and women of all political persuasions, union and nonunion, young and old, kamaainas and malihinis (long-time residents and newcomers), low, middle and high income—all took their stand in favor of a Federal law which would permit Hawaii to ask for 120 days of continued shipping during a west coast shipping strike.

The message from Hawaii's people is loud and clear, and I pledge to do my part to make sure Hawaii's voice is heard in the Halls of Congress.

It is my strong hope that S. 1126 will be promptly reported from this subcommittee and the full Commerce Committee and that we will again be successful in our effort to pass it in the Senate and that this time we will attain success in the House, as well.

[The statement referred to follows:]

STATEMENT ON S. 1566, HAWAII AND U.S. PACIFIC ISLANDS SURFACE COMMERCE ACT, BY U.S. SENATOR HIRAM L. FONG, DELIVERED IN THE SENATE JULY 17, 1974

Mr. President, the consideration by the Senate today of S. 1566, the Hawaii and U.S. Pacific Islands Surface Commerce Act, is a momentous occasion for the people of my State of Hawaii.

As I stated in a letter sent to each of my colleagues a few days ago, in the nearly 15 years of my tenure in the Senate since Hawaii statehood, I can recall no other legislation whose enactment has been of greater importance to the people of my State. If S. 1566 is passed, the people of the island State of Hawaii will be safeguarded from disastrous stoppages in shipping operations on the west coast of the United States—stoppages which disrupted our ocean lifeline in seven major strikes for a total of 464 days and in scores of lesser strikes totaling more than 1,000 days since World War II.

I approach this problem as one who is firmly committed to the principle of collective bargaining. This is one of the cornerstones of our Nation's labor-management relations. The freedom of labor and of management to bargain across the table on wages, hours, working conditions, and fringe benefits is one of the hallmarks of America's private enterprise system and distinguishes our system from many other nations where government controls and operates industry, both management and workers.

At the same time, I also have a deep commitment to the public interest, to the general welfare of our citizens. On those occasions when collective bargaining, mediation, conciliation, and other normal processes have failed to settle labor-management disputes, then in the public interest, for the public good, something must be done.

HAWAII DEPENDS ON ITS OCEAN LIFELINE WITH MAINLAND UNITED STATES

My State and the well-being of its people are almost entirely dependent on a lifeline of ships which traverse the nearly 2,500 miles of Pacific Ocean which separate us from the west coast ports. To cut into or sever that ocean lifeline is to cut to the very heart of Hawaii's economic health and security.

Sea transportation normally carries 99 percent of all goods which travel between Hawaii and the U.S. mainland. Air cargo, which carries the remaining 1 percent, can expand in an emergency to carry at most only 3 percent of normal freight tonnage.

Approximately 80 percent of all physical commodities purchased by Hawaii's 881,000 people are important, primarily from the U.S. mainland and almost entirely shipped from the west coast; 79.5 percent of our oceanborne imports arrive from the west coast ports, 2.3 percent from the east coast, and 18.2 percent from foreign sources, excluding petroleum products.

Almost without exception, the goods and supplies essential to modern living in Hawaii are either imported or import-dependent.

Cement and concrete products used in construction, for instance, are produced in Hawaii—but two essential ingredients, silica sand and gypsum rock, must be brought in from the U.S. mainland. To cite another example, some 60 percent of all the food needed for Hawaii's people must be imported. Furthermore, the pressures of urban development are steadily shrinking what limited land is still available for agricultural production.

As you may be aware, housing is very costly in Hawaii and is in critically short supply. Yet 97 percent of the lumber needed for construction in my State must be imported. When wood, paint, nails, plumbing fixtures, roofing, and other construction materials are not shipped to Hawaii in a steady flow, costs increase and the effort to meet the housing demands of our people falls even further behind.

Hawaii has no metal resources, with the exception of bauxite, which has never been commercially exploited. We have few nonmetallic minerals, and we totally lack any deposits of oil or coal. Every drop of oil needed to produce electrical energy, to operate equipment and to run our motor vehicles must be imported.

In summary, no industry or individual in Hawaii, from the corporate giant to the newborn baby, is free of dependence upon imported goods. Whether a resident of my State buys a car or a typewriter, a bag of rice or a piece of plywood, his purchase must first be transported over thousands of miles of ocean in order to reach the point of retail sale.

It is no less essential that Hawaii must be able without fear of interruption to export its sugar, pineapple, textiles, and other locally produced or manufactured products. For example, an average of 1,200,000 tons of raw sugar must be shipped from Hawaii to the U.S. mainland each year for refining and distribution in a very competitive market. Excepting tourism, our sugar and pineapple exports are the two leading income producers for Hawaii.

Mr. President, at the conclusion of my remarks, I ask unanimous consent to have printed in the RECORD an exhibit detailing Hawaii's vulnerability to transportation strikes, prepared by Dr. Thomas K. Hitch, senior vice president and chairman of the research division of the First Hawaiian Bank.

The PRESIDING OFFICER. Without objection, it is so ordered.

[See exhibit No. 1].

Mr. FONG. Although other States enjoy alternative interstate transportation services, Hawaii, of course, cannot be linked to the mainland by trains or trucks or buses or automobiles. Hawaii has only ships and planes. When shipping stops,

the result can be near-paralysis in our economy. Indeed, in view of the predominantly import-export nature of our economy, the mere threat of a major maritime or longshore work stoppage on the west coast reverberates throughout my State.

THE THREAT IS REAL

Is it realistic to fear that our ocean lifeline may be cut? I must respond to such a question, unfortunately, with a resounding "yes." Since World War II, strikes in the west coast longshore and maritime industries have come with desastating frequency and have cost Hawaii almost 4 years in lost shipping services.

Since the close of World War II in 1945, there have been eight major shipping strikes, only one of them centered in Hawaii, totaling 641 days. These were as follows:

First. The 53-day West Coast Marine Engineers, Masters, Mates, and Pilots and International Longshoremen's and Warehousemen's Union—ILWU—strike of 1946.

Second. The 96-day west coast strike by the ILWU and four offshore unions in 1948.

Third. The 177-day Hawaii ILWU strike of 1949.

Fourth. The 6-day West Coast Sailor's Union of the Pacific strike of 1952.

Fifth. The 27-day west coast strike by four offshore unions in 1962.

Sixth. The 47-day west coast strike by four offshore unions in 1969.

Seventh. The 134-day west coast ILWU strike of 1971-72.

Eighth. The 41-day west coast masters, mates, and pilots strike of 1972.

* Thirty-five additional strikes lasting 2 days or more and scores of shorter or more limited strikes add many hundreds of days to the 641-day total, in all aggregating almost 4 years of strikes in the last 29 years. How many States could endure such a situation so often in which only a trickle of goods flows in and major exports cannot be shipped out.

CONCENTRATION OF HAWAII-WEST COAST SHIPPING SERVICE INCREASE THE RISKS

An important new development occurred this year, when one of the three shipping lines serving Hawaii, Seatrain, discontinued service to my State effective last April 9. Matson Lines, already by far the largest carrier with 70 percent of the Hawaii trade, has taken over most of the 25 percent formerly handled by Seatrain, leaving the third carrier, U.S. Lines, with about the 5 percent it now handles.

The significance of Seatrain's withdrawal becomes apparent when it is realized that, whereas Seatrain and U.S. Lines have their collective bargaining agreements made on the east coast with all shipboard personnel, Matson licensed and unlicensed ratings are subject to west coast collective bargaining agreements. With Seatrain's withdrawal, virtually all trade between my State and the west coast will be cut off during strikes or lockouts over west coast offshore union contracts.

During the 41-day masters, mates, and pilot strike of late 1972, when Matson alone was struck, a small but helpful percentage of shipping continued between the west coast and Hawaii on Seatrain and U.S. Lines. Today, a maritime stoppage on the west coast, which formerly cut off 70 percent of the shipping with Hawaii, now will cut off more than 90 percent, Matson's new share of shipping between the west coast and Hawaii.

THE DEVASTATING IMPACT OF SHIPPING STOPPAGE

When west coast shipping is suspended, Hawaii's 881,000 people suffer from shortages of necessities of life and business, from higher prices, rising unemployment and reduced working hours, small business failures, a sharp drop in construction activity, a loss of investor confidence in the growth and viability of our economy, and, not least, an inability to ship our two major exports, sugar and pineapple, to mainland markets.

It will be a long, long time before the people of my State forget the uncertainty and acute distress which came in such abundance between July 1, 1971, and December 31, 1972. During the 18-month period, a series of three west coast longshore and maritime strikes cut Hawaii's sea transportation service with the west coast for a total of 176 days—6 months out of 18 or 1 day out of 3.

These strikes did not originate in Hawaii, had no participants in Hawaii, and were not susceptible to any direct influence which might be exerted by public opinion and economic distress in my State. Nearly 1 million American citizens were effectively held hostage by a few thousand west coast dockworkers and shipboard personnel.

I know of no other labor-management situation in which so many people in our country can be affected so adversely by the actions of so few who are so far away.

The following statistics, which relate to the impact of the 18-month 1971-72 strike period, indicate the economic injury which is inflicted upon the people of my State by the disruptions whose impact S. 1566 seeks to limit:

Unemployment in February 1972, toward the end of the 134-day west coast longshore strike, reached 6.5 percent, the highest in Hawaii's history as a State up until that time.

Even with phase I of the wage-price freeze in effect beginning in mid-August, Honolulu food prices jumped 4.5 percent between June and October 1971. By contrast, U.S. food prices declined 0.3 percent during the same period. By February 1972—after 115 cumulative days of the west coast longshore strike and despite relief through an 80-day Taft-Hartley injunction and two voluntary extensions—a head of lettuce in Hawaii cost 72 cents, a dozen oranges \$1.45, and 10 pounds of potatoes \$2.28 on the average.

Local retailers, responding to a survey on the impact of the west coast longshore strike, reported sales declines ranging up to 17 percent.

Construction-generated earnings declined 7.8 percent in 1971 and rose a mere 2.4 percent in 1972.

The annual increase in State tax collections fell from 12 percent in 1970 to 7½ percent in 1971 and 7.9 percent in 1972.

Personal income growth fell from 14.1 percent in 1970, nearly twice the national average, to 6.4 percent in 1971.

Hawaii's per capita personal income soared 11.3 percent in 1970, which compared very favorably with the national gain of 6.3 percent. In 1971, however, it increased only 4.1 percent. Only seven States had lower per capita personal income growth rates than Hawaii that year, and the national gain was 5.6 percent. In 1972, still plagued by shipping problems and their resultant impact on business activity, per capita personal income in Hawaii increased only 5.9 percent, compared with the national growth rate of 7.9 percent. Only three States had a smaller per capita personal income growth rate than Hawaii in 1972.

In 1970, Hawaii's personal income was the sixth highest in the Nation—exceeded by only four States and the District of Columbia. The blows to the economy which came during the strike years lowered Hawaii's ranking to ninth in 1971, where it remained in 1972.

A major cost of the ever-present strike threat in Hawaii is the fact that it compels our businessmen to keep very large inventories on hand at all times. This stockpiling, which greatly increases the cost of doing business, is passed on to the consumer and contributes significantly to the high cost of living in Hawaii.

My colleague (Mr. Inouye) has already stated figures showing the cost to the Hawaiian businessman of stockpiling goods, because of the uncertainty of the flow of commerce to Hawaii.

Shipping tieups also have serious long-range repercussions on the State of Hawaii. The principal impact is to make it more difficult to attract investment capital. For the last 20 years or more, the economic growth of Hawaii has been financed in large part by capital attracted from outside the State. This is true, because local funds are inadequate, because savings of Hawaii residents are often funneled into mainland opportunities, and because out-of-State owners of Hawaii enterprises return profits to home offices located on the mainland or in a foreign country.

Personal savings and business profits, therefore, tend to flow out of Hawaii, and the economic development of my State depends upon local ability to attract outside investment funds. Shipping interruptions can so shake investor confidence that the capacity to attract such funds is dealt a severe setback.

Finally, and very importantly, shipping strikes imperil or destroy markets for Hawaii's export industries, which are principally sugar and pineapple. The primary market for Hawaii sugar, for instance, is in the Western States, where sugar is already in surplus supply. In the past, shipping interruptions have caused

Hawaii sugar producers to lose important industrial customers, who have turned elsewhere for their supplies.

THE INADEQUACY OF EXISTING REMEDIES

Existing remedies for Hawaii in the event of west coast shipping tieups are inadequate. For example, the Taft-Hartley Labor-Management Relations Act has been employed 12 times in national emergency disputes in the longshore and maritime industries since its enactment in 1947. The results have been dismal. Only one of the nine longshore and two of the three maritime disputes were settled during the 80-day cooling-off period provided by the act once an injunction was obtained in court.

Considering the west coast alone, Taft-Hartley has been invoked only four times in shipping disputes and only twice did it lead to settlement there.

Because an emergency must be "national" in scope to qualify for a Taft-Hartley injunction, the act was not employed in the 1971-72 west coast longshore strike until after 100 days had elapsed, until after extensive economic injury had spread as far as the Middle West farm belt, and until after a strike by the International Longshoremen's Association on the east and Gulf coasts had closed down those other mainland ocean ports. When it finally was used, Taft-Hartley proved a towering failure. Although the injunction period was twice voluntarily extended by consent of the parties, the west coast longshore strike ultimately resumed for 34 more days.

In another instance, the 41-day west coast masters, mates, and pilots strike of late 1972. Taft-Hartley again could not be used because the stoppage was not deemed a national emergency.

I would like to assure my colleagues, on behalf of the people of Hawaii, that it can be just as painful to be caught in a "regional" emergency as a "national" one.

THE INADEQUACY OF PROMISED CONGRESSIONAL REMEDIES

I welcome the willingness of the Labor and Public Welfare Committee, as expressed in its adverse report on S. 1566, "to consider all emergencies, on an ad hoc basis, which current procedures for settling disputes do not abate." The people of Hawaii and their representatives in the Senate and House recently discovered, however, that an ad hoc congressional response to a strike emergency affecting their State can be very slow and requires an extraordinary combination of circumstances.

The enactment of legislation requiring compulsory arbitration of the 1971-72 west coast longshore strike, which virtually compelled a voluntary settlement by the parties themselves, is cited by the committee as evidence of Congress readiness to deal with critical stoppages. Congressional action, however, came, first, only after the dockworkers had been out on strike for over 120 days—more than 4 months; second, only after an 80-day Taft-Hartley injunction and two voluntary extensions thereof had failed to bring settlement; third, only after virtually every port in the Nation was shut down, since the east and Gulf coasts were also struck; and fourth, only after the people and economy of Hawaii had suffered grievously.

It is no wonder the people of my State take small comfort in such promises of congressional action, no matter how well-intentioned. For we have seen time and again that Congress is very reluctant to act promptly in west coast labor-management disputes. Hawaii needs more reliable remedies.

THE SEARCH FOR REMEDIES

Over the past 3 years, I have made repeated and substantial efforts to promote settlement of various strikes in progress and to devise legislation which could effectively safeguard the people and economy of Hawaii from disastrous impact of west coast shipping interruptions.

During the 1971-72 west coast dock strike, for instance, I sought many times through personal contacts to get the parties back to the bargaining table when negotiations broke down, as they frequently did. While negotiations were in progress, I worked hard to expedite agreement. I had regular contact with the White House, the Secretary of Labor, the Mediation Service, and others directly involved in the settlement effort. All concerned were made aware of the continuing and increasing economic harm inflicted on my State—the lost jobs, the

business failures, the price increases, the depleted savings, the crippled development.

I introduced or cosponsored four bills to remedy Hawaii's plight by amending the Taft-Hartley Act. Because my island State is most vulnerable to maritime and longshore strikes, precisely the two industries in which Taft-Hartley has failed most often, I became convinced that the act should be amended, first, to permit an injunction in "regional" as well as "national" emergency disputes and in disputes depriving any section of the country of essential transportation services; second, to allow vital shipping services to Hawaii; and third, to guarantee settlement of emergency disputes in the transportation industry.

In 1971 and 1972, I cosponsored three bills to reform Taft-Hartley to meet these objectives: S. 2850, the Emergency Labor Disputes Act of 1971; S. 2959, a revised Emergency Labor Disputes Act; and S. 3232, the Transportation Crisis Prevention Act of 1972. Early in the present Congress, on January 31, 1973, I introduced S. 640, the Emergency Transportation Disputes Act, which took a similar approach.

While retaining the familiar 80-day injunction, these bills provided new options for use in emergency disputes in the transportation industry. These were, first, further 15- or 30-day extensions of the injunction period; second, partial operation of the affected industry, which could provide emergency shipping services to Hawaii; and third, the final offer selection process, whereby a neutral panel would select the most reasonable of the final offers submitted by labor and management, which would become their binding contract unless the choice were found to be arbitrary or capricious by a Federal court. I was instrumental in assuring that these options, as well as the familiar 80-day Taft-Hartley injunction, would be expressly available in regional as well as national emergencies, a critical point for Hawaii.

After hearings were finally held on these and related bills to reform handling of emergency labor-management disputes, the Labor and Public Welfare Committee did not report any bill for consideration by the entire Senate, despite the best efforts of those of us urgently seeking reform.

We were able on two occasions, however, to offer the substance of the bills I cosponsored as an amendment to legislation then pending on the Senate floor, once to amend the Economic Stabilization Act Amendments, S. 2891, and once to amend the bill requiring compulsory arbitration of the west coast longshore strike, Senate Joint Resolution 197. I participated in vigorous, but ultimately unsuccessful, floor fights on both these amendments.

During the economic stabilization debate in November 1971, our reform amendment was tabled by a vote of 58 to 29. We were told prior to the vote that the Committee on Labor and Public Welfare was holding hearings on emergency labor dispute legislation and that that was not the appropriate time to take it up in the Senate.

When the compulsory arbitration measure came before the Senate for a vote on February 8, 1972, we again offered our Taft-Hartley reform proposals as an amendment. The committee had not reported a bill dealing with emergency labor disputes so the vote became closer. After a close, hard-fought debate, the Senate tabled our amendment by a margin of just 3 votes, 42 to 39, before proceeding to pass the compulsory arbitration bill, 79 to 3.

S. 1566: SOLUTION TO HAWAII'S DILEMMA

Still endeavoring to find appropriate legislative safeguards for Hawaii, early in 1973, the four members of Hawaii's congressional delegation, Senator Daniel K. Inouye, Representative Spark M. Matsunaga, Representative Patsy Mink, and myself, decided that the Senate and House might be more responsive to legislation designed to remedy Hawaii's particular problem during west coast shipping interruptions, rather than the larger issues of emergency disputes in the transportation industry generally. In time and after intensive effort, we reached agreement on two bills.

One of these, which I introduced in the Senate as S. 1567 and which Representative Mink introduced in the House as H.R. 7065, with cosponsorship by our respective colleagues from Hawaii in each body, would establish a uniform expiration date for all contracts in the west coast maritime and longshore industry, thus reducing the frequency with which Hawaii is threatened with disruption of shipping operations. This proposal has drawn support from both the employers'

bargaining group, the Pacific Maritime Association, and a number of the unions involved, but, unfortunately, has made no legislative progress in either House.

The other proposal upon which we reached agreement is the bill which is before us here in the Senate today. It was introduced in the Senate by Senator Inouye with my cosponsorship as S. 1566, and in the House by Representative Matsunaga, with Representative Mink's cosponsorship, as H.R. 7189.

S. 1566, the Hawaii and U.S. Pacific Islands Surface Commerce Act, provides that no west coast maritime or longshore strike or lockout shall be permitted to interrupt normal shipping between the west coast of the United States and Hawaii or the other islands in the Pacific under the American flag—Guam, American Samoa, and the Trust Territory of the Pacific islands—for a period of 160 days beginning on the first day of such strike or lockout.

An injunction to secure an exemption may be petitioned for in any Federal district court having jurisdiction by the Governor of Hawaii, Guam, or American Samoa, or by the High Commissioner of the Trust Territory of the Pacific Islands. As reported by the Committee on Labor and Public Welfare the bill also permits an injunction to be sought by any employer or labor organization which is a party to the strike or lockout, but, as I shall explain later, it is the intention of the sponsors to delete that provision.

An exemption injunction may not be requested if a Taft-Hartley injunction is in effect. If a Taft-Hartley injunction is later obtained, the running of the exemption injunction shall be suspended until the Taft-Hartley injunction is discharged.

Employees working during the exemption period will be subject to the wages, hours, and working conditions provided by their last contract, but will be paid retroactively for the exemption injunction period any additional wages won under the agreement resolving the dispute.

For purposes of the act, an interruption of shipping services is defined as, first, a refusal at a west coast port to load or unload cargo or to permit the loading or unloading of cargo destined for or shipped from Hawaii or any U.S. Pacific island or, second, a refusal to operate or permit the operation of a ship with cargo destined for or originating from Hawaii or any U.S. Pacific island if any such refusal was a cause of a ship leaving the dock facility more than 48 hours late or not being unloaded more than 48 hours after arrival.

CRITICISMS OF S. 1566 REFUTED

S. 1566 has been criticized by the Labor and Public Welfare Committee in its report for allowing an employer or labor organization to seek an injunction continuing the normal flow of commerce with the Pacific islands, thus placing a "private weapon" in their hands.

Through clerical error, an amendment adopted by the Commerce Subcommittee on Merchant Marine deleting this authority was not included in S. 1566 as reported from the Commerce Committee or as considered by the Labor and Public Welfare Committee. The amendment would allow only the Governors of Hawaii, Guam, or American Samoa, or the High Commissioner of the Trust Territory of the Pacific islands, to seek an injunction applying the act. An amendment deleting the "private weapon" authority of the parties to the dispute will be proposed by the sponsors of this bill.

The Labor and Public Welfare Committee also suggests that the broad sweep of the bill's language would permit the act "to be invoked if a single ship is delayed by as much as 48 hours," which is contrasted unfavorably with the "national emergency" requirement of Taft-Hartley and the "essential" transportation services standard found in the Railway Labor Act.

It is my belief that the Governor or chief executive of Hawaii or of the other U.S. Pacific islands would make a responsible distinction between a minor tieup and a major shutdown of ocean commerce sufficient to imperil the people and economy of his State or territory.

The committee also states in its report on S. 1566:

That it could be very disruptive to enact Federal legislation which could affect the interests and bargaining positions of both labor and management.

A recent study indicated that the exemption for Hawaii provided by S. 1566 would involve only 3½ percent of the man-hours normally worked by west coast longshoremen and only 7.3 percent of the total man-days worked by shipboard labor with west coast contracts. It is clear that this would have only a negligible effect on collective bargaining negotiations and on the ability of labor and management to apply pressure on each other. Indeed, providing an exemption for the

Pacific islands would probably reduce the likelihood of much more massive Federal intervention under Taft-Hartley.

During the 1971-72 west coast longshore strike, the dockworkers union and the employers' bargaining group voluntarily agreed to move—and did move—military cargo approximately equal to the combination of the military and the Pacific islands cargo which would be handled today under S. 1566.

According to Military Sealift Command records, 6,217,815 revenue tons of military cargo, other than bulk, moved through U.S. Pacific coast ports in 1971. By 1973, the volume of such military cargo had declined to 3,662,930 revenue tons. The estimated total of commercial cargo, other than bulk commodities, moving between the Pacific coast and the U.S. Pacific islands covered by S. 1566 was 3,590,300 revenue tons in 1973. Therefore, the combined effect of the military cargo exemption and the exemptions contemplated by S. 1566 is presently around 7,250,000 revenue tons on an annual basis—not significantly more than was exempted by voluntary and common consent during the 1971-72 longshore strike.

I wish to stress again at this point that Hawaii cargo would require but a small fraction—3½ percent—of the longshore hours worked on the west coast and but 7.3 percent of the man-hours worked by shipboard labor with west coast contracts.

The committee report states that in the 4 months following the commencement of the west coast dock strike on July 1, 1971, there was a 32-percent increase in waterborne shipments arriving in Hawaii from foreign ports over the same months in the previous year. Figures available from the Department of Commerce demonstrate that that increase was only 11 percent when petroleum products are excluded.

The more significant fact is that our total imports by sea from all sources during the third quarter of 1971, excluding petroleum products, totaled only 191,415 tons, a decline of 67.4 percent from the 587,400 tons which normally would have been imported were the strike not in effect.

The committee makes considerable use of the testimony of Dr. Shelley Mark, director of the Hawaii Department of Planning and Economic Development, which was prepared in January 1972, part way through the 1971-72 west coast longshore strike. Dr. Mark indicated that in his view key shortages do not appear in Hawaii until well into the third month of a strike, making remedial action unnecessary until that time unless there is a complete shutdown of all U.S. mainland ports.

Dr. Mark's statement is true to the extent Hawaii businessmen are forced to—and are able to—carry huge inventories. This sharply increases the cost of doing business in Hawaii, as I indicated earlier, and drives up consumer prices.

Mr. President, with reference to the committee's use of Dr. Mark's testimony, I request permission to insert into the RECORD at this point an editorial from the Pacific Business News of Honolulu, entitled "Twisted Quotes."

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Pacific Business News, July 1, 1974]

TWISTED QUOTES

The U.S. Senate vote on S. 1566, introduced more than 14 months ago to protect Hawaii and other U.S. Pacific islands for up to 160 days from West Coast longshore or maritime strikes, may be taken shortly after the July 4 recess. A lot of opposition is stacked against it in spite of thousands of letters in support of it by people in nearly every state.

Curiously, the recent "Adverse Report" from the Senate Committee on Labor and Public Welfare, rests a considerable portion of its case against the bill on testimony from Dr. Shelley Mark, director of our Department of Planning & Economic Development. The 1972 testimony was on another bill—S. 2836, which called for Federal government operation of shipping after 30 days stoppage.

Two major quotes from Mark are used in an attempt to demolish the need for the 160-day exemption:

"... the recent experience indicates that key shortages of crucial items do not appear until well into the third month (of a strike)."

"So long as there is not a complete shutdown of all ports, there is probably no need for more drastic measures until after the third month." (Emphasis added by the Committee).

This is a perfect illustration of how the true facts can be distorted. The *real* reason that no serious shortages occur is that the ever-present threat of shipping tie-ups has forced Hawaii business to carry three to six month inventories month after month and decade after decade. This built-in stockpiling sharply increases the cost of doing business which is passed on to the consumer and results in a higher cost of living. No other state has to contend with such huge inventories as a standard way of doing business. No other state is so totally dependent on a single means of transport.

Despite strong statements supporting S. 1566 from Senators Fong and Inouye, from Mayors Fasi and Cravalho, from Representatives Matsunaga and Mink, from the Governor of Guam, from Lieutenant Governor George Ariyoshi, and from Matson and U.S. Lines, the Senate Labor Committee has pinned a good part of its anti-S. 1566 case on dated (and poor) testimony on another bill—that of Shelley Mark.

The case for Hawaii is a strong one. If the U.S. Senate relies on the Labor Committee's report for its decision, then Hawaii will have no recourse but to continue the fight unabated for however many sessions it takes.

The pursuit of justice is not a sometime thing.

Mr. Fong. The Labor and Public Welfare Committee states in its report that S. 1566 "is at odds with current policies of the executive branch and with an emerging pattern of industrial harmony."

I certainly endorse, along with the committee and also with the report of the President's National Commission for Industrial Peace, the efforts of labor and management to find new procedures and set up new mechanisms to settle their disputes without resort to strikes or lockouts. I share the hope that this will lead to an atmosphere of more harmonious collective bargaining. I do not believe, however, that the minimal impact of S. 1566 on the hours worked by west coast longshoremen and maritime labor will interfere with these efforts to improve labor-management relations.

The committee states in its report that S. 1566 "is at variance with what the committee believes would be an even-handed approach to dealing with bona fide emergencies" since it would cover west coast stoppages but not disputes in Hawaii or the Pacific islands.

The committee correctly cites the bill's sponsors as saying that Hawaii stoppages are not covered because, first, there has been only one extended dispute affecting shipping commerce with Hawaii since World War II which was Hawaii-centered; second, Hawaii disputes are amenable to public pressure from the fellow citizens of those engaged in the dispute; and third, disputes in Hawaii are subject to State action under the Hawaii Dock Seizure Act, which authorizes the Governor to seize and operate the docks in an emergency.

The people of Hawaii do indeed believe that they are able to—and rightfully should—cope with shipping tieups within their own State. They feel it is equally true, however, that remedial legislation is needed which will protect them from disputes which are far beyond their borders, out of reach of Hawaii State Law and Hawaii public opinion.

The Labor and Public Welfare Committee also suggests that "action on the bill could precipitate demands for legislation of broader application." The "slippery slope" argument is familiar to all of us, but equally familiar is the understanding that extraordinary circumstances require an extraordinary response. In my view, this is such an occasion.

S. 1566 IS BOTH ESSENTIAL AND APPROPRIATE

S. 1566 is an effective and timely response to a long-standing problem of great seriousness and vital importance for the people of Hawaii. It will provide an essential measure of protection for nearly a million American citizens who, because of unalterable geographical circumstances, are uniquely dependent upon one mode of transportation and therefore uniquely vulnerable to disruptions of that service.

I have documented the impact of shipping tieups on Hawaii—the lost jobs, rising prices, depleted savings, economic disruption and blighted hopes. Recent history conclusively shows that the possibility of such stoppages on the West Coast is regularly transformed into a reality.

There is no doubt of the inadequacy of Taft-Hartley to safeguard Hawaii, both because of its spectacular lack of success in resolving shipping disputes and because of its national emergency requirement, which a regional dispute cannot satisfy until very late in the day, if at all.

Congress has rarely responded to Hawaii's plight when our ocean lifeline has been severed. When Congress has responded, that response has been tardy and has been dependent upon a remarkable constellation of supportive events, as was made clear during the 1971-72 west coast longshore dispute.

My colleagues and I from Hawaii have been searching for some time for a remedy which will effectively protect Hawaii against circumstances beyond her control or sphere of influence, which will be acceptable to the Congress, and which will not tip the scales against either labor or management. In S. 1566, we feel we have found that remedy. Since both organized labor and the employers bargaining group involved in west coast shipping contracts oppose this bill on the grounds it favors the other side, it appears S. 1556 is, in truth, evenhanded.

I do not anticipate that S. 1566 would be used other than with great caution in a limited number of instances, and it would have, as I have indicated, a very limited impact on the collective bargaining process.

Affirmatively, however, this bill would do what is essential to alleviate hardship in Hawaii and the other U.S. Pacific islands when labor-management disputes on the west coast cut our ocean lifeline.

The people of Hawaii are watching this debate.

They remember the many, many strikes of years gone by and their impact on themselves and their enterprises.

They remember the inadequacy and tardiness of Taft-Hartley and previous congressional response to our plight.

They remember the long history of the determined effort by their entire congressional delegation to secure a legislative remedy, the effort which has finally brought us to this day.

The overwhelming majority of the people of Hawaii strongly support action to safeguard them from the impact of future maritime and longshore disputes on the west coast—the thousands of messages which have come from people in all walks of life throughout my State attest to that.

On behalf of the people of Hawaii, therefore, I ask my colleagues to vote for this bill. To do so will be to take the right action at the right time—before, not after, another emergency strikes.

EXHIBIT 1

HAWAII: THE MOST VULNERABLE STATE IN THE NATION—A CASE STUDY

CHAPTER 1—HAWAII'S VULNERABILITY TO TRANSPORTATION STRIKES

Apart from her uniquely isolated location, which has already been discussed in the Introduction, Hawaii is particularly vulnerable to transportation strikes because her economy is preeminently an export-import economy.

Were we largely self-sufficient based upon producing locally the things we consume, then the situation would be different. But it is obviously not economically feasible nor physically possible for the Islands to produce a complete range of goods for a population of only around 800,000. With the exception of bauxite, which has never been mined commercially, Hawaii has no metal resources. The Islands have few nonmetallic minerals and no deposits of oil or coal. Land suitable for agriculture is limited and its availability is shrinking with increasing urban demands. Thus about 80 percent of all physical commodities purchased by residents of Hawaii come from overseas, mainly from the Mainland states of the Union.

Let us look at this situation item by item.

Food

Aside from sugar, pineapple, and a few other export crops, agricultural production in Hawaii is on a fairly small scale. We depend on imports, mostly from the Continental U.S., for a large proportion of the food we consume.

Imports account for 52 percent of the beef consumed in the State, 64 percent of the pork, 75 percent of the chicken, and all of the lamb, mutton, and turkey. Although we are largely self-sufficient in fresh milk and eggs, we bring in all of our butter and margarine, most of it from the Mainland. Even the meat and dairy products produced locally are ultimately dependent on imports, since nearly all of our livestock feed comes in from other states.

Some 58 percent of the fresh vegetables marketed in Hawaii are imported (nearly all from the West Coast)—including 99 percent of the potatoes, 89 percent of the carrots, 58 percent of the lettuce, and 44 percent of the tomatoes. And this doesn't include frozen and canned vegetables, all of which are brought in from outside. The State does produce a variety of tropical fruits, but its imports of such Mainland fruits as oranges, apples, pears, and grapefruit total more than 31 million pounds a year.

With the exception of corn, no grain is produced locally for human consumption. Rice occupies much the same position in the Hawaiian diet as potatoes do in the typical Mainlander's diet. About 55 million pounds of rice are brought into Hawaii annually mostly from the Sacramento area. Yearly imports of around 68 million pounds of Mainland wheat are milled locally to produce 90 percent of the flour consumed in the State, while another 6.6 million pounds of Mainland milled flour make up the remaining 10 percent.

In addition to dairy processing and flour milling, food processing in Hawaii is concentrated largely in the production of sugar, canned pineapple, fruit juices and preserves, canned fish, bakery products, and some ethnic foods—and even these industries rely to varying degrees on materials, machinery, and containers brought in from outside the State. We are entirely dependent on imports for such things as cereals, baby foods, soups, cheese (except cottage cheese), TV dinners, pet food, wine and most hard liquors, cooking oils, most salt, and an endless list of other food items.

Clothing

Hawaii's garment industry produces island-style sportswear which meets some of the needs of local residents for work as well as play. But unlike the tourist in Waikiki, local residents don't normally spend all of their time in aloha shirts, muumuus, and bikinis. We need business suits and dresses, shoes, socks or hose, sweaters, belts, underwear—all of which must come from outside the State. One large Honolulu department store estimates that only 30 percent of its women's clothing and 20 percent of its men's clothing sales are of locally manufactured goods. Nearly all of the rest of its stock is brought in from the Mainland U.S.

Even the local garment industry is by no means self-sufficient. There is no textile manufacturing in the State, except for the printing of some imported fabrics. Until recently around 90 percent of the fabric used by local garment manufacturers was imported from Japan. (While Japan remains the major supplier, revaluation of the yen and rising prices in that country have caused the industry to turn increasingly to other sources in Asia and the Mainland U.S.) Although only a local dock tie-up can seriously interfere with the bulk of Hawaii's textile imports, since fabrics are largely of foreign origin, interruption on the Mainland-Hawaii route can still affect garment production. The industry relies on Mainland manufacturers for most of the buttons, zippers, and thread it uses.

Transportation Equipment

With the exception of boats and specialized truck bodies (both made from imported materials), Hawaii manufactures no transportation equipment. All cars, trucks, buses, airplanes, tires, batteries, and parts must be imported. Demand is substantial. In 1971, there were more than 425,000 motor vehicles registered in the State, and new cars sold in Honolulu County alone totaled more than 32,000.

Over half of the cars brought into Hawaii come from Mainland ports on U.S. vessels. In 1970, with no transportation tie-ups, American-made autos accounted for 60 percent of the new cars sold in Honolulu County. (In strike-plagued 1971, American cars fell to 51 percent of the total, but in 1972 they rebounded to 55 percent.) The increasingly popular Japanese makes, which have accounted for about one-third of new car sales in Honolulu in recent years, are imported from the country of origin on foreign-flag vessels, as are Volkswagen and some other European cars. But several European makes and most European auto parts are shipped to Hawaii from West Coast ports on American ships.

Other Machinery

Hawaii's almost total lack of metal resources makes the State ultimately dependent on imports for all types of machinery—home, office, and industrial. There

is some machinery manufactured locally, primarily agricultural equipment, but of course the raw materials are imported. All such goods as typewriters, television sets, radios, refrigerators, computers, cash registers, clothes washers and dryers, and communications equipment—as well as parts for all of them—must be brought in from either the Mainland U.S. or abroad.

Paper and Allied Products

There are no pulp or paper mills in Hawaii. We depend on imports, either in raw or finished form, for all of the paper products consumed in the State—paper towels, toilet paper, and napkins for homes; stationery, envelopes, and printed forms for offices and banks; industrial paper goods and containers for factories; and newsprint and coated paper for the printing industry. In 1970, when shipping was normal, we imported more than 166,000 tons of pulp, paper and printed matter. Around 38,000 tons was newsprint, which comes primarily from Canada. But of the remaining 128,000 tons, more than 98 percent came from Mainland states.

Medical Supplies

Hawaii depends on Mainland U. S. manufacturers for all of its drug and hospital supplies. Because of the critical nature of these items, of course, the State has never had to do without, even in the most serious transportation strikes. One major distributor reports that 15 percent of its medical supplies are normally brought in by air, and that most other essentials can be given priority in air shipment during maritime or dock strikes. Emergency arrangements could be made in a major airline strike. But the fact that such emergency measures are necessary only further emphasizes Hawaii's vulnerability to transportation interruptions.

Building Materials

Construction is big business in Hawaii. At its peak in 1970 (before the West Coast dock strike and a general business slowdown), the industry accounted for 7.6 percent of total employment in the State, compared to only 4.3 percent in the U.S. as a whole. Total construction put in place was valued at more than \$873.8 million, or the equivalent of 22.6 percent of total personal income, while nationally it was equivalent to only 11.7 percent. The industry depends on Mainland imports for nearly all of its materials and equipment.

Eucalyptus robusta is the only Hawaii grown wood used in any quantity in local construction, and it meets only a tiny fraction of the industry's wood requirements. Hawaii's imports of lumber from the Mainland were estimated at 115 million board feet in 1967—95 percent of the State's total lumber consumption. Locally produced hardwoods made up only 3 percent of total consumption, while foreign imports (primarily from Canada) accounted for 2 percent. Plywood and veneer imports from the Mainland were estimated at 22 million square feet, or 86 percent of Hawaii's total consumption of these products, with the rest coming from foreign countries. It was estimated that the construction industry accounts for more than two-thirds of the State's total wood consumption.

Hawaii's mineral resources are essentially limited to sand and gravel, clay, lime, pumice and volcanic cinder, and bauxite. Cement and concrete products are produced locally for construction, but two necessary ingredients—silica sand and gypsum rock—come from the Continental U.S. All metal materials must be imported in some form, generally as finished products such as structural steel, wire, pipe, plumbing fixtures, sheet metal, etc. All glass is imported, predominantly from the Mainland, as is all paint.

Agricultural materials

Even the State's agricultural industries—major sources of export income and employment—are far from self-sufficient. Although some of the fertilizers used for sugar, pineapple, and other Island crops are mixed in Hawaii, all ingredients must be imported. No insecticides, pesticides, or herbicides are manufactured from local materials. Our imports of both agricultural chemicals and fertilizers come almost exclusively from the Mainland U.S.

Our sugar and pineapple manufacturers depend on imports for machinery, of course, but also for assorted raw materials. For instance, although cans for

Hawaii's pineapple products are manufactured locally, every material that goes into them—tinplate, solder, labels, glue—must be brought in.

As we noted in our discussion of foods, in spite of repeated attempts to develop local sources of feed grain, nearly all of the feed consumed by Hawaii's livestock industry is imported from the Mainland. In 1970, our feed inshipments amounted to nearly 165,000 tons. By 1971, in spite of shipping interruptions, inshipments had increased to over 177,000 tons.

Miscellaneous Items

No industry or individual in Hawaii is free from dependence on imported goods. Other items for which we depend on outside sources range from large household durables to the most mundane necessities—toothpaste, razor blades, soap, most furniture, rugs, household and hotel linens, china, cooking utensils, light bulbs, cigarettes—even U.S. currency, which local banks ship in at the rate of millions of dollars a year. If a thing can't be made out of lava, coral, air, water, or semitropical plants, then the chances are good that Hawaii must import it or its components.

Obviously in order to import commodities in such volume, Hawaii must have a very large export trade to provide the money to pay for the imports. Hawaii's exports, like the exports of any country or part of a country, fall into two categories—visible and invisible.

Hawaii's visible—or commodity—exports are mainly sugar and pineapple, although there is a considerable volume of other products that we produce and ship to the Mainland U.S.

Sugar

In a normal year we will ship to the Mainland approximately 1,200,000 tons of raw sugar.

Pineapple

Pineapple production is somewhat more variable than sugar production. In recent years, pineapple production, most all of which is shipped to the Mainland, has been in the range of 17 million cases of solid fruit, 11 million cases of juice, and 1 million of juice concentrates. It is expected that in 1973 Hawaii will additionally ship to the Mainland close to 70 million pounds of fresh pineapple.

Garments

No precise figures are available, but is estimated that approximately \$15 million of garments made in Hawaii go to the Mainland markets each year.

Papaya

Since 1964, Hawaii has more than doubled her outshipments of fresh papaya to the Mainland. Now close to 10 million pounds of fresh papaya are air flown to the Mainland each year and local producers look to continued expansion of this market.

While Mainland marketings comprise between 40 and 45 percent of the volume of Hawaii's fresh papaya sales, the return on these marketings accounts for 50 percent of papaya receipts.

In addition to fresh fruit marketings, Hawaii ships close to 1 million pounds of processed papaya products to the Mainland each year.

Macadamia nuts

In 1971, 1.5 million pounds of processed macadamia nuts went to Mainland markets—double the 1964 volume of shipments. With the tremendous planting of new trees in recent years, as the orchards mature and as more trees reach the bearing stage, the increase in macadamia exports to the Mainland should be even greater during this decade.

Flowers and nursery products

Out-of-state sales of flowers and nursery products were valued at \$2.7 million in 1971. The sale of anthuriums accounted for 56 percent and orchids 28 percent of Hawaii's horticultural exports. Although no figures are available, it is known that the overwhelming majority of these exports go to the Mainland.

Anthurium outshipments to the Mainland doubling in the past six years, totaled 6.5 million flowers last year. Mainland sales represented 49 percent of Hawaii's anthurium market in 1970 and 65 percent in 1971.

Hawaii's invisible exports—services sold locally for Mainland dollars—consist primarily of sales to the Federal government (mainly the defense agencies) and to Mainland visitors.

Defense

About one-third of all defense agency expenditures in Hawaii are for the purchase of commodities or services from outside contracting agencies. This amounts to between \$200- and \$300-million a year, and a fairly large fraction of this is for contract construction. Shipping strikes, which interfere drastically with the flow of building materials to the Islands, cause a very large loss in revenue from this source.

Visitors

Approximately 1.6 million visitors came to Hawaii last year from the Mainland U.S., staying an average of 9.3 days each (14.9 million visitor days) and spending while in Hawaii approximately \$41 per person per day (\$607 million). There are various ways to measure the impact of this on Hawaii's economy, but our best analysis would indicate that visitor spending supports, directly and indirectly, close to 20 percent of Hawaii's total economy. The visitor industry in Hawaii is of course completely dependent upon the maintenance of uninterrupted service by the eight U.S. trunk air carriers that serve Hawaii.

In summary, Hawaii is completely dependent for her economic life on the movement of commodities to and from the Mainland U.S., mostly by ship but partly by air, and on the movement of people to and from the Mainland U.S., now entirely by air.

It is estimated that in 1973 commodities moving to Hawaii from the Mainland U.S. by ship will amount to 5 million tons and by air to 50,000 tons. Commodity movement from Hawaii to the Mainland U.S. will be 2 million tons by ship and 25,000 tons by air. With a 19.3 population of 823,000, this will mean 8.6 tons per person per year. This amounts to nearly 35 tons for a family of four.

As far as people are concerned (visitors plus local residents), it is estimated that in 1973 westbound carriers to Hawaii, most of which are domestic trunk carriers, will fly 2.3 million people to Hawaii.

It is obvious that without full, uninterrupted service between the Mainland U.S. and Hawaii, the Hawaiian economy suffers badly, and if the interruption is long and severe, we suffer drastically. This is documented in the following chapter.

CHAPTER II—TRANSPORTATION STRIKES AND THEIR IMPACT ON HAWAII

Over the past several decades, there have been hundreds of interruptions of shipping and air transportation between Hawaii and the Mainland U.S. Not merely a severe inconvenience and strain for Hawaii's consumers and businessmen, these interruptions have caused untold economic losses throughout the State.

Since World War II, more than four years' time has been lost through transportation strikes affecting Hawaii. Eight major strikes, only one centered in Hawaii, accounted for 637 of the lost days. They were:

1. The 53-day West Coast shipboard union strike in 1946.
2. The 96-day West Coast shipboard union strike in 1948.
3. The 177-day Hawaii longshoremen's strike in 1949.
4. The 66-day West Coast sailors' strike in 1952.
5. The 27-day West Coast shipboard union strike in 1962.
6. The 43-day machinists' strike of five trunk air carriers in 1966.
7. The 134-day West Coast longshoremen's strike in 1971-72.
8. The 41-day West Coast ship officers' strike in 1972.

Some of the scores of shorter or less damaging strikes which cost over a thousand more lost days are listed in the Appendix.

In addition to this cumulative total of over four years of interrupted transportation to and from Hawaii, there is the prestrike period of frantic stockpiling and the poststrike period of getting business back to normal. The cumulative total time of disruption due to transportation disputes may therefore well be in the range of six years since World War II—or nearly one-fourth of the time.

The 1949 strike of Hawaii's stockworkers was not only the longest, but the most severe. Because local docks were closed to all but military ships, virtually all of our oceanborne commerce was completely cut off.

But no one can say that a strike centered on the Mainland has much less of an impact on Hawaii. The great bulk of our commerce is with the Mainland states, primarily through West Coast ports. Although this two-way trade traverses thousands of miles of international waters, it is still considered domestic commerce and the law requires that it be carried on U.S. flag vessels. (The same type of regulation applies to air as well as ocean transportation. Passengers, for example, may not fly from any Mainland U.S. city to Hawaii on a foreign airline unless their destination is a foreign city beyond Hawaii.) Except in the event of a strike involving Hawaii's ports, foreign vessels can keep our commerce open with foreign countries. But our foreign commerce is nothing compared to our dependence on trade with the Mainland and foreign vessels can do nothing to restore that.

Let's take a look at some of the most devastating transportation interruptions that have hit Hawaii in the past 24 years.

The 1949 Hawaii dock strike

The International Longshoremen's and Warehousemen's Union (ILWU) struck seven Hawaii stevedoring companies on May 1, 1949, when deadlocked talks on a wage reopener could not be resolved. Military shipping was exempted by the union and special ships carrying food were also allowed to unload, but otherwise the Islands' docks were effectively closed. Hawaii's Governor seized the docks under a special dock seizure law passed by an emergency session of the Territorial Legislature, but little traffic could be resumed. The strike ended October 25, 1949, and the Governor returned the docks to the companies following a wage agreement.

The 1952 sailor's strike

The Sailors Union of the Pacific struck the Pacific Maritime Association (PMA), which represents West Coast shipping companies, on May 24, 1952, after contract negotiations broke down. The settlement didn't come until July 29—66 days later. This was followed by additional brief work stoppages by other ship-board unions which had been bargaining with the PMA but had waited until the Sailors' settlement.

The 1962 West Coast Maritime Strike

The three unlicensed seamen's unions—Sailors Union of the Pacific, Marine Firemen's Union and the Marine Cooks and Stewards Union—struck the Pacific Maritime Association on March 16, 1962. They had failed to reach agreement after negotiating for seven months.

The merchant fleet of 120 ships operated by member companies of the PMA was idled for 27 days until the Taft-Hartley injunction invoked by President Kennedy sent the seamen back to work. Agreements were reached during the 80-day cooling-off period.

The 1966 Airline Strike

The Machinists Union struck five trunk airlines—Eastern, Northwest, Trans World, United, and National—on July 8, 1966, after lengthy negotiations failed to bring agreement. An estimated 4,100 flights and 150,000 travelers were affected daily by the strike. The airlines estimated their daily revenue loss at more than \$7 million.

United and Northwest airlines, two of the three scheduled U.S. carriers that served Hawaii at that time, normally operated a combined total of around 15 round trip flights daily between Hawaii and the Mainland, with an average combined load of 2,800 passengers. The 43-day strike, which ended on August 19, cost the Hawaiian economy some \$18.5 million, including the loss of 40,000 potential visitors. Hotels in Waikiki reported that occupancy rates were down 10 percent due to the strike. Obviously some hotels were hit harder than others, and these suffered severe financial strain. The two interisland air carriers reported their passenger load down substantially during the strike.

The 1971 west coast dock strike

The ILWU struck the Pacific Maritime Association, representing West Coast stevedoring companies, on July 1, 1971, closing down docks all along the coasts

of California, Oregon, Washington, and Alaska. Lengthy negotiations had failed to resolve disputed contract issues, chief of which was a jurisdictional dispute between the ILWU and the Teamsters Union.

As the strike wound up its third month, there was no progress. On October 6, 1971, President Nixon intervened by invoking the Taft-Hartley Act and asking the courts for an injunction. The injunction sent longshoremen on the West Coast back to work on October 9 for an 80-day cooling-off period. There were hardly any negotiations during the interim, however, and when the injunction expired in December, West Coast longshoremen rejected the employers' final offer and resumed the strike on January 17, 1972, after a holiday grace period.

Meanwhile, on the East Coast, the International Longshoremen's Association struck on October 1, 1971, closing all Atlantic and Gulf ports until President Nixon again invoked Taft-Hartley on November 26.

Agreement on the West Coast strike was finally reached on February 18, 1972. This agreement, which took so long to negotiate, will expire on June 30, 1973.

The 1972 west coast maritime strike

The Masters, Mates and Pilots Union struck the Pacific Maritime Association on October 25, 1972, just before the critical holiday shopping season, leaving many Hawaii stores without their Christmas goods. A strike was not expected, and when it came, news reports anticipated only a brief stoppage. But the strike lasted 41 days—until December 4. A union of approximately 300 members was able to tie up the whole Pacific Coast merchant fleet of 67 ships for 41 days, cutting off supplies for more than 800,000 people in Hawaii. The dispute was finally settled on terms that were basically the same as those offered before the strike.

It is impossible to gauge the total impact of these transportation interruptions on the Hawaiian economy. There is no way to measure the number of businessmen who decided not to invest in Hawaii or the number of vacationers who decided not to visit Hawaii because of a strike—or even the threat of one. But the impact is painfully clear in the increased costs of doing business, the unemployment, and the rises in the cost of living resulting from these strikes.

The first and the hardest hit is the local business community. Retailers and wholesalers can't get their merchandise; construction firms can't get their materials; farmers can't get their chemicals and feeds; and manufacturers can neither get their supplies nor reach their usual markets.

Inured to the problem, many Hawaii firms resort to stockpiling supplies when a strike is threatened. But the cost of extra warehousing and handling and to borrowing or tying up capital to build inventory are tremendous. Some businesses devise emergency alternative means of reaching suppliers or markets—using air shipments during an ocean tie-up, routing goods through East Coast ports when West Coast ports are struck, etc. But this, too, is expensive. The squeeze on businesses was especially severe during the 1971 West Coast dock strike, when Phase I of the wage-price freeze prevented them from passing on most of these added costs. (Whether the costs are passed on or absorbed, of course, someone in Hawaii ends up paying.)

As the strike wears on, the impact on the business community is compounded. Local business services and lenders suffer as accounts fall behind in their payments. Advertising volume is reduced because merchants have nothing left to sell. Architects find that construction plans are put off, while employment agencies find that no one is hiring.

During the local dock strike in 1949, retail sales in Hawaii fell 12.5 percent below the same period in the previous year, while nationally they showed no appreciable change. With many small businessmen giving up entirely, out-migration accelerated and bank deposits declined. Farmers suffered severe shortages of fertilizer and feed, and some were forced to kill off part of their livestock. Construction volume dropped precipitously, and even the number of visitors to Hawaii was reduced.

During the 1971 West Coast dock strike, a pronounced slowing in the State's general fund tax collections reflected the overall damage endured by Hawaii's businesses. Revenues had increased 9 percent in the fiscal year ending June 30, 1971, the day before the strike began. But in the following five months, when Hawaii was in the midst of or recovering from the strike, the rate of increase in revenues slid to 2.8 percent. While it is true that 1971 was a recession year for Hawaii, tax revenues were up in the six months directly preceding the strike, with June ahead of the previous June by 9.9 percent.

Responding to a survey on the impact of the 1971 strike, local retailers reported sales declines ranging from 3 to 17 percent. Because of extra inventory and transportation costs, however, the drop in their profits was much more marked. Profits before taxes were down 50 percent from normal for a foreign car dealer, down 53 percent for an appliance dealer, down 25 percent for a housewares dealer, and down 19 percent for one drug store. A domestic car dealer reported profits down 200 percent (a loss, in other words), while for a paper products dealer profits were down 138 percent. Most businesses survived the strain, but some could not. One medium-sized furniture store struggled through the 134 days of the 1971 and early 1972 West Coast dock strikes, but it was caught by surprise by the deck officers' strike in the fall of 1972. Christmas furniture orders arrived too late for the holiday buying season, and the store went out of business.

The 1971-72 strike also had a severe effect on the State's construction industry. Construction in progress suffered lengthy delays, increasing costs considerably. Completion of two large Honolulu office buildings was held up, for instance, and the resultant loss of rentals was serious. A hospital was forced to postpone its opening date because the dock strike delayed arrival of certain construction materials necessary for the building's completion. With conditions so uncertain, developers became hesitant to put new projects out for bid. One large construction company reported \$18 million in lost revenue and \$1.5 million in lost profits. Its employees lost \$10 million in wages. A construction materials supplier reported profits before taxes down 225 percent from normal, a substantial loss. Profits were down 20 percent for an equipment dealer, 20 percent for a general contracting firm, and 28 percent for one concrete accessories firm.

Hawaii's vital sugar and pineapple export industries suffer great financial losses during prolonged shipping strikes because they cannot get their products to market. Even in normal times, the returns on sugar and pineapple are below acceptable rates. Failure to supply their very competitive markets—as in the 1971-72 dock strike—results in lost customers, further deteriorating the industries' financial health.

Our pineapple industry markets 80 percent of its annual pack through West Coast ports, and the remaining 20 percent by way of Atlantic and Gulf ports. The 1971 West Coast dock strike caught the industry during the peak canning season, and millions of cases of pineapple backed up here, unable to find their way to market. One company had more than 9 million cases stored in warehouses at one time. A load was set by chartered ship to the East Coast and hauled back overland to California to preserve that important market. Such storage, extra handling, and detoured transportation cost one company a million dollars.

National policy allows foreign pineapple to come into this country duty-free but U.S. pineapple is kept out of foreign markets by high tariffs. The only place that Hawaii's high-cost pineapple industry can compete is on the Mainland. But when shipments are temporarily cut off by a transportation interruption, consumers buy other canned fruits or foreign pineapple, and those customers may be lost to us forever. It is no wonder that pineapple is a dying industry in Hawaii.

The sugar industry also had serious problems during the 1971 dock strike. Loss of markets has been of deep concern to the industry because it sells most of its sugar in the Western states where sugar production is in surplus. If the supply of sugar from Hawaii is cut off, industrial users can easily get their requirements from others, and this lost business is not easily won back. Then Hawaii is forced to ship its produce further east, and added transportation cost reduces margins. A transportation interruption truly reduces sugar's competitiveness.

During the 1971 strike, emergency sugar storage proved insufficient, and some of the production had to be stored outdoors under tarpaulin. More than 91,000 tons of raw sugar and 10,000 tons of molasses were in supplemental storage at the peak of the strike. Storage was eased to some extent by chartering ships to Gulf and East Coast ports and to Vancouver, from where the sugar was railed to the California refinery—but the added expense was enormous. The industry reported that extra costs resulting from the strike totaled close to \$6 million.

Next to suffer from the effects of transportation stoppages are Hawaii's wage earners, whose jobs disappear as the economy winds down. The impact on jobs is not immediate. Supplies on hand at the beginning of a strike can keep businesses operating normally for a while, and even when supplies begin to run out, employers try to keep workers on the payroll by shortening hours or by scheduling vacations during the slack period. But when the stoppage lasts more than two or three months, the number of people thrown out of work accelerates. Whatever gains are won by the strikers when the strike ends the wages lost by these non-participants can never be recovered.

The worst spell of unemployment in Hawaii's modern history followed the longest dock strike in Hawaii's history. The islands' unemployment rate was already up to 7 percent in 1949 as a result of the ongoing national recession. But the 177-day shutdown of local docks in May–October 1949 sent unemployment skyrocketing to over 32,000 workers—nearly 17 percent of the labor force at that time.

The second worst spell of unemployment in Hawaii's modern history followed the second longest dock strike. More than 23,000 workers were on the jobless rolls in November 1971, following the first 100 days of the West Coast dock strike. When the strike was resumed in January–February 1972, unemployment rose to 23,650 workers in February. This gave Hawaii an unemployment rate of 6.3 percent in November and 6.5 percent by February—the highest rates experienced since 1954, and the first period since 1956 when Hawaii's unemployment rate exceeded the national average.

And finally, transportation interruptions often send prices soaring at a time when Hawaii's families can least afford it. The impact of these strikes on Hawaii's consumer prices is well documented by the consumer price and food price indexes compiled by the U.S. Department of Labor's Bureau of Labor Statistics.

Consumer prices in Hawaii climbed 3 percent during the May–October local dock strike in 1949, while nationally prices declined slightly.

The effect was even greater during the 100-day West Coast dock strike in the third quarter of 1971. Even with Phase I of the wage-price freeze in effect beginning mid-August, Honolulu food prices jumped 4.5 percent between June and October. By contrast, U.S. food prices declined 0.3 percent over the same period.

The major reason for the sharp increase in food prices was that grocery chains were forced to airlift fresh produce from the Mainland at much higher freight costs. The higher transportation costs were passed on to consumers because raw agricultural products were exempted from price controls. The fruits-and-vegetables price index for Honolulu vaulted 8.2 percent in August 1971 and 5.3 percent in September, while nationally these prices declined 1.9 percent in August and 5.7 percent in September. Hawaii's fresh produce prices normally would have followed this seasonal decline.

The same pattern of rising food prices appeared when the 1971 dock strike was resumed in January 1972 after the Taft-Hartley cooling-off period, and again during the strike of the Masters, Mates and Pilots Union in the fall of 1972.

Price indexes are academic, but the effect on the pocketbook is not. How many Mainland families would have been willing to pay 72¢ for a head of lettuce, \$1.45 for a dozen oranges, or \$2.28 for 10 pounds of potatoes in February 1972? Yet in Hawaii, where salaries are generally no higher than on the Mainland, these were the average prices families had to pay—or do without.

These effects are most pronounced during a long transportation stoppage, but it should be realized that it isn't just long transportation strikes that hurt Hawaii. Short strikes are short strikes only in retrospect, they could turn into long strikes and they trigger the response that a long strike would provoke: stockpiling, hoarding, panic buying, etc. And even the threat of a strike that never comes off is only a threat in retrospect: when the threat looms on the horizon, businessmen and consumers adopt, a here-we-go-again attitude and a resulting behavior pattern that can be as costly and disruptive as would be the case if the strike ultimately occurred.

The conclusion is clear: Hawaii must somehow find her way out of this precarious situation that she has been in for so long.

TRANSPORTATION STOPPAGES AFFECTING HAWAII, 1946–72

Strike	Date commenced	Days' duration	Involving
Longshore	Jan. 2, 1946	16	ILWU, Port Hueneme, Calif.
Longshore	Feb. 4, 1946	9	ILA, New York.
Longshore	June 11, 1946	4	ILWU, Hawaii.
Longshore	June 17, 1946	2	ILWU, Los Angeles.
Maritime	July 10, 1946	4	NMU, SIU, Atlantic.
Longshore	July 12, 1946	2	ILWU, Los Angeles and Long Beach.
Maritime	Sept. 5, 1946	16	Seamen AFL-CIO, nationwide.
Maritime and longshore	Oct. 1, 1946	53	MEBA, MMP, ILWU, 21 States.
Longshore	Nov. 23, 1946	16	ILWU, Puget Sound, Wash.
Maritime	June 16, 1947	4	NMU, ARA, nationwide.
Longshore	June 17, 1947	2	ILWU, Hawaii.
Longshore	July 11, 1947	2	ILWU, Hawaii.

See footnote at end of table.

TRANSPORTATION STOPPAGES AFFECTING HAWAII, 1946-72—Continued

Strike	Date commenced	Days' duration	Involving
Longshore	Oct. 1, 1947	7	ILWU, Los Angeles and Long Beach.
Longshore	Nov. 10, 1947	17	ILA, east coast.
Longshore	Feb. 29, 1948	20	ILWU, Los Angeles and Long Beach.
Maritime and longshore	Sept. 2, 1948	96	MEBA, NUMCS, ARA, MFOW, Pacific; ILWU, west coast.
Longshore	Nov. 10, 1948	18	ILA, east coast.
Longshore	May 1, 1949	177	ILWU, Hawaii.
Maritime	June 16, 1951	10	MEBA, ARA, NMU, nationwide.
Longshore	July 6, 1951	43	ILA, Boston and New York.
Maritime	July 28, 1951	4	ARA, Pacific.
Longshore	Oct. 12, 1951	4	ILWU, Hawaii.
Longshore	Oct. 15, 1951	26	ILA, New York and Boston.
Longshore	Nov. 21, 1951	2	ILWU, Hawaii.
Maritime	May 27, 1952	66	SUP, Pacific.
Maritime	July 28, 1952	4	MMP, ARA, Pacific.
Longshore	Oct. 9, 1952	5	ILWU, Hawaii.
Maritime	Nov. 5, 1952	6	SUP, Pacific.
Longshore	Nov. 20, 1952	12	ILWU, Hawaii.
Longshore	June 19, 1953	3	ILWU, Hawaii.
Maritime and longshore	Oct. 1, 1953	5	ILA, MMP, east coast.
Longshore	Feb. 28, 1954	10	ILA, IBT, New York.
Longshore	Mar. 5, 1954	29	ILA, New York.
Maritime	Dec. 2, 1954	6	ARA, Pacific.
Airline	June 19, 1955	10	Pilots, UAL.
Longshore	Aug. 16, 1955	3	ILWU, Hawaii.
Longshore	Sept. 7, 1955	8	ILA, New York.
Longshore	Oct. 1, 1955	20	ILA, New York.
Maritime	Dec. 7, 1955	2	MFOW, San Francisco and Los Angeles.
Maritime	May 11, 1956	8	MMP, MEBA, SIU, Atlantic and gulf.
Longshore	Nov. 16, 1956	9	ILA, east coast and gulf.
Longshore	Feb. 12, 1957	10	ILA, east coast.
Longshore	June 29, 1958	2	ILWU, Hawaii.
Longshore	Mar. 9, 1959	2	ILWU, San Francisco.
Longshore	July 4, 1959	3	ILWU, Hawaii.
Longshore	Oct. 1, 1959	2	ILA, east coast and gulf.
Longshore	Apr. 16, 1960	8	ILWU, Hawaii.
Longshore	Aug. 12, 1960	3	ILWU, Los Angeles.
Longshore	Feb. 9, 1961	14	ILWU, San Francisco.
Longshore	Mar. 7, 1961	5	ILWU, Los Angeles and San Francisco.
Maritime	June 16, 1961	7	MMP, MEBA, ARA, nationwide.
Maritime	Sept. 28, 1961	17	MMP, Pacific.
Airline	Feb. 19, 1962	14	Flight engineers, Pan American.
Maritime	Mar. 16, 1962	2	SUP, MFOW, SIU, MCS, Pacific.
Longshore	Sept. 12, 1962	27	ILWU, Hawaii.
Longshore	Sept. 23, 1962	5	ILWU, Hawaii.
Longshore	Oct. 1, 1962	2	ILA, east coast and gulf.
Longshore	Dec. 24, 1962	5	ILA, east coast and gulf.
Maritime	Jan. 18, 1964	33	MEBA, San Francisco.
Longshore	Jan. 11, 1965	2	ILA, east coast and gulf.
Airline	Apr. 1, 1965	61	Pilots, Pan American.
Maritime	June 16, 1965	10	MEBA, MMP, ARA, Atlantic.
Longshore	June 21, 1965	79	ILWU, Hawaii.
Longshore	Aug. 7, 1965	2	ILWU, Hawaii.
Maritime	Oct. 17, 1965	2	ARA, Pacific.
Longshore	May 23, 1966	4	ILWU, Hawaii.
Airline	July 7, 1966	3	IAM, United and Northwest.
Maritime	July 19, 1966	43	MEBA, Pacific.
Longshore	Feb. 14, 1967	5	ILWU, Hawaii.
Longshore	Mar. 20, 1967	4	ILWU, Hawaii.
Longshore	June 1, 1967	3	ILWU, Hawaii.
Maritime	June 15, 1967	3	ILWU, Hawaii.
Longshore	Oct. 20, 1967	7	MMP, east coast and gulf.
Airline	Feb. 20, 1968	19	SSU, ILA, New York.
Longshore	Mar. 18, 1968	3	BRACK, Pan American.
Maritime	June 29, 1968	11	ILA, east coast.
Longshore	Nov. 18, 1968	3	NMU, Atlantic.
Longshore	Dec. 20, 1968	5	ILWU, San Pedro, Calif.
Longshore	Mar. 17, 1969	125	ILA, east coast and gulf.
Maritime	Nov. 17, 1969	20	ILWU, San Francisco and Los Angeles.
Longshore	May 11, 1970	47	MFOW, SUP, MCS, Pacific.
Airline	July 8, 1970	25	ILWU, Oregon.
Longshore	Dec. 7, 1970	43	BRAC, Northwest Airlines.
Longshore	June 9, 1971	3	ILA, New York, and New Jersey.
Longshore	July 1, 1971	10	ILWU, San Francisco.
Longshore	Oct. 1, 1971	100	ILWU, west coast.
Longshore	Jan. 17, 1972	57	ILA, east coast and gulf.
Airline	June 30, 1972	34	ILWU, west coast.
Maritime	Oct. 25, 1972	95	Pilots, Northwest Airlines.
		41	MMP, Pacific.

Note: This list is far from complete. Excluded are hundreds of short strikes of less than 2 days, strikes involving only 1 ship, or strikes holding up shipping that is not essential to Hawaii. Whatever the cumulative toll of these brief strikes in terms of delays, uncertainties, and costs may be, we omit them here because this appendix would be about 30 pages long if they were all listed.

Senator INOUE. Our next witness is the senior Congressman from the State of Hawaii, Congressman Spark Matsunaga.

**STATEMENT OF HON. SPARK M. MATSUNAGA,
U.S. REPRESENTATIVE FROM HAWAII**

Mr. MATSUNAGA. Thank you very much.

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to express my support for S. 1126, the proposed Hawaii and United States Pacific Islands Surface Commerce Act of 1975.

The subcommittee is to be congratulated for scheduling these hearings in Hawaii. Not only are the witnesses saved the very considerable expense of going to Washington to testify, but the subcommittee can more easily capture the intense feeling of the need for relief which the bill before you offers the people of Hawaii.

A 19th-century poet wrote,

"Throw out the lifeline across the dark wave,
There is a brother whom someone should save."

But as the subcommittee will hear today, there are more than 800,000 brothers, and sisters as well, who depend on the fragile lifelines of ocean shipping between the west coast and Hawaii. And the dark wave extends for more than 2,000 miles.

Nearly 100 percent of Hawaii's imported goods are brought in by ocean vessels, and 95 percent of the ocean cargo comes from the west coast of the continental United States. Supplies of most fruits and vegetables, almost all processed foods, construction materials, furniture, are shut off causing an interruption in west coast-Hawaii shipping.

Unhappily, these are not idle projections of possible future damages. Instead, they are historical recitations. Since 1946 the shipping lifeline of Hawaii has been cut by labor-management disputes for a total of more than 4 years. During the most recent major tieup, the 1971-72 west coast dock strike that lasted 134 days, Hawaii suffered immeasurably. The direct economic loss amounted to more than \$150 million, and would have been higher except for the wage-price freeze then in effect. The loss of jobs attributable to the strike totaled 12,000, a substantial number where only about 300,000 are employed.

I am sure you will hear more from other witnesses today about the need for uninterrupted shipping between Hawaii and the mainland. It is difficult for the people of Hawaii to forget the lettuce that sold for \$1.30 a head because it was airlifted, or the disappearance from supermarket shelves of such necessities of life as rice, salt, and toilet paper, or the dozens of small businesses that laid off workers to survive or were forced out of business. In short, the memory of past situations looms strongly in the minds of the people of Hawaii, and the need for insurance against shipping interruptions is most compelling and urgent.

This is why I joined my Hawaii congressional colleagues, including the acting chairman of this subcommittee, in sponsoring legislation to minimize the adverse impact of shipping interruptions on the people of Hawaii. H.R. 4526, a bill which I introduced as principal sponsor in the House, is identical to the Senate version before this subcommittee.

The mechanism these bills would provide is a simple one. If a west coast longshore or shipping strike halts the movement of cargo between the west coast and Hawaii, the Governor could ask a Federal district court to order the resumption of Hawaii-west coast shipping. The resumption could be ordered only if the court finds that the health and well-being of the people of Hawaii is being threatened by the disruption, and only for a period not to exceed 120 days.

As it is well known, the Senate last year passed a similar bill by a wide margin. A House subcommittee approved a similar measure, but the full committee failed to act on it. Although I succeeded in obtaining a rule from the House Rules Committee to offer H.R. 4526 as a floor amendment to another bill, it failed on procedural grounds in the House.

The current proposal is, in several ways, milder than the earlier version. The maximum length of the shipping resumption has been reduced from 180 to 120 days. Only the Governor, rather than the parties to the dispute, could seek relief. The interplay with the Taft-Hartley Act's 80-day "cooling off" period has been eliminated. The standard for court action has been strengthened, and the role of the judge in determining whether that standard has been met has been enlarged.

Perhaps the principal value of these hearings will be to educate some of those who have opposed this legislation in the past.

Those of us in Hawaii who favor this limited protection according to a recent comprehensive poll conducted by a reputable opinion research firm, constitute an overwhelming majority. Among those polled, 84 percent favored such legislation. I will not go into the details of the results of the poll, since I am sure the report itself will be presented to you by the appropriate witness.

We have the task of making the opponents of the bill understand how vital it is to the people of Hawaii, and how little impact it will have on the rest of the country, one way or the other.

The administration must be shown that S. 1126 and H.R. 4526 do not constitute a threat to the collective-bargaining process. Labor organizations need to realize that we are not proposing a "foot in the door" to erode a union's right to strike.

Members of Hawaii's congressional delegation have worked out what I believe is a moderate, well-reasoned, evenhanded approach to the most ominous cloud which hovers over Hawaii's economy and its well-being. The proposal is neither antilabor nor antimanagement; it is merely pro-Hawaii.

I commend the subcommittee for conducting these hearings, and I trust that favorable action on the legislation before you will be taken as quickly as possible.

Thank you very much.

Senator INOUE. Thank you very much, Congressman.

What is the present status of H.R. 4526?

Mr. MATSUNAGA. It has been referred to the Committee on Education and Labor and to the subcommittee chaired by Congressman Frank Thompson of New Jersey.

I have written to the chairman of the full committee requesting that it in turn request reports from the various executive agencies involved, and he has written to me saying that he has written to the Department

of Commerce and to the Department of Labor for their comments on the bill. To date, however, we have received no response, and this was done in March of this year. So it's over 6 months now since the request was filed with the various departments, and we have yet had no response from them, according to the chairman of the Education and Labor Committee.

I have requested an early hearing from the chairman of the subcommittee. He had agreed earlier to hold hearings, as part of broad oversight hearings on the National Labor Relations Board, which he was to have scheduled in September. And September is now gone. I talked with him just prior to my returning to Hawaii, and Congressman Thompson indicated that the hearings on the oversight matters will now be scheduled for sometime in the latter part of this month, or early next month.

Senator INOUE. Thank you very much.

Senator FONG?

Senator FONG. No questions.

Senator INOUE. Thank you very much, Congressman.

Mr. MATSUNAGA. Thank you.

Senator INOUE. Mrs. Mink, our Representative, sends her regrets in not being able to be here in person, but she has submitted her statement. Without objection, her statement will be made part of the record at this point.

[The statement follows:]

STATEMENT OF HON. PATSY T. MINK, U.S. REPRESENTATIVE FROM HAWAII

Mr. Chairman and members of the Committee, I would like to express my sincere appreciation for this opportunity to be heard again on legislation which has been introduced to protect Hawaii against disruptions in its flow of commerce, due to third-party strikes in which our State is not a party. Legislation identical to S. 1126 to which we address ourselves today has been introduced in both bodies of Congress through the united effort of the Hawaii delegation.

This is undoubtedly the most important legislation directly affecting Hawaii now pending in Congress. We are seeking this legislation because without it, Hawaii would continue to be vulnerable to business slowdowns, bankruptcies and other devastating economic effects in the event of a prolonged West Coast dock strike. No other State depends so completely on one form of transport for more than 95 percent of its needs. Hawaii has no trains, trucks, buses, cars, pipelines, or any other alternative means of obtaining the daily essentials for carrying on its economic life. Air transportation presents a minimal alternative, and at very prohibitive costs. Furthermore, we are constantly in a struggle with the Civil Aeronautics Board and the various airlines in restraining the already high cost of air transport service. A recent CAB recommendation proposes that air freight rates should be increased some 38.8 percent over the next three or four years. It would also eliminate special daylight container rates for commodity shipments, and allow current rates for shipments out of Hawaii to rise to the higher rates for shipping into the State. The combination of these increases could exceed 200 percent, according to an analysis of this recommendation prepared by the Hawaii Air Cargo Shippers Association.

The legislation we are discussing today would provide for the continuation of shipping to Hawaii for a period of up to 120 days in the event of disruptions to commerce created from any labor-management disputes in the West Coast maritime or longshore industries. This exemption would have to be sought by the Governor or High Commissioner of any of the United States Pacific Islands by petition to the courts.

It is imperative that we acknowledge that this legislation does not make any significant change in the basic approach to labor-management disputes as

governed by present statutes. It recognizes the validity of the free collective bargaining process, and does not interfere with the right of the dock workers to negotiate freely with the maritime industry. It is simply our contention that Hawaii should not be held at the mercy of a situation to which we are not a party. An exemption for Hawaii would affect only about 3 percent of the cargo involved in such a strike. It would be no different than labor's voluntary offer to move shipping during the 1971 strike of goods bound for Vietnam.

I believe this legislation is fair in that we seek only to establish equity for the offshore areas. Some parties would remind us of the Taft-Hartley legislation which has worked fairly well since its enactment in 1949. However, it depends upon affirmative action by the President of the United States. In the past, Presidents Truman, Eisenhower, Kennedy and Johnson have used the law to assist in preventing the infliction of grave harm upon regions of this country threatened by such strikes. All acted within days of the commencement of a strike and requiring parties to negotiate in earnest. In most cases, the 80-days cooling-off period has been helpful and strikes have been resolved within that period or shortly thereafter. We seek not to disturb the tested mechanisms provided in Taft-Hartley, but simply ask that in the event of a shipping stoppage, Hawaii would not be required to wait for a President like Nixon, who delayed for 100 days before requesting an injunction, causing irreparable harm to our economy.

Some 80 percent of our commodities must be imported for consumption. Of this amount, more than 95 percent is transported through the shipping lanes between Hawaii and the mainland. The enormous dependence of Hawaii on shipping makes this legislation crucial to our survival.

I therefore ask that our bill be favorably considered, and join our distinguished colleagues in urging its prompt enactment.

Senator INOUE. Our next witness is the very distinguished Governor of the State of Hawaii, His Excellency Governor George R. Ariyoshi. Welcome to the committee, sir.

STATEMENT OF HON. GEORGE R. ARIYOSHI, GOVERNOR, STATE OF HAWAII

Mr. Chairman, on behalf of the people of Hawaii, I would like to express our gratitude to you and to members of your subcommittee for holding your hearings in Hawaii. We appreciate very much the convenience offered our citizens who wish to offer their comments and views on the subject at hand.

The purpose of the bill under consideration is to provide for the normal flow of maritime interstate commerce between the west coast and Hawaii, Guam, American Samoa, or the Trust Territory of the Pacific Islands. The bill contains procedures for the prevention of interruptions to that vital maritime link between the mainland United States and those of us in the Pacific who are dependent upon that link.

We in Hawaii and other Pacific islands have a very unique dependence upon maritime shipping for the maintenance of our economic lifeline. It is because of that unique dependence upon that shipping that S. 1126 is being proposed for enactment.

S. 1126 is not a measure to prevent strikes or lockouts on the west coast or in Hawaii. Although it provides for a total of a 120-day period in which normal shipping must continue during a labor dispute, the enjoinder upon both parties to maintain normal shipping is not automatically effectuated, but rather, is upon petition of a chief executive and subject to judicial findings that the conditions warrant an injunction and temporary restraining order.

I view S. 1126 as a means to protect the continued welfare and prosperity of the people who live and work in Hawaii and to assure to them the Pacific Islands. This measure will provide the people of Hawaii and the Pacific islands with an assurance that there will be

no shipping interruption for 120 days in the event of a strike or lock-out in the shipping industries on the west coast.

Other States of the Union do not need to face the same adversities that Hawaii does in the event of an extended shipping interruption. By virtue of geography, ours is indeed a unique situation.

I therefore support this or any other measure that minimizes the occurrence of shipping interruptions between Hawaii and the mainland.

Mr. Chairman, I ask your permission to have Mr. Kono, director of the department of planning and economic development present further testimony on behalf of the State.

Senator INOUE. Governor Ariyoshi, your statement this morning and the support set forth there in this statement will have a most meaningful and significant impact upon the action that may be taken by our subcommittee. So I thank you very much, sir.

Senator FONG. Thank you.

Governor ARIYOSHI. Thank you for the opportunity.

Senator INOUE. I would like to now call upon the director, department of planning and economic development of the State of Hawaii, Mr. Hideto Kono. Welcome to the committee, sir.

STATEMENT OF HIDETO KONO, DIRECTOR, DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT, STATE OF HAWAII

Mr. KONO. Thank you, Mr. Chairman, Senator Fong.

My name is Hideto Kono. I am director of planning and economic development for the State of Hawaii. My department has the responsibility for statewide planning and for economic development programs throughout the State of Hawaii. I appreciate very much this opportunity to offer comments on S. 1126 because it is legislation needed to protect the interests of the people of Hawaii.

Hawaii's economy is particularly vulnerable to shipping interruptions because of its dependency in maritime shipping. Air cargo, while growing steadily each year, still handles specialty-type products. Our major industry, tourism, faces intense competition from foreign destinations and minimizing shipping interruptions will enable the industry to maintain its low price structure, so necessary for its survival. Other industries and businesses, both large and small, need the economic protection that S. 1126 offers. And last, but by no means least, the welfare and prosperity of the citizens of Hawaii require consideration.

HAWAII'S DEPENDENCE ON SHIPPING

Maritime shipping between Hawaii and the west coast is Hawaii's economic lifeline. Any interruption or threat of interruption to this lifeline jeopardizes Hawaii's economy.

No other State in the Union is as vulnerable to shipping tieups as Hawaii; no other State is so totally dependent on single transportation mode for its existence.

IMPORTS

Hawaii's food and feed requirements virtually depend on U.S. mainland suppliers. Hawaii produces less than one-half of her meat,

poultry, pork, fruit and vegetable requirements, and virtually no animal feed. Rice, a staple food for our people in Hawaii, and all canned meats and canned and frozen fruits and vegetables are imported.

Hawaii's food and feed suppliers maintain average inventories of 4 to 6 weeks' supply. In situations where a transportation disruption is expected, suppliers attempt to build up a 3-month inventory, which adds to the final cost.

Transportation disruptions or even fear of disruption causes hoarding of major food and feed items, apart from widespread economic uncertainty. This situation creates a serious imbalance in food and feed distribution, with a resulting rapid decline in available supplies during the early days of a transportation disruption.

In almost all cases, local firms rely heavily on imports, as manufacturing in Hawaii is mainly of the light variety with the emphasis on recycling or completing the final production stage. Over half the motor vehicles sold and almost all machinery and paper products are imported from the mainland; only 15 percent of our medical supplies are brought in by air; almost all construction material is transported by sea cargo.

EXPORTS

Hawaii exports also depend largely upon oceangoing vessels. They are made up principally of large volume, low-margin agricultural products, and switching from surface to air cargo is impractical in most cases because of the high cost of air freight. Thus, most of our sugar and pineapple, and some diversified agricultural products depend upon ocean shipping for marketing on the mainland United States.

In the case of the pineapple industry, the last dock strike came during the peak canning season, and the industry had to wait before shipping its products to the mainland markets. Most of the production for the year had to be stored in Hawaii, causing added warehousing costs and losses in the marketplace due to inability to meet the demand when and where needed.

WEST COAST LABOR-MANAGEMENT DISPUTES AND HAWAII

Hawaii's portion of total west coast maritime activities is only a small share of trade emanating from the west coast. It comprises only 3 percent of the total shore hours worked, 7 percent of total shipboard labor, and less than 13 percent of the vote of the Pacific Maritime Association is attributed to Hawaii and the Pacific islands trade. Viewed against total west coast trade, therefore, Hawaii and the Pacific islands trade is a minor portion.

With the exception of a 2-day local dispute, interruptions during the last 4 years have been entirely outside of Hawaii's jurisdiction. However, shipping to Hawaii has often been curtailed by longshore and maritime disputes originating outside of the islands.

The impact of labor disputes on the west coast is greater on Hawaii than on other mainland States. While west coast strikes or lockouts may affect particular mainland States or industries that need to have their products moved to overseas consumers, the general effect on

Hawaii is more keenly felt because most of what Hawaii consumers or uses must be transported by sea.

EFFECTS OF STRIKES UPON THIRD PARTIES: HAWAII'S PEOPLE

Shipping interruptions have a definite negative impact on Hawaii's economy, extending beyond the two parties involved in the dispute. While their full effect depends on economic conditions and the state of the economy at the onset of the work stoppage, the time of the year the stoppage occurs, and its duration, any shipping interruption of significant duration adversely affects the Hawaiian economy.

Among the adverse effects almost immediately felt are higher prices, shortages, lower profits, higher warehousing costs, delinquency, and lag of payments, slowdowns in collection of receivables, and delay of construction projects. Thereafter, depending upon its duration, shipping interruptions lead to a loss of output and jobs and slowdown in economic growth. In the long run, there are the possibilities of higher-risk factors on new investment and loss of export markets.

During the 1949 strike which lasted 177 days and idled all ships including those emanating from foreign, east and gulf coast ports, total unemployment in Hawaii reached 32,000. The unemployment rate soared to 17 percent; prices rose by 3 percent; retail sales fell by 12 percent; construction decreased by 33 percent; wages and salaries fell by 9 percent; and net migration was 23,000 outwards.

During the 1971 strike which lasted over 3 months, total unemployment increased from 19,000 to 23,000. The unemployment rate rose from 5.9 percent to 7.1 percent, and the number of employed fell by about 3,000. Both the retail and contracting tax bases decreased by 4.1 and 4.3 percent, respectively. Part of these decreases could be attributed to a slowdown in the economy and the moratorium on hotel construction which occurred concurrently with the strike.

However, taking into account these factors, there was an obvious decline in economic activity during the year that could be attributed directly to the strike. Employment growth was only about 1 percent in contrast to an expected annual growth rate of 5 percent, if the strike had not occurred. Moreover, had the 12,469 additional workers been employed, as would probably have been the case if the strike did not occur, there would have been an additional output of goods and services of \$154 million.

Prices did not increase much during the 1971 strike because of the existence of national price controls established during the year. However, there were shortages, and the prices of fresh fruits and vegetables, which were exempted from the price freeze, rose by 10 percent from June to October; whereas in prior years, there was normally a seasonal decline during the late summer and early fall.

Considering all these factors, the 3-month-long shipping strike cost Hawaii's economy \$173 million, or about 4 percent of 1971's personal income. In other words, personal income in Hawaii would have been about 4 percent higher in 1971 if the strike had not occurred.

What will be the impact of a future shipping interruption? First, the negative effects will be cumulative, becoming progressively worse the longer the interruption lasts. A less-than-30-day stoppage obvi-

ously would have less severe impact on the economy than one of longer duration. But as the interruption continues beyond 30 days, shortages develop and unemployment and prices begin to rise. After 60 days, a cumulative self-feeding negative economic process starts to unfold. This is because business decisions are usually made about 60 days in advance, with inventories being based upon a time period of 2 or 3 months. Construction projects become delayed as inventories of materials become depleted. New employment hires are frozen. Business uncertainty increases as cash-flow positions weaken.

In conclusion, Mr. Chairman, S. 1126 provides the people of Hawaii an assurance that in the event a labor-management dispute in the long-shore maritime industries on the west coast imperils their health or well-being, the Chief Executive may ask the U.S. district court to enjoin the parties from interrupting normal shipping for 120 days. We believe that the adverse impact of an extended shipping interruption on the Hawaiian economy requires that kind of protection for the people of Hawaii. On this basis, we fully support the purpose of S. 1126 and ask your favorable consideration of this measure.

Senator INOUE. Thank you very much, Mr. Kono.

You are aware that Seatrain Lines discontinued its service to Hawaii. Do you believe that as a result of this discontinuance, we are in a more perilous position since Matson Navigation now carries a larger share of our imports?

Mr. KONO. Yes, Mr. Chairman, we have virtually only one shipping line to support the requirements of this State, particularly from the west coast. And while the effect, I don't think, is that major, it is safer for Hawaii to have two shipping lines than one. And therefore, we do have to rely on this one shipping line.

If there is a walkout or a strike occurring in that one shipping line, we are in a sad situation.

Senator INOUE. Mr. Kono, it's been suggested that during these shipping interruptions, imports have been brought into Hawaii during the 1949 to 1971 strikes. If possible, the subcommittee will appreciate receiving from you data relating to this, as to the nature of the cargo received and during what period and what quantities.

Mr. KONO. Yes. I would be very happy to do so. I would think that the substitution would be primarily by air. But as you know, the cost, great cost, is considerable when it's flown in by air. But I would be very happy to supply that information.

Senator FONG. Would you mind also including, Mr. Kono, the amount of relief Hawaii received through the use of barges?

Mr. KONO. Yes.

Senator FONG. Thank you.

Mr. KONO. We would be very happy to supply that information.

Senator INOUE. Thank you very much, Mr. Kono. You have been most helpful, sir.

Now, the next witness is a most distinguished member of the Hawaii State Senate, Senator Fred Rohlfiing.

Senator Rohlfiing, welcome to the committee.

STATEMENT OF HON. FRED ROHLFING, HAWAII STATE SENATOR

Senator ROHLFING. Thank you very much.

Mr. Chairman, I wish to express appreciation for the opportunity

to comment once again on the problem of the interruption of surface transportation to Hawaii and the Pacific islands. You, Mr. Chairman, and Senator Fong are to be commended for your tenacity in pursuing solutions to this difficult problem. Having appeared before this subcommittee and the Senate Subcommittee on Labor and Public Welfare on this subject matter on prior occasions, you will no doubt note that specific proposals which I have advanced or which I have supported have fluctuated from time to time. On the other hand, the objective has not. The goal is simply stated: Vital transportation services should be maintained while labor disputes are fairly settled, and any governmental intervention which is required to protect the public interest should be kept to a minimum and calculated to encourage voluntary settlement.

Almost 4 years ago, in my testimony before the U.S. Senate Labor and Public Welfare Subcommittee in Washington during the big west coast strike, I stated:

We are long past the time when we should have realized that the people of Hawaii simply cannot tolerate a longshore or maritime interruption of any substantial nature. To us, shipping is a public utility.

A further development of the public utility aspect of that statement led me, during the 1972 election campaign, to propose that the entire Pacific surface maritime trade be placed under a new, separate Federal regulatory agency. The agency proposed then, like the FMC, would have authority over rates and service in addition to exercising jurisdiction over a process to resolve labor disputes. I suggested that such latter process follow along the lines of our State's own Public Utility Emergency Labor Disputes Act.

Because you and Senator Fong and Hawaii's two House Members reached agreement in 1973 on the type of bill now before this committee, I put my idea on the shelf for the past 2 years and have watched with interest as the drama unfolded. The strong affirmative vote on the bill in the Senate was a personal compliment to you, Mr. Chairman, and Senator Fong. With its present composition though, and with continued administration opposition, I do not see how this bill can pass the U.S. House of Representatives.

I think the front-page story in the Advertiser does indicate that there is some reason to have a little bit of pessimistic prognosis of this particular aspect of the problem.

I know that you must give it another "old college try" and I wish you every success. However, I want to throw out an alternative scheme, one which I respectfully suggest may have a better chance of success because it places emphasis on resolving disputes, rather than going around them.

In essence, I've gone back to that shelf, picked up my earlier concept, dusted it off, revised and updated it.

I propose that there be created a new three-member board, Presidentially appointed and confirmed by the Senate, which would take jurisdiction away from the Taft-Hartley Act in all cases dealing with the interruption or threatened interruption of surface shipping in the Pacific region due to a labor dispute. Call it the Pacific Islands Emergency Shipping Board (PIESB) or something similar. The Board would ideally be composed of one representative each from Hawaii, the South Pacific islands, and the Eastern Pacific islands,

all of whom would have expertise in labor relations, mediation, and/or arbitration.

The jurisdictional area would be confined to the west coast of the United States, Hawaii, and the Pacific islands as defined in your bill, Mr. Chairman. The bill would specifically provide a process for the timely resolution of any longshore or maritime labor dispute occurring anywhere within this region. Other than these emergency labor dispute provisions, Taft-Hartley would continue to apply to the extent it does already, for example, to representation proceedings and unfair labor practices. The new bill would contain provisions for resolving disputes in a manner similar to our State government employee collective bargaining law, chapter 89, Hawaii Revised Statutes. It would require a process of mediation at the Board's command, followed by a factfinding process, if mediation did not succeed. The results of factfinding would be made public, at the discretion of the Board. Often, the public can clearly influence a resolution of a dispute if one side's position, once exposed, is clearly unreasonable. At various time intervals in the process, arbitration or Med-Arb would be provided for, but not on a compulsory basis. Bargaining on an informal basis should be encouraged throughout the process. The process which is mandated should be expeditious and in no case be allowed to drag on more than 60 days. This Board has no other decisionmaking responsibilities, so this should be a realizable goal. After all the foregoing procedures were taken, if agreement were not reached, I would certainly suggest at least a 30-day notice in advance of strike action.

In the event that all failed and a strike occurred, the new agency would be given the power, as is the President today under Taft-Hartley, upon a suitable finding of necessity, to petition a Federal court for an 80-day cooling-off injunction if the strike substantially impaired the health, safety, and general welfare of the people of the Pacific region.

I would exempt totally from coverage under this act any contracting parties who specifically provided a means of resolving future disputes over new contracts in their current agreements. This could be done by voluntarily agreeing to compulsory arbitration, Med-Arb, final offer selection, or whatever suited them best. This, incidentally, has been done in the steel industry, as I understand, another industry where stockpiling and severe economic dislocation results from labor strife.

That, in broad concept, is my proposal, Mr. Chairman. I fully recognize that it is not a panacea. The emergency 80-day cooling-off period I include can be no more effective than Taft-Hartley's has been. The record shows that in maritime and longshore disputes, the imposition of the Taft-Hartley 80-day cooling off failed 9 times out of 12 in bringing the strike to an end. As Senator Fong said during debate on S. 1566:

There is no doubt of the inadequacy of Taft-Hartley to safeguard Hawaii both because of its spectacular lack of success in resolving shipping disputes and because of its national emergency requirements which a regional dispute cannot satisfy until very late in the day, if at all.

But while admitting we're not perfect, let's look at the philosophy behind my proposal and what it does accomplish.

The underlying philosophy behind my approach is that consistent with traditional reliance on collective bargaining itself to reach a

result satisfactory to all participants. The National Commission for Industrial Peace puts it this way:

We must bear in mind that our best hope for peaceful settlements lies in the ability of the parties to arrive at agreement. We must not look for relief or protection through some miracle formula or technique. There is no substitute in our kind of society for a procedure under which the parties persuade themselves to compose their own differences.

As you know, the National Director of the Federal Mediation and Conciliation Service, Mr. W. J. Usery, opposed last year's Hawaii Dock Strike bill. He questioned "whether selectively postponing a work stoppage aids in settling the dispute which caused the disruption."

For this reason, I have placed our reliance on resolution techniques.

What does this approach specifically accomplish?

First: It treats the U.S. Pacific region as a unity and eliminates the necessity of finding a national emergency, as required under Taft-Hartley. A localized regional emergency suffices. It therefore also eliminates the complication of a President, such as Nixon, who is reluctant to employ the act.

Second: It provides procedures for and emphasizes the resolution of the labor dispute by encouraging bargaining, and hence voluntarily agreement all the way to the end.

Third: It encourages the parties to voluntarily agree to a process for resolution of disputes over new contract in their own current contracts, thus totally avoiding Government intervention under the bill.

Fourth: It covers maritime labor disputes throughout the Pacific Island region, not just on the west coast as does S. 1126. Having just returned from the island republic of Nauru where fresh water had to be shipped in by tanker, I am very aware that other small islands are as dependent on shipping as is Hawaii.

Fifth: It does not take away labor's only meaningful weapon—its right to strike—in the final analysis. Nor does it require a difficult-to-define selective strike, as does S. 1126. Hence, it hopefully will not incur the same kind of labor opposition as is generated by a number of other proposals.

Sixth: It has no reference to other transportation modes—motor vehicle, truck, railroads, et cetera, which would involve all sorts of other special-interest groups and thus impede passage of vital protection for Hawaii.

Mr. Chairman, this proposal is, of course, still conceptual and details would have to be worked out in the drafting process, particularly with reference to the interface with other transportation-related facilities and statutory jurisdiction on the west coast. I respectfully submit, however, that there is a need to develop new thrust on this legislative front in order to respond to some of the criticisms of earlier approaches while achieving the framework of protection for our people.

As I see it, the pending bill's greatest fault is that by omitting any means of resolving the dispute itself, it begs the underlying question. It is only applicable to a west coast interruption, whereas Hawaii and all Pacific islands come to a stop with a strike on their own home grounds. I believe the membership of the longshore and maritime unions, like most working people, do not really want to strike. We in Government should concentrate our efforts on means of encouraging

voluntary resolution of these differences. Even in such a critical industry, there is no substitute for good-faith negotiations within the scope of collective bargaining. The cooling-off period in itself does not resolve anything—it frequently only postpones dealing with the issues. Alternatives, such as compulsory arbitration or nationalization of off-shore shipping are not the American way. They should only be last resort alternatives.

Thank you, Mr. Chairman, Senator Fong, for your patience and persistence, and for allowing me to offer this.

Senator INOUE. Thank you very much, Senator Rohlfing.

Am I to conclude from your statement that you would prefer that the Congress act upon a measure that you are suggesting?

Mr. ROHLFING. Mr. Chairman, I do not wish to interpose a blockage to your efforts and the Hawaii delegation with the bill at present. My comments are directed at what I feel probably are the realistic aspects of this situation. I offer these thoughts as an alternative approach, with the full concept that you and your colleagues in Congress know the situation back there as to whether this bill as it presently is proposed is going to get through.

As I said, I wish you every success in getting that measure through. I am suggesting this as a possible alternative, should our suspicions and concerns regarding the U.S. House of Representatives be actually true.

Senator INOUE. If I may suggest, I note that this is still in a conceptual stage. It would be helpful if you would keep in mind that legislation in the U.S. Congress has a better chance of passage if it doesn't require going through too many committees. Listening to the testimony, I would think that there are five committees that could very well insist upon exercising jurisdiction, for example, the Commerce Committee, Labor and Public Welfare, Interior, Government Operations, and possibly the Administrative Procedures Subcommittee of the Judiciary Committee.

So when you are drafting, if you could somehow limit the jurisdiction, you will be in better shape.

Mr. ROHLFING. I am fully aware, Mr. Chairman, not of all the pitfalls of the U.S. Congress, but of the pitfalls of legislation in any legislative body and that those considerations obviously have to be uppermost in considering whether you can chart the route to success at the end.

Senator INOUE. I can assure you that once you have your measure in draft form, we will be very happy to study and consider it, Sir.

Senator FONG. Thank you for your contribution, Senator Rohlfing.

Mr. ROHLFING. Thank you. Thank you, Senator Fong.

Senator INOUE. Since our witnesses are appearing in the order of Government, Federal, State, and county, chambers of commerce, certain business associations, I will insert in the record at this point a letter submitted by a member of the State House of Representatives, Representative Neil Abercrombie.

Other statements of persons not appearing today will be inserted in the record.

Without objection, the statement submitted by Mr. Abercrombie will be made part of the record at this point.

[The letters follow:]

STATE OF HAWAII,
HOUSE OF REPRESENTATIVES,
Honolulu, Hawaii, October 14, 1975.

HON. DANIEL K. INOUE,
U.S. Senate, Washington, D.C.

DEAR SENATOR INOUE: Enclosed is a copy of a letter to Stop on my position regarding the proposed Federal Shipping Strike Law. I trust it is self-explanatory in terms of testimony on the issue.

I would add only that the management in the shipping industry leaves a great deal to be desired. It is not fair to focus frustration over the difficulties encountered in the industry's viability on labor alone.

Agreements reached over the past decade and a half have shown the longshore unions to be more than willing to accommodate industry pressures—manpower and containerization, and early retirement, to name only two. In fact, arguments have been made that labor has gone too far in this—i.e., cooperation has been one-sided.

In this light, continued public abuse of labor solves nothing. This is not to imply that the bill is aimed this way in motivation, but the public posture of many of the business elements supporting it have had this effect. The result is understandable defensiveness by labor and a failure to come to grips with addressing public policy regarding shipping as a whole.

Aloha,

NEIL ABERCROMBIE,
Representative, 13th District.

STATE OF HAWAII,
HOUSE OF REPRESENTATIVES,
Honolulu, Hawaii, October 14, 1975.

SHIPPING TIEUPS OVER PERMANENTLY,
Honolulu, Hawaii.

GENTLEMEN: Thank you for sending me a copy of your survey on proposals for a Federal Shipping Strike Law. The issue as presented is a popular one, and does not lend itself easily to objective debate. Nonetheless, I can not, at this time, agree with the majority opinion. There are principles involving collective bargaining which, in my judgment, remain unanswered.

Until they are resolved I will reserve support of the laws you propose. I doubt that the details and implications of these measures are widely known to the public. I know what the public wants—none of us desire shipping strikes, but I cannot abide any group of workers being used as a scapegoat in the difficult collective bargaining negotiations which now characterize the shipping industry.

Answers in this area must be forthcoming before I support any shipping strike law.

Sincerely,

NEIL ABERCROMBIE,
Representative, 13th District.

Senator INOUE. Our next witness is our very distinguished Mayor of the County of Hawaii, Mayor Herbert T. Matayoshi. Welcome to the Committee, Sir.

STATEMENT OF HON. HERBERT T. MATAYOSHI, MAYOR, COUNTY OF HAWAII, HILO, HAWAII

Mr. MATAYOSHI. Thank you very much, Mr. Chairman, Senator Fong.

As mayor of the county of Hawaii, I want to sincerely thank you for the opportunity to appear before your committee to offer testimony in favor of U.S. Senate Bill 1126, The Hawaii and United States Pacific Islands Surface Commerce Act of 1975.

The county of Hawaii consists of the Big Island of Hawaii—an island comprising nearly two-thirds of the land area of the State of Hawaii. Like other counties in the State of Hawaii, our dependence upon ocean shipping to carry essential exports and imports places us in the unique position of being at the mercy of west coast shipping companies and longshoremen. Unlike other States in America, the State of Hawaii has no other alternative means of transportation to rely on in the case of a west coast shipping tieup other than air transportation. Ninety-nine percent of the State's trade by weight arrives by ship or barge, and 90 percent of our imported food products are dependent upon west coast-Hawaii shipping. Air cargo, which carries 1 percent of all goods that travel between Hawaii and the U.S. mainland can expand in an emergency to carry at most only 3 percent of normal freight tonnage. This 3 percent figure is now open to question, given the decision of some airlines, most notably United Airlines, to discontinue air cargo freighter service to Hawaii, thereby causing the State of Hawaii to increasingly rely upon belly-space in combination aircraft for air cargo needs.

West coast shipping strikes have had devastating and crippling effects upon our economy. I need not go into all of the statistics that prove how devastating a shipping stoppage is upon all sectors of the State of Hawaii's economy, since I know our congressional representatives in Washington, D.C. will supply you with such information. In general, see chapter II, Hawaii, the Most Vulnerable State in the Nation, A Case Study, Dr. Thomas K. Hitch.

Let me say, however, that when west coast shipping is tied up, all of Hawaii's people suffer from shortage of the necessities of life, rising unemployment, from higher prices, business failures, a sharp drop in construction activity, a loss of investors' confidence in the growth, and an inability to ship the State's two major exports, sugar and pineapple, to mainland markets. Although pineapple is not grown upon the Island of Hawaii, approximately 400 tons of sugar per year, or approximately 37.5 percent of the total production of sugar in the State of Hawaii is grown on the big island. Increased costs to sugar producers caused by not being able to export sugar for an extended period of time are crippling, to say the least.

The effects of a strike actually initiated are clear enough. What is not commonly realized is the effect that the ever-present threat of a west coast tieup has upon Hawaii's economy and its people. The ever-present threat of shipping tieups has forced Hawaii businesses to carry much larger inventories than would otherwise be needed. This has the effect of increasing the cost of doing business, which in time is passed on to the consumer, which results in a higher cost of living. As the Honorable U.S. Senator Daniel K. Inouye indicated in a speech before the U.S. Senate in July 1974:

Hawaii's warehousing costs are 250 percent of the national average. A recent study shows that stockpiling or inventory buildup in anticipation of a strike adds 3 to 5 percent to the cost of products in Hawaii. The reduction in input of goods and services is calculated to have been \$153 million, or 4 percent of Hawaii's residents' personal income.

It is evident that there are no existing remedies to adequately safeguard Hawaii and to provide for its welfare in times of a west coast shipping strike. The Taft-Hartley Act has proved to be ineffectual primarily because of its national emergency requirement, which a regional dispute occurring only on the west coast cannot satisfy. More-

over, Congress has shown itself unable to act timely to protect Hawaii's interests in times of a west coast shipping strike. It is my firm belief that U.S. Senate bill 1126 will prove to be an adequate remedy in providing for the welfare of Hawaii's people.

It is important to note that a recent study indicates that only 3.5 percent of the man-hours normally worked by west coast longshoremen and only 7.3 percent of the total man-days worked by shipboard labor is devoted to west coast-Hawaii trade. Ninety-six and a half percent of the longshore man-hours are still struck and approximately 93 percent of the shipboard labor are still struck. Thus, providing for a law that exempts Hawaii's import-export trade movements from a west coast tieup should not significantly affect the collective bargaining process.

I am convinced that the extent to which this proposed bill detracts from the collective bargaining rights of a few of the maritime industry workers is negligible. While collective bargaining is a principle to which I am deeply committed, I must also consider the public welfare of a larger number of our people and how it may be affected by a devastating west coast tieup. When the side-effects of a step of collective bargaining can seriously injure the entire public welfare of a State, one must consider imposing limitations upon that step in order that the welfare may be best served. It is my firm belief that U.S. Senate Bill 1126 will be in the best interests of the county and the State of Hawaii and will not significantly detract from the collective bargaining process between management and labor involved in west coast shipping.

I believe that the proposed bill will operate fairly and evenly—the extent to which it interferes in labor-management disputes will not operate to the advantage of either labor or management, and the redeeming good of its operation will come from the assurance it offers to all the people of this Island State.

Senator INOUE. Mayor Matayoshi, I thank you very much for your participation this morning, and for your statement.

I believe your statement to the effect that most of our airlines have decided to discontinue air cargo freighter service is one that the subcommittee will look upon with very serious concern. You are the first witness that has pointed this matter out to us. When was this decision made?

Mr. MATAYOSHI. This is about 2 months ago, I believe, that United decided to terminate its freighter service to the big island, to the States. And one of the concerns we have, obviously, is that our papaya industry will be hurt badly in its peak season not having space to ship its goods out.

Senator INOUE. I thank you very much for your help.

Senator FONG. Thank you.

Senator INOUE. The mayor of the city and county of Honolulu will be the first witness in the afternoon session. He sends his regrets that he is not able to be with us this morning.

The next panel of witnesses are from American Samoa. Are they here at the present time? Not here.

Is Professor Dan Tuttle here?

Welcome to the committee, Mr. Tuttle. It is a most interesting survey that your organization took several weeks ago. I believe the questions posed in your survey relate rather directly to the matter

under discussion by the subcommittee this morning, and so if I may, I'd like to first ask you if you would briefly tell us of your background and your experience in opinion survey and similar type of activities?

**STATEMENT OF DR. DAN TUTTLE, PRESIDENT, PUBLIC AFFAIRS
ADVISORY SERVICES, INC.**

Dr. TUTTLE. Senator, my name is Dan Tuttle. I have been in Hawaii since 1950, and for the bulk of those years, except for 5 years with the Hawaii Education Association, I have been with the University of Hawaii.

I graduated from Illinois College with a bachelor's degree, have a master of arts degree in public administration from the University of Minnesota, and a Ph. D. in political science also from the University of Minnesota.

In addition to teaching in Hawaii, I have taught short terms on leave from the University of Hawaii at Stephen's College in Columbia, Mo., and at the University of California at Los Angeles.

As you may recall, we did some campus polling out of a classroom in Hawaii at the university in the early 1950's. This was all done on campus, but we started doing public opinion polling at the time of statehood, when I had a class that was willing to go out into the community. And we made a few headlines, quite inadvertently, on this occasion. So we have been doing community polling, either at the university or helping former students do polling since that time.

In addition, beginning in 1958 and the general election of that year, a small group and I began projecting election returns.

Is that enough, or do you want more?

Senator INOUE. I believe that should be sufficient for the subcommittee's use to convince itself that you are an expert.

What sort of record have you had in predicting or making projections?

Dr. TUTTLE. I'm more of a student, I would like to think, than an expert. Public opinion polling is not an exact science, but it is a science, and there is a great difference between a well-done poll and a poorly-done poll. We have been on the win side, and within our margin of error in every instance I can recall since 1959, except on one occasion which occurred in 1959. I think Senator Fong will probably remember that very well. That's the one where we were slightly out of our margin of error—plus or minus 4—and we underestimated his votes, and he was the winner in that election, as I recall.

Our only average, taking all candidate polls and including only those polls which were conducted very close to validating situations, namely on elections, we are inside a figure of plus or minus 2.5, which is better than we have ever indicated or estimated for any poll.

Senator INOUE. Dr. Tuttle, would it be possible for you to submit for the record a copy of this report? ¹

Dr. TUTTLE. The report done by Public Affairs Advisory Services, Inc.?

Senator INOUE. Yes, sir.

Dr. TUTTLE. You do not already have one? There are two versions of this, and I would be delighted.

¹ See p. 135.

Actually, this is the responsibility of the client. This was done for a one-time client, namely the STOP organization. And if you do not have one, we submitted a basic report to them. We condensed it slightly, but also properly indicated certain items that were not included in the copy which they made available too, I believe, to the press, or perhaps to you, or later—I don't know. But I would be very happy to submit copies of these, assuming it has the client's approval. And I believe it has.

Senator INOUE. I have before me a special report on the poll of public opinion concerning the proposed Federal shipping strike law, prepared for STOP and conducted on August 4 through 6, 1975.

Dr. Tuttle, would you give us the highlights of this survey?

Dr. TUTTLE. I will try, Senator.

Very briefly, this was a poll which was conducted on August 4 through 6, a 3-day poll in 1975. It included 2,051 respondents. It was an Oahu-only poll and out of these, we had 780 contacts, people who filled out the secret ballot—and it was a secret ballot—who represented only one ballot from a given household.

It is a high confidence, and we believe a very reliable poll. The major results are set forth in summary highlights on page 69 of the report, and I would be happy to simply read these into the record for you, if you so desire.

A solid majority, 83 percent, of the Oahu public favored the proposed Federal law which would permit continued shipping during a West Coast shipping strike.

Secondly, a majority of all the various union public, that is, a union member in a household, agree with the general public and favor the proposed Federal law. A reduced majority, 52.12 percent of the ILWU membership locals also favor the proposed law, and 20.4 percent oppose it.

A third of all the adults specialized public reviewed in this poll favored by majority support the proposed Federal law.

The youthful public, 15 to 18 years of age is more ambivalent and accord the proposal only majority support.

The Filipino extraction accord the proposal at below average, but still majority support.

We have given in the complete report all of the technical data and margin-of-error calculations plus estimated margin of error for the household public—plus or minus 3.68. For the total public, it is plus or minus 3.60.

And in the event that you are interested, the calculated sampling error, that portion which can be mathematically calculated for the total public, is plus or minus 1.10 percentage points, and for the household data, plus or minus 1.8 percentage points.

Senator INOUE. Then it would be safe to conclude that the majority of the people of the State of Hawaii support this or similar measures?

Dr. TUTTLE. I would say so, Senator.

The question as it was phrased was, "How do you feel about a proposed Federal law which would permit Hawaii to ask for 120 days of continued shipping during a west coast, not in Hawaii, shipping strike?"

And 83.4 percent of the total public and 83.9 percent of the household public indicated that they strongly favor its passage.

Senator INOUE. Thank you very much, Dr. Tuttle.

Senator FONG. Thank you very much. You have been most helpful, sir.

Senator INOUE. The representatives of the Government of American Samoa are in the hearing room. The subcommittee is pleased to call upon Delegate at Large A.P. Lutali and Senate President Salanoa S. P. Aumoeualogo and Speaker of the House Te'o J. Fuavai.

Gentlemen, it is always a pleasure to welcome our brothers from American Samoa.

We have not been advised as to who will be the official spokesman, but I presume Mr. Lutali will be the spokesman, am I correct, sir?

Mr. LUTALI. I will defer to the president of the senate, Mr. Chairman.

Senator INOUE. Then the Chair recognizes the Senate President Salanoa S. P. Aumoeualogo.

STATEMENT OF HON. SALANOA S. P. AUMOEUALOGO, PRESIDENT OF THE SENATE, AMERICAN SAMOA; ACCOMPANIED BY HON. A. P. LUTALI, AMERICAN SAMOA DELEGATE TO WASHINGTON, D.C.; AND HON. TE'O J. FUAVALI, SPEAKER OF THE HOUSE OF REPRESENTATIVES OF AMERICAN SAMOA

Mr. AUMOEUALOGO. Thank you, Mr. Chairman.

In order to save time, Mr. Chairman and honorable members of the committee, I shall be very happy to submit my written statement, and I ask it to be admitted in the proceedings of this hearing.

Senator INOUE. Without objection, your full statement will be made part of the record, sir.

I also have a statement here submitted by A. P. Lutali. Would Mr. Lutali wish to have his statement made part of the record, too?

Mr. LUTALI. Yes, Mr. Chairman. I ask the committee that my statement be made into the record.

Senator INOUE. Without objection, it is so ordered.

Mr. FUAVALI. I also have a statement to submit into the record.

Senator INOUE. The statement submitted by the Speaker of the House of Representatives of American Samoa, Te'o J. Fuavai, will be made part of the record.

Gentlemen, would you like to summarize your statements?

Mr. AUMOEUALOGO. Well, Mr. Chairman, in order to save time, I ask the committee to go along with that, because we are in full support of Senate bill 1126. We are speaking on behalf of the people of American Samoa as in my capacity as President of the senate. That is my written statement.

Senator FONG. You have been very fine witnesses. I hope others will follow your example.

Mr. LUTALI. This support is without one dissenting vote. People of American Samoa are unanimously behind the purpose and intent of this bill. As we say in Samoa, we all eat out of the same basket. We share the troubles of Hawaii, and Hawaii shares the troubles of American Samoa. We have about 15,000 American Samoans who are residing in Hawaii, so we are as concerned for their problems as we know you gentlemen are.

Senator FONG. Mr. Speaker, would you care to say something?

Mr. FUAVALI. I join with the President and Mr. Lutali to strongly urge the Congress of the United States to pass this legislation for the benefit of us here in the Pacific area.

Senator INOUE. Gentlemen, your contribution today will be of immense importance to the subcommittee. On behalf of the chairman and members of the subcommittee, I thank you very much, sir.

Mr. LUTALI. Thank you.

Senator FONG. Thank you.

[The statements follow:]

STATEMENT OF HON. SALANOA S. P. AUMOEUALOGO, PRESIDENT OF THE SENATE
OF AMERICAN SAMOA

Mr. Chairman: I am indeed honored to address this honorable Merchant Marine Subcommittee of the Senate Committee on Commerce in support of Senate Bill 1126, the "Hawaii and United States Pacific Islands Surface Commerce Act of 1975".

Both the Speaker and I, and the entire Fono, fully support the well-reasoned intent as well as the letter of this very important act. It is especially important as in the words of Sec 2(a) when you realize "the unique geographical situation" of American Samoa in relation to not only the west coast of the United States, but our well-removed position from this hearing room in Honolulu, Hawaii, some 2400 nautical miles SSW of here. In short, we are once again as far from Hawaii as Hawaii is from the west coast. As the Honorable Chairman was quoted with respect to the consumers of Hawaii being "held hostage" in any dispute causing a shipping interruption, we of American Samoa could be considered to be in 'abject captivity' with respect to that same eventuality.

We averaged a little over 12 freighters and approximately 1 oil tanker servicing Pago Pago each month over the last fiscal year. This breaks down to approximately 31,000 tons (of which about $\frac{1}{2}$ was was oil) coming into the harbor each and every month.

By comparison, air freight for August of this year, which showed an increase of 30% over the same month in 1974, the raw tonnage was only about 230 tons for that month. This shows dramatically the dependence of our insular territory upon surface commerce versus air freight—a ratio of approximately 135 to 1 in tons received.

The 120-day provision not permitting a strike or lockout to interrupt normal shipping between the west coast and our islands is crucial and of utmost importance to the maintenance of the health and well-being of our some 30,000 odd souls in American Samoa, the only U.S. possession south of the equator. Within this 120-day respite our government and businessmen can stock their warehouses and shelves to cushion the effect of any long term interruptions in shipping, should this be the case. It will give us breathing time within which to prepare.

In summary, then, I speak for the entire Senate of the Fono of American Samoa when I state that I cannot urge too strongly the passage of S. 1126 in the United States Congress.

Thank you, Mr. Chairman, this concludes my prepared statement and I would be pleased to answer any questions you or the members of the Committee may have.

TABLE I.—CUSTOMS DIVISION, ANNUAL REPORT FISCAL YEAR 1975

	In	Out	Average monthly
Freighters.....	125	126	12+
Tankers.....	13	13	1
Local vessels.....	235	235	
Total tonnage.....	370, 880	52, 295	31, 000
Breakdown:			
Dry tons.....	183, 343	52, 295	
Oil veg.....	2, 247	0	
Oil petroleum.....	185, 290	0	
Total.....	370, 880	52, 295	

STATEMENT OF HON. A. P. LUTALI, AMERICAN SAMOAN DELEGATE TO
WASHINGTON, D.C.

Mr. Chairman and Honorable Members of the Merchant Marine Subcommittee of the Senate Commerce Committee, my name is A. P. Lutali. I am the elected American Samoan Delegate to Washington. I am a Samoan and a bona fide resident of American Samoa. At present, I am residing in Washington during my four year term.

I deeply appreciate the opportunity to appear before you to testify in support of S. 1126.

At the outset, let me say with emphasis to you, gentlemen, that the people of American Samoa are unanimously in accord with the intent and purposes of this important and far-reaching legislation. Its approval will benefit the people of American Samoa. I strongly and respectfully urge your committee to recommend favorable action on this bill.

As you know, American Samoa is the southernmost territory of the United States, situated approximately 2300 miles southwest of Hawaii. Its remoteness from the United States where sources of our supplies are located, places it in a position absolutely vulnerable to any disruption of the normal flow of commerce.

Looking retrospectively to the period prior to 1900, when our forefathers had no occasion to be concerned with long-range shipping or with goods imported from other countries, our people were self-sufficient, independent, happy and free. They had only to venture to the reefs to fish, to the woods to hunt, and paddled to neighboring islands to visit or explore.

The advent of a new civilization, however, with its cash-oriented economy, stimulated and nourished by the introduction of new food stuffs, the influx of big industries, large cargo ships, jet air service, modern shopping habits, expanded government activities, and increased volume of communication and contact with other countries, has abruptly transformed American Samoa from a quiet, easygoing, agricultural, piscatorial and self-sustaining community into one almost entirely dependent upon commerce with the United States and other countries. Shipping is now the life-line, and commerce is the substance of our daily existence. Any disruption of the normal flow of goods in and out of our territory, regardless of the length of time involved, causes inconveniences, discomforts and anguish to our people. Economic activities will be imperiled and the life and well-being of the people endangered.

In the past; American Samoa was hard hit by maritime strikes. During the 1971-72 dispute, commerce in and out of the territory, estimated to be approximately \$130 million, came to a standstill. The loss in wages, supplies, time, conveniences and comforts, cannot be accurately measured in dollars. But we can all agree that the damage was substantial and problematic. The government itself, the largest employer in the territory, shared the experiences and suffered the consequences of that strike. Its loss in wages and other revenues was enormous. The delay or cessation of construction projects inevitably resulted in unemployment and detrimental to current progress. The estimated loss of \$12 million last year in territorial revenues was attributable in part to the government's failure in providing sufficient electrical power to permit canneries and other activities to operate. Engine parts had to be brought in from the United States. Such a lamentable situation during a strike, if not remedied, could not be tolerated and would cost millions of dollars to the territory.

The new life style, which has recently evolved in American Samoa, replacing the traditional system, demands the uninterrupted flow of goods into the territory. At present, one hundred percent of clothing, household goods and appliances, transportation, building material, agricultural tools and machinery, are all imported into the territory. Approximately, eighty percent of food items, ninety percent of school equipment, and one hundred percent of medical supplies, are also imported. It is, therefore, absolutely important that the flow of these supplies and equipments be continued uninterrupted in order to cope with and to meet the requirements of this new demanding and insatiable life pattern.

It is of importance to note that, in a small and remote place as American Samoa during a strike, the people are subjected to price manipulation that as supplies dwindle, prices increase. The islands are therefore exposed and susceptible to the dictates of peoples thousands of miles away.

Although I appear before you as one of the representatives from American Samoa, I would be remiss if I did not express support for the State of Hawaii, which is now the home of approximately fifteen thousands of Samoan people.

The welfare of these Samoans is a matter of grave concern to us, as it is, I am sure, to the State of Hawaii. Because of our unique system, which keeps us closely knitted together by cultural ties and obligations, any setbacks or problems encountered by the Hawaii-Samoans affect their families and relatives at home in Samoa. It is appropriate to say at this instance that "the sauce for the goose is the sauce for the gander." What is good for Hawaii, is good for Samoa, thus bringing to the fore an old traditional Samoan proverb, "O la ta ato fevailia'i", which means, "We share the contents of the same basket".

While the provision for one hundred and twenty days in the bill may not provide us in American Samoa with ample time to prepare for a strike, in view of our distance from the West Coast ports, which is almost double the Hawaiian-mainland distance, it is indeed a step towards the right direction. If this bill is approved, it will considerably enhance our welfare and conversely minimize our problems.

At this stage of our political development, opportunities for participation with you in making decisions affecting the political, social, and economic life of American Samoa are not available to us. Therefore, in all candor, let me say that Congress has a moral commitment as well as a constitutional obligation to legislate for the preservation and protection of dependent people in the American family. You make the decisions, we live by them. We can only hope that you make the right ones. On the matter now before your committee, a recommendation to approve S. 1126, in my opinion, is a right decision.

In closing, I would like to express the gratitude of the Samoan people to the sponsors of this bill, the Honorable Daniel K. Inouye, the Honorable Hiram Fong, and to all of you, gentlemen, who have been very helpful to the Samoan people. We can only pray that God guide and bless you in the fulfillment of your duties.

STATEMENT OF TE'O J. FUAVAI, SPEAKER OF THE HOUSE OF REPRESENTATIVES,
AMERICAN SAMOA

Mr. Chairman and honorable members of the Committee. It is a great honor and privilege to appear before you in support of S. 1126 on behalf of the people and Government of American Samoa.

At least this is the second time this bill, in one form or another, has been introduced in the Congress of the United States.

Gentlemen, this bill provides for the protection of one of the important basic rights of every citizen of the United States as guaranteed in the U.S. Constitution—the right to be free, and the enjoyment of life, liberty and pursuit of happiness under the law. It is a fact that the United States Pacific Islands are in constant threat from the enjoyment of these rights whenever a strike or lockout occurs in the west coast of the United States. This has happened before and may happen again unless this bill is enacted into law.

Gentlemen, surface maritime commerce is our life-line, our hope for survival. As ocean bound islands geographically located thousands of miles from the Mainland, any disruption of maritime interstate commerce from and to the west coast is deeply felt by the people of the United States Pacific Islands, and imperils the health and well being of the American people living on these islands.

Senate Bill 1126, therefore, provides for the procedure and guidelines to follow which will assure protection to the people of the United States Pacific Islands while negotiations between parties are carried on or until a settlement is reached within the period provided by law. The intent of this bill is within the spirit of American fair play and justice for all.

Accordingly, I respectfully urge this honorable committee to recommend passage of this most vital and important bill to your colleagues in the United States Congress, and I thank you for the privilege to appear before you today.

Senator INOUE. Our next witness is Mr. Kent Bowman, representing the Chamber of Commerce of Hawaii.

Welcome to the committee.

STATEMENT OF KENT H. BOWMAN, VICE PRESIDENT AND GENERAL
MANAGER, DAVIES MARINE AGENCIES, INC.

Mr. BOWMAN. Aloha. Thank you very much, sir. It is a very great pleasure to be here, Senator Fong and Senator Inouye, and we are

very happy for this opportunity to speak with you. Many of the things I have to say to you this morning have been said many times before, but gentlemen, bear in mind that I speak not only for the Chamber of Commerce of Hawaii, but the Chamber of Commerce of Maui, Kauai, Kailua-Kona, and Molokai.

My name is Kent H. Bowman. I am vice president and general manager of Davies Marine Agencies, Inc., a subsidiary of Theo. H. Davies & Co. I am testifying today as a former chairman of the Maritime Affairs Committee of the Chamber of Commerce of Hawaii and still an active member of that committee. I am here to testify on S. 1126, The Hawaii and United States Pacific Islands Surface Commerce Act of 1975, and its effect on Hawaii and the U.S. Pacific islands.

The serious, and often tragic impact of shipping interruptions on the entire State of Hawaii has been well documented. Our total economy suffers, not only during a strike but also during the frantic stockpiling when a strike is threatened, and during many months of recovery afterward. Markets are permanently lost when Hawaii is forced to find foreign suppliers and when Hawaii is unable to deliver promised supplies to foreign purchasers. There is a permanent economic burden due to the cost of continually maintaining large inventories as a hedge against the ever-present threat of yet another strike by any one of the many unions that can tie up west coast shipping—the source of the great majority of Hawaii's in-shipments and the destination of most of Hawaii's outbound shipments.

The Chamber of Commerce of Hawaii has given this problem serious study and thought for many years. Over 20 years ago we established a committee on uninterrupted shipping which has on many occasions recommended support of various bills that have been before Congress that we thought might, in one way or another, alleviate this problem. Now new legislation has been introduced to protect Hawaii. S. 1126 could provide major protection without presenting any serious limitation on collective bargaining processes. Exempting Hawaii and U.S. Pacific islands from any west coast strike or lockout in longshore or maritime industries for 120 days would provide adequate protection to Hawaii's economic lifeline while the collective bargaining process is underway.

While shipping to Hawaii is our very lifeline, it represents a small part of the national maritime industry. The continual operation of that small part serving Hawaii should not have a major effect on negotiations during a strike.

The Chamber of Commerce of Hawaii strongly supports early consideration and passage of S. 1126. In support of this our board of directors unanimously passed the attached resolution at a meeting held on Monday, September 22, 1975, which will be submitted.

Hawaii remains the most vulnerable State in the Nation until protective legislation is enacted.

Thank you. May I say on behalf of my colleagues in the chambers that we deeply appreciate the strong efforts that you have both made on behalf of this legislation and, we understand, at some political risk. We wish you very, very well in your efforts.

Thank you very much.

Senator INOUE. Thank you very much, Mr. Bowman. Without objection, your resolution of September 22, 1975, will be placed in the report at this point.

[The resolution follows:]

RESOLUTION

Whereas the health, safety, and welfare of Hawaii's citizens command precedence over the objectives of individuals and groups responsible for provision of shipping services to Hawaii; and,

Whereas Hawaii has suffered unduly from costly transportation interruptions. Each interruption causes hardships and results in permanent increases in the already high cost of living in Hawaii; and

Whereas S. 1126 the proposed Hawaii and United States Pacific Commerce Act of 1975, jointly sponsored by Senators Hiram L. Fong and Daniel K. Inouye would exempt Hawaii for a period of 120 days from any strike or lockout occurring in the West Coast maritime industries; and,

Whereas the Merchant Marine Subcommittee of the Senate Commerce Committee will be holding hearings on this proposed legislation in Honolulu on October 15, 1975; Now, therefore, be it

Resolved, That the Merchant Marine Subcommittee of the Senate Commerce Committee be advised that the members of the Chamber of Commerce of Hawaii strongly support the intent of S. 1126 and urge them to take favorable action; and be it further

Resolved, That copies of this Resolution be forwarded to members of Hawaii's Congressional delegation and the Chairman of the Senate Commerce Committee.

Done in the City of Honolulu on the 22nd day of September, nineteen hundred and seventy-five.

ROBERT B. ROBINSON,
Chairman of the Board.
ROBERT F. ELLIS,
President.

Senator INOUE. We have received testimony relating to the numbers of businesses which have gone into bankruptcy during the last major shipping interruption and the estimated loss to personal income. Has your chamber of commerce similar information available?

Mr. BOWMAN. Yes. I'm sure we can develop this information for you, Senator.

Senator INOUE. The subcommittee has received a statement from J. Walsh Hanley, president of the Hawaii Island Chamber of Commerce, in support of S. 1126.

Without objection, Mr. Hanley's statement will be made part of the record.

I see Mr. Hanley has arrived. Would you like to present your statement personally?

STATEMENT OF WALSH HANLEY, PRESIDENT, HAWAII ISLAND CHAMBER OF COMMERCE

Mr. HANLEY. Thank you.

Senator INOUE. Welcome to the committee, sir.

Mr. HANLEY. Thank you.

At your pleasure. I will not reread the statement which was submitted, but I would like to make a brief oral statement.

Senator INOUE. Fine. Without objection, your statement will be made part of the record.

Mr. HANLEY. Gentlemen and honorable Senators, my name is Walsh Hanley, and I'm from Hilo, Hawaii. I'm president of the Hawaii Chamber of Commerce and also am representing the Kailua-Kona

Chamber of Commerce today. I'm president of the Ford dealership on the big island, and in that capacity am Matson's largest customer on the big island.

The Hawaii Chamber of Commerce has presented written testimony which affects our involvement in this legislation. In pursuing this cause, I have received some discouraging information from an old friend, Sam Donaldson, with ABC News in Washington. Sam tells me news travels from East to West and not the other direction. The decisionmakers in the Government, who are all in the East, have not been made aware of our problem. We have made an effort to correct this inequity through direct communication through suppliers, but there is no way we can overcome the lack of mass media interests. This seems to leave little hope for our small voice in Hawaii. But the knowledge we are in the cause of justice assures our perseverance.

You are, no doubt, receiving testimony to the effect that legislation in S. 1126 is a gross violation of the collective bargaining process. In view of current statutes and laws, this is obviously not the position of organized labor. If you go back in history, however, to the time of enactment of the first labor legislation, you will find that prior to the legislation which gave rise to our current union system, there were other rights altered which were considered just as inviolable as the current ones which are thought to be protected by organized labor.

Attention has been directed at labor rights and management without regard to what public and third-party rights exist. The time has come to start dealing with the public, and it's an excellent time to start.

Thank you very much for the opportunity to testify today.

Senator INOUE. Thank you very much, Mr. Hanley.

[The statement follows:]

STATEMENT OF J. WALSH HANLEY PRESIDENT, HAWAII ISLAND CHAMBER OF COMMERCE

Gentlemen and Honorable Senators: The Hawaii Island Chamber of Commerce would like to take this opportunity to sincerely thank Senator Daniel Inouye for his Herculean efforts and his colleagues who have worked in behalf of the businesses and people of Hawaii to guarantee uninterrupted surface transportation between ports of the West Coast and the U.S./Pacific Islands.

The State of Hawaii has always been at the mercy of labor-management disputes. We continue to remain hostages and suffer from events in which we are not entirely directly involved.

It has been said many times that we are in a unique situation relative to other states because we have no alternatives to economical surface transportation of our vitally needed commodities nor alternative transportation means for exportation or our products. Neither does present technology allow utilization of air transportation.

Since 1970 the State of Hawaii and its people have been immobilized and faced economic crises beyond retrieve. Shipping interruptions occurred as follows:

Strike	Date	Number of days	Involvement
1. Longshore.....	May 11, 1970	25	ILWU, Oregon.
2. Longshore.....	Dec. 7, 1970	3	IIA, New York and New Jersey.
3. Longshore.....	June 9, 1971	10	ILWU, San Francisco.
4. Longshore.....	July 1, 1971	100	ILWU, West Coast.
5. Longshore.....	Oct. 1, 1971	57	IIA, East Coast and Gulf.
6. Longshore.....	Jan. 17, 1972	34	ILWU, West Coast.
7. Maritime.....	Oct. 25, 1972	41	MMP, Pacific.

Total time of disruption due to transportation disputes will total several years if accumulated since World War II and would approach nearly one-fourth of the available time.

Hawaii consumes only 3% of the total commodities moving through West Coast ports yet any West Coast dock strike or interruption has a total affect on our economy. The resulting unemployment caused by dock tie-ups, the pre-strike inventory build-up which requires unexpected financial needs, and the post-strike readjustment period in total produce unrecoverable damage to Hawaii's economy. The people of Hawaii are indeed in bondage and are at the constant mercy of West Coast transportation availability.

We fully appreciate the objections in principle to this legislation which are fostered by the labor unions and understand their objection to any tampering with the free collective bargaining process. These organizations should realize, however, that the various legislation, which insures their existence was an alteration of someone else's rights when originally enacted and such enactments were made in the interest of the health and welfare of their constituents. They should not by unreasonable adherence to tradition seek to deprive the people of Hawaii of the same kind of protection of the law.

To correct such inequities the Hawaii Island Chamber of Commerce since 1973 has diligently and in unison with other organizations sought an equitable solution. Thus we support strongly Senate Bill 1126 as an alternative to the present situation. The passage of this bill introduced by Senator Inouye should be given your utmost consideration because Hawaii is unjustly punished through events occurring elsewhere to which we are not a party.

With these facts in mind the Hawaii Island Chamber of Commerce unanimously endorses Senate Bill 1126 and urges you to provide it your fullest support. Your sincere support will ultimately provide the means to solve a serious problem which confronts our State as well as our Nation.

Senator INOUE. Now the next witness will be, speaking on behalf of the Japanese Chamber of Commerce, I call upon President Fred Tamura.

STATEMENT OF FRED I. TAMURA, PRESIDENT, HONOLULU JAPANESE CHAMBER OF COMMERCE

Mr. TAMURA. Aloha. I am Fred I. Tamura, president, Honolulu Japanese Chamber of Commerce. We have submitted 50 copies of our statement, and I'd like the wording in the statement to be part of the record.

Senator INOUE. Without objection, your statement will be made part of the record.

Mr. TAMURA. Also, Senator, in interest, I would like to leave some of the statistics out, but I would like to cover some of the areas which personally the small businessmen are so interested in.

My name is Fred I. Tamura, citizen of the United States of America residing in Honolulu, State of Hawaii. I am a small businessman besides being vice president of Meadow Gold Dairies—Hawaii, a subsidiary of Beatrice Foods Co., with offices in Chicago.

On behalf of those I represent, may I thank and commend the chairman and the members of the subcommittee for holding this hearing in Hawaii. Certainly, it gives those vitally concerned the opportunity to express themselves.

Today, as president of the Honolulu Japanese Chamber of Commerce, I express the sentiments of over 475 members made up of small businessmen of all ethnic groups. Statistics of the Bureau of Census of March 1972, for the State of Hawaii, listed small businesses employing less than 99 employees represented 93.96 percent of total employers. The sentiments expressed represents consensus of the membership following exhaustive study and discussion of the subject.

Also, by request, I represent today the Japanese Chamber of Commerce and Industry of Hawaii, the Chinese, Filipino, and Korean Chambers of Commerce in Honolulu.

Mr. Chairman, speaking on behalf of those I represent, I ask your committee's favorable consideration of a reasonable and fair bill, S. 1126.

For Hawaii—and I believe I express the sentiments of over 83.9 percent who strongly support passage of the bill, as expressed in a public opinion survey conducted August 4–6, 1975, on Oahu, no legislation in the U.S. Congress has received interest and support from all segments of the citizens as S. 1126 since the enactment of statehood for Hawaii 16 years ago.

S. 1126 will make citizens of the United States living in the State of Hawaii equal to the citizens living in the other States in the area of availability of commodities so necessary for daily life on grievances they have no voice in.

Hawaii being an island State, our only mode of transportation is via ocean carriers and limited air cargo. We have no interstate highways, no trains, trucks, buses, nor automobiles as a means of transportation with other States.

When Hawaii is caught in the grip of a mainland waterfront strike, the only contact we have with the rest of our sister States would be by air carriers that would originate at the least from San Francisco or Los Angeles, 2,400 miles away. Obviously, a similar situation can hardly ever come to exist with any of the other 49 States.

Because of the frequency and unpredictable length, the general public in Hawaii has a "knee-jerk" reaction to the news that a west coast strike might occur—and they react only a little less so if one is threatened on the east or gulf coasts.

Panic buying occurs, as in the case of toilet paper, salt, flour, and rice in 1971 and 1972, when a series of strikes cut Hawaii's supply line for a total of 175 days in 18 months. The shelves were left bare of these and other items for weeks and unavailable to those who did not hoard, mostly the poor.

Hawaii's wholesalers and retailers maintain inventories of nonperishable commodities far beyond the volume and duration elsewhere in the Nation—as a hedge against unexpected strikes. When one is anticipated, supply houses and merchants expand a normal 4-month inventory to a 5- or 6-month supply. With warehousing costs at 30 to 50 cents a square foot per month, plus the high financing costs incurred during this holding period, the effects on small businesses are severe. They cannot finance unusually large inventories, can't get aircraft space during a strike, and are unable to withstand loss of business for any length of time.

Construction is hard hit within a few weeks—there is no way to airlift lumber, pipe, steel beams, or bathtubs. Even when we don't foresee a strike, our supply houses have to play it safe by carrying large inventories at greatly added cost. A low-cost home in Hawaii is priced at \$45,000, and the average price today is \$70,000—not counting land cost.

Worst of all, the effects of a prolonged strike on the docks or aboard ship do not disappear once it is settled. Most businesses do not get back to normal for additional periods ranging from 3 to 9 months—some never.

For the citizens of Hawaii, this situation becomes more unbearable when higher cost and lack of commodities are imposed upon them as a result of difference of opinion 2,400 miles away and having no bearing on Hawaii. Is it any wonder that we feel discriminated against on these occasions? By means of other transportation, the other States can ride out the waterfront strikes. Hawaii cannot.

Hawaii is particularly vulnerable to a waterfront tieup. There is no way Hawaii can within its 6,450 square miles produce a complete range of produce and goods to support a population of over 850,000 people and the many visitors coming to the islands annually.

Over 80 percent of all physical commodities purchased and utilized in Hawaii is shipped in—mainly from the sister States of our Nation.

Let us look at food. Aside from sugar and pineapple, agricultural production in Hawaii is on a fairly small scale. Imports amount to 52 percent of all the beef we consume; 64 percent of all pork; 75 percent chicken; 100 percent lamb, mutton, and turkey; nearly all prepared picnic foods; 58 percent of fresh vegetables marketed in Hawaii, including 99 percent of potatoes, 89 percent of carrots, 58 percent lettuce, 44 percent of tomatoes, and a host of other fresh produce.

Fresh fruits from the mainland total more than 31 million pounds a year. All these items are highly perishable and must keep flowing into the State on a continuous schedule.

Added to the food items for the over-850,000 population are other imports, including animal and poultry feeds, clothing, building materials, household furnishings, appliances, oil, gasoline, and other necessities.

We import all our paper goods; all trucks, buses, automobiles, and medical supplies. The list of imports is endless and ever growing.

Mr. Chairman, the people of Hawaii, especially the small businessmen, are not against strikes per se. We have our own shutdowns involving our own people and companies. All we are asking is consideration from the committee for relief from a waterfront tieup over grievances that do not involve the people of Hawaii, but does cripple the people of Hawaii. S. 1126 will give us this relief.

Speaking of added cost, one of the supermarket chain operators—I work with them very closely—reported a 400-percent increase in freight cost using air transportation during a 30-day period in the strike area. This in spite of the fact he still was not receiving his total normal imports. He also made mention of the fact that much of the goods were received damaged, as the air transportation system was not prepared to handle the sudden demand for extra loads and new products.

Mr. Chairman, S. 1126 will help relieve the nightmare Hawaii has experienced from the devastating effect of past long mainland waterfront shutdowns.

Mr. Chairman, S. 1126 will not deal a crippling blow to a west coast shutdown. The bill would affect less than 3.5 percent of its longshore labor, and not more than 7 percent of the shipboard labor out of the west coast. Thus, a longshore labor strike on the west coast would remain 96.5-percent effective, and a maritime strike would remain 93-percent effective.

We in Hawaii doubt the conditions as requested in S. 1126 will do anything to strike grievances. But S. 1126 will help protect Hawaii's health, welfare, and economy. Above all, it will give the citizens of

Hawaii equal opportunities as enjoyed by the citizens of the other 49 States under similar conditions.

We sincerely believe the 120-day injunction, as provided in S. 1126, is a nondiscriminating and responsible bill. Hawaii asks your favorable consideration at the earliest date. Thank you very much.

Mr. Chairman, the members that I represent will be most grateful for all efforts on our behalf to have Senate Bill 1126 become a reality. Thank you very much.

Senator INOUE. Mr. Tamura, on behalf of the subcommittee, we thank you for your participation this morning. Your statement will be most helpful in our deliberations.

Mr. TAMURA. Thank you.

Senator INOUE. Our next witness is Mr. Gerald Hennings, Hawaii division manager, National Federation of Independent Business.

**STATEMENT OF GERALD HENNINGS, DIVISION MANAGER,
NATIONAL FEDERATION OF INDEPENDENCE BUSINESS**

Mr. HENNINGS. The National Federation of Independent Business is the largest business organization in the world. The Hawaii division is made up of over 3,000 small, independent business and professional people in Hawaii. The National Federation has become the recognized voice of small and independent business people, representing an accurate cross-section of the business community.

A unique feature of the federation is that its official position on any issue before any legislature or other Government agency is determined solely by the results of a tabulation of facts and opinions from each and every member individually. This, not incidentally, has been the key to the success of NFIB.

At our recent conference in Washington, President Ford told the federation members how he uses the NFIB economic data.

As the Hawaii division manager, I am pleased and honored to present to this committee today economic data from the Hawaii members of the National Federation of Independent Business.

The data I wish to present is based on written responses to federation surveys and as a result of daily individual contacts with Hawaii's small and independent business and professional people.

First, statistics.

During the 100-day 1971 west coast dock strike the federation gathered data to determine just exactly how seriously Hawaii's small businesses were damaged; 396 members responded, and the facts and opinions were tabulated on January 12, 1972. The results showed that their gross sales dropped during the strike period by almost \$8 million, the average business losing about \$20,000 in sales. Only 20 percent of the businesses responding said they suffered no decrease in sales.

The next areas investigated was the strike's effect on employment. Sixty-four percent reported they did not have to lay off employees, but the remaining members were forced to lay off an average of 8 percent of their work force.

Perhaps the most significant information gathered was the fact that 75 percent of the small businesses responding reported that they would be seriously affected by the resumption of a dock strike tieup. Added to this is 21 percent who stated they may have to close their business if there should have been another dock strike. This, then, is a

total of 95 percent of small businesses in Hawaii who would either be forced to close or at least be seriously and adversely affected. Only 4 percent say they would not be affected by a new dock strike.

In an attempt to determine how quickly a small business is adversely affected by a dock strike, the federation learned that 74 percent are affected within the first 30 days, or 41 percent affected immediately, plus 33 percent affected within 30 days. Only 9 percent must wait 90 day before they suffer effects.

Our membership in Hawaii has doubled since 1971, and new accounts for \$850 million gross annual sales—\$487 million in the First Congressional District, and \$363 million in the Second. If we experienced the same sales percentage drop in a future strike, we would lose about \$16 million in sales.

Unemployment would look like this: Our members in February of this year employed over 31,000 workers—18,584 in the First Congressional District, 12,738 in the Second. A strike today would force a layoff of thousands. Who could say what the actual figure would be?

As is evidenced by this data, the effects of a dock strike in Hawaii are shattering to the small businesses, perhaps much more telling than on a large corporation that may be more diversified and is in a better financial position to weather an adversity such as this.

I hope the significance of this data is fully understood. It represents information from a segment of the 3,000 Hawaii members of the federation. It does not include the perhaps two or three times more businesses who, for some reason or another, are not members of the federation and do not participate in expressing their opinions and in helping to make this Nation's decisions. But that does not mean that they should be forgotten.

Incidentally, I just learned yesterday at a small business action group chaired by Representative Yap of our State house of representatives that the latest figures show there are over 41,000 small businesses in Hawaii. We have over 3 billion in annual sales and employ 120,000 people.

The federation's thrust both nationally and locally is to help Government understand that small business is the backbone of our Nation's and our State's economy. President Ford just last summer told us in Washington that more than half of the workers in America are employed in small business. A dock strike that shuts off Hawaii's supply lines—or even the threat of such a catastrophe—is devastating to the small businesses and to the thousands of employees whose livelihood depends on the enterprise of the small, independent business and professional people.

On every poll the federation has conducted relative to dock strike legislation since 1971 the overwhelming majority of the members in Hawaii have supported such legislation. For this reason, the National Federation of Independent Business earnestly requests that Senate bill 1126 be enacted.

Senator INOUE. Thank you very much, Mr. Hennings, for your contribution of those statistics. It's most interesting, but applies to just your membership; doesn't it?

Mr. HENNING. Yes, sir.

Senator INOUE. Would you say that it would be safe to project it throughout the State of Hawaii that the response would be just about the same for others in small business areas?

Mr. HENNINGS. I would only be able to guess. There are a large number of small business people who, for some reason or another, who do not express themselves. I would assume that their economic situation would be very much the same as those who do express themselves.

Senator INOUE. I thank you very much, sir.

Senator Fong?

Senator FONG. Thank you.

Senator INOUE. The next witness is the executive vice president of the Retail Merchants of Hawaii, Mr. Doyle Alexander.

Mr. Alexander, welcome to the committee.

**STATEMENT OF DOYLE ALEXANDER, EXECUTIVE VICE PRESIDENT,
RETAIL MERCHANTS OF HAWAII**

Mr. ALEXANDER. Senator Inouye, Senator Fong, thank you for making it possible for us to have this hearing in Hawaii.

My name is Doyle Alexander. I am the executive vice president of the Retail Merchants of Hawaii. Our organization represents all the major retailers as well as a large segment of the smaller retail outlets on Oahu. We appreciate this opportunity to testify in favor of S. 1126, the Hawaii and United States Pacific Islands Surface Commerce Act of 1975.

The impact of past surface shipping interruptions to Hawaii has seriously affected every consumer and every business firm in the State. Some firms have been forced out of business and others severely crippled as a result of shipping interruptions which resulted in financial loss to the owners, and additional unemployment. One such example is an automobile firm, Hawaiian Motors, Ltd. In answer to a questionnaire mailed to our members in January 1972, this comment was made by the president of the firm:

It (the 1971 shipping strike) has prevented arrival of 350 1971 cars and delayed introduction of 1972 cars by 60 days, estimated to have cost us another 200 car sales, for a total of 550 loss in new car sales. Due to the lack of cars, we had to close down five branch operations.

Hawaiian Motors went out of business in 1972.

The need for protection from shipping interruptions is greater today because of the strained economic status of the business community and the State government, as well as the present high rate of unemployment.

Our business community and our government must be built on a solid foundation with the ability to continuously attract new businesses if Hawaii is going to grow and provide additional employment for the young people coming into the labor market. New businesses are reluctant to invest their money in a State where a surface shipping strike could prevent them from obtaining the supplies that they need to stay in business, unless the law provides some measure of protection for them.

Merchandising in Hawaii is unique and does not compare with other States in the Union. The basic needs of our people—clothing, household furnishings, medical supplies, foods—must be transported over a 2,500-mile span of ocean, either by ship, barge, or air carrier. The same applies to commodities used by industries such as the construction industry, et cetera.

The distance from suppliers requires much larger local inventories, a longer leadtime in ordering, larger warehouse space, increased financing, and more employees. It also results in a slower turnover of merchandise.

A disruption of any duration in the smooth flow of merchandise has an almost immediate detrimental economic and sociological impact on the entire State of Hawaii, resulting in higher costs to the consumer. It takes many months to clear the backlog of freight and return to normal inventory procedures, with many items being out of stock, public inconvenience, and higher operating costs.

Three of the largest department store retailers in Hawaii have in the past 3 years built "distribution centers" (warehouses) totalling approximately 760,000 square feet, at a cost the range of \$15 million. Such capital investments and the operational procedures involved are required in Hawaii because of our geographical location.

Retail floor space in shopping centers is at prime rate because of the high cost of land in Hawaii, so some stores cannot afford to have sufficient warehouse space at the retail site.

Retailers on the mainland draw directly from their suppliers or district warehouses, therefore they do not have the additional costs of Hawaii's retailers.

Mainland stores can receive merchandise within a week via a choice of surface transportation, whereas Hawaii's retailers must order 30 to 40 days in advance for delivery from the west coast suppliers, and 60 to 90 days from the east coast.

We have compared the dollar value of inventory of two stores that do about the same annual sales volume—one store is here in Hawaii and the other is on the mainland. The local store must carry 30 percent more inventory than the same sales volume mainland store. This can be an additional \$2 million in inventory for one local retailer, so the total for the State runs into many millions of dollars in inventory.

In addition to the high cost of money invested in the inventory, the cost of warehousing is approximately 50 percent higher in Hawaii and there are other additional expenses.

In 1974, one store received 28,365,000 pounds of merchandise by surface shipping and 4,056,000 pounds by air. They receive a higher percentage of merchandise by air than many stores. Air freight during the shipping strike increases cost of merchandise normally conveyed by surface shipping by 200 percent. Other figures vary—we have given you an average.

During the 1972 surface tieup, one store shipped an additional 2,372,000 pounds by air—an additional cost in excess of \$400,000. Costs of such magnitude must be passed on, in part or in whole, to the public, only adding to the high cost of living in Hawaii.

Retailing in Hawaii is a major contributor to the State's economy and society as a whole. It is big business and must operate by the most efficient means. An uninterrupted movement of merchandise is a requirement for a sound, viable economy and for the health and well-being of every citizen of our State.

The retailing industry of Hawaii strongly supports S. 1126.

Senator INOUE. On behalf of the committee, Mr. Alexander, I thank you very much for your contributions.

Mr. ALEXANDER. Thank you.

Senator INOUE. Our next witness is the vice president of the Hawaiian Sugar Planters' Association, Mr. Robert Cushing.

**STATEMENT OF ROBERT L. CUSHING, VICE PRESIDENT OF THE
HAWAIIAN SUGAR PLANTERS' ASSOCIATION**

Mr. CUSHING. Mr. Chairman, may I have the written statement introduced as part of the record?

Senator INOUE. Fine, sir. Without objection, the full statement will be made part of the record.

Mr. CUSHING. We urge the passage of some sort of legislation to protect Hawaii, its people, and its economy from shipping tieups which have cost us dearly in the past. We support passage of S. 1126.

Hawaii produces about 1 million tons of sugar annually, which is about 10 percent of the total U.S. refined sugar consumption. So we are an important supplier of sugar to the U.S. mainland. Sugar also is the single largest product from Hawaii. It is the State's third largest producer of export income, so we believe it is important not only to the United States but to Hawaii to be able to ship this sugar to the mainland. And let me emphasize that regular, dependable, uninterrupted shipping is of vital importance to the sugar producers. Unless we can ship our sugar to the mainland where it is refined and sold, then it has to accumulate here.

Let me also point out that in addition to many of the other effects you have heard, there are some lingering effects that hang on and affect us long after an interruption is over. For example, when we cannot get fertilizers and when we cannot get pesticides and herbicides to kill weeds and when we cannot get other supplies, then it's impossible to maintain the regular schedule of planting and cultivation that we normally practice. And sugar cane that cannot be fertilized on schedule, when we cannot control the weeds on schedule, then great is the loss, which can never be made up. The time that's lost during such failure to provide operations on time is never made up.

Another thing, of course, obviously it costs more to bring in supplies from the mainland, as has been emphasized before. Also, when we can't ship sugar, we must provide supplemental storage over and above that normally used to accumulate the sugar at the port terminal prior to shipping.

The other effect that I would like to mention is that when our Hawaii sugar, raw sugar to Crockett, Calif., where C & H refines it, cannot move on then to the markets, the shelves in supermarkets, our prime marketing area, the West Coast States, are bare of C & H sugar. So the disappearance of our sugar from those shelves means produced in the very same marketing area where we have to sell our sugar. So the disappearance of our sugar from those shelves means that we lose market position, which is sometimes very difficult to reobtain.

Similarly, industrial users, the canners, the bottlers, the winemakers, if they feel they cannot depend on C & H for continued dependable supplies of their sugar, then they turn elsewhere.

Finally, let me just reemphasize we are totally dependent on water shipment. It must be regular. It must be dependable, and any break

in that shipping penalizes the Hawaiian sugar producer and the entire Hawaiian economy. And we look to Congress to provide legislation to prevent such future shipping interruptions, and we thank you for this opportunity to hear our concerns.

Senator INOUE. Would you say that a shipping interruption would have an adverse effect upon the mainland consumption of sugar? You have indicated that we produce 10 percent of the total consumption, American consumption of sugar. Would the shipping interruption cause, say, a rise in price on the mainland?

Mr. CUSHING. I'm not sure that it would cause a rise in prices. It might attract other sugar from offshore areas or from other producing areas to come into our marketing area. Although generally, there is more sugar produced in Hawaii than in the 11 Western States needed there, and ordinarily some of that sugar has to move to market further east. So I think what would happen, Senator, is that less beet sugar would move to Eastern and Midwestern markets. They would simply stay in that marketing area.

Senator INOUE. So it could affect our balance of payments, for one thing?

Mr. CUSHING. If more of our sugar had to be brought in from overseas; yes.

Senator INOUE. And it would affect you considerably in trying to gain or restore our position on the shelves?

Mr. CUSHING. Yes. And I hesitate to say that this is the sole cause, because obviously it isn't. There are many factors, but over the years the C & H brand has lost market position in the Western States.

Senator INOUE. Thank you very much for your contribution.

Senator FONG. Aren't there times when you couldn't find enough warehouse space to store your sugar?

Mr. CUSHING. We ran out of warehouse space. We found some sugar on Kauai Hai and covered it with tarpaulins as a means of stockpiling the sugar until it could be moved out.

Senator FONG. It was that bad?

Mr. CUSHING. Yes. We have gone into other supplemental storage areas on Kauai and on Maui, as well.

Senator FONG. Thank you.

Mr. CUSHING. Yes, sir.

Senator INOUE. Thank you very much.

[The statement follows:]

STATEMENT OF ROBERT L. CUSHING

My name is Robert L. Cushing, and I am vice-president of the Hawaiian Sugar Planters' Association (HSPA), a non-profit trade association supported by the sugar companies of Hawaii. I appear on behalf of all members of the Association. Attached to my written testimony is a list of HSPA member plantations and managers.

The officers and members of HSPA urge passage of some sort of legislation to protect Hawaii—its people, its economy, and its commerce—from the shipping tie-ups which have cost our sugar industry dearly in the past.

Hawaii is an important sugar state, producing more than one million tons of raw sugar each year, an amount about equal to one-tenth of our nation's annual sugar consumption.

Sugar production is Hawaii's most important agricultural industry and it is the third largest producer of income for this state. Raw sugar is the single most important export Hawaii produces, and any shipping tie-up which keeps Hawaii's sugar from reaching mainland ports damages the sugar producers in Hawaii.

We estimate that the 1974 gross income to Hawaii from sugar, molasses, and allied products was about \$660 million. This income depended on having regular, reliable means of shipping sugar and molasses produced in this state out of Hawaii.

Hawaii's sugar had to be sold and marketed to meet our total payroll for Hawaii's sugar plantation companies of over \$85 million. Hawaii's sugar had to be sold before we could pay State and Federal taxes amounting to an estimated \$243 million.

Not only are there financial constraints that worry sugarcane growers when this state is threatened—or hit—by a shipping strike, but there are definite, serious and lingering agricultural considerations. When we cannot get fertilizers, weed control chemicals, and other supplies, we cannot maintain our regular agricultural schedules. Sugarcane that cannot be fertilized on schedule, or sugarcane that is choked by weeds, loses growth which can never be made up. Any growing time lost is gone forever—as is the income that sugarcane would have produced.

Each of us in the sugar business in Hawaii remembers with distress the economic impact of the 1971 west coast dock dispute that tied up shipping for 100 days. In addition to delaying our agricultural schedules, this strike increased our cost of bringing supplies from the mainland. It cost us almost one-half million dollars for emergency storage for sugar and molasses that could not be shipped out of the state during the strike, and it resulted in C and H sugar disappearing from the shelves of grocery stores throughout our 26-state market area.

Not only do shipping tie-ups affect us as an industry during the time of actual tie-up, they hurt us financially many years in the future.

Our sugar companies own California and Hawaiian Sugar Company in Crockett, California, and it is our Hawaiian sugar that is refined there and sold through C and H marketing programs. When our Hawaiian sugar cannot reach Crockett to be refined and marketed, our C and H customers turn to other sugar sources—beet sugar which is grown in our marketing area. These beet sugar sources are those with whom we are in direct competition for every sugar sale year in and year out. Each time there is a shipping stoppage that keeps our Hawaiian sugar from reaching the refinery at Crockett, there is a serious lessening of confidence in C and H's ability to maintain a continuous supply of refined sugar to meet our customers' continuing sugar requirements.

It has been estimated by a C and H executive that had there been no strikes disturbing Crockett's ability to produce and deliver refined sugar, the market for Hawaii-grown sugar would be much greater than it is today. He estimated that had there been no shipping tie-ups to halt the flow of sugar to the Mainland, C and H even today could have had a much larger share of the refined sugar market.

After the 1971 strike, our accountants assessed damage the sugar industry in Hawaii suffered from that tie-up alone. We knew there were additional costs of staying in business, we knew our agricultural operations were delayed, and we knew we lost sugar sales. At the time, the accountants estimated the reduction of income that the 100-day tie-up cost us in the sugar industry was approximately \$5 million to \$6 million.

The sugar industry of this state is totally dependent upon water shipment of our product to the Mainland United States. A break in shipping penalizes the Hawaiian sugar industry and the entire Hawaii economy.

We look to Congress to provide legislation to prevent future shipping interruptions.

HAWAIIAN SUGAR PLANTERS' ASSOCIATION—HAWAIIAN SUGAR COMPANIES

ISLAND OF OAHU

Oahu Sugar Co., Ltd., J. T. Humme, President and Manager., Waipahu, Hawaii.

Waialua Sugar Co., Inc., W. W. Paty, Jr., President and Manager, Waialua, Hawaii.

ISLAND OF MAUI

Hawaiian Commercial & Sugar Co., W. S. Haines, Manager, Puunene, Maui, Hawaii.

Pioneer Mill Co., Ltd., W. Garvie Hall, President and Manager, Lahaina, Maui, Hawaii.

Wailuku Sugar Co., I. W. Bowman, Vice President and Manager, Wailuku, Maui, Hawaii.

ISLAND OF KAUAI

Gay & Robinson, Makaweli, Kauai, Hawaii.

Kekaha Sugar Co., Ltd., L. A. Faye, Jr., Executive Vice President, Kekaha, Kauai, Hawaii.

The Lihue Plantation Co., Ltd., D. W. Ballie, Jr., Executive Vice President and Manager, Lihue, Kauai, Hawaii.

McBryde Sugar Co., Ltd., P. F. Conrad, Vice President and Manager, Eleele, Kauai, Hawaii.

Olokele Sugar Co., Ltd., R. F. Cameron, Manager, Kaumakani, Kauai, Hawaii.

ISLAND OF HAWAII

Hilo Coast Processing Co., D. J. Martin, President and General Manager, Pepeekeo, Hawaii.

Honokaa Sugar Co., P. S. Bouvet, Manager, Paaupau, Hawaii.

Ka'u Sugar Co., Inc., J. H. Hewetson, Vice President and Manager, Pahala, Hawaii.

Kohala Corp. A. C. Stearns, Vice President and Manager, Sugar Division, Hawi, Hawaii.

Laupahoehoe Sugar Co., F. C. Schattauer, Manager, Papaaloa, Hawaii.

Puna Sugar Co., Ltd., T. J. O'Brien, President and Manager, Keaau, Hawaii.

Senator INOUE. The final witness for this morning's session will be a spokesman for the Republican Party of Hawaii, Mr. William B. Paul.

STATEMENT OF WILLIAM B. PAUL, VICE CHAIRMAN, REPUBLICAN PARTY OF HAWAII

Mr. PAUL. Mr. Chairman and Senator Fong, I appreciate very much the opportunity of being here today before your committee.

My name is Bill Paul, vice chairman of the Republican Party of Hawaii. The party has asked me to testify on behalf of S. 1126. Republicans today seek to represent the interests of all the people of Hawaii. When proposed legislation would protect our people from an accident of geography, all political parties here should support it. We are pleased that the two Senators from Hawaii, Senator Fong and Senator Inouye, although of different parties, have joined together as sponsors of this bill. We invite the Democratic Party here in Hawaii to demonstrate its concerns as well.

We recognize the obstacles confronting this bill, Mr. Chairman. These must be overcome. First, opponents in the Congress think this legislation is antilabor. Second, they see nothing unique about Hawaii to justify this special bill. We speak today directly to our friends on the mainland.

First, S. 1126 is not antilabor. Full normal service to Hawaii requires only $3\frac{1}{2}$ percent of the west coast longshore workforce and only 7 percent of shipboard personnel. If Hawaii's shipping were kept open, 93 percent or more of the affected labor group could still press their demands on management. Also, the bill provides that workers who perform services during such a period to keep Hawaii's shipping open would be paid at the rate agreed upon at the end of the labor dispute. So, the normal economic forces present in labor-management negotiations would not be lessened. There would be almost no influence at all on the collective bargaining process.

Hawaii's labor force understands this. In a poll conducted by Dan Tuttle's Public Affairs Advisory Services, Inc., 83.6 percent of all union members polled strongly favored passage of this bill. Only 5

percent were opposed. More than half of the union members most directly involved, members of the International Longshoremen's & Warehousemen's Union, favored passage. About one-fifth were opposed and another one-fifth were neutral. This is a clear indication that labor here sees the issue not as a threat to them, but instead as whether everybody in Hawaii must be harmed when mainland strikes cut our shipping lifeline.

Second, Mr. Chairman, the Republican Party of Hawaii wants to remind our friends on the mainland that we are living on an island in the middle of the world's most vast ocean. We are 2,500 miles from the nearest mainland port—2,500 miles of rolling, blue ocean. But people on the mainland sometimes seem to forget where we are. A staff member of ours was visiting Milwaukee last Christmas and someone asked him, seriously, if he was going to be driving back home after the holidays.

You can't drive a truckload of goods over here. You can't send a mile-long freight train full of food, clothes, automobiles, machinery, paper products, medical supplies, building materials, and fertilizers and animal feed. If our shipping is stopped by a west coast strike, our only alternative is extremely expensive long-distance air transportation.

Being a small island State with few resources, we have to import 80 percent of what we use. Ships bring us 99 percent by weight of our trade. To eat rice, run a business, drive a car, build a house, have a farm, the ships must be on the sea. Consider these statistics: We must import all the lamb, mutton, and turkey we eat; 75 percent of the chicken, 64 percent of the pork, and 52 percent of the beef. And 99 percent of the potatoes, 89 percent of the carrots, 58 percent of the lettuce, and 44 percent of the tomatoes. And 55 million pounds of rice and 68 million pounds of wheat. Cooking oils, breakfast cereals, food for our babies, soups, cheese—all are imported. Cars, trucks, buses, tires, batteries, and parts—all imported. Home, office, and industrial paper products—all imported. Construction materials—lumber, plywood, silica sand, gypsum rock, structural steel, wire, pipe, sheet metal, glass, paint—these are all imported. We are an island in the middle of a sea of ships, each vessel badly needed to keep us going.

If the bill is not antilabor, Mr. Chairman, and if Hawaii is dependent almost entirely on shipping, do we still need more reasons to pass this bill? If so, first consider the effects of a shipping tieup. Jobs disappear. No one hires. Unemployment rises. Savings are depleted. When people can least afford it, prices soar. Retailers and wholesalers can't get merchandise, construction firms can't get materials, farmers can't get feeds, and manufacturers can't get supplies to reach their markets. Accounts fall past due. Small businesses fail. Bank deposits decline. Sales fall off.

A 100-day west coast dock strike in 1971 had this effect: U.S. food prices declined slightly between June and October; in Hawaii, for the same period, food prices jumped 4½ percent. In February 1972, after that 1971 strike was resumed, food prices went up again.

Another strike could be more disastrous in these difficult times. Prices would go higher and more jobs would be lost. Whether there would be money to help the unemployed is questionable. Hawaii's unemployment compensation trust fund could be headed for bankruptcy.

The frequency and origin of strikes give still more reasons to support this bill. In 1971 and 1972, Hawaii lost 6 months' worth of mainland shipping during an 18-month period. Since World War II, we've lost 4 years through transportation strikes. And perhaps most importantly, only one of eight major strikes during this period centered in Hawaii. The shipping tieups are not a frivolous, infrequent problem for the people of this State. The people of this State know it. Nearly 84 percent of all those polled by Mr. Tuttle's organization favor passage of a bill like this one we consider here today.

More reasons? The mere threat of stoppage alone causes great economic damage to us. Business interests here must stockpile goods in case of strikes. Inventory levels here are three to five times larger than carried on the mainland. Warehouse costs are 250 percent of the comparable mainland figure. These high costs amount to a hidden tax, a tax applied to an accident of geography, a tax just because we are an island State. This costs the average island family \$500 to \$1,000 a year extra in their cost of living.

Mr. Chairman, the people of Hawaii have not often required the special attention of the National Congress. But where the economic health and survival of our people are imperiled, we must ask our friends on the mainland to recognize our special situation. Senate bill 1126 is not antilabor, we are unique, the problem is serious, and the cost of shipping tieups affects all of us.

The Republican Party of Hawaii stands for certain fundamental principles. We believe in a government of law. We believe in the inalienable rights of the people. We believe in a two-party system. We believe in fair and equal treatment of all interests. Special consideration should be given only in exceptional cases where real differences can be demonstrated. Here, in the middle of the ocean, without a railroad track or transoceanic highway in sight, we are not being arbitrary or capricious when we ask the Congress to pass into law S. 1126.

Senator INOUE. Mr. Paul, on behalf of the committee, thank you very much for your statement this morning. It serves to demonstrate the bipartisan support, which is now enjoyed. Thank you very much, sir.

Senator FONG. I want to congratulate you for such a fine statement on behalf of the Republican Party.

Senator INOUE. The committee will stand in recess until 1 o'clock this afternoon. The leadoff witness at that time will be the mayor of the city and county of Honolulu, the Honorable Frank F. Fasi.

[Afternoon recess.]

Senator INOUE. Will the hearing please come to order.

Our first witness this afternoon is the mayor of the city and county of Honolulu, Mayor Frank F. Fasi.

Welcome to the committee, sir.

STATEMENT OF HON. FRANK F. FASI, MAYOR, CITY AND COUNTY OF HONOLULU, HAWAII

Mr. FASI. Mr. Chairman and members of the Commerce Committee, I am here today to testify in favor of Senate bill 1126, which I

regard as the single most important congressional bill affecting the people of Hawaii since statehood.

The issue is simple. The survival of the economy of the State of Hawaii in the face of recurring shipping stoppages and rumors of shipping stoppages. I say shipping stoppages and not shipping strikes to emphasize that the problem is not the exclusive fault of either labor or management. And it is neither the prerogative of labor or of management that we wish to deny. I am for open and unfettered collective bargaining. What I am against is making the economy and the people of Hawaii the hostages—the innocent victims of a stalemate in collective bargaining that forces a prolonged disablement of our shipping lifeline.

The impact of shipping stoppages on Hawaii has been and will continue to be profound and long range in its effect, unless Congress provides a degree of relief.

Since World War II, our group of islands has been devastated by a series of shipping stoppages. Seven major strikes have closed down west coast and/or Hawaii ports for a total of 594 days since 1946.

The first of these crippling strikes was a west coast shipboard union strike which started in October 1946 and continued for 53 days. A similar strike started in September 1948 and continued for 96 days. Then came the devastating 177-day ILWU Hawaii dock strike from May 1 through October 24, 1949—the longest and most severe of all the strikes which have affected Hawaii.

The fourth shipping stoppage was the Sailors' Union of the Pacific and closed ports for 66 days in 1952. Ten years later, in 1962, a west coast shipboard union strike shut down ports for 27 days. During this strike, the Governor of Hawaii declared a state of emergency after 22 days of total paralysis, and President Kennedy invoked provisions of the Taft-Hartley Act to send the seamen back to work. The matter was resolved during the imposed cooling-off period.

Two serious shipping stoppages have affected Hawaii during the past 4 years. In July 1971, the ILWU struck the Pacific Maritime Association. This strike lasted 134 days, but threatened to last longer than the 177-day 1949 dock strike, except that President Nixon twice invoked the Taft-Hartley injunction. The cost to the people of Hawaii during this 134-day strike is estimated to be \$154 million. The loss of jobs directly attributed to the strike totaled 12,500 out of a labor force of 300,000. Then only 8 months later, in October 1972, the Masters, Mates & Pilots Union struck. A union of 300 members was able to tie up the whole Pacific Coast merchant fleet for 41 days, cutting off supplies for 850,000 people in Hawaii during the critical pre-Christmas shopping season.

These major shipping stoppages, totaling 594 days, have not been the only strikes to affect Hawaii since World War II. There have been more than 80 shorter or less damaging strikes which have cost over a thousand more lost days. Altogether, nearly 4 years' time has been lost through shipping stoppages affecting Hawaii since 1946.

To this we may add, I believe, at least another 4 years of economic turmoil in Hawaii caused by "scare" buying and stockpiling against the possibility of a protracted shipping stoppage almost every time that negotiations between one of the maritime or longshore unions and the employers commence, regardless of whether a strike is eventually called or not.

I have learned that approximately \$65 million of what mainlanders would call excess inventory is regularly carried in Hawaii because of shipping uncertainties. Conservatively, the cost of having capital tied up uselessly is costing consumers of Hawaii approximately \$7 million a year. Hawaii has the reputation of being the highest cost-of-living State after Alaska, and this \$7 million is one of the reasons why.

Let me describe to you how dependent Hawaii is on surface shipping, so you will understand the need for Federal legislation at the earliest possible moment.

Because of its geographical location in the middle of the Pacific Ocean, over 2,000 miles from the nearest port, Hawaii can be reached only by ship or airplane. Shipping is the only means of surface transportation, and the only economical means of bringing in most items. The cost of air freight—up to 10 times the per-ton cost of surface shipping in some cases—makes this type of transportation feasible in only a relatively few situations.

For all practical purposes, Hawaii's lifeline to the rest of the world is surface shipping. Cut off or squeeze this lifeline and Hawaii will wither. This is a cruel, unjust, and unnecessary punishment for 850,000 innocent bystanders who, for the most part, are U.S. citizens—not Berliners, not Vietnamese, not Israelis, but U.S. citizens.

The State of Hawaii presently depends on an average of 18 scheduled cargo vessels and 5 barges a month for almost every type of produce necessary to modern living. In the opposite direction, these ships and barges carry our agricultural products to mainland markets.

We bring in by surface shipping over 3 million tons of merchandise, building supplies, and other products each year. By way of contrast, we bring in by air freight each year only 40,000 tons. Thus, air freight represents only 1.3 percent of the total tonnage. Could this air freight tonnage be quickly expanded? The answer is, "no."

My research indicates that the cargo-carrying capacity of the airlines serving Hawaii is presently nearly saturated. A survey done earlier this year—when a shipping stoppage was threatened—found that only 300 tons of freight a week could be added by the scheduled airlines. A few charter planes are available, but here there is a limit, too. And, as I have previously indicated, the cost of air freight for most items is prohibitive.

Given this background, it is easy to understand the drastic and often disastrous effects of shipping stoppages on Hawaii. Let me restate what one of Hawaii's leading economists, Dr. Thomas Hitch, said about Hawaii's prolonged shipping problems:

During past maritime strikes of two months or longer, the effects locally have been a slowdown in construction; increase in unemployment and underemployment; declines in total personal income, retail trade, and tourist arrivals; price increases; and business failures.

Thus, it takes a stoppage of only two months before the disastrous pattern of unemployment and business failure becomes acute.

During the 1971-72 shipping stoppage, local merchants suffered sales declines ranging from 17 to 30 percent, with the drop in profits even more marked because of extra inventory and transportation costs. Large businesses survived, but many smaller ones failed because they could not afford to stockpile goods or the increased cost of air transportation.

Every index of the economy showed the effects of the 1971-72 shipping stoppage. There was a marked decrease in Hawaii's general fund tax collection. Unemployment soared. Honolulu's food prices rose 4.5 percent, while nationwide food prices declined 0.3 percent for the same period. The average family in Hawaii was paying more than twice the mainland cost at that time for some staple food items. They either paid the price or they did without.

I cannot impress upon you strongly enough the importance which I attach to this problem. During the 100-plus-day shipping stoppage in 1971, I flew to San Francisco for talks with both sides of the dispute.

I presented the plight of our people both to Harry Bridges of the ILWU and to Ed Flynn of the PMA. Both of these men admitted to me that the people of Hawaii were unfairly being held hostage in their dispute. Both agreed that at that time approximately six ships would suffice to provide the minimum needs of Hawaii and keep our State from economic disaster. Only six ships, gentlemen, when a tieup of west coast docks at that time would normally idle as many as 200 vessels.

That was in 1971. Today, the effect of S. 1126 would have even less impact. Shipping from the west coast to Hawaii and the Western Pacific islands involves only 3.5 percent of the dockworkers and 7 percent of the shipboard workers. Any strike falling under S. 1126 would continue to be effective as far as the other 96.5 percent of the dock workers and 93 percent of the shipboard workers are concerned. That seems to me to provide sufficient union clout in a dispute.

But going back to 1971, I think Mr. Flynn summed up the attitude of both sides in that dispute fairly succinctly. He shrugged his shoulders and said, "It's just one of those things."

Well, gentlemen, as mayor of the city and county of Honolulu, in which resides 83 percent of the entire population of the State of Hawaii, that's not a good enough answer for me and the people that live here. Our people are entitled to protection from these stoppages.

I say to you very bluntly, gentlemen, that when one of the 50 sovereign States of this Union can find itself isolated—virtually cut off from the rest of the Nation and the rest of the world, as was the city of Berlin in 1948—and the Government fails to act to provide relief as it did for Berlin and its citizens, then there is something wrong with the system of government under which we all live.

We are not asking for favoritism—we ask only that the Congress of the United States recognize our unique situation and grant Hawaii the same protection to its surface transportation that other U.S. cities and States enjoy. We are not, as you know, second-class citizens, and we will not stand still while we are denied equal rights and protection under the law.

I know I speak for the vast majority of the people of the city and county of Honolulu and the State of Hawaii when I urge you to give favorable consideration to Senate Bill 1126 at the earliest possible time. I say the earliest possible time because the threat is an ever-present one.

Indeed, we have just survived such a threat. The dockworker's contract expired on June 30, 1975. Then there was an indefinite extension. Finally, the union filed its first strike notice on August 30th, and a

second one on September 5th. All this while Honolulu was kept on tenterhooks, preparing as best we could for a repeat of 1971-72.

But lo and behold, on September 5, word of agreement came through and there was no strike. However, that did not in any way solve the problem of costs associated with scare-buying and overinventorying.

I feel if we should have another shipping stoppage of even moderate duration, our economy simply cannot hold up. It would take us years to recover from a really serious shipping stoppage similar to those of 1949 and 1971-72.

Please don't let this happen to Hawaii again. Pass Senate Bill 1126 and protect our lifeline.

Mr. Chairman, a few comments. We have a problem here involving two segments of our economy. The people who own the ships and, of course, the union which is involved in protecting the rights of its membership, should a strike be called. It appears to me that if this bill is not passed, there are some considerations which should be given to an alternative solution where neither of the parties involved in a strike dispute, either the PMA or the ILWU, can say that one is gaining advantage over the other. And what I am trying to simply say is that if you do have a strike on the west coast and not to give advantage to either side, consideration should be given to a thought that the ships that would be needed to supply our people with the merchandise that we need continue use for a viable economy, that these ships be allowed to sail from gulf ports and east coast ports and be unloaded here, of course, by our regular longshoremen. And in this way, neither the majority of the longshoremen on the west coast or the PMA shipowners would have any advantage whatever. And we would not be held hostage for a strike period.

In the event we had a strike on all three of the coasts at the same time, and it could happen, that legislation be so written that the number of ships required for assessments of Hawaii's economic life then be apportioned equally to each of the three coasts.

This is an idea that I throw out for your consideration. Thank you.

Senator INOUE. Mr. Mayor, I thank you very much. Do you have any available data to give the committee some indication as to the effect of the strike upon the operations of your government?

Mr. FASI. Of the city local government?

Senator INOUE. Yes.

Mr. FASI. I think eventually it would have to be on a cumulative basis, like a delayed time bomb. When you effect business with the city and county of Honolulu, where you get most of the gross excise collected by the State, grants to the State to be effected by the collection of funds during a prolonged strike. The other would be generally anything that happens to the economy of the city and county of Honolulu eventually would reflect on the amount of receipts, funds that we get, not only from the State, but from real property taxes.

Senator INOUE. I thank you very much, Mr. Mayor, and your statement will be most helpful. Thank you.

Mr. FASI. Thank you.

Senator INOUE. Now the next witness is the regional director of local 142 of the International Longshoremen's & Warehousemen's Union, Mr. Robert McElrath. Welcome.

STATEMENT OF ROBERT McELRATH, DIRECTOR, LOCAL 142, INTERNATIONAL LONGSHOREMEN'S & WAREHOUSEMEN'S UNION

Mr. McELRATH. Thank you. This morning, when I was listening to my friend Dan Tuttle talk about the accuracy of polls and the scientific nature thereof, I couldn't help but remember a book I just read where former President Truman commented on the accuracy of polls, especially that one that elected Tom Dewey.

Mr. Chairman, my name is Robert McElrath. I am Hawaii regional director of the International Longshoremen's & Warehousemen's Union. I am speaking for our approximately 23,000 members who work and live on each of the major islands of our State. We represent thousands of men and women in a variety of industries—ranging from stevedoring to tourism to ranching to newspapers, and, of course, Hawaii's sugar and pineapple industries, the workers thereof.

I am here today speaking in opposition to S. 1126. This bill differs from S. 1566, which passed the Senate last year but died in the House of Representatives. However, those differences are admitted by the sponsors to have been put into S. 1126 for the purpose of making the measure more palatable to organized labor and to the prolabor members of the House Committee on Education and Labor. Basically, the differences are the method of obtaining the injunction, the duration of the injunction, and the showing that must be made in obtaining an injunction. However, this bill, as did S. 1566, puts the weight of the Government on the side of the employers in a labor dispute. Mr. William Moody, administrator of the Maritime Trades Department of the AFL-CIO, testified before this committee last year in opposition to S. 1566, and he characterized it as a measure that "could provide a strike-breaking, union-busting tool for employer's enemies. . . ."

Indeed, S. 1126 seems to provide the tools for strike-breaking in section 3(a) and section 6(a)(2). Section 3(a) provides that:

No strike or lockout in the longshore or maritime industries in the State of Washington, Oregon, or California . . . which imperils the health or well-being of the people of any U.S. Pacific island shall be permitted to interrupt normal shipping from any port on the west coast to any United States Pacific island, or from any U.S. Pacific island to any port on the west coast for a period of 120 days.

There is no definition other than a "finding" by Congress of "well-being" in S.1126. But if the Governor of Hawaii, Guam, or American Samoa, or the High Commissioner of the trust territory petitions the Federal district court for an injunction, that injunction will be issued if the court agrees that the health or well-being of the people in the area is imperiled.

Usually the word "well-being" is used to define a condition of either happiness, health, or prosperity. Now, I do not know of a union that would knowingly and deliberately imperil the health of the population of any State. But certainly entire communities—yes, even entire States—may become unhappy, and their prosperity may be temporarily threatened because of a strike, but temporary inconvenience does not justify putting the weight of the Government on the side of the employers during a labor dispute.

Section 6(a)(2) could be used to enjoin workers from striking a plant because of an unrelated collective bargaining impasse if that

plant processes cargo shipped from Hawaii, Guam, American Samoa or the trust territory. For example, workers employed at the C. & H. Sugar Refinery at Crockett, Calif. could not strike for their own demands under section 6(a)(2) if an injunction was handed down by a Federal district court.

While the enactment into law of S. 1126 would pose an immediate threat to the health and well-being of the maritime unions, its enactment would also pose a long-range threat to practically every union in the United States. As the Taft-Hartley Act was enacted over the strenuous opposition of organized labor and then used by the employers against organized labor, so will S. 1126 be used against organized labor, if enacted into law.

S. 1126 was written so as to make it appear that everyone will benefit from its passage—the larger community, the employer or employers involved, and the workers involved.

Under an injunction, if one is issued, the workers will be paid pre-strike wages, and section 4(b) provides that:

Each employee shall receive additional wages for performing work or services * * * to fully compensate him for the difference between the hourly wage he actually was paid for performing such work or services and the hourly wage he would have been paid under the agreement which resolves the labor dispute had it been in effect.

That section assumes that the dispute will be resolved by the parties during the term of the restraining order. It further assumes that all strikes are won by unions. Both assumptions are false to fact. The maritime unions were almost completely destroyed in the years immediately following World War I. Even today when most skilled workers are members of unions, strikes are lost by management's training unskilled recruits or professional strikebreakers.

An excellent example is the strike that is going on right now against the Los Angeles Herald-Tribune. That strike has been going on for almost 10 years. One wonders about the fate of the workers enjoined under S. 1126 in the event the strike is lost.

The Taft-Hartley Act has been used 11 times in the maritime industry to stop strikes by seagoing labor unions and longshoremen. Only two strikes were settled during the 80-day injunction. The other strikes were resumed after the so-called cooling-off period, and they were settled by them parties after the Government removed itself from the bargaining table. Neither Taft-Hartley nor S. 1126 will resolve collective-bargaining disputes between west coast maritime unions and their employers who do business in the Hawaiian and adjacent U.S. Pacific islands.

We in the ILWU and the unions affiliated with the AFL-CIO are well aware of the responsibilities involved in collective bargaining in the maritime industry. We are not unmindful of the impact on the community of a maritime strike.

We in the ILWU believe we have a good track record. We have used just about every method known to reach an agreement with the maritime industry—except out-and-out capitulation, and that we'll never do. Only recently, we settled several local waterfront agreements by the use of mediation-arbitration.

Working with Governor Burns and then Lieutenant Governor Ariyoshi, the ILWU was instrumental in bringing the so-called father of mediation-arbitration, Sam Kagel, to Hawaii in successful efforts

to settle two very sticky strikes—the statewide strike of schoolteachers and the Hawaiian Electric Co. strike.

As members of the larger community, we are interested in our public school system and the operation of our public utilities. We are also concerned with the flow of commerce between here and the mainland, not just the Pacific coast.

I have said to this committee in earlier hearings that there is no substitute for good-faith collective bargaining where the parties are free to make decisions without the threat of the Government leaning on either party. The collective-bargaining road is at times a difficult road to travel. At times we slip, stumble, and fall down, but usually we reach the end without any serious mishap.

The enactment of S. 1126 can only clutter up the collective-bargaining road. It will not resolve labor disputes in the Pacific coast-Hawaii trade, but it can shine like a beacon to anti-union employers here and on the mainland, some of whom would like to be celebrating our national Centennial instead of our Bicentennial.

We submit that S. 1126 is not in the public interest.

Senator INOUE. Thank you very much.

From your statement, am I correct to assume that you would be in favor of legislation to provide for arbitration?

Mr. McELRATH. No. I say keep your hands out of the affairs that are primarily the property of management and labor.

Senator INOUE. You speak with some pride of the fact that you assisted our Governor in bringing the father of mediation-arbitration to settle two sticky strikes?

Mr. McELRATH. Yes. That was voluntary. As a matter of fact, there were two issues the State refused to arbitrate. The State said they were not arbitrable. I asked Jack Reynolds, who was then negotiating for the State, if he would accept an arbitration within an arbitration, let the arbitrator determine whether they were arbitrable. Governor Burns interrupted Jack Reynolds and said the State will arbitrate whether they are arbitrable.

You say we take pride in that, help settling that dispute? We definitely do.

Senator INOUE. Do you really believe that a bill such as this, affecting no more than 3½ percent of the longshore labor force, would be denying the longshore unions the muscle that is necessary in collective bargaining?

Mr. McELRATH. Well, there have been many a strike when one company has broken away from the industry, refused to settle, and gone its merry own way.

Senator INOUE. I'm talking about the 3½ percent.

Mr. McELRATH. Matson can break away from PMA and go on its merry way. Matson is owned by Alexander & Baldwin. A. & B. can send all its sugar back to the mainland, refine and sell it, and tell PMA, "We are through with you," and then bring all the cargo in they want to; for example, their Waialea project on Maui.

It's quite common for companies involved in collective bargaining to break away from the master group. You will probably recall here that Hawaiian Pineapple did it in 1948, broke away and said no more industry-wide bargaining. And we end up with a very lengthy strike on the island of Lanai.

Senator INOUE. At the present time during shipping interruptions, your union permits the loading and unloading of cargo destined for the military?

Mr. McELRATH. We have always cooperated with the military, yes.

Senator INOUE. Why can't you do the same for the State of Hawaii?

Mr. McELRATH. We can. The 1971 strike you are talking about, I was in constant touch with the Governor's committee. And speaking of the health of the community, I made arrangements for the three outside islands to borrow chemicals for their water supply from the Navy because we couldn't get it in from the mainland on time.

I heard this morning there was a shortage of possibly salt and a couple of other things they mentioned, toilet tissue. There happens to be 50 tons of salt in a warehouse at Hawaiian Tuna Packers, who said they would make that salt available if a definite shortage occurred. Toilet tissue created shortage on the island of Maui by the newspapers, and I personally made arrangements with Maurie Sullivan of Foodland to ship 100 cases over there. He not only sent it through Foodland, but other stores. We have a good track record.

I remember 1949 when some of these people and institutions are now testifying before you, or who will testify before the day is over, when they took an ad in the New York Times implying that arbitration was a Communist plot and that's when Senator Morse said on the floor of the U.S. Senate, if that's the feeling of the business community in Hawaii, perhaps they are not ready for statehood.

Senator INOUE. So on the matter of this bill affecting processors, the bill says that process has to be done in the port. Are you suggesting that Crockett would qualify under that section?

Mr. McELRATH. It appears to me.

Senator INOUE. Qualify?

Mr. McELRATH. Crockett has its own pier. The ship goes right alongside Crockett. It's completely mechanized. Perhaps that's not your intent.

Senator INOUE. But the strike at Crockett won't affect the west coast?

Mr. McELRATH. Let's say there is a west coast strike. The injunction is issued at the request of the Governor of Hawaii. Sugar goes from here to Hawaii. Crockett has a separate contract. In fact, it has two contracts; one with us and one with the shippers' union. They do the refining, we do the warehousing. It would seem to me this language would prohibit them from striking.

Senator INOUE. Do you think the Governor of Hawaii would seek an injunction under those circumstances?

Mr. McELRATH. I have no idea who would be Governor. The law says that it's not passed today or tomorrow. I don't know who will be Governor in the future. I know who was Governor in 1949, and I know what he did.

Senator INOUE. Do you think the courts would not take your argument seriously?

Mr. McELRATH. I'm not quite sure, because it seems to me that under your definition in 2(b) perhaps the court could find that to exist and the injunction would issue; I don't know.

You make reference in (d) to 2(b) and then in 3(a) you go back and make reference to 2(d).

Senator INOUE. If we clarify the language so that Crockett would not be involved, what would your position be, sir?

Mr. McELRATH. That is only an aside, Mr. Senator. In addition to Crockett, that refers to trucking. I'm wondering if that wouldn't prohibit a trucking union from striking on its own if that was cargo destined from Hawaii, destined to somebody that is serviced by that trucking company.

Senator INOUE. I'm certain we can clarify that language.

Mr. McELRATH. I don't know.

Senator INOUE. This morning we received testimony suggesting that as a result of some of these shipping interruptions, the economy of the State of Hawaii suffered grievously and near bankruptcy, unemployment, loss of income, et cetera.

Do you agree as to these things that happened?

Mr. McELRATH. There are more bankruptcies during nonstrike periods than during strike periods. That's a matter of record. You can check Mr. Mason's newspaper. He lists all bankruptcies.

Senator INOUE. Are you suggesting that nothing adverse happens during a shipping strike?

Mr. McELRATH. Not at all, Senator. People do get hurt during strikes, and the people who are hurt the first, the hardest, and the longest, are the strikers themselves. The unions don't go on strike willy-nilly. We put all our eggs in one basket when we go on strike. You win them or lose them.

I know people were hurt here.

Senator INOUE. Well, I appreciate your contributions this afternoon. Although I am one of the authors of this measure, I can assure you that your argument will be very seriously considered, sir. Thank you very much.

Mr. McELRATH. Thank you, Senator.

Senator INOUE. The subcommittee has received a telegram from the president of the Seafarers International Union of North America, AFL-CIO, Paul Hall. He has requested that this message be made part of the record.

Without objection, it is so ordered.

[The telegram follows:]

[Telegram]

SEAFARERS INTERNATIONAL UNION OF NORTH AMERICA, AFL-CIO,
October 15, 1975.

Senator DANIEL K. INOUE,
State Capital Building,
Honolulu, Hawaii.

On behalf of the Seafarers International Union of North America, AFL-CIO, and its members who have served the transportation needs of Hawaii and other noncontiguous States and territories in a responsible manner over the years I wish to express opposition to S. 1126. Enactment of such legislation would establish a precedent which would limit the rights of members in collective bargaining relationships. Respectfully request that this telegram be made part of the hearing record for October 15, 1975, and further request permission to file additional comments for the hearing record in Washington.

PAUL HALL,
President.

Senator INOUE. Our next witness is the president of local 996 of the Teamsters, Mr. Arthur Rutledge. Welcome, Mr. Rutledge.

**STATEMENT BY ARTHUR RUTLEDGE, PRESIDENT AND BUSINESS
MANAGER, JOINT COUNCIL OF TEAMSTERS AND HOTEL WORKERS**

Mr. RUTLEDGE. Thank you. Before going into my prepared talk, I should like to give you my personal observation.

I believe that going through this hearing is an exercise in frustration. I don't believe the needs nor the desires of the people and their representatives are going to carry much weight. This issue will be settled in the halls of Congress by those who have the political muscle, as you know. I wish to point this out as a fact of life, and until the people of Hawaii concern themselves with their well-being and stop trusting elected people to represent their needs, both in the legislature and in unions, and they become fully aware, they are not going to get much relief from situations such as this.

The president of our Teamsters International Union will most likely add the prestige of his office to perhaps a telegram you received by Mr. Paul Hall, as will others, because way up on top, they stand together to preserve their power and their needs. However, the same president of our Teamsters Union, when he was here a few short years ago, told me, and he made this statement for the newspapers, that no community would stand, no community in the United States would stand or should stand to be isolated from the rest of the country.

So with those remarks on the record for everybody to read or hear, I'll proceed with my written statement to the committee, and again point out that I'm not interested in any doubletalk, and I'm not going to hide behind the skirts of other unions. My statement just says the things simply: We should not be put in the position that we were put in before, again, although we will. But we have got to go through these exercises in frustration so that sooner or later, perhaps sooner, it will be a matter of record, and things do change, even in labor unions.

So with that, gentlemen, I want to go into my prepared statement. This is what the president of the Teamsters Union said, and I expect he will read it into the record.

Even a casual scanning of a valid poll of public opinion made on the island of Oahu, or a pertinent conversation with residents of Hawaii who have experienced the hardships imposed upon the people of the State by a west coast shipping strike, will convince any reasonable person that S. 1126 must be, and should be, passed by the U.S. Senate.

I speak as the qualified representative of 80.7 percent of the members of the Hawaii Teamsters Union and the 72 percent of the members of the Hotel Workers Union who said they strongly favor passage of S. 1126 when questioned in the poll of public opinion.

S. 1126 does not legislate against any right of labor unions, including the right to call legitimate strikes. Passage of the bill would not lessen the effectiveness of a west coast shipping strike.

If mainland leaders of organized labor will study S. 1126 with open, unbiased minds, they would recognize these truths. If they would have the leaders of the local unions in Hawaii tell them the facts of the intolerable conditions imposed upon the helpless people

of Hawaii and the disturbing disruption of the fragile economy of the State by a shipping strike, then they would realize the vital need for the passage of S. 1126.

It is certainly true that the labor unions should stand shoulder to shoulder against antilabor actions, especially when a strike is necessary. However, no one union or group of unions should have the power to abruptly cut the main lifeline of a noncontiguous portion of the United States.

Hawaii lacks an agricultural industry sufficient to feed either its people or livestock. It lacks natural resources—except wood and rock—for manufacturing. The State must import, mostly from the mainland and by ships, an overwhelming majority of what it must have to exist, prosper, grow.

This is why the shipping strikes of 1971 and 1972 wreaked havoc with Hawaii's economy and the daily living of its people. Even a hint of a shipping strike sends people on buying sprees, and causes hoarding. When the strikes did come, there was frantic panic buying of all essential items, and heartless hoarding to a degree that mainland labor leadership and politicians cannot imagine.

Hawaii was without salt, flour, rice, canned milk, and some paper products for many weeks running. Prices skyrocketed. Those of some items, especially perishables, more than doubled.

The higher prices brought severe hardship to Hawaii's people, many of them are union members; some of us forget that—since the islands has the highest cost of living in the Nation, excepting Alaska. This is why the State also has the highest percentage of working wives in the United States. Both husbands and wives must work to afford family essentials.

Normal higher prices in Hawaii are caused to a great extent by freight charges; almost everything must be brought to the islands by either sea or air.

When there is a shipping strike, then all that is brought to Hawaii from the mainland must come by air, and airfreight charges are extremely higher than those for shipfreight. This higher cost of importing is, of course, passed on to the unfortunate consumers.

Prices are driven still higher because business, with air deliveries uncertain because of an overdemand, must carry greater inventories to stay in business. This increases warehousing costs which are, again, passed on to the consumers.

West coast shipping strikes do not impose such critical hardships on people and businessmen on the mainland. They have alternate means—trucks and railroads—for having what they need delivered. Only Hawaii really suffers.

If S. 1126 is not passed, I believe the Federal Government has the obligation to protect Hawaii and its people from the insufferable situation a west coast shipping strike will create.

When Berlin was blockaded by Russia at the start of the "cold war," the United States came to the rescue with a tremendous airlift operation. Where are they now?

For us in Hawaii, a west coast shipping strike is tantamount to a blockade, and we are entitled to at least the same support from our Federal Government that it afforded a friendly nation. The people of a friendly nation pay no taxes to our Federal Government. We do.

If S. 1126 is not passed, I submit that our Federal Government should, during a west coast shipping strike, either subsidize airfreight costs of getting food and products to Hawaii, or supply the islands by using military planes and ships. And if there's anyone who wants to call that strikebreaking, be my guest. We'll match records.

If S. 1126 is passed, it will have little effect upon west coast labor unions' strike action bargaining power. If anything, it would strengthen those unions' hand, since they would not have Hawaii's people against them during a shipping strike.

S. 1126 provides for an injunction lasting up to 120 days that could be obtained after a shipping strike or lockout occurs. This injunction would affect only 3 percent of west coast longshore labor, and not more than 7 percent of shipboard labor, according to a report by the First Hawaiian Bank ("Hawaii: The Most Vulnerable State in the Nation").

Thus, a west coast longshoremen's strike would remain 97 percent effective, and a maritime strike 93 percent effective. Meanwhile, the 3 or 7 percent of leeway would be the key to the protection of Hawaii's economy and the best welfare for its people.

Senator INOUE. As always, Mr. Rutledge, the subcommittee is grateful to you for your forthright candor.

You submit that if this bill is not passed, our Government should, during a strike, either provide aircraft, ships, or subsidize the transport of airfreight?

Mr. RUTLEDGE. It's not that they should. If somebody did some research, they would find that they had that obligation. They do it for everybody else.

Senator INOUE. It has been suggested that this bill is an antilabor measure, that this is a strikebreaking measure. How do you respond to that, sir?

Mr. RUTLEDGE. Well, it's not worthy of response for anyone who knows. You know better. Any intelligent person in labor knows better. It's a bill for survival. Certainly, nobody is going to starve to death, but there are a hell of a lot of people that go in debt a whole lot faster during a strike of this kind because they can't buy the food. And some people are out of work.

Certainly, a union, when it goes on strike, is no bed of roses, and people could operate. But this damned business of year after year, when a contract comes up in the maritime industry, for a union to get out and masturbate its power in public and cause the rise in prices and the fear that people aren't going to have money to pay the higher cost of food, commences to hoard food and so on. It's unfair. It's wrong. And you can't talk out of both sides of your mouth and brag about bringing in mediation and arbitration and going on strike for arbitration for 6 months in 1948, and then in 1975 say we don't want it. It's like the lawyer says, "When were you telling the truth, then or now?"

We have got to face facts. The people have got to know these things, and only until they wake up and find out, until then, we are going to continue to suffer.

Senator INOUE. As far as you are concerned, you don't consider this measure a union-busting bill?

Mr. RUTLEDGE. Neither does anybody else, including those who say they do, because it isn't.

Senator INOUE. Finally, would you say that the passage of this measure is in the public interest?

Mr. RUTLEDGE. Definitely.

Senator INOUE. I thank you very much, sir.

Now, our next witness is Mr. George Mason, representing STOP, Shipping Tieups Over Permanently. Welcome to the committee, sir.

STATEMENT OF GEORGE MASON, CHAIRMAN, SHIPPING TIEUPS OVER PERMANENTLY (STOP)

Mr. MASON. Mr. Chairman, I am here on behalf of Shipping Tieups Over Permanently (STOP), an ad hoc organization formed in December 1972, about 1 week after the last of three maritime and longshore strikes on the west coast that several Hawaii's lifeline for 175 days in a period of 17 months.

From mid-December 1972 until March 1973, STOP raised \$28,000 from hundreds of contributors—in a period after all the labor disputes had been settled. It has since mounted a continuous campaign to obtain Federal legislation to exempt Hawaii and the U.S. Pacific islands from west coast shipping interruptions. Again this year, following introduction of new bills in the 94th Congress, STOP decided to expand its efforts and to employ professional help. We once again asked for financial support and have raised close to \$27,000 to date and anticipate raising not less than an additional \$23,000 to continue our effort to get nationwide support and enactment of the legislation you are considering.

STOP recently formed a Committee of One Hundred, a group that will help organize the widest possible national support. We now know that we do not need to arouse the people of Hawaii in support of S. 1126. As a result of the public opinion survey done for STOP by Public Affairs Advisory Services, as entered into the record this morning, there can be no question that 84 out of 100 citizens of Oahu "strongly favor" this legislation. Nor can there be any doubt that Democrats and Republicans support it equally. Very nearly as high a percentage of members of labor unions support it as do persons who are not union members. Public employees support it to an even greater degree than those employed by private business. Neither age, sex, occupation, nor length of residence changed the strong showing of support for this legislation.

The task ahead of us is wider national public understanding of Hawaii's unique problems and the importance of this legislation. There are those who put stereotype labels on S. 1126—that it is anti-strike, anticollective bargaining, antilabor. The people of Hawaii overwhelmingly reject those labels. That's because they understand that a west coast strike can continue to be 93 percent or more effective without severing normal service to Hawaii.

I am a small businessman and am here primarily to speak from the viewpoint of the 13,000 small businesses (fewer than 50 employees) in the State of Hawaii—all of whom feel helpless in the face of frequent confrontations between employers and labor unions 2,500 miles away.

I submit as an attachment U.S. Bureau of the Census data which illustrates that 93.6 percent of the 13,640 employers in Hawaii have between 1 and 49 employees and that only 30 of that total number have 500 or more employees.

[The attachment follows:]

STATE OF HAWAII

Number of employees	Number of employer firms	Percent of total
1 to 3.....	5,557	40.74
4 to 7.....	2,950	21.63
8 to 19.....	2,852	20.93
20 to 49.....	1,412	10.31
50 to 99.....	520	3.81
100 to 249.....	243	1.78
250 to 499.....	76	.55
500 or more.....	30	.21
Total (239,209).....	13,640	100.00
100 or more employees.....	349	2.55
20 to 99 employees.....	1,932	14.16
1 to 19 employees.....	11,359	83.27

Note: 93.6 percent of all Hawaii employers have 1 to 49 employees. 62.4 percent of all Hawaii employers have 1 to 7 employees.

Source: Bureau of Census Data—March 1973.

Mr. MASON. The small firms do not have the financial resources required to withstand prolonged shipping interruptions. They also feel the consequences of such interruptions for many months after normal shipping is resumed.

Further, the cost of doing business in Hawaii when there is no west coast shipping strike underway or even threatened is substantially greater than in any other State in the Nation. The cost of warehousing and financing unusually large inventories year-round because of the slim possibility of a work stoppage on the west coast outside the contract negotiation period is a major contributing factor to the higher cost of doing business and the higher prices paid by consumers. This constant state of preparation for unexpected shipping interruptions is best illustrated by a study conducted in September 1974 by the Bank of Hawaii Business Research Department. Among those companies surveyed, representing a cross-section of types of businesses, the average inventory carried year-round was 103 days. When asked what inventory they would carry if assured that a west coast shipping interruption would last no longer than 10 days, the average of the replies of the respondents to this question was 68 days—or a saving of 35 days because of such assurance.

Further, 70 percent of the respondents said they are affected year-round because of a lack of such assurance; 19 percent said they take the risk of building inventory only when the possibility of a shipping interruption looms; and only 11 percent said they are not affected by shipping interruption threats.

The 70 percent who are affected on a year-round basis reported average inventory valuation of over \$2.6 million and that a guarantee of not more than 10 days of west coast shipping being cut off would enable them to reduce inventory valuation to an average of \$1.8 million—a reduction of 31 percent.

Considering the high warehousing and financing costs in Hawaii, a 31 percent reduction in valuation and a 34 percent reduction in inventory days—if extended across the entire commodity spectrum—would mean a savings of tens, if not hundreds of millions of dollars annually to Hawaii's consumers.

Warehousing costs considerably more in Honolulu than on the west coast where good warehouse space runs in the range of 6 cents to 12 cents per square foot per month. This compares with warehousing in Honolulu priced in the range of 20 cents to 45 cents per square foot per month. Add to this four times higher cost of space the need to maintain inventory three times longer and the warehousing cost factor becomes, on the average, 12 times greater than in west coast cities. Further, when inventory is held 3 to 5 times longer than elsewhere, the cost of the money needed to maintain it is that much greater. It is for these reasons that most hardgoods lines, such as appliances and television sets carry price tags ranging from 10 to 15 percent more than in west coast cities—generally closer to 15 percent higher.

Senator INOUE. May I interrupt at this point?

Mr. MASON. Yes.

Senator INOUE. Since your organization is the legal owner of this report, may I have your permission to enter the full report in the record, sir?

Mr. MASON. You certainly do.

Senator INOUE. Without objection, this report will be made part of the record.¹

Please proceed.

Mr. MASON. Some people are under the impression that higher prices in Hawaii are the result of profiteering rather than because of a long supply line combined with heavy inventory requirements because of the ever-present threat of shipping interruptions.

High profits are the exception and not the rule in Hawaii, as revealed by the State of Hawaii Department of Taxation.

Senator INOUE. May I interrupt at this point, sir.

Mr. MASON. Yes.

Senator INOUE. Could you provide this committee with data and statistics in talking about what you have just said about warehouses?

Mr. MASON. Yes, sir. I have some examples, one by C. W. Shafer last September 1974, and can provide a copy of the Department of Business Research of Bank of Hawaii Survey of the same thing.

Senator INOUE. No objection, these documents will be made part of the record at this point.

[The documents follow:]

APPLIANCE MARKETING IN HAWAII

(Speech by C. W. Shafer, President, Shafer Rabbett & Knopf, Inc., dba C. W. Shafer Distributing Co., to the Annual Home Economics Teacher's Seminar, September 14, 1974)

HOW IT DIFFERS FROM THE MAINLAND

Example

Shafer in wholesale appliance distribution in San Diego 10 years, 1948-58:
Warehouse space in San Diego—3 cents per square foot (1958).

¹ See p. 135.

Warehouse space in Honolulu—15 cents per square foot (1958).

Today—San Diego—6 cents per square foot; Honolulu—40 cents per square foot.

How this affects selling prices:

San Diego required inventory—30 days.

Honolulu required inventory—90 days.

Space—San Diego—4,000 square feet at 6 cents equals \$240; Honolulu—12,000 square feet at 40 cents equals \$4,800 per month.

San Diego monthly sales volume \$100,000, cost of warehouse space less than one quarter of 1 percent (.024).

Honolulu—4.8 percent (4.56 percent higher).

Ocean freight, marine insurance, cartage from dockside to warehouse—6 percent average combined appliance and TV products.

Inventory investment—San Diego—30 days, \$100,000; Honolulu—90 days, \$300,000.

Bank interest 1 percent over prime.

Honolulu—90 days inventory investment (\$300,000), 13 percent—\$39,000.00 equals approximately 3.3 percent of annual sales.

San Diego—30 days inventory investment (\$100,000), 13 percent—\$13,000.00 equals approximately 1.1 percent of annual sales.

Based on this example of an annual sales volume of \$1,200,000 Honolulu is 2.2 percent higher than the mainland.

Salaries the same (this is why we have more working couples in Honolulu than mainland cities).

Other expenses, such as inter-island freight, usually passed on to neighbor island dealers (except for large dealers buying direct shipments to the neighbor island ports).

Sending sales representatives to the neighbor islands to call on franchised dealers, airfare, car rental, hotel, long distance phone calls to the mainland.

Appliance distributor's expenses in Honolulu average 15 percent more than mainland distributors:

	Percent
Additional warehouse space-----	4.56
Ocean freight, insurance, cartage-----	6.00
Interest on inventory-----	2.2
Total -----	¹ 12.76

¹ Plus 2.24 percent other expenses: inter-island travel, and so forth.

Examples

A Magnavox color TV selling for \$500.00 on the mainland will sell for \$575.00 in Hawaii.

An Amana \$1,000 refrigerator on the mainland with ice and water on the front will sell for \$1,150 in Honolulu.

A \$435.00 Radarange on the mainland will sell for \$499.95 in Hawaii.

A KitchenAid \$279.95 trash compactor on the mainland will sell for \$319.95 in Honolulu.

A GE \$20.00 toaster on the mainland will sell for \$22.95 in Hawaii.

What can be done to help change this?

Last year Senators Dan Iouye and Hiram Fong introduced Senate Bill S. 1566 to exempt Hawaii for 160 days from any West Coast maritime or longshore strike.

In the past 28 years, Hawaii has been shut off from mainland suppliers for 1,788 days—almost five full years. And the threat that another tie-up will take place without adequate notice is always present. The Islands account for less than 3 percent of West Coast shipping, so the impact on the strike itself is insignificant. But that 3 percent is the key to the Islands' survival. S. 1566 was passed by the Senate on July 17, 1974 by a vote of 58-39. Its companion bill, H.R. 7189, is now before the House of Representatives. This is the most important legislation for the State of Hawaii since Statehood. The Chamber of Commerce of Hawaii and local businessmen have been in contact with manufacturers and mainland suppliers asking them to personally contact their Senators and Congressmen to gain support for the passage of this important legislation.

With the protection of 160 days from any West Coast maritime or longshore strike, Hawaii businesses will be able to substantially reduce their investment in inventories and warehouse space.

Air freight shipments not practical for major appliances and TV, okay for housewares, parts, and so forth.

In closing, I would like to commend the Home Service Dept. of H. E. Co. for the fine job they do in familiarizing home economists in the schools and consumers with the many electrical appliances available through our industry. Thank you.

A SURVEY OF THE COST OF CARRYING EXTRA INVENTORY AS A HEDGE AGAINST STRIKE
INDUCED SHIPPING INTERRUPTIONS TO HAWAII

(By the Department of Business Research, Bank of Hawaii)

The cost of living in Hawaii has traditionally been much higher than on the Mainland United States. Recognizing that economic reality, our local media and community organizations have tried to define more precisely the factors within our island economy that contribute to higher prices. A frequently cited factor is the cost accrued from shipping interruptions due to longshore and maritime strikes. It has been shown in previous studies that the unemployment level, the number of business failures, and availability of everyday consumer items are all directly tied to any prolonged surface shipping shutdown. However, the everyday burden placed on our economy due to the fear of a stoppage has been previously said to exist, but has eluded quantification.

A questionnaire concerning the effect of the uncertain shipping situation upon inventory management policies of local businesses was mailed to a cross-section of business firms on Oahu, in an effort to determine the extent to which costs may be incurred as the result of carrying extra inventory as a hedge against possible interruptions to shipping. The following results are based on a response from firms having aggregate annual sales of over \$300 million.

As analysis of these returns indicates the following: Seventy percent of those responding said that they do keep "insurance" inventory, nineteen percent said they keep larger inventories when labor contracts are expiring, and eleven percent said they were not affected by the dock situation.

In response to the question, "What would your inventory be if you were guaranteed no shipping interruptions longer than ten days?" those answering affirmatively said they could reduce physical inventories as follows:

Potential reduction in inventory by days (percent) :	Share of firms responding affirmatively (percent)
10 to 19.....	12
20 to 30.....	57
31 to 65.....	31

Total (70 percent of total respondents)..... 100

The corresponding dollar value of potential inventory reductions is as follows:

Potential reduction in inventory valuation (percent) :	Firms responding affirmatively (percent)
10 to 19.....	13
20 to 40.....	81
41 to 60.....	6

Total 100

The cost of carrying extra inventory consists primarily of interest and warehousing expenses. The aggregate total of the cost of carrying extra inventory by the respondents was \$2.8 million, representing 0.9 percent of their gross sales volume of \$300 million in 1973.

Wholesale firms estimated their costs of carrying extra inventory at an average 1.5 percent of sales, while retail firms averaged an estimated 0.5 percent of sales.

To obtain an industry-wide estimate of the impact of extra inventory, these factors were applied to total sales. In the case of wholesale sales in Hawaii for 1973, the total was \$2.04 billion. By applying the percentage of 1.5 percent to this total, we estimate that wholesale firms may have spent about \$30 million to manage the extra inventory they carry. Similarly, total retail sales for 1973 were \$2.74 billion. By applying the extra cost of 0.5 percent to that total, we find that retail firms may have spent about \$14 million in extra inventory costs.

Therefore, on this basis the total costs to wholesale and retail firms in Hawaii for maintaining "insurance" inventory were estimated to be approximately \$44.3 million in 1973. This averages \$220 per household in Hawaii.

Hawaiian business firms viewed the period between July, 1971 and December, 1972 with apprehension. During that 17 month period, three different strikes shut off incoming and outgoing sea cargo for a total of 5½ months. Businessmen saw their market penetration and sales drop. Consumers were faced with rising prices as product availability and variety diminished. A guarantee of no shipping interruptions would offer the following benefits:

1. A number of small firms were forced to discontinue business as a consequence of their inability to obtain delivery of their products, while incurring substantial debts in the process. Because mainland manufacturers often bill their island business customers ten days after a shipment leaves the factory, a shipping interruption would devastate a small merchant whose cargo is alongside or aboard a stalled vessel. A guarantee of no shipping interruptions longer than ten days would give a business time to divert any cargo to air transport while allowing ship-carried merchandise to be delivered as scheduled, thereby avoiding a crippling drain on cash flow.

2. When basic products are in short supply (e.g., paper or steel), firms attempt on a nationwide basis to stockpile in order to prevent plant shutdowns caused by backordered materials. The cost to Hawaiian firms of handling additional shortage-based inventory becomes prohibitive. As assurance that goods could travel freely by sea could cut these inventories substantially, thereby passing on a reduction of cost to consumer.

The cost of carrying extra inventory per dollar of sales of those affected range from 0.4 cents to 2.9 cents. This expense is passed on to all consumers in Hawaii, regardless of occupation. The psychology of shortages turns the Hawaiian consumer into a hoarder of toilet paper and food stuffs at the hint of a strike. To wholesale and retail firms, the concern for shipping interruptions makes stockpiling a year-round business.

Mr. MASON. For 1973, there were 9,263 foreign, domestic, and small business corporation returns filed. Some 4,232, or 45.7 percent had no taxable income. That figure of 45.7 percent having no taxable income has been the average for 12 years in Hawaii. Of those who did have taxable income in 1973, 6.51 percent of gross receipts represented taxable profits, compared to 5.83 percent for 1972 and 5.54 percent for 1971. But those were the composite average profit ratios for only a little over half of all the active corporations in Hawaii. If the losses of the other corporations were averaged in, the profitability picture would be dismal, indeed.

Senator INOUE. May I interrupt again?

Do you have a document that would substantiate this, too?

Mr. MASON. Mr. Chairman, yes. The 1973 data input put out by the State Department of Taxation on Corporations in Hawaii. However, this information was developed from a large number of tables, and it is not as succinctly stated anywhere in that report. However, I can verify all of these figures—

Senator INOUE. I appreciate that.

Mr. MASON. Mr. Chairman, we have a fragile economy. Sugar and pineapple plantations are closing at a rapid rate and other agricultural production cannot, in the foreseeable future, replace the losses being experienced in those two commodities. Construction has been depressed and is likely to continue that way for another 2 years at least. Tourism, our current major source of income, grew at a rate of 6 percent last year and is expected to show perhaps a 1-percent increase this year—a far cry from the 10 to 28 percent annual rate of increase enjoyed for more than a decade. Defense expenditures, our other major income source, will level off or even drop slightly.

These factors are having a decided impact on our thousands of small enterprises. But over and above these economic factors, there is the psychological impact that makes doing business and living in Hawaii hazardous beyond anything experienced in the other 49 States. People cannot live in constant fear of being cut off from sources of supply, or fear of being laid off because the basic materials needed to perform their jobs can't reach them.

No other American State would condone what Hawaii endured in 1971 and 1972, or for that matter, the tensions created over a 28-year period during which 82 maritime and longshore walkouts occurred—61 of them outside Hawaii. Further, there have been numerous contract reopening periods which create prolonged tension. Over a four-month period this summer, Hawaii could have been cut off by a failure in any one of 20 contract reopenings. There was not only a significant buildup of inventories, but an even more damaging buildup of tensions, uncertainties and a hesitation to commit funds to new ventures or new employment.

Mr. Chairman, the people of Hawaii want only to be given the same consideration that people in other States receive when there is a major transportation interruption. They are convinced that no area on the U.S. mainland could be cut off so completely and for so long from so much of its needs without early intervention by the Congress or the Executive. But what hurts us does not hurt adjoining States—we are all alone with the narrowest part of our border measuring 2,400 miles thick.

We firmly believe that S. 1126 is a reasonable bill that should be acceptable to all parties concerned, one that will by no stretch of the imagination break a strike nor interfere in the continuation of the collective bargaining process. In fact, Mr. Chairman, the passage of this bill will remove from the parties on the west coast the pressures we usually place on the White House for immediate Taft-Hartley injunctions. Hawaii alone screams for help at the earliest stages of a west coast strike or lockout; the people on the west coast are usually unaware of any effects from such longshore and maritime disputes.

There is already evidence that enactment of S. 1126 into law would measurably help to reduce the cost of doing business in Hawaii and help to ease consumer prices.

Just as significantly, it would ease our tensions and restore our confidence and make people elsewhere less cautious about doing business with us.

Today, just a little over 16 years since statehood, the people of Hawaii want full equality of treatment afforded all other States. The only gap remaining is the assurance that our lifeline will be kept open. You can close that gap with the passage of S. 1126.

Senator INOUE. Thank you, Mr. Mason. Your statement will be most helpful to the subcommittee.

On the last page, you say you have available evidence which would indicate the enactment of this bill that would measurably help to reduce the cost of doing business and help to ease consumer prices. Can you share that evidence with us, sir?

Mr. MASON. Mr. Chairman, I was referring to many of the statements of fact that have already been brought into these hearings by the other witnesses, retailers, and there will be others this afternoon, I believe, that will have data to furnish you.

But I would be glad to furnish you any additional information you might wish, sir.

Senator INOUE. Once again, I thank you very much for your assistance.

Mr. MASON. I would like to introduce into the record the editorials and editorial comments, two representative editorials from the Honolulu Advertiser of September 12, 1975, and one from the Honolulu Star Bulletin of last evening on this measure. And rather than read them, I would just like to introduce them into the record, because I think they are representative of the editorial comments that we have had in Hawaii for the last several years.

Senator INOUE. For the record, these two newspapers are the two major dailies in Hawaii?

Mr. MASON. That's correct, sir.

Senator INOUE. Without objection, those articles will be made part of the record at this point.

[The documents follow:]

[From the Honolulu Advertiser, Friday, Sept. 12, 1975]

SUPPORTING STRIKE RELIEF

The independent survey released yesterday by the STOP organization is needed and welcome confirmation of what should have been an obvious point here and in Washington.

There is overwhelming public support—in fact 83.9 percent of all households polled—for proposed Federal legislation to exempt Hawaii from the first 120 days of West Coast shipping strikes.

Notable is the element of strong rank-and-file labor support. That's a clear indication union members see the issue not in terms of the bill being a threat to labor—which it isn't—but as one where Hawaii suffers needlessly from mainland strikes that cut our economic lifeline.

This poll should convince some of Hawaii's reluctant politicians that the goal of STOP (Shipping Tieups Over Permanently) has broad public backing.

The means the State Legislature should finally express its support for the bill before Congress. And it means that, at the right time, legislators should go to Washington to lobby with Governor Ariyoshi, who has already agreed to go.

An even stronger campaign for public support locally is in order. Letters from Hawaii businessmen to mainland counterparts helped in getting the bill through the U.S. Senate last year.

But more than just massive Hawaii homefront backing will be needed if the bill is not to be stalled again by a strange mixture of labor and other opposition in Washington.

Senator Dan Inouye, who was a key figure in passage by that body last year, has said he hopes to get a floor vote on a modified bill in the Senate by the end of the year.

Representative Spark Matsunaga, who guided the issue to a floor vote in the House last year, feels the process might be repeated.

But with many House Democrats strongly influenced by labor opposition, Matsunaga may be right in feeling the bill can't get through without significant Republican support.

That would include support—or at least not opposition—from the White House, which Matsunaga says was the deciding factor last year when the bill lost.

SO THERE IS both obvious feeling for the bill in Hawaii and plenty for everyone to do in Washington.

That includes Representatives Matsunaga and Patsy Mink, who face a special kind of challenge since both are candidates for Senator Hiram Fong's seat next year. This is one issue where cooperation rather than conflict should distinguish the efforts of both.

But it's also an issue where the White House needs to do some rethinking. That should be not just on the political grounds of President Ford hoping to carry a small state like Hawaii, but on the ethical grounds of what's right to

prevent Midpacific communities being damaged economically as innocent bystanders in labor disputes thousands of miles away.

[From the Honolulu Star-Bulletin, Tuesday, Oct. 14, 1975]

DOCK LEGISLATION

At the State Capitol, U.S. Sens. Daniel K. Inouye (D) and Hiram L. Fong (R) will listen day-long tomorrow to local witnesses testifying on the legislation the Senators are co-sponsoring to protect Hawaii and the Pacific islands from the damaging effects of maritime strikes.

S. 1126 is refined considerably from the first legislative proposals on this subject, and most of the refinements are intended to remove any suggestion that it is a strike-busting plan.

The injunction period during which ships would be kept running to the Pacific islands, including Hawaii, is reduced to 120 days and is to run simultaneously with any Taft-Hartley injunction. Neither of the parties can request an injunction, only the chief executive of a state or territory. A court must find that the health and well-being of the people of the petitioning island is indeed in jeopardy before an injunction can be issued to keep island commerce moving.

We are at a loss to understand labor's political opposition to this bill. It minimizes rather than increases the likelihood of government interference with the wider aspects of a Pacific maritime strike or lockout, and involves such a small portion of total West Coast maritime commerce that the labor dispute is essentially unaffected.

What it does is allow labor and management to contend against each other without inflicting extreme hardship on the general public.

Significantly, a recent poll shows 83 per cent of Hawaii's people endorse the need for this kind of public protection, with even ILWU families supporting it by 5 to 2. The ILWU is the local union most directly involved but national opposition seems to center with the AFL-CIO.

[From the Honolulu Advertiser, Wednesday, Oct. 15, 1975]

HAWAII'S SHIPPING CAUSE

Just causes can take a long time winning out in Washington when relatively few people far away are involved, as Hawaii found out in years of struggle for statehood.

So it may be for legislation to protect the people of Hawaii, the innocent bystanders, from the impact of West Coast shipping strikes thousands of miles away.

Chances for congressional action this session on such a bill are not good, as reported from Washington yesterday by Advertiser city editor Gerry Keir. The tough odds against passage have to be faced.

But that certainly doesn't mean the cause is any less just. Nor does it mean the odds will be forever against us. There is a lot of educating and arguing to do.

In that context, today's hearing here by a U.S. Senate subcommittee is unlikely to change many minds.

Most of Hawaii (some 84 per cent by one poll) is strongly for such protection. And the real battle against Mainland labor interests and the Ford Administration—strange bedfellows—is in the U.S. House in Washington.

Still, today's hearing is a necessary step for the record to both make the point the measure has been modified to soften past objections and to stress that this is an issue that won't go away.

Labor objections to the bill may be sincere but they also seem misguided or too broadly drawn given the circumstances.

A law exempting Hawaii and other U.S. Pacific islands from the first 120 days of a West Coast shipping tieup via court determination on general public interest factors would not be strike breaking. Only a small fraction of West Coast shipping would be involved.

Labor and members of Congress may feel they have a point about setting a precedent, the start of an avalanche of measures limiting strikes for various areas and other considerations.

But there are already said to be precedents for special treatment in Federal laws that don't cripple the general right to strike. The essential test is whether

any such new law would be even-handed between the effect on labor and management. This one should be.

Beyond that, however, is the point about Hawaii's position as a mid-Pacific island state with exceptional dependence on one area, the West Coast, for shipping.

Statehood was a campaign for political equality. But that in no way diminishes the point that Hawaii geographically, and so economically, is in a unique position.

Recognizing that would set no real or harmful precedent. On the contrary, one could argue that by not acting Congress is, in effect, insisting Hawaii suffer a special hardship because of its location.

While most of the burden of inaction rests on a Democratic Congress responding to labor pressure, the White House's past position against such legislation has been both important and more difficult to fathom. Its opposition has looked like a safe sop it could hold out to big labor and the shipping interests that oppose such a bill.

How long it will take to convince the White House and enough others on this measure is impossible to say. The ILWU, as the union directly involved, has a special obligation to reconsider its opposition in light of the larger interests of the people of Hawaii and other Pacific island areas.

What is possible to say is that without such legislation Hawaii's economy will again suffer needlessly and seriously from a break in shipping to and from the West Coast. As it has been for many years, the cost in dollars will be high for everyone in Hawaii.

What's being sought is only limited relief that will hurt no one. It's a cause worth keeping after.

Senator INOUE. Our next witness represents the Citizens for Hawaii, Mrs. Helen Kim Griffin. Welcome to the committee. Please be seated.

STATEMENT OF HELEN KIM GRIFFIN, CITIZENS FOR HAWAII

Mrs. GRIFFIN. I realize that by this time what I am going to say may seem redundant, but I feel that it still does bear repeating.

I am speaking for the Citizens for Hawaii, and Citizens for Hawaii appreciates this opportunity to speak in favor of S. 1126.

The cost of living in our State is, with the exception of Alaska, the highest in the Nation. We are all aware of this. And soon we may have population problems because of our limited size. This seems inevitable. Still, we in Hawaii consider our State a very special place, just as others in this country consider their homes special. However, in Hawaii we're also very unique—not in our love for our State or in our problems, but we're unique in our vulnerability. We are unique because the whole State is almost totally dependent for its survival on a single mode of transportation, and that is shipping. This extreme situation is the reason this bill before you today is so vital to us.

Mr. Chairman, we in Hawaii are not antilabor and we are not asking for a vote against collective bargaining or strikes. Hawaii has been essentially prolabor for over 25 years and we are very proud of what the unions have accomplished for the citizens of this State. In asking for this legislation, we are asking for lower prices, for relative stability in our economy, and for peace of mind. These are not unreasonable requests. Hawaii's residents have no voice and no influence in the west coast's maritime problems, and yet we, who are 2,400 miles away, are the victims when people on the mainland cannot reach an agreement.

Since World War II there has been a cumulative total of over 4 years of interrupted transportation to and from Hawaii. Add to that the prestrike period of frantic stockpiling and poststrike period of getting business back to normal, and you have about 6 years of disruption due to transportation disputes—nearly one-fourth of the time since 1946.

This unique situation has produced an understandable reflex action in the people of Hawaii. The immediate effect of an impending strike is panic. Supermarket shelves are rapidly depleted as those who can afford it begin hoarding the more important staples. They hoard because they are afraid the supplies will run out and they hoard because they know the prices will rise. And those who simply cannot afford to hoard, they wish they could. For example, a Kalihi laborer who earned \$3,500 a year said in an interview during the 1971 strike that he wanted to stockpile rice to feed his wife and three children. "But I just couldn't afford it," he said. "I live day to day and week to week. If we run out of rice, I guess that's it. We just run out of rice."

We haven't run out of rice yet, but the fear is real and the fatalism of the Kalihi laborer rather tragic. He had no part in a dispute 2,400 miles away. He is an innocent bystander. His only role is to suffer. Hoarding, of course, is foolish because it creates a false and unnecessary shortage, but the selfish instinct to survive appears to be much stronger than good sense.

But even without hoarders, an extended series of strikes such as we had in 1971-72 can create serious shortages. The headlines of that time present a graphic picture of the situation:

Market supplies depleted (tissue, salt, mayonnaise, rice). Dock strike casualty—Oro Wheat to close. Strike closes two furniture stores. Maui Mochi plant hurt by strike. Strike causes layoffs at tuna plant. Toilet paper nearly out in Maui. Who can survive strike? The candy man can't. 15% jobless rate looms on big isle. Supermarket supplies are going, going, going.

It's inconvenient when you can't buy tissue paper, or mayonnaise or even salt. But it's serious when you can't buy toilet paper. It's serious when your rice supply is low, and for the poor, it's very grave when the limited supply of rice is so expensive, and you're out of a job because the shortage of material has cut back or closed a business.

Inevitably, when the market shelves are low, prices rise. We have lived for many years with the fact of the high cost of living. We know that it is the consumer who has to pay the costs of shipping to our Island State. We know how this affects our housing, our clothing, our transportation, our food, because almost everything we consume is imported.

According to the Department of Labor's report on retail food prices in the Pacific region, in June 1971, when the west coast strike began, Honolulu paid 71 cents for a half gallon of milk while San Diego paid 54 cents; chicken was 69 cents a pound in Honolulu and 38 cents in San Diego; lettuce was 46 cents to San Diego's 27 cents; and round steak, a luxury, was \$1.30 a pound to San Diego's \$1.09. Eggs were 54 cents a dozen to San Diego's 43 cents, and oranges were \$1.22 a dozen to 85 cents in San Diego. You can see there is a great disparity in these prices.

But a year and a half of strikes later, in December of 1972, the report shows that both milk and chicken went up 5 cents in Honolulu, but in San Diego milk rose only 1 cent, and the price of chicken went down 2 cents—36 cents a pound in San Diego and 74 cents in Honolulu, more than twice San Diego's price. Lettuce leapt up to 68 cents a head in Honolulu, 22 cents more, and to 35 cents in San Diego, only 8 cents more. Round steak rose 17 cents, to \$1.47 in Honolulu, and

remained the same, \$1.09 in San Diego. Oranges, which we get from California, went up 33 cents a dozen to \$1.55. In San Diego, it went down 9 cents to 76 cents a dozen.

We're accustomed to paying higher prices for choosing to live in Hawaii rather than San Diego. But when just about every item in the market basket rises dramatically in price, and San Diego's remains relatively the same, we have a sense of helplessness—that we are pawns in other peoples' battles. Should we have to live like this?

This legislation will not only spare us the inevitable rise in costs that accompany a west coast strike, it will also help lower our normal costs. Businesses are forced to keep up large inventories as security against shipping tie-ups and the costs of warehousing and labor are, of course, passed on to the consumer. Hawaii will probably remain an expensive place to live, but must we also have needless expenses?

The push-button panic, the shortages, the higher prices affect all of us in Hawaii, cutting through all sectors of the State. The Honolulu Advertiser ran two surveys 2 weeks apart on September 5 and 29, 1971, in the fourth month of the 134-day west coast strike. In the first, they found that those who can least afford it, the low-income families, were being hurt the most by the strike. They were the laborers who couldn't afford the higher prices, who had their job hours cut back, or were laid off. In apparent contradiction, the second survey found that those with incomes of \$21,000 or more felt the effects of the strike more keenly than those with incomes under \$5,000. The writers suggest that "when the little guy gets hurt bad, he is least able to sustain his losses, but he is also better at adapting to minor or moderate inconveniences." But, the writers theorize, people in higher income brackets seem less flexible because they are unaccustomed to "making do" or because their more complicated living styles require more to keep everything going. Regardless of the validity of these conclusions, it is quite evident that a shipping strike on the west coast adversely affects everyone in Hawaii, from the wealthy to the welfare recipient.

The effect of these frequent strikes on our pocketbooks is a very tangible thing. But there is also a psychological effect on the morale of the people of Hawaii. There is a kind of Berlin blockade mentality, a sense of uneasiness and anxiety that pervades during a period of labor negotiations, an undercurrent of fear that the goods might not come in. We aren't living in wartime, Mr. Chairman, and these anxieties and fears are unhealthy and unnecessary.

Mr. Chairman, Citizens for Hawaii and the people of Hawaii ask that this committee strongly recommend the passage of this bill.

Senator INOUE. Thank you very much, Mrs. Griffin.

Will you briefly describe your organization, Citizens for Hawaii.

Mr. GRIFFIN. Citizens for Hawaii is a consumer-type organization. I think it's the only one in Hawaii where we are consumer advocates, you could say. We lobby for different legislation. We have done unit pricing and various other consumer issues.

Senator INOUE. How large is your membership?

Mrs. GRIFFIN. I'm afraid I can't answer that. I will get that to you, though.

Senator INOUE. Thank you very much.

Our next witness is the senior vice president in charge of research and planning of the First Hawaiian Bank, Dr. Thomas K. Hitch.

Dr. Hitch, welcome, sir.

**STATEMENT OF DR. THOMAS K. HITCH, SENIOR VICE PRESIDENT,
RESEARCH AND PLANNING, FIRST HAWAIIAN BANK**

Dr. HITCH. I would first ask permission to introduce into the record of this hearing a case study entitled, "Hawaii: The Most Vulnerable State in the Nation."

Senator INOUE. Without objection, the study entitled "Hawaii: The Most Vulnerable State in the Nation" will be made part of the record.

Dr. HITCH. I would like to take just a couple minutes to review very briefly the contents of this booklet. This booklet is quite brief and concise, so I will only make a very few comments about it.

The first chapter details Hawaii's extreme dependence on reliable and adequate transportation. We ship out to the mainland United States each year some 1,200,000 tons of sugar and some 30 million cases of pineapple. In return, we import most of our food, clothing, transportation equipment, other machinery, paper and allied products, medical supplies, and building materials. What we produce or fabricate locally is essentially dependent upon the importation of ingredients and components. Even our agriculture depends on the importation of animal feeds, fertilizers, insecticides, and machinery. I estimate that this year commodities moving to Hawaii from the mainland by ship will amount to 5 million tons, with another 2 million tons moving from Hawaii to the mainland. This is well over 8 tons per resident of Hawaii. Shipping between Hawaii and the west coast obviously is our vital lifeline.

The second chapter analyzes the transportation stoppages we have had since World War II and what their impact has been on Hawaii. There have been hundreds of transportation stoppages—which in total, add to more than 4 years. One stoppage lasted 6 months. Another series of stoppages over an 18-month span aggregated a total of 6 months with no service between Hawaii and the west coast. When one considers the disruptions to business prior to a threatened strike because of the frantic efforts to stockpile, and the disruptions after a stoppage because of the backlog of commodities waiting to be moved, I would estimate that in the years since World War II, Hawaii's businesses have been in a state of disruption because of transportation stoppages and the threats of transportation stoppages at least one-fourth of the total time. I would like to quote two sentences from this case study:

Short strikes are short strikes only in retrospect; they could turn into long strikes, and they trigger the response that a long strike would provoke: stockpiling, hoarding, panic buying, et cetera. And even the threat of a strike that never comes off is only a threat in retrospect: when the threat looms on the horizon, businessmen and consumers adopt a here-we-go-again attitude and a resulting behavior pattern that can be as costly and disruptive as would be the case if the strike ultimately occurred.

The third chapter analyzes the possible solutions to this problem and concludes, after reviewing many alternatives, that the best solu-

tion from the viewpoint of all parties is essentially the proposal that is contained in S. 1126.

The appendix to the booklet lists the major transportation stoppages that have affected Hawaii since 1946.

Now I would like to make two points in support of S. 1126.

The first point is that S. 1126 can in no way be considered anti-strike legislation. Partial operation of a tiny fraction of a struck or locked-out industry in order to provide essential services does not interfere with the collective bargaining process. In my studies, I have determined that only about 3 percent of the west coast longshore work force is engaged in handling goods outbound to or inbound from Hawaii. Adding Guam, American Samoa and trust territory cargos would increase this percentage fractionally—but still leave it in the range of 3 percent. To have the west coast longshore industry continue, in the event of an industrywide stoppage, to work 3 percent of its work force still leaves 97 percent of the work force untouched. This would then be a 97-percent stoppage instead of a 100-percent stoppage. The economic pressures on both sides to the dispute would, to all intents and purposes, be undiminished. The collective bargaining process would be essentially untouched. This being the case, S. 1126 can in no way be considered antistrike legislation.

My studies show that a somewhat larger fraction of the west coast maritime work force is engaged in the Hawaii trade—about 7 percent. In the case of a maritime stoppage, we would have, or after the passage of S. 1126, a 93-percent maritime stoppage. A 7-percent maritime operation is still a *de minimus* situation.

My second point is that the concept of partial operation in the event of an industrywide strike is not a new concept, nor is it new in practice. Essential military cargos have been exempted from longshore and maritime stoppages, providing partial operations to take care of essential military needs. The west coast longshore and maritime industries have had extensive experience with partial operations during strike periods.

Further, the concept of partial operations has been supported by such students of emergency disputes legislation as former Undersecretary of Labor Larry Silberman and by David Cullen in his comprehensive analysis, "National Emergency Strikes," Cornell University, Ithaca, N.Y., 1968. As you probably remember, in the 92d Congress this concept was embodied in the administration bill S. 560 and also was embodied in the Staggers-Williams bill H.R. 3595, S. 832. Finally, the Javits bill S. 594 also introduced in February 1971, provided that the President could order partial operations under certain conditions.

My conclusion is that S. 1126 would do practically nothing to interfere with the collective bargaining process and therefore can in no way be considered antistrike legislation and that the basic proposal of S. 1126, partial operations of a struck industry, is an accepted concept, and that the west coast maritime and longshore industries have had extensive experience with it in practice.

It seems to me that Mr. Fitzsimmons, general president of the International Brotherhood of Teamsters put his blessing on this sort of legislation when he was in Hawaii for the Western Conference of

Teamsters' workshop in 1972. Speaking in October of that year, when we had just had over 3 months without any shipping moving between Hawaii and the west coast because of a dock strike there, he said:

While we have had many strikes over the years, and undoubtedly will have more as time goes on—

He's talking to the Teamsters—

we never have taken the position that we are stronger than the communities which we serve. Now, looking at the situation involving the Hawaiian Islands, that Art Rutledge and the mayor mentioned, it is understandable how they feel about being cut off almost completely.

We in the Teamsters never have had a nationwide strike. To me it is a disgrace, as far as the labor movement is concerned, to permit a situation to develop in which somebody can tell people in a community to sit idly while their lifelines of commerce are paralyzed. You wouldn't take that; I wouldn't take it, and neither will the American public.

From the Teamsters' General President, Mr. Fitzsimmons.

Finally, let me express one sincere hope—namely, that the Congress will act on this legislation at this time. The fact that there is no work stoppage on the horizon at the moment should not remove any of the urgency for this legislation. For Hawaii, this is a continuing problem of long standing and the mere fact that one set of contracts may be negotiated without a stoppage does not mean that the next set might not result in a stoppage, or a threat of a stoppage. Also, it is the viewpoint of most people that the Congress can probably pass better and more carefully thought-out legislation in this area when there is no crisis than to legislate during a period of crisis. I do hope that this bill can move forward during this session.

Senator INOUE. Dr. Hitch, your testimony has always been helpful. Once again, I am certain that it will be helpful to this subcommittee, as we consider the new bill S. 1126.

Is it your view that this is not a union-busting bill or a strike-breaking bill?

Dr. HITCH. I think I really could go even further, as did the editorial in one of the papers quite recently, if it wasn't yesterday, which pointed out that actually it would remove, if this bill were passed, it would remove some pressures on Congress on legislation to interfere with the operation of a strike. So you might say that it's not only not antistrike legislation, you might say that it does more to make the collective bargaining process work.

Senator INOUE. Much has been said about hoarding. Do you have any data concerning hoarding, panic buying?

Dr. HITCH. I don't. I think all of us just assume, I think this is one area—well, one could, I guess, divide the universe into two sectors, the business sector and the private consumer sector. In the private consumer sector, I have no idea how one could ever develop, without a house-to-house survey during the period of a strike, develop data on how much hoarding there is, how expensive it is, and so on.

We all know, you know, everybody in this room knows that when there is a threat of a strike that interrupts our flow of commerce with the west coast, there is in fact hoarding on a very large scale. Now, exactly what the numbers would apply to describe a very large scale is, I don't know. I don't know how that information would be developed.

Senator INOUE. Well, I thank you again, sir. Your report has been made part of the record, as it was in the last bill, it will be very helpful again.¹

Dr. HITCH. Thank you very much.

Senator INOUE. Our next witness represents the Matson Navigation Co. Vice President James L. Reid.

Welcome to the committee, Mr. Reid.

Mr. REID. Thank you. This is a statement of Robert J. Pfeiffer, president of Matson Navigation Co. before the Senate Subcommittee on Merchant Marine.

STATEMENT OF ROBERT J. PFEIFFER, PRESIDENT, MATSON NAVIGATION CO., AS PRESENTED BY JAMES L. REID, SENIOR VICE PRESIDENT AND AREA MANAGER

Mr. REID. My name is James L. Reid, and as one of its senior vice presidents and area manager for the State of Hawaii, I appear here today on behalf of Mr. Pfeiffer to register Matson's support for S. 1126.

Matson is a member of the Pacific Maritime Association (PMA), a west coast employer group which on behalf of its membership negotiates collective bargaining agreements with longshore and offshore maritime unions. Although PMA previously has testified in opposition to an earlier version of this legislation, Matson's continuing support for its enactment takes cognizance of the fact that we have a different constituency than the other members of PMA, all of whom are entirely or primarily engaged in foreign commerce. As the committee understands, Matson's operations are, with minor exception, concerned with providing service to and from Hawaii and Guam—the major domestic offshore communities are areas embraced by the bill. It is Matson's belief that its constituency—its rate-paying consignees—expect Matson to support this legislation, which many view as the means of being freed of their role as hostages to collective bargaining decisions made on the Pacific coast by nonresidents of Hawaii or Guam.

Those opposing this legislation, both management and labor, claim that its enactment and operation would weaken the economic bargaining power of each, or conversely, strengthen the other party's position, and thus adversely affect the collective bargaining process. If that process is to be substantially affected by this legislation, either labor or management must realize from it some advantage or disadvantage that will be substantially detrimental or helpful to the interests of the other. It is clear that this result will not flow from this measure.

The organization and structure of PMA, including its voting procedures, are set out in an agreement previously filed with the Federal Maritime Commission and approved by the Commission pursuant to section 15 of the Shipping Act, 1916. With enactment of this legislation, PMA's participation in the collective bargaining process would continue to be governed by this existing agreement.

All collective bargaining agreements negotiated by PMA must be ratified by its membership. Of the 115 members of the association who are qualified to vote on questions involving shoreside or longshore

¹ See p. 23.

labor, only Matson is solely involved in providing service between the U.S. Pacific coast and the U.S. Pacific Islands specified in the bill. The votes available for casting on such questions total 617, of which only 63 are held by Matson. On questions involving the offshore unions, that is, shipboard personnel who are involved in the operation of the vessels, the votes total 4 of which only 1 can be cast by Matson.

Under the provisions of the bill, the Governor of Hawaii, for example, is given permissive authority to seek an injunction for the purpose of bringing about a resumption of ocean carrier service between the State and certain ports on the U.S. Pacific coast. Because of the permissive nature of such authority, the bill does not guarantee that there will be no interruption in such service; but if and when the Governor elects to obtain such an injunction, Matson and competing carriers would then resume operations while the balance of operations at Pacific coast ports would continue to be strike-bound. In view of its minority voting position within PMA, it is clear that Matson would not be able to translate the financial benefits of such resumed operations to control the timing or substance of the collective bargaining process or the ultimate resolution of the dispute.

Under section 4(b) of the bill, Matson will be obligated to pay retroactively the additional wages represented by the difference between the wage provided for the employees under the agreement resolving the labor dispute and the wage such employees actually received during the period of resumed operations under the injunction obtained by the Governor. If this legislation had been law prior to July 1, 1971, Matson would have accrued a total retroactive payment of approximately \$939,000 for the 1971-1972 longshore strike, with such accrual representing an out-of-pocket cost to Matson not recoverable from its customers, since under regulatory law it cannot file rate increases for the purpose of recovering costs incurred in the past.

It has been alleged that this legislation, if enacted, would give Matson an unfair advantage and would promote divisiveness among the employer group, and thus would prolong the continuing strike at Pacific coast ports. The facts are that the ingredients for divisiveness already exist, and with or without enactment of this legislation, Matson clearly is in a unique minority position of disadvantage within PMA.

Unlike the other members of PMA, all of Matson's commercial freight rates are subject to economic regulation by the Federal Maritime Commission. Consequently, if Matson wishes to recover from its customers these increases in labor costs resulting from any agreement resolving a dispute it must file increased freight rates with the Commission, and run the risk that the effective date of such increased rates may be suspended for a period of 4 months. Allowing time for preparation of new rate schedules, and the statutory requirement that such schedules must be filed on 30-days notice, means that if the effective date of the increase is suspended for the full statutory period, Matson would be denied the additional revenue represented by the rate increase for a period of seven months. Those PMA members engaged in the foreign commerce merely file increased rates on 30-day notice with the schedule effectiveness of the increases assured.

Further, three of the four PMA vessel operating members involved in negotiations with the offshore unions receive operating-differential

subsidy pursuant to the Merchant Marine Act, 1936, as a result of their operations in foreign commerce of the United States. As a consequence, some portion of any increase in wages and related benefits agreed to in resolving a dispute with the offshore unions would be passed to the Government through the subsidy program by the subsidized operator. As a carrier in the domestic offshore trades, Matson receives no direct subsidy of any kind.

It should be pointed out that a longshore or offshore maritime strike on the Pacific coast impacts more immediately on Matson's Hawaii service than it does on vessel operations of the other members of PMA who are engaged in the foreign commerce. For example, if a strike had commenced on October 1, all of Matson's vessels in that service, with one exception, would have been strike-bound at Pacific coast ports by October 8. On the other hand, all of those vessels operated by other U.S.-flag carrier members of PMA would not be strike-bound until November 20—51 days after the strike commenced.

All vessels would become strikebound as they arrive inbound at a U.S. Pacific coast port; the difference in time before Matson's vessels and other U.S.-flag vessels would become idled at such ports is due to the greater distances traveled by those other carriers in the foreign commerce. For example, one such carrier operating vessels between the Far East and California would require 45 days to complete a round trip between those two areas. Some Matson vessels, however, can complete a voyage to and from California and Hawaii in as few as 10 days. As a consequence, those Matson vessels that have commenced a voyage before the strike begins will be strikebound at their return Pacific coast port in a relatively short time. Those union personnel manning Matson vessels are "on the beach" without income at a much earlier time than those union members serving on other PMA U.S.-flag vessels.

Matson has every compelling incentive to vigorously participate in a normal manner in negotiations leading to resolution of a dispute. It is clear that because of these incentives and because of its minority position within PMA, a resumption of operations by Matson while other operators remain strikebound would not materially change the economic power of the management side of a dispute, nor contribute to any increase in divisiveness among the employer group.

As a practical matter, enactment of this legislation, and such use as may be made by the chief executives of the island communities of their permissive authority to seek an injunction will neither abridge nor weaken the union's right to strike, nor weaken its strength within the collective bargaining process, that is:

1. In respect to the longshore union, nor more than 4 percent of the total manhours expended on cargo moving through U.S. Pacific coast ports would be subject to possible exemption from strike action.

2. Those members of management resuming operations under the strike exemption contemplated by the bill would not, because of their minority position within the management group, be able to bring additional strength to the management side of a dispute as a result of such resumed operations.

3. Because of the economic incentives previously referred to—retroactive wage payments, and the potential impact of economic regulation by the FMC—those members of management resuming operations still

would be fully subject to the economic pressures being applied by the union.

Mr. Chairman, to the extent that the Governor of Hawaii or the Governor of Guam elect to exercise their authority to seek an exemption for their communities of any Pacific coast longshore or offshore maritime strike, we are prepared to provide within our capability the necessary service, while at the same time continuing to participate in the collective bargaining process in the same manner and to the same degree as we would in the absence of such enacted legislation. It is our sincere belief that this legislation results in a reasonable balancing of equities among all the parties to the dispute—the public, the unions, and management.

Senator INOUE. Thank you very much. Mr. Reid.

I gather from your statement that it is your view that this measure is not a pro-management bill?

Mr. REID. Right.

Senator INOUE. It is your view that certain sections of this measure could cost you much in out-of-pocket expenses, say, in the retroactive payments of wages?

Mr. REID. Yes; it would.

Senator INOUE. Do you feel that this is an even-handed measure?

Mr. REID. Yes; I think it is very much so.

Senator INOUE. We have written to PMA and—but we have not yet received a response from PMA. I would appreciate it if you would contact your fellow members and see if they wish to, once again, submit a statement either for or against it.

Mr. REID. I will do that right away. I won't be able to do that today, but tomorrow.

Senator INOUE. If they could submit this statement to the subcommittee in Washington, it will be made part of the record.¹

At this point, the Chair would like to take a very short recess.

[Recess taken.]

Senator INOUE. We will resume our hearing.

Our next witness is the president of Heftel Broadcasting Corp., Mr. Cecil Heftel.

STATEMENT OF CECIL HEFTEL, PRESIDENT, HEFTEL BROADCASTING CORP.

Mr. HEFTEL. Thank you. Mr. Chairman, most of my testimony, I think I can safely say, has already been discussed in some form by the various people this morning.

Senator INOUE. If you wish, we can put the full statement in the record and you can summarize it for us.

Mr. HEFTEL. Yes.

Senator INOUE. Without objection, the full statement will be made part of the record, sir.

Mr. HEFTEL. I noted that Tom Hitch had referred to "Hawaii: The Most Vulnerable State of the Nation." I will read out loud that part of my presentation which is, in fact, part of that document. It refers to a statement from John Bellinger, who is president of First Hawaiian Bank.

¹ See p. 131.

Hawaii's land area is 6,450 square miles. This is the equivalent to the area around Washington, D.C. that would stretch from Baltimore on the north to Fredericksburg on the south and reach westward to the Shenandoah National Park. To realize what a shipping or dock strike does to Hawaii, one only has to imagine an impenetrable wall built around this Washington area. A wall that would stop all surface transportation from entering or leaving the area. No trains, no trucks, no buses, no cars, no ships. Nothing that moves on the surface of the earth. The only contact with the rest of the country would be by trunk air carriers that would originate their flights from at least as far away as Los Angeles, which is the distance from San Francisco to Honolulu.

Such a situation would constitute a dire emergency for the area that would not be tolerated for any length of time. If the President did not act to get things moving, certainly the Congress would. Even the thought of such a situation developing would appall every resident in the area because the impact would be so calamitous.

We in Hawaii are forced to live with such a threat and view dock or shipping strikes with dread. We also feel that we have a right to expect the Congress to enact special legislation that will keep our lifelines open.

I think that is enough to read to the committee out loud. I appreciate the opportunity to present to you.

Senator INOUE. I appreciate your participation, Mr. Heftel.

Did the 1971 strike affect your business in any way?

Mr. HEFTTEL. I would say that we suffered a loss in revenues of about \$400,000, or at that time probably as much as 12 percent of our total revenues, which we could not recapture in any way. It was totally lost, and there were no ways to reduce operating expenses. In fact, they actually went up because of what happened during the strike and the cost of getting things.

Senator INOUE. Were you forced to lay off employees?

Mr. HEFTTEL. Fortunately not, because we had to maintain our staff regardless of the cutback in advertising. But other businesses who did not need their people to operate their businesses did cut back. Our advertisers, as an example, were able to cut back in employees.

Senator INOUE. Do you feel that a strike like the one in 1971 would adversely affect the health and well-being of the people of the State of Hawaii?

Mr. HEFTTEL. Not only that, but it would be much worse than it was in 1971. Our economy is already very tenuous from the last 4 years' inflation and depression. And I don't know what would happen to these islands if confronted in a comparable economic climate as we have today with another shipping strike. I think it would be disastrous.

Senator INOUE. Thank you very much, sir.

Mr. HEFTTEL. Thank you.

[The statement follows:]

STATEMENT OF CECIL HEFTTEL

Mr. Chairman and honorable members of this committee, my name is Cecil Heftel and I represent the Heftel Broadcasting Corporation.

Let me preface my remarks today by thanking you for taking the time to visit Hawaii and to hear the concerns of the people of Hawaii at first-hand as they relate to the interruption of shipping.

I am sure that you are well aware of the unique aspect of Hawaii as opposed to the other states of the Union. The 48 contiguous states are all served by trains, trucks, buses, automobiles, trunk air carriers, and feeder air carriers—and most of them are also served by ships. If one means of transportation is closed down, suppliers can usually turn to other means of transportation. It may be costly and inconvenient, but generally it can be done.

Simply put, Hawaii is the most vulnerable region in the nation when it comes to any disruption of commerce caused by strikes. In fact, even the threat of a disruption sets off a serious chain of events which sometimes has devastating results.

The head of one of Hawaii's largest financial institutions once used an analogy that I think bears repeating . . . Hawaii's land area is 6,450 square miles. This is the equivalent to the area around Washington, D.C. that would stretch from Baltimore on the north to Fredericksburg on the south and reach westward to the Shenandoah National Park. To realize what a shipping or dock strike does to Hawaii, one only has to imagine an impenetrable wall built around this Washington area. A wall that would stop all surface transportation from entering or leaving the area. No trains, no trucks, no buses, no cars, no ships. Nothing that moves on the surface of the earth. The only contact with the rest of the country would be by trunk air carriers that would originate their flights from at least as far away as Los Angeles, which is the distance from San Francisco to Honolulu.

Such a situation would constitute a dire emergency for the area that would not be tolerated for any length of time. If the President did not act to get things moving, certainly the Congress would. Even the thought of such a situation developing would appall every resident in the area because the impact would be so calamitous.

We in Hawaii are forced to live with such a threat and view dock or shipping strikes with dread. We also feel that we have a right to expect the Congress to enact special legislation that will keep our lifelines open.

Because of our isolated location and because our economy is preeminently based upon export and import, Hawaii is particularly vulnerable. If we were self-sufficient in producing locally the items we consume the situation would probably be much different. But the reality is that Hawaii has no metallic resources, no deposits of coal or oil. Land suitable for agriculture is limited and its availability is shrinking with increasing urban demands. As a result, about 80% of all physical commodities purchased by people in Hawaii come from overseas, mainly from the mainland states of the Union.

Most of the food consumed in Hawaii is imported and it takes a continuous stream of freighters to keep our people fed. Any long interruption of shipping on the West Coast rapidly depletes our food inventories and airlifting becomes a necessity. As a result, the immediate cost of living soars.

One of the large department stores in Honolulu estimates that only 30% of its women's clothing and 20% of its men's clothing sales are of locally manufactured goods. While we have a sizable local garment industry, it is by no means self-sufficient. There is no textile manufacturing in the state, except for the printing of some imported fabrics. Around 90% of the fabric used by local garment manufacturers is imported from the Orient. Although only a local dock tie-up can seriously interfere with the bulk of Hawaii's textile imports, since fabrics are largely of foreign origin, interruption of the Hawaii-mainland commerce can still affect garment production. The industry relies on mainland suppliers for most of the buttons, zippers and thread.

With the exception of boats and specialized truck bodies, Hawaii manufactures no transportation equipment. All cars, trucks, buses, airplanes, tires, batteries and parts must be imported.

Hawaii's lack of metal resources makes the state ultimately dependent on imports for virtually all types of equipment and machinery for the home, office, or industrial purposes. Everything from household appliances to computers, as well as parts to repair them, must be brought in from the outside.

Paper and allied products represent a particularly serious problem since there are no pulp or paper mills in Hawaii. Everything from toilet paper to printed forms for offices and banks and coated paper for publishing must be imported. In fact, in 1970, when there were no shipping interruptions, we imported more than 166,000 tons of paper products.

All of Hawaii's medical supplies come from the mainland. Because of the critical nature of these items, the state has never had to do without them, even during the most serious transportation strikes. Many of the vital drugs and medicines normally arrive by air and even during airline strikes special emergency arrangements are made. But the fact that emergency measures are necessary only further emphasizes Hawaii's vulnerability to transportation interruptions.

Except for concrete, almost all of the construction material used in Hawaii must be imported. Stockpiling of lumber, paint, plumbing material and electric parts can keep a project going for a while after an interruption begins, but the depletion of a few essential parts after a month or so accelerates layoffs and stalls construction, which is big business in Hawaii.

The state's agricultural industries are far from self-sufficient. While some of the fertilizers used for sugar, pineapple and other crops are mixed in the Islands, all of the ingredients are imported. The same is true for insecticides, herbicides and pesticides.

Although cans for Hawaii's pineapple industry are manufactured locally, every material that goes into them, tinplate, solder, labels, and glue must be brought in.

Nearly all of the feed consumed by Hawaii's livestock industry, more than 177,000 tons annually, must be imported.

In short, if something cannot be made from lava, coral, air, water or semi-tropical plants, then the chances are good that Hawaii must import it or its components.

Conversely, without the ability to move Hawaii's export products such as sugar or pineapple which can only be shipped by bulk carriers, the local economy is dealt a debilitating blow that is felt long after the strike is settled.

The movement of visitors to and from the state has been seriously disrupted by airline strikes. Visitor spending supports, directly and indirectly, close to 20% of our total economy. The visitor industry is completely dependent upon the maintenance of un-interrupted service by the trunk air carriers that serve Hawaii.

It is obvious that without full, un-interrupted service between Hawaii and the mainland, the Hawaiian economy suffers badly, and if the interruption is long and severe, we suffer drastically.

It is impossible to gauge the total impact of transportation interruptions on the local economy. There is no way to measure the number of businessmen who decided not to invest in Hawaii or the number of vacationers who decided not to visit Hawaii because of a strike—or even the threat of one. But the impact is abundantly clear in the increased costs of doing business, unemployment, and the rises in the cost of living resulting from these strikes.

Every major shipping or dock strike in Hawaii's history has been accompanied by declining economic statistics. Transportation strikes usually send prices soaring at a time when Hawaii families can least afford it. The impact of these strikes on consumer prices is well-documented by the consumer price and food price indices compiled by the U.S. Department of Labor's Bureau of Labor Statistics.

Price indices are academic, but the effect on the pocketbook is not. How many of our constituents on the mainland would have been willing to pay 72¢ for a head of lettuce, \$1.45 for a dozen oranges, or \$2.28 for 10 pounds of potatoes in February, 1972? Yet, here in Hawaii, where salaries are generally no higher than on the mainland, these were the average prices families had to pay, or do without.

After all of the debate about what we can do about our precarious situation, we can come to only one conclusion: Hawaii must be protected from the unfair consequences of this vulnerability by special legislation passed by Congress and supported by the President.

It is unconscionable that a Democratic controlled Congress and a Republican Administration in the White House has continued to allow the people of Hawaii to be held hostage by the parties to a labor dispute. The passage of such special legislation may very well be interpreted as anti-labor, although that point is debatable. But in the long run protection of our very precarious economy can only be considered as a move in the best interest of the people of our state.

Again, please accept my thanks for your interest in our problems and for your attention to my presentation. If you have any questions of me, I will be happy to try to answer them. In any event, I am hopeful that this sub-committee will be in a position to provide Hawaii with some long-overdue assistance in our very special situation.

Senator INOUE. Now, our next witness is the president of the Hawaii Automobile Dealers Association, Mr. Arthur Chase.

**STATEMENT OF ARTHUR CHASE, PRESIDENT, HAWAII
AUTOMOBILE DEALERS ASSOCIATION**

Mr. CHASE. Thank you very much.

My name is Arthur Chase, president of the Hawaii Automobile Dealers Association, whose membership consists of 37 new car franchised dealers located throughout the State of Hawaii.

My testimony will be brief, for our support of the proposed legislation is unqualified, and the reasons for our support are self-evident.

Prolonged shipping tieups on the west coast effectively block the flow of goods from our major domestic sources. Even the prospect of a possible tieup tends to inhibit our normal business procedures.

Our industry, we believe, makes a significant contribution to our State economy. Its dislocation, in our view, by reason of a west coast dock tieup therefore is harmful to the general economy of the State.

In 1974, Hawaii residents purchased \$200 million worth of new automobiles. In that year, the average Hawaii new car dealer employed 71 persons and paid an annual payroll of \$747,000.

Our industry, in 1974, represented 1.1 percent of the total retail establishments in the State, our dealer sales were 9.4 percent of the State total, the \$28 million annual dealer payroll was 8.3 percent of the State total and the dealer work force of 2,600 employees was 4.1 percent of the State total.

Further, our industry provides a significant number of jobs in the State which are threatened whenever the prospect of a dock tieup develops. Close to 10,000 persons in the State are employed in the automobile sales and servicing field. Another 2,000 are employed by various levels of Government to handle road work.

The motor vehicle industry in the State produces more than \$13 million to the Federal Government in excise taxes, another \$26.9 million in highway user tax revenues and contributes roughly 5 percent of the State's total tax revenue.

In specific terms, blockage of our main transportation system for any period of time—or even a prospect of it, forces us to maintain high levels of inventory on expensive land, the availability of which is limited. This results in burdensome financing costs.

Under normal circumstances, the auto dealer in Hawaii maintains a 60-day inventory of vehicles. This compares with a west coast automobile dealer who maintains a 30-day inventory.

Two and a half years ago, when we experienced a stoppage of the flow of goods from the west coast, we were obliged to maintain a far larger inventory. In many cases dealers ran out of inventory.

The prospect of a west coast dock tieup, then, forces us to break a normal pattern of inventory, which of necessity, is maintained at a high level. A bulge in our inventory is created which requires additional money and calls for greater financing costs than normal.

It also forces us to seek additional storage space.

Add to this the slowdown of the economy when a strike does occur, and you can fully appreciate our predicament. The consumer cuts back on spending, some job layoffs occur in our industry as well as elsewhere, and our entire economic situation becomes depressed.

When the flow of goods is resumed, it takes from 12 to 18 months for a dealer's business to fall back into a normal pattern.

The situation I have described, naturally, increases our cost of doing business and thereby the cost of our goods to the consumer. In our view, then, some relief would not only put us on a more stable footing, but would help us deliver a new vehicle to a customer at a lower price than what we are able to do at the present time.

Wesley Hillendahl of the Bank of Hawaii, just last April, put our situation in proper perspective when he cited three major problems businessmen in Hawaii face. One, the high cost of financing; two, the high prices of suppliers of goods; and three, sales resistance on the part of the consumer because of high prices.

A dock tieup on the west coast simply aggravates this situation.

The price of an automobile here and around the Nation has climbed dramatically over the past several years—in excess of \$1,000. Add to that the rate of inflation, which here in Hawaii was pegged at 10.5 percent last year, and approximate 9 percent this year, and we find that the automobile's basic cost to the consumer has climbed significantly.

Then, consider the rising freight rates.

While we are concerned about the impact of dock strikes on our industry, allow me to cite the circumstances in which the consumer finds himself. On April 16 of this year, the Honolulu Star Bulletin published a very enlightening article which said, in a nutshell, that the island family is losing the inflation fight.

It revealed figures that indicated an average family of four's annual budget rose 25 percent in a 2-year period, from 1972 to 1974. Income rose approximately 5 percent in that same period.

The Bank of Hawaii in August of this year observed that at the current value of the dollar, a wage earner's annual income was at its lowest point since 1969.

It is the view of our members that our State economy, and our consumers would benefit greatly were we assured of an uninterrupted flow of goods from the west coast. Inventories would be at a lower and less costly level, saving dealers and consumers millions of dollars in costs over which we have no control.

We believe that as automobile dealers operating in one of the Nation's 50 States, we should be entitled to operate on a basis reasonably similar to that of dealers in the other 49 States.

We believe the proposed legislation will contribute materially toward this end and urge your support of it, principally on the basis that Hawaii's citizens deserve economic equality with citizens of other States.

Thank you.

Senator INOUE. Thank you very much, sir.

Do you have any data to indicate how much the excess of inventory and warehousing would be costing the consumer?

Mr. CHASE. The cost is passed on to the consumer.

Senator INOUE. Yes. I realize that. How much is passed on?

Mr. CHASE. It's very hard for me to sit here and judge. I think I would have to figure it out for you, but I can give you some figures. If it will be helpful, I will provide them for you.

Senator INOUE. Yes, it would. Thank you, Mr. Chase.

Our next witness is the president of Hawaii Farm Bureau Federation, Mr. Wallace Nitta.

Welcome to the committee, sir.

Mr. HIGASHI. Thank you. My name is Irwin Higashi, and I am treasurer of the Hawaii Farm Bureau Federation. I am here today to read the testimony of Wallace Nitta, who is away on a business trip in the Orient.

STATEMENT OF WALLACE NITTA, PRESIDENT, HAWAII FARM BUREAU FEDERATION AS PRESENTED BY IRWIN HIGASHI, TREASURER

Mr. HIGASHI. We welcome this opportunity to appear before you, if only briefly, to urge that Congress take constructive action to grant the citizens of Hawaii a consideration as citizens of other States enjoy as a matter of course.

The proposed legislation which would assure us a continuing flow of goods from the west coast during a labor dispute would serve one major purpose—reduce the cost of financing and inventory food wholesalers and retailers must maintain because of the continuing presence of a possible cutoff. Adoption of the proposed legislation, we believe, would effectively reduce the requirement that we maintain a high level of foodstuff inventory. Perhaps not to the level of most mainland areas, but certainly to lower level than is current maintained.

Over the past dozen years, the need for more imported food products and feed has grown. And the trend toward larger reliance on imported grain and food continues to grow.

We of the Hawaii Farm Bureau are endeavoring, by various means, to reverse that trend through the establishment of a State subsidized feed-storage facility, developing new sources of locally produced feed which would then assure egg producers and dairy, beef and hog farmers of a steady flow of vital feed.

We recognize, however, that our efforts probably will not ever assure that this State can become fully self sufficient in terms of the production of agricultural products to meet our own needs.

It therefore is obvious to us that our lifeline to the mainland will remain extremely important in the foreseeable future. Assurance of a steady flow of goods and the elimination of periodic stoppages of the flow will serve to achieve several things: Relieve continuing inflationary pressures caused by rising labor and energy costs, as well as rising financing costs. Not entirely. But certainly to the extent that it would provide a reasonable degree of stability in these areas.

The Hawaii Farm Bureau Federation's principal, and specific interest, in the proposed legislation centers on animal feed, which is needed by egg producers, dairy farmers, hog raisers and our beef industry.

These industries plus others classified as diversified agriculture, with the exception of pineapple and sugar, represented revenues of some \$90 million last year. It is indeed an important sector of our total economy.

A half gallon of milk at the retail level here costs the consumer over \$1. In most other parts of the mainland, prices range from under 60 cents to upward of 90 cents. That's because we must import most of our feed, and store it, lots of it so that we have a sufficient supply on hand when the threat of a west coast dock tieup looms on the horizon.

While we must candidly recognize that the cost of shipping food and goods to Hawaii will always represent a cost dimension not present in mainland areas, we submit that this constant threat of a west coast dock tieup aggravates the situation. The legislation you have under consideration would eliminate that.

Hawaii's farmers, we believe, deserve to have a reasonable degree of economic stability enjoyed by farmers on the mainland, and that could be assured with the passage of the legislation before you.

We see nothing in the proposal that would create an adverse impact to your mainland constituencies, nor do we see any dangerous precedent being set by its adoption. We believe we are discussing a very unique situation involving citizens of the Nation living in a pocket market greatly dependent on a flow of goods from the mainland, not from a foreign country.

Your support of this measure is earnestly sought by our entire membership.

Senator INOUE. Mr. Higashi, will you please convey the gratitude of the subcommittee to your president, Mr. Wallace Nitta.

Mr. HIGASHI. I will.

Senator INOUE. Thank you very much, sir.

Our next witness is the president of the Hawaii Hotel Association, Mr. Clement Judd.

STATEMENT OF CLEMENT JUDD, JR., EXECUTIVE VICE PRESIDENT, HAWAII HOTEL ASSOCIATION

Mr. JUDD. Thank you. If I may, I'd like to start on the second page.

Senator INOUE. Fine. Without objection, your full statement and attachments will be made a part of the record at this point.

Mr. JUDD. Thank you.

I'd like to make reference, down the second page to some of the particular problems that face the hotel industry.

The construction contract at the Hemmeyer Center now underway called for many materials to be on Oahu at groundbreaking, so a shipping tieup would not affect the completion date. The warehousing and capital cost problems of this type of contract are quite obvious.

The psychological impact on our resident and employee creates hoarding and also carries over to our potential visitors. The Hawaii Visitors Bureau reports that during any possible shipping strike, or during any actual strike, their mainland offices receive numerous calls from potential visitors to Hawaii inquiring whether there will be shortages of food and other necessities.

We are not able to specifically quantify some of the problems of the shipping tieups, but we have contacted some of the major hotel operators here and on the mainland and have determined the following:

With the Sheraton hotels, even without a threat of a shipping strike, they have a storage problem. As soon as a shipment arrives, normal procedure calls for a replacement order immediately, and they usually buy in smaller quantities than desired. Certain items are stored by the purveyor for Sheraton Hawaii, but particularly during a strike situation, there is not sufficient storage place on the islands. During shipping strikes they do fly supplies in. However, sterno, used to keep food service and banquet meals hot, cannot be flown because of its

inflammability. To run out of this would be a real disaster to meal service at a hotel. Sheraton also has a central warehouse on the west coast from which most of its west coast hotels can obtain items within a day or two. The Hawaii properties, however, must order directly from suppliers, usually located in eastern or Mideast States.

As far as the Hilton hotels, generally they have been able to operate during all shipping strikes by flying in whatever is not obtainable on a local level. This has increased their cost of doing business, but keeps the hotel running. Many of their items they keep on a 2-months supply due to difficulty in delivering.

As far as Western International, which is the Ilikai Hotel, it normally buys a month's supply of items not obtainable from local suppliers. During a strike situation, they increase their orders to a 2-month supply basis.

It appears that our hotels are well prepared for strikes by having an action plan in the wings. The normal approach is a double inventory over comparable mainland operations.

We have attached a report showing the occupancy in Waikiki and Oahu hotels from the 1974 annual research report of the Hawaii Visitors Bureau. It is interesting to note that the last half of 1971 and the first 2 months of 1972, occupancy figures which were strike related, account for some of lowest occupancy figures in the Waikiki area in the past decade. We were not able to positively relate this to the shipping strike because of the national economic situation and other factors. However, only one hotel, of 502 rooms, came on line in 1971, and none in Waikiki-Oahu area in 1972. All other major properties were opened in 1970 or before, so room count was not a major factor for occupancy figures.

We do urge positive action on S. 1126.

Senator INOUE. Thank you very much, Mr. Judd.

[The statement follows:]

STATEMENT OF CLEMENT M. JUDD, JR., EXECUTIVE VICE PRESIDENT, HAWAII HOTEL ASSOCIATION

My name is Clement M. Judd, Jr. and I am executive vice president of the Hawaii Hotel Association, a trade Association.

The Hawaii Hotel Association represents 121 hotel properties totaling 34,786 rooms throughout the State of Hawaii, over 80% of the 42,480 rooms in the state. Our membership also includes an additional 200 plus members of direct and indirect relationship to the hotel or visitor industry—a total membership of 354 firms or individuals. A membership roster is attached for your information.

Due to the insular nature of our state, and our being the largest segment of the private industry in Hawaii, virtually all parts of our members' operations are closely related to the necessity of access to products and services from outside the state boundaries. The impact of the high cost of living experienced by all our employees played an important role in the recent settlement of wage negotiations. According to Local 5, AFL-CIO, the settlement made Hawaii's hotel workers the second highest paid in the nation.

What about our suppliers? In order to maintain available products and services to meet our demands because of the possibility of shipping tieups, larger than normal inventories must be maintained. The problems of warehousing costs and lack of available container space during periods of possible tieups also contribute to increasing costs to the supplier, the hotel industry, and therefore to the consumer.

The construction contract at the Hemmeyer Center now under way called for many materials to be on Oahu at groundbreaking so a shipping tieup would not

affect the completion date. The warehousing and capital cost problems of this type of contract are quite obvious.

The psychological impact on our resident and employee creates boarding and also carries over to our potential visitors. The Hawaii Visitors Bureau reports that during any possible shipping strike, or during any actual strike, their mainland offices receive numerous calls from potential visitors to Hawaii inquiring whether there will be shortages of food and other necessities.

We are not able to specifically quantify some of the problems of the shipping tieups, but we have contacted some of the major hotel operators here and on the mainland and have determined the following:

Sheraton Hotels—Even without a threat of a shipping strike, they have a storage problem. As soon as a shipment arrives, normal procedure calls for a replacement order immediately and they usually buy in smaller quantities than desired. Certain items are stored by the purveyor for Sheraton Hawaii, but particularly during a strike situation, there is not sufficient storage place on the islands. During shipping strikes they do fly supplies in. However sterno (used to keep food service and banquet meals hot) cannot be flown because of its inflammability. To run out of this would be a real disaster to meal service at a hotel. Sheraton also has a central warehouse on the West Coast from which most of its West Coast hotels can obtain items within a day or two. The Hawaii properties, however, must order directly from suppliers, usually located in eastern or mid-east states.

Hilton Hotels—Indicated they have been able to operate during all shipping strikes by flying in whatever is not obtainable on a local level. This has increased their cost of doing business but keeps the hotel running. Many of their items they keep on a 2-months supply due to difficulty in delivering.

Western International (Ilikai Hotel)—Normally buy a month's supply of items not obtainable from local suppliers. During a strike situation they increase their orders to a 2-month supply basis.

It appears that Hawaii's hotels are well prepared for strikes by having an action plan in the wings. However, the usual approach is a double inventory over comparable mainland operations.

We have enclosed a report showing the occupancy in Waikiki and Oahu hotels from the 1974 Annual Research Report of the Hawaii Visitors Bureau. It is interesting to note that the last half of 1971 and the first two months of 1972, occupancy figures which were strike related, account for some of the lowest occupancy figures in the Waikiki area in the past decade. We were not able to positively relate this to the shipping strike because of the national economic situation at the time. However, only one hotel, of 502 rooms, came on line in 1971 and none in the Waikiki-Oahu area in 1972. All other major properties were opened in 1970 or before, so room count was not a major factor.

It is important to note, that our smaller members have a more difficult time than the properties I have mentioned to obtain needed goods and services during shipping tieups.

The Hawaii Hotel Association is vitally concerned with Senate Bill No. 1126 and urges the Senate Commerce Committee, and this subcommittee, to take favorable action on the request for a 120 day exemption from a West Coast shipping strike for our state. Thank you for the opportunity to testify.

Attachment.

TABLE 23.—PERCENTAGE OF OCCUPANCY IN WAIKIKI/OAHU HOTELS, 1963-74

	Monthly average					Large hotels (100 rooms or more)					Small and medium hotels (less than 100 rooms)								
	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1969	1968	1967	1966	1965	1964	1963
January.....	85.8	82.1	50.9	56.7	75.7	87.8	85.5	86.6	83.5	76.6	75.0	68.6	88.8	84.9	93.7	85.5	85.1	78.2	76.8
February.....	95.7	95.5	83.5	74.6	87.3	96.6	98.2	98.5	95.2	96.8	91.3	89.7	96.7	98.7	99.5	97.9	97.8	94.7	88.0
March.....	96.0	90.1	82.2	63.7	87.1	87.9	94.7	96.5	91.3	87.8	82.6	77.6	87.3	91.0	96.5	87.6	86.8	84.0	77.0
April.....	84.5	77.8	60.6	58.3	69.2	82.7	91.6	88.5	81.0	75.3	68.4	76.1	75.3	83.3	87.6	72.7	76.7	66.4	69.1
May.....	75.6	75.3	53.7	52.8	68.3	78.3	91.5	88.5	79.5	78.7	71.0	74.2	71.6	78.2	84.1	70.6	71.5	67.0	62.5
June.....	81.7	76.1	65.3	56.0	79.3	74.1	92.4	93.6	88.2	82.4	77.2	77.8	68.4	89.5	92.1	76.8	79.7	73.8	70.0
July.....	84.3	86.0	79.1	63.8	86.8	90.0	97.8	96.6	89.8	94.1	90.1	90.7	77.0	97.1	97.5	86.1	93.1	89.5	91.8
August.....	90.1	91.7	85.2	67.9	87.2	90.5	98.5	95.6	89.9	97.1	91.8	95.0	86.1	96.8	96.5	88.0	96.9	92.8	93.7
September.....	69.3	78.0	64.2	48.6	64.4	72.1	92.9	86.4	90.0	84.2	74.2	73.9	70.7	73.5	82.3	82.7	76.3	70.2	64.1
October.....	79.9	85.3	77.7	63.6	67.3	82.3	94.2	92.8	90.5	78.9	79.3	88.8	79.3	81.1	86.3	84.6	75.2	77.6	79.5
November.....	79.2	77.8	77.0	46.9	54.1	76.2	83.0	89.8	78.5	72.2	73.2	75.9	79.8	67.3	80.6	71.5	68.7	73.4	70.7
December.....	66.7	64.2	67.8	51.4	62.4	64.1	72.1	77.0	76.7	67.6	66.1	61.8	70.7	69.8	73.6	74.3	70.9	65.1	64.3
Year average.....	82.0	81.5	70.0	58.9	74.1	81.9	91.0	90.8	86.0	82.6	72.8	79.2	79.3	84.1	89.8	81.2	81.6	76.2	75.6
All hotels.....													81.3	89.2	90.0	83.7	82.1	74.5	77.4

Source: Hawaii Hotel Association; Harris, Kerr, Forster, & Co.

Senator INOUE. Our next witness is Mr. Mamoru Saiki, president, Hawaii Food Industry Association.

Welcome.

Mr. SAIKI. Thank you.

STATEMENT OF MAMORU SAIKI, PRESIDENT, HAWAII FOOD INDUSTRY ASSOCIATION

Mr. SAIKI. Mr. Chairman and committee members, my name is Mamoru Saiki, and I am the vice president for merchandising of Star Super Markets, a locally owned grocery chain. I am also the president of the Hawaii Food Industry Association, representing all locally owned chain markets, and the majority of the smaller independent grocers in Hawaii, as well as many of the local manufacturers and wholesalers.

I would like to give some insight into what a retail grocery chain faces in Hawaii because of our insular position.

Because it takes 3 to 5 weeks after we place an order, for us to see our merchandise we must plan well in advance. However, the consumer in Hawaii is well aware of what happens in Hawaii when we have a dock strike, or a threat of a strike. They have trained themselves to stockpile whenever any rumors come about, and what happens is that we have a run on certain products before we even know what is going on. This has happened to us with toilet paper. Our shelves were emptied within a few days. Because we were not expecting it, we were without toilet paper for several weeks at a time. This has also happened with rice, cooking oil, salt and other items.

This year, we had threats of a dock strike in both June and September. My store stocked up on inventory with a 4 weeks' supply, and because there was no strike, we are still attempting to unload our inventory. Our normal inventory is 7 to 10 days.

Local grocery chains, with the exception of possibly two, purchase the majority of their products directly from wholesale firms in Hawaii. All of the independent stores purchase the majority of their products directly from local wholesale firms, making it a requirement for the wholesaler to stock up on the goods. However, many of our locally owned wholesalers are not in a position to stockpile because of lack of warehousing space, and capital necessary. Even with limited stockpiling, the consumer can wipe out any product within a matter of 3 to 4 days if they feel there is going to be a shortage on the product.

Most retailers feel that it is not profitable for them to stockpile, because of the high cost of labor, warehousing, and the risk of being stuck with merchandise.

Our association is in support of legislation to protect Hawaii from its vulnerable position during any dock tie-up, not for our own protection, but for the protection of the people of Hawaii. The object of a strike is to hurt those in the arena, and not the bystander. The people of Hawaii deserve some protection in this area.

Mr. Chairman, I thank you for this opportunity, and I will be happy to answer any questions that I can.

Senator INOUE. I thank you very much, Mr. Saiki. This new insight is most helpful to us. I appreciate it.

By the way, do you have any figures as to what this additional inventory means in terms of dollars to the consumers?

Mr. SAIKI. Well, I do not have figures as far as the industry goes, but I do have some figures as far as my company goes.

Senator INOUE. That would be very helpful, sir.

Mr. SAIKI. During the month of August, when we were stockpiling, I built up my inventory to approximately \$350,000 over and above the normal inventory that I am carrying. And with the costs, we feel it has cost us approximately over \$3,000. And I still have part of the inventory still left in my warehouse. So overall, because of the stockpiling, because of the labor scheduling of getting this product out on the shelf, there is additional cost in my labor scheduling. The productivity of an employee falls far below, approximately 20 percent below, my normal conditions under which we schedule our help.

Senator INOUE. And obviously, this additional cost is passed on to the consumer?

Mr. SAIKI. I think in our position, I think the supermarket, because of the very competitive area that we are in, there is no way that we can pass it on. We just have to swallow it ourselves.

Senator INOUE. During the shipping interruption, did you have to fire people?

Mr. SAIKI. No. I didn't fire people because of the conditions that—in our business, I am talking from my experience as far as my company goes—we use a large percentage of part-timers. We did reduce our force in the total labor usage because of the products not being on our shelves and customers not buying.

Senator INOUE. Thank you very much, sir.

Our next witness will be speaking in behalf of the Conference of Elected Republicans, State of Hawaii, by Senator John Leopold.

Welcome to the hearing.

STATEMENT OF HON. JOHN LEOPOLD, STATE SENATOR, CONFERENCE OF ELECTED REPUBLICANS, STATE OF HAWAII

Mr. LEOPOLD. I want to thank you for taking the time to hear the testimony of the people of Hawaii.

I might mention that Senator Pat Saiki, who also cochaired the Conference of Elected Republicans, very much wanted to be here today, but he is on tour of mainland China.

I am testifying today as cochairperson of the Conference of Elected Republicans, and on behalf of all of Hawaii's elected Republicans. I want to express strong support for the passage of S.1126 sponsored by Senator Daniel K. Inouye.

There is no doubt that Hawaii needs some type of protective legislation from devastating shipping tieups. Approximately 80 percent of the goods consumed by the people of Hawaii must be imported; 98 percent of it comes by water. Much has been said of the necessity of legislation and the effects of a strike. Certainly, the 120-day exemption of Hawaii or any U.S. Pacific island from a west coast strike is an acceptable and I might say a very fair solution.

I would like to briefly cite certain key points:

1. Any interruption in shipping depletes our food supply; the most noticeable is rice, the local staple.

2. All consumer goods become scarce. Hawaii has virtually no natural resources to manufacture goods such as cars, machinery, textiles, fuel, and medical supplies.

3. Raw sugar, the major export, must stagnate in makeshift storage areas until the ships move.

4. Businesses are affected in various ways: inventories for retail and wholesale dealers do not come in. Business trade, buying and selling, slows down. Construction must stop for lack of building materials. Unemployment rises. The economy is taxed to near collapse. Small businesses are hit harder. It is disheartening to see a person's efforts assaulted and broken down by one long strike.

5. The consumer is forced to stockpile and ration some of the basic necessities mainlanders take for granted, such as food, paper goods, salt. This is an expensive, uneconomical way to protect ourselves from the effect of a strike.

More than once shipping has been referred to as Hawaii's lifeline. Because we bring in the necessities of life and our economy is so sensitive to disruptions in shipping, there must be some protection to ease the anxiety of continual and prolonged tie-ups in order to live a decent life in this State.

Thank you for this opportunity to testify.

Senator INOUE. Thank you very much, Senator Leopold.

Our final witness is the executive vice president of the Pineapple Growers' Association of Hawaii, Mr. John J. Tolan. Last, but not least.

Mr. TOLAN. There are a couple of paragraphs I'll drop out. I know you won't mind.

Senator INOUE. Without objection, your full statement will be made part of the record.

Mr. TOLAN. Thank you.

STATEMENT OF JOHN J. TOLAN, EXECUTIVE VICE PRESIDENT, PINEAPPLE GROWERS' ASSOCIATION OF HAWAII

Mr. TOLAN. I am John J. Tolan, executive vice president of the Pineapple Growers' Association of Hawaii, representing the three pineapple companies operating in Hawaii. They are Castle and Cook Foods, better known here as Dole, Del Monte Corp., and Maui Land and Pineapple Co., Inc.

These businesses operate pineapple plantations, can-making plants and pineapple canneries in Hawaii and have the same needs for incoming supplies, materials and equipment to keep these operations going as do the other businesses operating in this Island State, and they face the consequences, as do the others, when shipping tieups hit these Islands.

But shipping tieups hit our pineapple companies both coming and going. The markets for our production are overseas—Hawaii's fresh and canned pineapple and pineapple juice must be transported by ships, except for minor tonnage by air.

We have no alternative means by which to transport our fruit to the marketplace as do the competitive foods produced in mainland States, by truck or rail, for example.

The loss of this lifeline to our markets, when it occurs, is both immediate and long-lasting; the effects of these shipping tieups are felt in

this basic Hawaiian industry long after the eventual, and inevitable, restoration of shipping.

Pineapple as an industry and as a major contributor to the economy of this State is striving to survive and remain in Hawaii.

Two years ago, on October 20, 1973, the principal officer from each of these three pineapple companies presented statements to the members of the Hawaii congressional delegation. Seriously concerned about the future of pineapple as an industry in Hawaii, they had convened this hearing in Hawaii. Announcements of cutbacks in pineapple acreage by two of the companies, Dole and Del Monte, had been made earlier in the year. Each testified that for the previous 7 to 10 years, their respective pineapple operations in Hawaii had suffered losses or were barely breakeven years. However, each expressed the hope, but with guarded optimism, that given a better business climate in which to operate in Hawaii, and by that they meant given the kinds of help that only Government can provide, there was the expectation that the pineapple industry could be revived and continue in Hawaii.

The pineapple industry had made specific recommendations for this purpose of conveying the need for help in a special report to the State of Hawaii, and we are pleased to report today that much of the help requested has since been provided. However, one of these specific industry recommendations in the report remains a serious, unresolved problem—a serious threat to our industry—and I quote the recommendation from the special report:

That the State Administration and Legislature take any and all steps possible to free Hawaii from the recurring costs, penalties and economic damage resulting from disruptions in our vital ocean shipping.

S. 1126 is legislation that will provide this vitally-needed protection from severe handicaps that shipping interruptions, or the threat thereof, place on our industry—on all Hawaii for that matter—and where the dispute is not of Hawaii's making.

The unique position of the State of Hawaii, its people, Hawaii's pineapple industry, in all equity and reasonableness, begs for the protection that this legislation will provide.

Senator INOUE. With that note of the pineapple industry. I thank you very much.

[The statement follows:]

STATEMENT OF JOHN J. TOLAN, EXECUTIVE VICE PRESIDENT, PINEAPPLE GROWERS ASSOCIATION OF HAWAII

I am John J. Tolan, Executive Vice President of the Pineapple Growers Association of Hawaii—representing the three pineapple companies operating in Hawaii. They are Castle & Cooke Foods (better known here as Dole), Del Monte Corporation and Maui Land & Pineapple Company, Inc.

These businesses operate pineapple plantations, can making plants and pineapple canneries in Hawaii and have the same needs for incoming supplies, materials and equipment, to keep these operations going, as do the other businesses operating in this island state, and they face the consequences, as do the others, when shipping tieups hit these islands.

But shipping tieups hit our pineapple companies both coming and going. The markets for our production are overseas—Hawaii's fresh and canned pineapple and pineapple juice must be transported by ships, except for minor tonnage by air.

We have no alternative means by which to transport our fruit to the market place as do the competitive foods produced in mainland states, by truck or rail, for example.

The shipping weight of our canned pineapple and juice production for the latest pack year, which ended in May 1975, totaled 347,000 tons; to quantify and visualize this production another way, there were 17,900,000 cases of canned product to be moved. In addition, 36,000 tons of fresh pineapple were shipped during the year out of Honolulu harbor.

From the magnitude of these figures, and the fact that pineapple is by far the largest cargo that moves to the mainland from Hawaii in Matson Containers, (I believe it is over 70% of all of Matson's Eastbound container tonnage) one can understand the tremendous impact any interruption in shipping can and has had on Hawaii's pineapple industry.

The loss of this life-line to our markets, when it occurs, is both immediate and long-lasting; the effects of these shipping tieups are felt in this basic Hawaiian industry long after the eventual—and inevitable—restoration of shipping.

Pineapple is a seasonal industry with most of the production for the year in June, July and August. Failure to get our product to markets on a regular dependable basis results in lost sales and revenues (which are not "made up"), results in additional and abnormal costs of storage in the Islands, particularly when the interruption occurs during the packing season, and there are additional losses and costs incurred and complications encountered by the pineapple companies after the strike. I would like to elaborate on this latter point.

Due to the unavailability of pineapple, the lack of continuity of supply, for whatever the reason, the space on the supermarket shelves which is difficult to obtain and so hard to hold, is lost. The space lost to Hawaiian pineapple will be used to stock and position competing main'and fruits—peaches, pears, fruit cocktail, convenience foods (such as prepared desserts) and foreign canned pineapple as well.

Preventing the loss of shelf space for its pineapple in the supermarket is a top priority for each pineapple company. Obviously, if the product isn't stocked, the consumer cannot purchase it—RESULT—Loss of sales. Further, we are competing with 6000 to 7000 items stocked by a supermarket, all of which emphasizes the importance of keeping space once you have it.

Then there are other costs involved—and losses incurred. These are the costs involved in getting a product back on the shelves once it has been taken off—and the loss of sales during the time that it takes to get the produce back on. This in turn, is dependent upon the particular customer, consumer demand, amount of additional monies expended by the individual members for advertising and merchandising to influence acceptance of the product. From the past experience of our companies, we know the length of time can be months and years—before reinstatement of their products is accomplished, and sometimes never.

Pineapple as an industry and as a major contributor to the economy of this state, is striving to survive and remain in Hawaii.

Two years ago, on October 20, 1973, the principal officer from each of these three pineapple companies presented statements to the members of the Hawaii congressional delegation. Seriously concerned about the future of pineapple as an industry in Hawaii, they had convened this hearing in Hawaii.

Announcements of cutbacks in pineapple acreage by two of the companies, Dole and Del Monte, had been made earlier in the year. Each testified that for the previous seven to ten years, their respective pineapple operations in Hawaii had suffered losses or were barely breakeven years. However, each expressed the hope, but with guarded optimism, that given a better business climate in which to operate in Hawaii, and by that they meant given the kinds of help that only government can provide, there was the expectation that the pineapple industry could be revived and continue in Hawaii.

The pineapple industry had made specific recommendations for this purpose of conveying the need for help, in a special report to the State of Hawaii, and we are pleased to report today that much of the help requested has since been provided. However, one of these specific industry recommendations in the report remains a serious, unresolved problem—a serious threat to our industry—and I quote the recommendation from the special report:

"That the State Administration and Legislature Take Any and All Steps Possible to Free Hawaii from the Recurring Costs, Penalties and Economic Damage Resulting from Disruptions in our Vital Ocean Shipping."

S. 1126 is legislation that will provide this vitally needed protection from severe handicaps that shipping interruptions, or the threat thereof, place on our industry—on all Hawaii for that matter—and where the dispute is not of Hawaii's making.

The unique position of the State of Hawaii, its people, Hawaii's pineapple industry, in all equity and reasonableness, begs for the protection that this legislation will provide.

Maui Land and Pineapple Company, Incorporated, while agreeing with the other members of the Pineapple Growers Association of Hawaii, would like to submit an additional statement in support of uninterrupted shipping bill, S. 1126, because of its unique position in the canning industry. Their statement, as a part hereof, is as follows:

"We sell our product, canned pineapple and pineapple juice, throughout the world. Our basic competition is first, canned pineapple produced by other companies, and secondly, other canned fruits and juices.

"Within this competitive framework, we are the only producer whose entire output comes from Hawaii as we grow and can all of our product on Maui. Hence, all shipments to all markets must be shipped from Hawaii. Almost all of these shipments go across the U.S. mainland West Coast docks as well. Therefore, in the event of a shipping strike on the West Coast or in Hawaii, we are unable to get our product to market.

"This, in itself creates a tremendous, immediate, economic burden, but additional serious long-term damage occurs because of the nature of our market.

"We are in the business of supplying canned pineapple and juice to supermarket chain stores, wholesale grocers, etc. under the chains' or grocers' own private brands. This means we are packing our product under many different brands and our distribution problems are much greater than those of a packer of an advertised brand distributing for the most part under one label. Therefore, it is more difficult and costly for us to either prepare for a threatened strike or to recover and refill supply lines after an actual strike. This results in both an immediate loss of sales and profits and the possible long-term loss of sales and profits and the possible long-term loss of private label customers.

"Accordingly, we feel that a shipping strike in Hawaii and/or on the U.S. West Coast mainland more severely affects Maui Land and Pineapple Company than any of our competitors, whether they be pineapple canners or canners of other fruits, and seriously affects our ability to remain a valuable contributor to the economy of Maui and the State of Hawaii."

Senator INOUE. This subcommittee will stand in adjournment.

[The hearing was thereupon adjourned at 3:30 p.m.]

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

STATEMENT OF EARL B. RUTH, GOVERNOR OF AMERICAN SAMOA

The relief and benefit to American Samoa by passage of Senate Bill 1126 is both long overdue and crucial to the ongoing economic development of the territory.

It is a matter of record during the past 15 years—a period of accelerated development of basic infrastructure by government and accompanying growth in industrial and commercial activity—that stoppage of regular shipping services to American Samoa has caused extended delays in construction of schools, roads, electrical service facilities, and numerous government construction projects. Likewise, it has disrupted the normal supply of a full range of consumer goods including foodstuffs to the residents of American Samoa.

The territory relies extensively upon regular, though not frequent, shipment of goods from the West Coast of the United States. Indeed, our major line of supply extends from the West Coast ports of Seattle, Portland, San Francisco and Los Angeles to American Samoa and on to the South Pacific. Our major industry, the tuna canneries, likewise depends upon these same services for return shipment of tuna, our only major export.

If the territory is to move toward self-determination and greater self-sufficiency through orderly economic growth and development, it is imperative that we not be subject to any action which disrupts this service—particularly that action which lies outside of territorial jurisdiction and in which we have no voice or opportunity for recourse.

I lend my full support as Governor of American Samoa to Senate Bill 1126 and look forward to its passage.

EARL B. RUTH.

STATEMENT OF VALERIE HUMPHRIES, PRESIDENT OF THE WINDWARD ACTION GROUP AND RESOURCE CENTER, KANEHOE, OAHU

Simply put, I should like to say that we are indeed sorry not to have been able to testify orally in Hawaii before Senator Inouye and sincerely hope that these remarks will arrive in Washington in time to be included in the record in support of S. 1126. Our organization, a non-profit one, dedicated to the purpose of promoting the health, safety and general welfare of its members as well as all citizens of Hawaii, feels that no other bill has come along in recent times that touches their lives as does S. 1126.

The issue plainly is the cost of living in Hawaii. As, on the mainland has been increasing steadily for many years. For the shopper, consumer, this damaging inflation is most noticeable recently in the grocery store. Longshore strikes only increase the burden of food inflation as well as other commodities.

We are likely to pay more for these things in Hawaii than on the mainland because of our separation and the economics of industries that are the providers. For example in the food area, we should keep the margin as low as possible. We should insure maximum price and quality competition at the grocery store level. The best economic regulator is an informed and active consumer who buys where the prices and quality are best.

One way to insure that price competition works is *let the customer know exactly what the prices are*. However, under the circumstances, that of looming strikes, it is impossible for this to happen. Consumer protection is nil.

While we recognize that the cost of shipping food and other goods to Hawaii will always represent a cost increase slightly higher than the mainland it need not spiral to costs so prohibitive that it threatens the safety and health of its people.

We would hope that the State of Hawaii could become less reliant on the mainland but, we know in truth that it will never be entirely so. That our life-line will be dependent upon the mainland.

After all, "no man is an island unto himself" we need each other there will be times when the constituencies of the other 49 States will have need of us and we will rise to that occasion. We know, that it is difficult to get across to someone from Appalachia the needs of people seemingly removed from the problems, but with communications as they are today the world truly is not in fact so far away.

We suggest that Members of the Committee become cognizant of the fact that many members of their constituent families have come to Hawaii shores to make their home and that they would not wish to offend. And more in keeping with the spirit of the constitution acknowledge that there are 50 States and Hawaii is one of them.

Hawaii asks no more than its fair share . . . and the name of the game is trade and commerce, is it not?

In conclusion, we do not think that passage of this legislation to be anti-labor and protection of our economy is in the best interest of the people of our State. This assistance is long overdue and we hope that this bill will be supported by Congress and the President.

Our 750 members join in thanking the Chairman and Members of the Committee for the opportunity to present these remarks.

STATEMENT OF E. F. ANDERSON, JR., DIRECTOR, MATERIAL & STORES, GASCO, INC.,
HONOLULU, HAWAII

It is not feasible to stockpile inventory on an ongoing basis for a potential shipping tie-up. The gross cost to a utility's customers (even with a limited rate of return) would be prohibitive. GASCO, Inc. would need to increase its normal inventory 50% to prepare for a 90-day shipping tie-up. This amount does not include requirements for major capital projects under construction which vary from month to month and would be substantial.

Stockpiling twice normal inventory would jeopardize the utility's cash position, throw the working capital out of balance and create needless ongoing expense. Many indirect costs arise from acquiring and owning stocks of goods. The annual total of such expenses usually exceeds 40% of the value of the actual dollar value of the inventory materials. Stockpiled material costs usually exceed even this amount due to additional outside warehousing costs, non-utilization, deterioration and obsolescence of the inventory itself.

GASCO, Inc. is mainly concerned with bulk catalyst and chemicals, pipe and pipe fittings, LP-gas tanks and cylinders, construction type material and appliances. These items are physically long, bulky and heavy. Hawaii's only alternative, conventional air freight, cannot be utilized for the carriage of the majority of these items. Charter air service is out of the question due to points of origin coordination problems (Illinois, Kentucky, Tennessee, Los Angeles, and San Francisco plus others), replenishment factors and the excessive cost involved in special tentative stand-by arrangements. Conventional air freight is three to four times more costly than surface freight. The shipping cost of a gas stove from Illinois is \$19 versus \$65 for air freight. It would not be feasible for GASCO to pass on all of these costs. Physical warehousing and storage is not available in Honolulu for this larger quantity of stockpiled material. Storage is a major problem and extremely costly where land values are excessive and all goods arrive at one point, the seaport, requiring transhauling.

GASCO, Inc. would be unable to provide essential utility services and appliances if there would be an extensive, all-inclusive shipping tie-up. All types of construction projects and manufacturing would cease and essential food-related activities seriously curtailed. The economy of the State of Hawaii would be wrecked or seriously damaged for a long recovery period.

STATEMENT OF TIM LYONS, EXECUTIVE DEPUTY DIRECTOR, HAWAII BUSINESS LEAGUE

MR. CHAIRMAN AND COMMITTEE MEMBERS: My name is Tim Lyons, Executive Deputy Director of the Hawaii Business League, an association of over 1,000 businesses which operate in our State. I am submitting this testimony on their behalf, in the hopes that it will aid this committee in better understanding the problems of doing business in Hawaii. Further, I should hope that the committee

members will better understand why a bill of this nature is so very important to long-term growth and the survival of many of Hawaii's businesses.

It appears that part of the problem in obtaining passage of this bill is one of education. Congressional representatives and senators and the general public are unaware of the unique business operating situation which exists here.

This is well demonstrated by mainland visitors who, while reading the local real estate section, sit in utter shock, and disbelief as they review purchase prices and lease rents. Further amazed by the high cost of services and products, the disproportionate inventories maintained, high utility bills, extra shipping costs and so on, they are soon able to agree that we are, in fact, in a unique situation.

The point is that it takes a personal visit, or participation in local business operations, in order for people to realize this. It is not terribly surprising to find this bill being stuck in committee, time and time again.

People wonder why we, the people who live in "paradise" should have provisions for special relief in a strike situation. Typically, once educated as to our special problems, I find the majority of these visitors wondering why such a bill was not provided long ago.

The small businessman in Hawaii is just like those small businessmen on the mainland except for high overheads and a recurring threat of being forced to go out of business. It is frustrating enough to operate a business, provide products and services and provide employment anywhere in America today without this additional problem. To be faced with bankruptcy or cash flow problems due to mismanagement, or a lack of demand is one thing—to be faced with bankruptcy while the demand is there, the consumer willing and able to pay, but the product sits on the dock on the West Coast—well, that is another thing.

An interrupted flow of goods to Hawaii creates monstrous problems: it interrupts cash flow, paychecks, accounts receivable and payable, inventories, etc. It throws the entire economy of our State out of balance. This is unfair and a problem which deserves the attention of the nation.

We do not support legislation that interferes with the process of collective bargaining. We understand the goals and purposes here but think that the current result of this practice produces an unequitable situation as contrasted to similar situations on the mainland.

We are in full support of legislation that will equalize the effect of a strike situation.

The supply and demand principles of economics still weigh heavily in all business operations. With one element removed the impetus is provided which can cripple a business or the economy as a whole. We, our members, other businesses, the consumer and the State as a whole are in sore need of protection in order to ensure a continuance of operations.

We urge this committee and the Congress of the United States to act favorably upon S. 1126 and provide the nation's 50th State with this relief.

I thank you for the opportunity to submit testimony and hope that my comments may be of value to you.

TERRITORY OF GUAM,
OFFICE OF THE GOVERNOR,
Agaña, Guam, October 7, 1975.

HON. DANIEL K. INOUE,
*Chairman, Subcommittee on Foreign Commerce and Tourism, U.S. Senate,
Committee on Commerce, Washington, D.C.*

DEAR SENATOR INOUE: Thank you very much for your letter of September 24th inviting me to testify at the public hearing to be held in Honolulu October 15th on Senate S. 1126, "The Hawaii and United States Pacific Islands Surface Commerce Act of 1975".

Unfortunately my schedule will not permit me to attend this hearing in person. However, I am enclosing herewith five copies of my statement in support of the bill for the record pursuant to the instructions contained in your letter.

Again, I am pleased to be able to submit this testimony, and hope that it will be of assistance to you and your staff with regard to this most important piece of legislation.

Sincerely yours,

RICARDO J. BORDALLO,
Governor.

Enclosures.

STATEMENT OF HON. RICARDO J. BORDALLO, GOVERNOR OF GUAM

Mr. Chairman and members of the subcommittee, it is a pleasure for me to submit this testimony on a bill which vitally concerns the welfare of the citizens of the Territory of Guam.

The importance of the shipping industry to the Territory of Guam cannot be overstated. Like any small community, Guam imports most of the goods it needs. Since more than 50% of these imported goods come from the United States, shipping between the mainland and Guam is essential both to Guam's economic and its social well-being.

Any community of only 100,000 people will import a substantial portion of its needed goods. Guam, being an island community of about that population acquires most of these imports by ship. As an illustration of the significance of Guam's imports, I refer now to trade records from fiscal year 1972, the most current statistics available which are categorized.

Guam imported \$20.7 million during that year in live animals, the vast majority of which were used for food, and other food commodities. At the same time, the island's agricultural and fishery output amounted to only \$571 thousand. All manufactured goods consumed on Guam are imported except for a small amount of processed food and some garments.

The United States plays a major role in Guam's import market. \$11.7 million of food and live animal imports (mostly food), or 57%, came from the United States during fiscal year 1972. Of total imports in fiscal year 1973 of \$211.1 million, \$108.4 million or 51% came from the United States. Thus, imports from the United States are essential for Guam's survival. Of the total figure imported from the United States, more than 95% or \$103.2 million arrived via *surface shipping* with the remainder by air. I cannot overemphasize the importance of that statement, particularly within the context of the bill being heard today.

It is obvious from the foregoing that Guam would suffer from a west coast shipping strike. Two recent strikes have had such adverse effects: the dock strike called by the International Longshoremen's and Warehousemen's Union (ILWU) in July 1971 and the shipping strike called by the Masters, Mates, and Pilots Union in October of 1972. The immediate impact of these strikes was an acute shortage of goods which are normally imported. Food items—particularly, perishable fruits and vegetables—posed the most critical problem, and I refer you to the appendix of this text for supporting data in that regard.

According to available statistics on surface cargo from the United States to Guam for the third and fourth quarters of calendar year 1971, total imports during the third quarter amounted to approximately \$7 million compared to a total of \$12 million for the fourth quarter. The 1971 ILWU strike took place during the third quarter. Barring the seasonal factors in the volumes of importation, the difference of \$5 million or more than 40% in imports between the two periods can reasonably be attributed to the strike.

Additionally, information gathered by local merchants during the 1971 strike showed acute shortages of many essential consumer goods.

The Master, Mates and Pilots Union strike of October 1972 had similar effects. For the purpose of the Guam consumer price index (CPI) the Government of Guam was able to collect 412 price quotations for the food component of the CPI in September 1972; in November, after the strike was called, only 375 quotations were collected because of "out-of-stock" items, and this situation continued through February of the following year. When the management of establishments were asked to explain their depleted stocks, it was reported in virtually every case that the shortages were due to the shipping strike.

The Guam consumer price index was made operational with the base price survey conducted during the first quarter of fiscal year 1973. We did not have statistical measures with which to evaluate the full impact of the 1971 strike on the domestic price level. However, according to the consumer price index for the first and second quarters of fiscal year 1973—the period that was affected by the 1972 shipping strike, the Guam consumer price index increased at an annual rate of 9.7%, with prices of food, appliances, and housekeeping supplies increasing most. As might be expected, fresh vegetables and fish registered inordinate price increases, while most other items also increased substantially but at somewhat lesser rates. While it is difficult to determine exactly what portion of these increases can be directly attributed to the shipping strike, it is apparent that the strike played a major role in this regard.

A secondary effect of such strikes concerns employment in the construction, retail and wholesale sections of the economy, which rely heavily on imported materials. Unfortunately, we do not have adequate statistics to evaluate accurately the full impact of strikes on such employment. However, there can be no doubt that the problem is genuine as was so painfully experienced in the State of Hawaii during the prolonged 1971 strike. In Hawaii, for example, from November 1970 to November 1971, employment declined by 13.9% in the construction industry and by 13.6% in manufacturing. Similarly, a prolonged shipping strike would no doubt have a paralyzing impact on the industries on Guam which rely heavily on external sources for supplies.

To meet such an emergency, one possible solution may be the construction of large warehouses and storage facilities on the island so that non-perishable items could be stocked. Needless to say, however, these high inventory levels would only add to Guam's already-high cost of living. Another alternative would be to rely more heavily on air freight, but this too would augment prices. Preventing interruptions in shipping due to strikes as contemplated in Senator Inouye's bill is the one superior solution.

Many of Guam's exports go to the United States. Of total exports of \$10.9 million during the latest year for which statistics are available, Guam exported \$4.3 million or 39% to the other states and territories. A shipping strike would hinder such exports resulting in severe hardship for Guam's infant manufacturing sector.

The inescapable conclusion, based on the facts I have just recited, is that surface shipping between the United States mainland and Guam is vital to Guam's survival. This is true because surface shipping provides both a source for goods needed on Guam and a source for marketing Guam's commodity exports. Any interruption of such shipping would be extremely detrimental to the well-being of the people of Guam. The consequences of such interruption are simply too great to allow them to occur as a result of labor-management disputes. Accordingly, I strongly recommend that the subcommittee act favorably on S. 1126.

APPENDIX

ELEVENTH GUAM LEGISLATURE,
OFFICE OF THE MINORITY LEADER,
Agana, Territory of Guam, September 8, 1971.

HON. CARLOS G. CAMACHO,
Governor of Guam, Office of the Governor, Agana, Guam.

DEAR GOVERNOR CAMACHO: We are submitting for your information and serious consideration the attached lists of essential items already out of stock in the various business establishments in Guam, due to the dock strike in the West Coast. We have listed the priority on these items as follows: baby food and formula; chicken, beef and pork; dairy products; chlorine and pest control chemicals.

We believe that the dock strike has made the condition here critical. It's just a matter of time before it turns into a state of emergency, if the strike drags on further. With this regard, we are urging you to intervene and take immediate steps to have these essential items shipped to Guam aboard military vessels, thru the courtesy of CINCPAC. We also wish to advise you that we must think 30 days ahead because it takes that long for cargo ships to arrive in Guam.

For the best interest of the people of Guam and to alleviate the tightening food condition, the Committee hereby urges your immediate action on this matter.

Very truly yours,

PAUL M. CALVO,
Chairman Pro Tem,
Guam Import Crisis Committee.

Attachments

CABLE ADDRESS:
ADA'S GUAM

ADA'S, INCORPORATED
P.O. BOX 47 AGANA, GUAM 96910
TELEPHONE AGANA 772-6851

SHOW THIS NUMBER ON
PACKAGES, INVOICES AND RE-
FERENCE TO THIS ORDER.

P.O. 0623

REQ. NO. _____ FOR _____ DATE REQUIRED _____ TERMS _____ DATE _____
EMERGENCY XXXXXXXXXXXX OPEN ACCOUNT 9/3/71

TO: CAMPA MERCANTILE CO.
141 BATTERY STREET
SAN FRANCISCO 11, CALIF. 94111

**PURCHASE
ORDER**

SHIP
TO

SHIP VIA AIRFREIGHT

ADA'S INC.
P.O. BOX 47
AGANA, GUAM 96910

SHIPPING MARK "ADAING"

QUANTITY RECEIVED	QUANTITY ORDERED	PLEASE ENTER OUR ORDER FOR THE FOLLOWING	WEIGHT PER CASE	UNIT PRICE TOTAL PRICE
		<u>POULTRY</u>		
<u>FREEZE</u>	<u>395 cs.</u>	<u>WYERS</u>	<u>38</u>	<u>15,000</u>
"	<u>10 cs.</u>	<u>CHICKEN BREAST 12/1#</u>	<u>12</u>	<u>120</u>
"	<u>10 cs.</u>	<u>CHICKEN THIGH 12/1#</u>	<u>12</u>	<u>120</u>
"	<u>10 cs.</u>	<u>CHICKEN DRUMSTICK 12/1#</u>	<u>12</u>	<u>120</u>
		<u>PORK</u>		
<u>FREEZE</u>	<u>100 cs.</u>	<u>SPARE RIBS 3/5</u>	<u>35</u>	<u>3,500</u>
"	<u>77 cs.</u>	<u>PORK LOINS</u>	<u>78</u>	<u>6,000</u>
"	<u>73 cs.</u>	<u>PORK BUTTS</u>	<u>55</u>	<u>4,000</u>
"	<u>40 cs.</u>	<u>U.S. PORK FEET</u>	<u>30</u>	<u>1,200</u>
"	<u>15 cs.</u>	<u>U.S. SLICE BACON 1#</u>	<u>48</u>	<u>720</u>
"	<u>50 cs.</u>	<u>DINNER FRANKS</u>	<u>50</u>	<u>2,500</u>
"	<u>50 cs.</u>	<u>H.C. FRANKS</u>	<u>50</u>	<u>2,500</u>
"	<u>10 cs.</u>	<u>BOLOGNA</u>	<u>61</u>	<u>610</u>
"	<u>15 cs.</u>	<u>COOKED SALAMI</u>	<u>65</u>	<u>975</u>
"	<u>15 cs.</u>	<u>GENIO FRANKS</u>	<u>54</u>	<u>810</u>
<u>CHILL</u>	<u>20 cs.</u>	<u>HULMAN HAM</u>	<u>59</u>	<u>1,180</u>
"	<u>10 cs.</u>	<u>LUNCHEON MEAT</u>	<u>54</u>	<u>540</u>
	<u>900 cs.</u>			<u>39,895</u>

ADA'S

CABLE ADDRESS
ADA'S, GUAM

ADA'S, INCORPORATED
P.O. BOX AP AGANA, GUAM 96910
TELEPHONE AGANA 772-6851

SHOW THIS NUMBER ON ALL
PACKAGES, INVOICES AND RECEIPTS
TO THIS ORDER.

P.O. 0624

REG. NO.	FOR	DATE REQUIRED	TERMS	DATE
	EMERGENCY		OPEN ACCOUNT	9/3/71

TO: CAMPA MERCANTILE CO.
141 BATTERY STREET.
SAN FRANCISCO 11, CALIF. 94111

**PURCHASE
ORDER**

SHIP VIA AIR FREIGHT

SHIP TO → ADA'S INC.
P.O. BOX AP
AGANA, GUAM 96910 SHIPPING MARK "ADAINC"

QUANTITY RECEIVED	QUANTITY ORDERED	PLEASE ENTER OUR ORDER FOR THE FOLLOWING	WEIGHT PER CASE	UNIT PRICE	TOTAL PRICE
		<u>U.S. CHOICE BEEF</u>			
<u>FREEZE</u>	<u>20 cs.</u>	<u>STRIPLOIN</u>	<u>59</u>		<u>1,180</u>
<u>"</u>	<u>20 cs.</u>	<u>TENDERLOIN</u>	<u>48</u>		<u>960</u>
<u>"</u>	<u>20 cs.</u>	<u>HAMBURGER</u>	<u>50</u>		<u>1,000</u>
<u>"</u>	<u>20 cs.</u>	<u>BONE OXTAIL</u>	<u>50</u>		<u>1,000</u>
		<u>VEGETABLES</u>			
<u>FREEZE</u>	<u>20 cs.</u>	<u>G & W CORN ON THE COB 12/4 ear</u>	<u>24</u>		<u>480</u>
<u>"</u>	<u>15 cs.</u>	<u>G & W FRENCH FRIED POTATOES 6/5#</u>	<u>30</u>		<u>450</u>
		<u>PRODUCE</u>			
<u>CHILL</u>	<u>150 cs.</u>	<u>BRUSCH</u>	<u>40</u>		<u>6,000</u>
<u>"</u>	<u>150 cs.</u>	<u>APPLES</u>	<u>40</u>		<u>6,000</u>
<u>"</u>	<u>100 cs.</u>	<u>LEMONS</u>	<u>55</u>		<u>5,500</u>
<u>"</u>	<u>30 cs.</u>	<u>GRAPEFRUIT</u>	<u>40</u>		<u>1,200</u>
<u>VENT</u>	<u>100 sk.</u>	<u>ONIONS</u>	<u>50</u>		<u>5,000</u>
<u>"</u>	<u>100 sk.</u>	<u>POTATOES</u>	<u>50</u>		<u>5,000</u>
<u>VENT</u>	<u>600 cs.</u>	<u>SIMILAC LIQUID PLAIN 24/13 oz. 24 lb.</u>	<u>C</u>		<u>14,400</u>
	<u>1345 cs.</u>		<u>TOTAL WEIGHT</u>		<u>48,170</u>
	<u>900 cs.</u>				<u>39,895</u>
	<u>2245 cs.</u>	<u>TOTAL CASES</u>	<u>GRAND TOTAL</u>		<u>88,065</u>

[Signature]

J & G PAYLESS MARKETS,
A DIVISION OF JONES & GUERRERO CO., INC.,
Agana, Guam, September 7, 1971.

To: Mr. Roy Sullivan.

From: A. D. Shipley.

As per your request, the following items from the States are in very short supply. In fact, our stores are completely out of most of the items:

- Frying chickens.
- Stewing chickens.
- Chicken parts.
- Turkeys.
- Canned hams.
- Pullman hams.
- Smoked hams.
- Luncheon meats (bologna, salami, chopped ham).
- Frozen foods of all varieties.
- U.S. meats (sirloin, T-bone, tenderloin, ground round, hamburger).
- Baby food (strained and junior, cereals).
- Canned vegetables and fruits of all kinds.
- Produce items (lettuce, potatoes, cabbage, onions, fruits, oranges, apples, lemons, pears, grapes).
- Jams and jellies.
- Coffee.

I would say that it is now necessary for arrangements to be made through the Navy to import these items to Guam within the next 3 weeks. While many of the items are coming from Australia and New Zealand, unfortunately the variety of the selection is not ample and therefore arrangements should be made to bring in stateside items as soon as possible.

MERCHANTS WHOLESALE CO., INC.,
Agana, Guam, September 3, 1971.

Senator PAUL CALVO,
Guam Legislature.

Attention: Miss Juanita San Agustin:

As per telephone conversation with Admiral Jones of the Guam Chamber of Commerce, we were informed that a ship will be coming to Guam with military cargo. Further, that this ship will be only fifty percent utilized by the military.

In view of this we were informed that it will be to the benefit of the Island if we were to approach the Governor to initiate action to request that the available excess space on this ship be allocated to the merchants in Guam to fill critical items that are now essentially needed.

The following are the items that we have been out of:

Rice—all kinds U.S.	Baby foods—Gerber and Heinz.
Meat—all kinds U.S.	Fresh fruits and vegetables—U.S.
Pork.	Cooking and salad oils—all kinds.
Beef.	Breakfast foods.
Chicken fryers.	Breakfast juices.
Baby formula as Similac, Enfamil,	Salts, peppers, vinegar, and other.

We would like to inform you that we have some of these items on order with our suppliers on the West Coast and just awaiting space on any ship that might be allowed to sail.

Yours truly,

MILSON J. LUCE.

INTERNATIONAL DAIRY ENGINEERING Co.,
Agana, Guam, September 4, 1971.

Armour—Dial.
 Keebler cookies.
 Snacks.
 French Fries.
 Bacon.
 Hot dogs.
 Hamburger.
 Orange juice.
 Paper products, cups, etc.

Spoons.
 Individual sugar, salt, etc.
 Ice cream mix 6/10 tins.
 Milkman.
 Meats, various.
 Butter.
 Margarine.
 Butter patties.
 Flavors, various.

Note: Above items are at a critical position due to the West Coast Longshoremen's strike.

BLHON CONSTRUCTION CO., CONSTRUCTION MATERIALS BEING HELD UP AT WEST COAST DUE TO STRIKE

Priority		Weight (tons)	Cube
4-----	1. J. F. K. Band/Music Room: Finishing materials like windows, doors, hardware, tackboards, chalkboards, acoustical ceiling, carpet, and railings.	12	1,295
2-----	2. PC Lujan Elementary School: Carpet and electrical fixture.	5	1,200
6-----	3. Catholic Medical Center: Finishing materials like windows, gypsum boards, toilet partitions, doors, finish hardware, and electrical fixture.	10	600
7-----	4. San Miguel Office Bldg.: Finishing material like windows, doors, hardware, mosaic tiles, tackboards, acoustic ceiling, toilet partitions, metal lockers, wood flooring, electrical, plumbing, and air-conditioning equipment.	24	900
1-----	5. Mongmong—Toto sewer: Pump station.	6	1,600
3-----	6. Ghura Site Preparation Increment No. 2: Pipes, cables, transformers, light fixtures, and light poles.	330	-----
5-----	7. U.S. Post Office and Bank of Hawaii: Finishing materials like carpet, acoustical ceiling, and gypsum boards.	3	388
	Total-----	390	5,983

MOBILE HOME, INC.

REQUIREMENTS FOR URGENTLY NEEDED ITEMS

A & C Refrigeration—Sealed Motor Compressors (for GovGuam). Will need Air Conditioners later.
 Architectural Products—Aluminum Extrusions, Glass, Wholesale Products, Phillips Red Head Products for 271 units. Have laid off 10 people.
 Atlantica Guam—PreFab Building.
 Black Const.—
 Dillingham—Navy is taking care of their needs—May bring out Barge.
 E. Dillon—Not hurting yet but needs fixtures.
 The Elton Co.—Butler Buildings—Wall Board.
 Hawaii State Steel—Navy.
 Hawaiian Rock—Navy.
 Heide & Cook—
 Honolulu Roofing—
 J & G—Form lumber—Plyform—Rough Plumbing & Electrical Parts for equipment and machinery.
 Kaiser Hawaii Kai—
 Martin-Close-Massart—Needs everything.
 Oripac—Paint and Drums of Liquid Insulation.

Philips & Ober—All stock.

Singer-Layne—1 Diesel Engine, 5 Pumps, 4 Motors. Will need 10 pumps in not too distant future (SAYS PUAG DESPERATELY NEEDS CHLORINE FOR SEWAGE SYSTEMS).

Massart—

Jack Peters—Doors (\$2,600), Misc. Metals (\$18,000), Aluminum Louvers (\$75,000), Basket Racks (\$13,000), Plywood (\$3,800), Ceramic Tile (\$10,000), Steel Rail (\$7,500), Corrugated Sheet Aluminum (\$2,000), Floor Tile (\$60,000), Adhesive, Toilet Partitions.

Atkins-Kroll—Transformers.

All materials to build 6 possible classrooms, specifically.

TOMMY'S BAKERY,
Marine Drive Tamuning,
September 8, 1971.

Senator PAUL CALVO,
Guam Legislature,
Agana, Guam.

DEAR SENATOR: Attached herewith are items that are necessary in the daily operation of a Bakery. Tommy's Bakery has reached the critical point in so far as these supplies are concerned. If no relief is in sight we have no other alternative but to close shop.

Very truly yours,

ROBERT TORRES.

TOMMY'S BAKERY

ITEMS NEEDED FOR CONTINUED DAILY OPERATION

Active dry yeast	Chocolate glo
Baking powder	Food coloring
Chocolate chips	Shortening
Apple filling	Liquid bread mix
Pumpkin filling	Salt
Walnut	Flour
Caribbean banquet	

HAWAII STATE FEDERATION OF LABOR, AFL-CIO.

October 15, 1975

Chairman & Members of the Merchant Marine Subcommittee, Committee on Commerce, U.S. Senate.

DEAR CHAIRMAN INOUE and members of the Merchant Marine Subcommittee: We herewith submit our written testimony regarding Senate Bill 1126. The required number of copies are included.

Please know that the Hawaii State Federation of Labor, AFL-CIO, opposes the passage of S. 1126 and respectfully but strongly urges its rejection. Furthermore, we heartily concur and endorse the views of the International Longshoremen's and Warehousemen's union regarding S. 1126. It is hoped our comments will further stress our common conclusion; namely, that S. 1126 should not be passed.

We appreciate this opportunity to share our thinking on this matter with you. Thank you for your prompt consideration and favorable reply.

Yours very truly,

A. VAN HORN DIAMOND,
Executive Secretary-Treasurer.

Enclosure.

STATEMENT OF A. VAN HORN DIAMOND, EXECUTIVE SECRETARY-TREASURER,
HAWAII STATE FEDERATION OF LABOR, AFL-CIO

RE SENATE BILL 1126

My name is A. Van Horn Diamond, Executive Secretary-Treasurer of the Hawaii State Federation of Labor, AFL-CIO. In terms of organizational structure, we are chartered and authorized by the Nation AFL-CIO to serve Hawaii's AFL-CIO unions as their State Central Body. As such, we can express the

collective interests of our AFL-CIO affiliates. Presently, our organization represents the collective views of no less than 40,000 workers who are employed in many of Hawaii's industries—martime, retail & service, government and construction.

Before proceeding, please know that we deem it an honor and indeed a great privilege to share our views with you on Senate Bill 1126. Accordingly, on behalf of the Hawaii AFL-CIO, we wish to sincerely thank you for this chance to comment on S. 1126. It is hoped our remarks will elicit favorable consideration and response from this honorable body.

We believe S. 1126 should be rejected; and, we respectfully but strongly urge the rejection of this proposed measure. In our judgment, S. 1126 will not really help Hawaii Nei or those other areas referred to in this proposed legislation. In the long run, we feel S. 1126 may even be detrimental—especially to the proper development of the collective bargaining process in terms of strengthening responsible bargaining by the participants.

We think adequate injunctive relief in strike situations is already provided by current U.S. statutes. As you know, injunctive relief has been used in prior years. Hence, based on what already exists, it would seem S. 1126 will only add a new set of circumstances to enjoin unions from exercising legal right to strike. In such a context, S. 1126 seems to be not simply a duplication but can be, perhaps, even punitive.

We share the concern of the ILWU in their testimony before this honorable body regarding Section 2(d) and Section 3(a) of S. 1126. That is, we do not wish to be singled out as the only ones faced with the prospects of a Governor empowered to seek injunctive relief of a Federal Judge from a legitimate West Coast tie-up. Moreover, we are honestly bothered by the implications such provisions may have on the core institution of our industrial relations, namely, America's collective bargaining system.

Further, in Section 3(a), the court is empowered not only "to enjoin that part of any strike or lockout or continuation thereof which interrupts normal shipping between the West Coast and any United States Pacific Islands." It can issue "such other orders as may be appropriate, in accordance with the provisions of this section." Such loosely stated authority gives too much flexibility to the courts.

We do not have formal training and certification in the law or its interpretation. But, we do think "such orders as may be appropriate", etc. can be easily misapplied. For example, a Judge philosophically opposed to unions could readily exploit such a provision. Furthermore, given the presumed overload in court calendars, it could then be possible to break the strike or bolster the employer's ability to resist bargaining responsibly before the injunction were repealed. We do not think that this is the intent of S. 1126; however, we are concerned that this will be the effect.

We understand the indiscriminate use of the injunction by the courts prompted the passage of the Norris-LaGuardia Act.

We here return briefly to underscore our belief that adequate injunctive relief already exists without the enactment of S. 1126. We offer the recent issuance of Federal injunctions against the International Longshoremen's Association (I.L.A.), AFL-CIO in certain port cities of the Gulf of Mexico as proof.

We are sure you know that the I.L.A. refused to load Russia-bound grain until the American consumer could be assured that 1975 would not be a repeat of the 1972 grain shortages. Notwithstanding the merit of the I.L.A. position, injunctions were issued. Compliance by the I.L.A. did ultimately occur.

The point is: proper safeguards are already available. Why must existing injunctive relief procedures be pre-empted by a State or Territorial government as identified in S. 1126?

Finally, Mr. Chairman and members of this Honorable Body, we contend that Labor/Management disputes can never be equitably resolved by court injunctions or artificial methods. Only honest and sincere face-to-face negotiations settles disputes. The negotiating parties know they must bargain in good faith. We think S. 1126, despite its presumed good intentions, does (1) let a Governor or high commission of a U.S. Pacific Island seek injunction against a Labor/Management dispute occurring outside his sphere of governance (2) permit the court to issue more than an injunction (3) duplicate current and applicable methods of injunctive relief (4) possess, we think, long term consequences which may be detrimental to the proper development of the collective bargaining system.

America's collective bargaining system truly reflects the extensiveness and character of our open society. Its beauty is the freedom of labor and management to agree as well as disagree; to resolve their differences by hard but candid bargaining and the legal right of unions to strike. It has been least productive when government has intervened. We also think it has worked best when bargaining in good faith by both parties prevails. We believe S. 1126 does not further bargaining in good faith.

Therefore, we again respectfully but strongly urge the defeat of S. 1126.

Thank you for your courteous attention and consideration of our views. It is our sincere wish you will agree with our recommendations to table S. 1126.

KONA CHAMBER OF COMMERCE,
KONACOAST, October 16, 1975.

Senator DANIEL K. INOUE,
*Chairman, Subcommittee on Foreign Commerce, and Tourism, FAA Building,
Room 414, 1833 Kalakaua Avenue, Honolulu, Hawaii.*

DEAR SENATOR INOUE: By previous correspondence I indicated to your Staff person, Barbara Sakamoto, that we support the verbal and written testimony regarding Senate Bill S. 1126, given by the Hawaii Island Chamber of Commerce's President, Mr. Walsh Hanley, on behalf of both the Hawaii Island Chamber of Commerce and the Kona Chamber of Commerce.

Our Members, Directors, and Officers support Bill S. 1126 as submitted. We respectfully request that you submit this information to the Subcommittee on Foreign Commerce and Tourism for entry into the records.

If you need any additional evidence of our community support of this Bill, please be encouraged to contact me.

Respectfully submitted and Aloha,

KEN MICHAEL,
President.

KAILUA CHAMBER OF COMMERCE,
Kailua, Hawaii, October 20, 1975.

The MERCHANT MARINE SUBCOMMITTEE,
*Senate Commerce Committee, Room 414 FAA Building,
1833 Kalakaua Avenue, Honolulu, Hawaii.*

GENTLEMEN: We would like to submit the following statement of our position on this bill for the record.

We recognize ours is but a very small voice crying out for attention to a special need. However, it must be obvious to everyone no other state in the union faces the same problems we confront by repeated, and often lengthy, dock strikes. Our situation is different and may, therefore, require different solutions than are necessary in other states.

We believe S. 1126 is a reasonable step in minimizing the economic impact of shipping strikes for the people of our state. We do not believe this bill will eliminate shipping strikes nor do we see how it could be considered an anti-labor bill. It not only requires substantial showing of a threat to the health and well-being of the people of our state, but also provides for full compensation to an employee working during the all too brief 120 day extension provided by this bill.

We must ultimately find some way to resolve conflicts between management and labor effecting our economic life line with the mainland United States. S. 1126 will temporarily relieve the desperate situation we face in this state and we desperately urge your favorable report.

Respectfully submitted,

C. JACK WOLFE, Director.

KAILUA CHAMBER OF COMMERCE,
Lihue, Kauai, Hawaii, October 20, 1975.

HON. DANIEL K. INOUE,
*Chairman, Subcommittee on Foreign Commerce and Tourism, Committee on
Commerce, U.S. Senate, Washington, D.C.*

DEAR SENATOR INOUE: This is to advise that the Kauai Chamber of Commerce strongly urges passage of S. 1126, the Hawaii and United States Pacific Islands Surface Commerce Act of 1975.

As you know, every time there is a dock tie-up on the Pacific Coast, the people of Hawaii suffer irreparable damage. Many small businesses failed during the last shipping strike and we continue to pay higher prices for goods because of large inventories being maintained during periods when strikes are threatened.

Anything that you can do to help pass this much needed legislation will be greatly appreciated.

Sincerely,

JOHN M. UYENO, *President.*

OFFICE OF THE MAYOR,
COUNTY OF MAUI,
Wailuku, Maui, Hawaii, October 22, 1975.

Senator WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate,
Washington, D.C.

DEAR SIR: On behalf of the County of Maui, I would like to take this means to express our support for Senate Bill 1126. We are in concurrence that the unique geographical situation of the State of Hawaii requires federal legislation which will insure that the citizens of our State receive a continuous supply of goods during periods of prolonged labor-management disputes.

We believe that Hawaii's dependence upon ocean shipping is obvious. We have no rail or truck traffic for a normal flow of interstate commerce nor has air freight progressed to the point where it can handle economically large quantities of goods to conclusively meet the needs of our State. The State of Hawaii is not in a position of being economically self-sufficient. Sea transportation is the State's lifeline in that it represents 99 percent of all goods transported between the U.S. mainland and the State; air cargo can merely reach to a maximum 3 percent level. Any break in our maritime commerce is a blow to the very essence of our economic health and well-being. The resultant effects are that our people suffer from shortages of necessities of life and business, from higher prices, rising unemployment and reduced working hours, small business casualties, as well as an inability to ship our major export products.

We would like to emphasize that while we basically support this legislation, we do so in a spirit of fostering the normal process of labor-management negotiations. We recognize the established role of the negotiation process in the labor-management field as it has developed over the past years. Labor-management relations in the State of Hawaii have generally demonstrated a maturity which can serve as an example to other areas of the country. Perhaps, because of this maturity, the people of Hawaii have avoided much of the potential suffering and hardship that result from labor-management disputes. This fact must always be considered in any and all deliberations in the process of reaching a reasonable and just decision.

We are convinced that the future security of our State and the other U.S. Pacific Islands depends to a significant degree upon the enactment of meaningful legislation. In the absence of any pending alternative, consideration should be given to Senate Bill 1126. The efforts should not result in the dilution of the collective bargaining process.

Sincerely,

ELMER F. CRAVALHO,
Mayor, County of Maui.

MAUI CHAMBER OF COMMERCE,
Wailuku, Maui, Hawaii, October 22, 1975.

MERCHANT MARINE SUBCOMMITTEE,
Senate Committee on Commerce, c/o Daniel K. Inouye, Chairman, Subcommittee on Foreign Commerce, and Tourism, Honolulu, Hawaii.

DEAR SIR: The Maui Chamber of Commerce has repeatedly emphasized our stand in regards to S. 1126, or as we call it "the uninterrupted shipping bill." Once again we would like to establish our thoughts to the Merchant Marine Subcommittee of the Senate Commerce Committee. We are not only speaking for the business community, but for the people of Maui in general, as prolonged shipping strikes hurt all of us.

We realize that many members of Congress have strong ties with various labor unions who repeatedly accuse this proposed legislation of being "anti-labor" or

"anti-strike", thinking only of what they are professionally paid to think and say regardless of their true intentions. We ask such members of Congress to consider: are they true statesmen legislating in behalf of what is most desirable for the country, or are they strictly politicians answering to small powerful minorities with complete disregard for the citizens of the rest of our country?

Granted Hawaii's population of some 800,000 is a real minority in regards to the population of the United States, but we are a state and every single one of us, including union members can be hurt by prolonged shipping tie-ups. Consider: we have seen small businesses go broke and fold up during past tie-ups because they were cut off from dependent mainland supplies. We have seen merchants, particularly supermarkets, frantically stocking up on several months supply in advance in hopes of weathering the storm. This cost them considerable money in warehouse space, money tied up, and it is all passed on to all of us as higher cost of goods. Unnecessarily so because a handful of people are allowed to shut off our commerce at will.

We are not asking for anti-strike legislation, we are asking for enforced time to come to negotiated collective bargaining conclusions to provide the workers what they may be rightfully entitled to, but not at the expense of 800,000 people.

Very truly yours,

ROGER I. KNOX, *Manager.*

STATEMENT OF HON. ANTONIO B. WON PAT, U.S. REPRESENTATIVE FROM THE TERRITORY OF GUAM

Mr. Chairman: I thank you for this opportunity to support S. 1126, which is necessary to protect the well-being of the people of Guam from potentially disastrous effects of maritime labor disruptions.

As an island more than 6,500 miles from the United States mainland, Guam is particularly dependent upon merchant shipping as a lifeline to provide the necessities of life to its people. As Guam has a very limited agricultural development, it is necessary to import even basic foodstuffs by ship.

This unavoidable reliance on shipping has proven to have real and ever present dangers for the people of Guam. Since World War II more than four years of working time have been lost through transportation strikes affecting Guam and the other Pacific islands of the United States. As Guam receives nearly two of its food, such disruptions of supply, sometimes for months at a time, are thirds of its imports from the U.S. mainland in U.S. ships, including 90 percent intolerable.

As a practical matter, there is no alternative at the present time. Guam has embarked on an ambitious program to increase agricultural production but it is far from self-sufficiency. Importing by air is impractical. It is greatly more expensive and tonnage capabilities are inadequate for even minimal needs.

Stockpiling of reserves has been one method of diminishing the effects of shipping stoppages. However, the costs of maintaining such reserves is great. This method has also proven inadequate to last the duration of shipping disruptions which have persisted for many weeks and even several months.

Past maritime labor strife has nearly paralyzed Guam. Companies have had to cease operations, putting many of our people out of work. The unemployed have then had to contend with the cost of living increases caused by the the same shipping shortages. In the previous shipping strike, which lasted more than four months, Guam had to appeal to the military to provide deliveries of chlorine gas for purification of domestic water supplies, so extensive were the shortages.

I would point out, Mr. Chairman, that past disruptions have occurred in better times. With population growth on Guam the minimum needs of foods and other vital supplies have also increased. The economic difficulties of recent times have had great effect on Guam. Unemployment is already high, even with normal shipping service. Global inflation has had a compound effect on Guam with its reliance on imports.

Additionally, I would stress that we of Guam are totally neutral regarding the issues and positions of maritime management and labor. In 1971, after more than three months without commerce because of shipping strikes in California, we were told by union officials that if we were in need we should look to foreign countries for supplies. In 1974, despite promises to the contrary to the House Merchant Marine Committee, one shipping line ceased service to Guam.

Thus, although Guam and its people are not principals to maritime labor disputes, they are far from being disinterested third parties. In fact, without the protections afforded by legislation such as S. 1126 they are among those most affected and harmed by the results of such disputes. They are totally innocent third parties, neither contributing directly or indirectly to the disputes, nor able to influence or benefit by their resolution.

That such innocent third parties so greatly and adversely affected by these disputes are literally held hostage and without recourse to protect themselves, is intolerable.

I would ask the legislators considering this measure what their position would be if the single lifeline upon which their constituents were so extensively dependent, was periodically and almost arbitrarily denied them. I believe they would feel outrage and the need for remedies, and their feelings would be justified. We of the Pacific islands react similarly and are seeking the needed protections.

Opponents of this legislation contend that it would violate some right, implicit in collective bargaining. Rights are generally accompanied by responsibilities. In this case, there is a responsibility to provide that scores of thousands of American citizens are not deprived of their sole source of sustenance by disputes to which they are mere bystanders. More importantly the amount of shipping that will be affected by this bill is less than 6% and therefore will have no deleterious effect on a longshoreman strike.

Despite claims to the contrary, this legislation does not infringe upon the rights of management or labor to protect their own interests in seeking resolution of their differences through collective bargaining. Its effects or influences on any labor dispute would be insignificant. However, its effects on the people of the Pacific islands would be virtually lifesaving.

I urge my colleagues to give particular consideration to this aspect of S. 1126. Its influences on a large scale West Coast shipping strike would be exceedingly minor but its benefits for the people of the Pacific islands of the United States would be vital. This alone justifies its enactment.

Thank you.

[The following information was referred to on p. 100:]

STATEMENT OF PACIFIC MARITIME ASSOCIATION

Pacific Maritime Association is a non-profit corporation, having a membership comprised of 9 American Flag Steamship Companies, 4 of whom operate under Pacific Maritime Association West Coast Contracts, 42 Foreign Flag Steamship Companies, and 64 Stevedoring and Terminal Companies.

The principal office of the Association is in San Francisco. Area offices are maintained in Wilmington, California, for Los Angeles-Long Beach, in San Francisco, in Portland, Oregon, and in Seattle, Washington.

The present Association was incorporated in 1949, as successor to the Water-front Employers of the Pacific Coast and the Pacific American Shipowners' Association, which had been in business for many years as bargaining representatives of onshore and offshore maritime employers on the Pacific Coast.

The Association exists to negotiate and administer collective bargaining agreements with various maritime unions. Beginning in 1934, following the general strike in San Francisco, the coastwide pattern for bargaining was established by governmental direction. As a result, a single "Master Contract" between the Association and the International Longshoremen's and Warehousemen's Union covers all cargo handling in all Pacific Coast ports from Mexico to the Canadian border. The same International Union has contracts with other maritime employer groups in the States of Hawaii and Alaska. Similarly, "master contracts" exist between the Association and each of the following unions, covering ship-board personnel on practically all American Flag vessels headquartered on the Pacific Coast:

- Masters, Mates and Pilots (licensed deck officers).
- Marine Engineers' Beneficial Assn. (licensed engineers).
- American Radio Association (radio officers).
- Marine Staff Officers Assn. (pursers).
- Sailors' Union of the Pacific (unlicensed deck).
- Marine Firemen's Union (unlicensed engine).
- Marine Cooks and Stewards (cooks and stewards).

The latter three unions are certified as a single bargaining unit under the name of "Pacific District—Seafarers' International Union", but each component union maintains its autonomy and negotiates separately for "departmental working rules" and wage application.

To indicate the extent of the cargo handling operations covered by the PMA-ILWU agreement, the PMA 1974 annual payroll for longshoremen and marine clerks was \$151,716,515 for wages and vacations, and \$43,858,524 for fringe benefits. 11,417 registered men were regularly employed, and 74,785,001 tons of dry cargo were loaded or discharged. Liquid cargo, such as petroleum, is not included in these figures.

Pacific Coast based American Flag vessels covered by the agreements with seafaring unions averaged 57 during the year ended June, 1975. The annual payroll for all seafarers amounted to \$77,049,504 in wages and vacations, and \$37,413,738 in fringe benefit payments. The average number of seamen employed was 2,930.

Dry cargo operations on the Pacific Coast amount to between 20 and 25 percent of the national total.

Against this brief background description of Pacific Coast employer-union relationships and the scope of maritime operations, we intend to discuss the proposals contained in S. 1126, which affords strike protection for Hawaii and other U.S. Pacific Islands.

At the outset of this discussion, Pacific Maritime Association would like the record to show that it is very much aware of the hardships visited upon Hawaii and other U.S. Pacific Islands when a West Coast dock or shipping strike cuts off supplies and sources of income needed for the day to day welfare of those islands. The intent of S. 1126 is, of course, to relieve those hardships.

Nevertheless, we cannot support S. 1126 for the following three principal reasons:

1. It would weaken the economic bargaining power of the employers,
2. It would create divisiveness among the employers in the multi-employer bargaining group, and
3. It would dilute the weight of public interest pressure that might either prevent a work stoppage or force an early termination of a work stoppage.

1. ECONOMIC BARGAINING POWER OF THE EMPLOYERS

S. 1126, in a West Coast dock strike, would require longshoremen to handle for 120 days cargo destined to or coming from Hawaii or other designated United States Pacific islands. This means that part of the striking longshore work force would be provided work and income during the strike. This means the proposed bill provides strike benefits to longshoremen. Strike benefits, particularly when they do not come out of the usual source—namely, the union treasury—make a union less apprehensive about calling a strike, and once a strike is called less impelled to terminate it. Thus, whatever balance of economic bargaining power is supposed to exist between employers and unions is tilted in favor of unions.

Some who favor adoption of S. 1126 argue that the longshore hours required to handle Hawaiian cargo, for example, is not so great as to create any worrisome imbalance. We do not have a precise breakout of these hours, but conservatively we believe that it would probably be at least 5% of total hours normally worked on the West Coast. Not much? Perhaps not in isolation. But there are also hours required to handle military cargo and some continuing ever-present longshore activities. During the 1971-72 West Coast dock strike, in some weeks in the San Francisco Bay Area alone, the hours for handling military and other activities went above 30% of hours normally worked in non-strike periods.

Thus with Hawaiian and other island cargo hours thrown in, there would be substantial work opportunity for "striking workers". The industry is thus forced to subsidize the strike against the industry. And the situation would likely worsen. After Hawaii, how do you avoid the same consideration for Alaska? Or for a distressed California citrus industry? Or for a Northwest grain industry? The exceptions would proliferate.

2. DIVISIVENESS AMONG THE EMPLOYERS

Pacific Maritime Association bargains with shoreside and some of the off-shore unions in a multi-employer bargaining unit, as required by decisions of the National Labor Relations Board. It is joint employer bargaining. This means that all employer members of Pacific Maritime Association should have an equal interest and commitment in the collective bargaining process. S. 1126 would de-

stroy this equality assumption. A few employers will operate during a strike, others will not. The economic impact on employers in the same collective bargaining unit would therefore be distorted. Divisiveness on bargaining goals and objectives will follow, thereby impairing effective employer bargaining strength.

3. PUBLIC INTEREST PRESSURE

While the public interest may have only a slight impact on the decision making processes that either lead to or avoid transportation strikes, the public interest does play a major role in shortening the duration of such strikes. A best example is the 1971-1972 West Coast dock strike. The public protest against the strike became so widespread that Joint Senate and House Resolutions to terminate the strikes were introduced. Within a week of the February 4, 1972 Senate and House hearings on those measures, an agreement was concluded between PMA and ILWU.

No other neutral third party, generically termed the "public", was more vocal than Hawaii in calling for intervention to terminate that strike. With Hawaii out of the picture, the proposed legislation probably would have been delayed and the strike further prolonged. If S. 1126 becomes law, it will therefore saddle neutrals other than Hawaii with potentially more devastating strike hardships, for the public clamor for relief will be lessened. Thus, while relieving Hawaii and other islands for 120 days, S. 1126 will very likely impose additional burdens on others.

CONCLUSION

In conclusion, Pacific Maritime Association opposes S. 1126 mainly because it would gravely weaken Pacific Maritime Association in its collective bargaining relationships with the various unions representing dockside and offshore maritime employees. While all of us in the maritime industry are anxious to avoid or eliminate strikes, exempting Hawaii and other U.S. Pacific islands for 120 days is not the answer.

STATEMENT OF E. J. HEINE, JR., PRESIDENT, UNITED STATES LINES

United States Lines appreciates the opportunity to submit its views on S. 1126. Having carefully reviewed the legislation, we commend its sponsors for having introduced a thoroughly considered, well-drafted and urgently needed legislative initiative. In the last Congress, we supported S. 1566, similar legislation to protect Hawaii and the Pacific islands, which passed the Senate. We again urge the Senate Committee on Commerce, and the Congress as a whole, to give this legislation favorable consideration.

United States Lines serves Hawaii from both the East and West coasts of the mainland United States, and consequently we have a direct interest in assuring uninterrupted ocean commerce to and from those islands. Because we are the only carrier serving Hawaii from East Coast ports, however, we are not as gravely threatened by disruptions in West Coast-Hawaii shipping as are some other carriers. Of course, only West Coast disruptions are covered by S. 1126. Our support for this legislation is therefore based primarily on our recognition of the unique needs and interests of Hawaii and the other U.S. Pacific islands, rather than merely on considerations of our own operations.

Hawaii's dependence on a single mode of transport has no parallel in any other state or region of America. Fully 99 percent of all goods that travel between Hawaii and the mainland U.S. are carried by ship. Experience has shown that if this ocean shipping is interrupted, air transport cannot begin to compensate for the lost cargoes: air shipments, even at necessarily higher costs to Hawaiian consumers and business, can at best supply 2 to 2.5 percent of normal transport needs during emergency periods (as opposed to 1 percent at times when shipping is not disrupted). Highway and rail transport, of course, are simply not available as alternative modes of shipping to the islands, unlike the other forty-nine states.

If Hawaii and the other Pacific islands were largely self-sufficient, a disruption in ocean-going shipping under certain circumstances may not entail great hardship, but in fact fully 80 percent of all physical commodities purchased by Hawaiians must be imported. Even Hawaii's native industries are dependent upon imported inputs and components. Similarly, Hawaii's major sources of income (after tourism)—sugar and pineapples—depend upon the uninterrupted availability of ships. When shipping is cut off, therefore, Hawaii is cut off.

Hawaii's dependence on ocean-borne shipping would not, of course, justify special treatment for *Hawaii*-based dock strike or lockouts, and the authors of S. 1126 have properly excluded all such disruptions from the scope of the bill. If the longshoremen in Hawaii go on strike, for example, the vulnerability of the State is a factor of direct and immediate importance in the collective bargaining process, and both sides in such disputes encounter pressures—in the form of local sentiment and local statutes—for early settlement of their differences. But if West Coast longshoremen strike, or get locked out, Hawaii is placed in great jeopardy without being able to exert any pressure or to have any significant influence on the bargaining process. In such circumstances, Hawaii and the other Pacific islands are not even "hostages" in the true sense of the word, since neither side need be concerned with rescuing them. Rather, the islands are simply incidental and innocent victims, uniquely threatened by the dispute (to which they are not parties) and uniquely powerless to effect its outcome.

Unfortunately, the harm caused to Hawaii and the other Pacific islands by West Coast service disruption is not merely a hypothetical threat. Hearings on S. 1126 and on related legislation in previous sessions have shown that ocean traffic to Hawaii has been cut off for a total of four full years during the post-World War II period. There is some disagreement as to the extent of physical hardship caused by these disruptions, and of course much of it is difficult to quantify precisely. Nonetheless, it seems clear that such hardship has occurred, and that economic hardship—from lost employment, lost markets, lost investment capital—has often been severe.

These economic effects, both short and long-term, were succinctly summarized in a report by Senator Inouye, after he held hearings on similar legislation. The 1971 West Coast dispute, for example, led to the highest unemployment in the history of Hawaiian statehood. The attractiveness of Hawaii's investment opportunities is necessarily diminished by the threat of transport disruption.

More important, perhaps, is the fact that in the absence of S. 1126 or similar legislation, *future* interruptions of ocean commerce may easily have truly devastating effects on Hawaii and the other islands. In a sense, despite the large number of shipping years lost already, the island have been lucky thus far—and at the moment, there is nothing whatsoever to insure that they will be so lucky in the future. The danger, therefore, lies in underestimating the islands' vulnerability, not in overestimating it.

In the face of these facts, it has been contended in testimony by opponents of the legislation that the inviolability of the collective bargaining process is more important than the safeguarding of Hawaii's well-being. This is an issue that must be faced squarely, for it is clear that most members of Congress would, rightly, be extremely reluctant to support S. 1126 if it did, in fact, undermine collective bargaining principles. Just as clear, however, is the necessity of considering this legislation on its actual merits to determine whether collective bargaining principles would in fact be undermined. Since the need for this legislation in Hawaii and the other Pacific islands is apparent and documented, Congress would scrutinize very carefully any objections whose effect would be to leave the islands in continual jeopardy, as they are today.

We do not believe that S. 1126 represents an intrusion into the collective bargaining process, for the reasons outlined below. Moreover, we believe the specific provisions of S. 1126 have been carefully designed to reconcile any potential conflict between the goals of protecting the islands and protecting the collective bargaining process. Finally, we believe that even the speculative intrusion that some have feared would be insubstantial when weighed against the interest of Hawaii and the other Pacific islands.

It is important to note, at the outset, that there has been no agreement among opponents of S. 1126 as to *how* the bill would interfere with collective bargaining. Some employers have claimed that it would weaken the employers' position, and that it would provide strike benefits to striking workers. The relevant unions, on the other hand, apparently think S. 1126 will weaken *their* collective bargaining position. Obviously, these represent wholly contradictory predictions of the bill's impact. The views of each side represent a legitimate concern for preserving the collective bargaining process, but in this case, we believe neither view is accurate. Moreover, the disparity in these positions illustrates the speculative nature of the "collective bargaining" arguments advanced against S. 1126. By contrast, of course, the dangers to Hawaii and the other islands if the present situation continues are far from being merely speculative.

S. 1126 is not an "anti-labor" bill. It would merely keep the sea lanes to Hawaii open for a maximum of 120 days longer than would otherwise be possible. Since this partial exception, during its limited duration, would allow

only *three percent* of the West Coast dock activity to continue, its effect on collective bargaining negotiations would be negligible, but its effect on Hawaii would, of course, be dramatically restorative. The conjectural danger than S. 1126 might set a precedent for other states or regions seems remote—no other region has the unique geographic isolation, the almost total dependence on a single mode of transport, of Hawaii and the other Pacific islands. And once again, conjectural dangers should be accorded less weight than the known danger to the islands of allowing the present situation to persist.

Not only is S. 1126 a partial measure of limited duration, it also contains a retroactive pay feature. Thus, even the 3 percent of normal West Coast dock hours that the island trade represents would not be worked at pre-existing rates of pay, but rather at whatever rate of pay was ultimately negotiated, through collective bargaining, as a result of the West Coast strike or lockout. Under this provision, the historic objection to injunctions—that management goes on earning profits while labor is forced to work at a pay rate no longer acceptable—is wholly eliminated.

Finally, Hawaii-based labor disputes would not be covered by S. 1126. If they were, fears of interference with collective bargaining might have more weight, since a Hawaii-based dispute is concerned *solely* with transport to and from Hawaii. A West Coast dispute, however, is concerned with a huge amount of transport, 97 percent of which has absolutely nothing to do with Hawaii or the other Pacific islands. The 3 percent that does go to or from the islands consequently has little impact on the dispute itself—but it cuts the islands off almost completely. The burden to Hawaii and the other islands is thus wholly out of proportion to any potential “leverage” that the 3 percent might afford one side or the other at the bargaining table on the mainland. Where this leverage *would* be important—namely, in a Hawaii-based dispute—S. 1126 would have no effect, and the rights of the parties would be preserved completely.

In sum, United States Lines believes that the unique needs and vulnerability of Hawaii and the other U.S. Pacific islands fully warrant the passage of S. 1126. The only conceivable objection to the bill—a fear of interference with the collective bargaining process—seems more rhetorical than real, especially since the bill in its present form carefully safeguards the interests of management and labor, and since the island trade is such an insubstantial proportion of the West Coast dock traffic. Any effect that S. 1126 might have on collective bargaining would be “swamped” by the much larger and already existing exception made for military and other special cargoes. But even if the mutually contradictory fears of S. 1126's opponents were somehow justified, they would be outweighed by the very real, immediate, and proven hardship to which Hawaii and the other islands have often been subjected and remain continually exposed. We therefore urge the Committee to act favorably on S. 1126, and we sincerely hope that it will be enacted into law.

[The following information was referred to on p. 48:]

SPECIAL REPORT OF A POLL OF PUBLIC (OAHU) OPINION CONCERNING A PROPOSED FEDERAL SHIPPING STRIKE LAW PREPARED FOR STOP AND CONDUCTED ON AUGUST 4-6, 1975

(By Public Affairs Advisory Services, Inc., August 20, 1975)

SUMMARY HIGHLIGHTS

This poll of public opinion among Oahu's civilian resident population (15 years of age and older) was conducted on August 4-6, 1975. Secret ballots cast and used in this special report were obtained from 2,051 respondents. These ballots were obtained on a house-to-house basis in areas believed to be representative of the population being surveyed.

The poll data used in this special report are very informative and impressive. This report deserves careful study as a whole. Notwithstanding, this presentation of “highlights” here will, hopefully, facilitate better understanding and use of this REPORT. These pages should *not*, however, be used to the detriment of the data and comments set forth in this report as a whole.

A solid majority (83 percent) of the Oahu public favor the proposed federal law which would permit Hawaii to ask for 120 days of continued shipping during a West Coast shipping strike.

A majority of all of the various union publics agree with the general public and favor the proposed federal law. A reduced majority (52.1 percent) of the ILWU membership locals also favor the proposed law and 20.4 percent oppose it.

All of the *adult* specialized "publics" reviewed in this poll favored, by majority support, the proposed federal law. The very youthful "public" (15-18 years of age) is more ambivalent and accords the proposal only plurality (49.0 percent) support.

The ILWU and the Filipino extraction "publics" accord the proposal "below average" (but still majority) support.

There is every reason to believe that this was another successful poll of public opinion and that it reflects accurately (within the stated margins of error) the thinking of Oahu's public at the time this poll was taken.

Technical data, including details about the various margins of error, are set forth in the TECHNICAL DATA section of this SPECIAL REPORT. The overall estimated margin of error for the "total public" surveyed is ± 3.60 percent (percentage points). Chance sampling error is ± 1.10 percent (percentage points), one standard deviation, at the most critical (50%/50%) point. Instrumental error is minimal due to secret ballot techniques and verified computer cards. The number of valid ballots utilized in this REPORT exceeds the usual client guarantee by 70.9 percent.

This is a high confidence poll, and comments are made, in text, at various junctures. All raw data and tabulations remain securely on file at the office of Public Affairs Advisory Services, Inc.

INTRODUCTION

This special report provides (1) *General* (overall on "big picture") *Results*, (2) some *Detailed Results*, (3) *Technical Data*, and (4) *Analysis* of a poll of public opinion concerning a selected issue about a proposed federal law which would permit Hawaii to ask for 120 days of continued shipping during a West Coast (not in Hawaii) shipping strike. This poll was conducted among persons 15 years of age and older (essentially civilian) residing on Oahu (Honolulu) in a manner to assure representativeness, pursuant to prior agreement. It reflects non-crime client data, and all polling was done on August 4-6, 1975, on a house-to-house basis. All ballots were cast with anonymity assured to respondents.

Poll ballots cast and used in this report numbered 2,051. Of these, 1,780 were cast by a single respondent within a given household. This permits comparison between "household" data and "total public" data to be made. Although such comparison reveals minimal differences, both sets of information are presented in Section A of this report. However, detailed results (Section B) are limited to "household" data in order to avoid a report of undue length and complexity and to respect the fact that data concerning union membership were sought to reflect household membership in a union.

An estimated 4,300 homes were contacted, with an estimated refusal rate of 8 percent. Others were either not at home or did not meet data base requirements.

Section A of this report presents general (overall) results.

Section B presents detailed results of this poll and provides depth insight into the thinking of a rich variety of Hawaii's major socio-economic publics.

Section C presents technical data that illustrate the representative nature of this poll.

Analysis, by way of "comments," will be presented at various points, throughout this special report.

SECTION A—GENERAL (OVER-ALL/"BIG PICTURE") RESULTS

Respondents were asked to reply to one basic question of special interest to the client. This carefully worded question read as follows: "How do you feel about a proposed federal law which would permit Hawaii to ask for 120 days of continued shipping during a West Coast (not in Hawaii) shipping strike?"

Three reply options were provided: "I strongly favor its passage;" "It doesn't matter much to me;" and "I strongly oppose its passage."

Results are set forth immediately below:

TABLE 1.—PUBLIC (OAHU) REACTION TO A PROPOSED FEDERAL LAW WHICH WOULD PERMIT HAWAII EARLY (120 DAYS) RELIEF FROM A WEST COAST SHIPPING STRIKE¹

[In percent]

Reaction	Household data ²	Total public ³
Strongly favor its passage.....	83.9	83.4
Doesn't matter much.....	8.7	9.4
Strongly oppose its passage.....	3.4	3.4
Subtotal.....	96.0	96.2
No reply to this item.....	4.0	3.8
Total.....	100.0	100.0

¹ Question posed: "How do you feel about a proposed Federal law which would permit Hawaii to ask for 120 days of continued shipping during a West Coast (not in Hawaii) shipping strike?"

² Household data: based upon a single respondent from a given household (here and hereafter in this report unless otherwise specified)—N=1,780.

³ Total public: based upon all respondents in this poll (here and hereafter in this report unless otherwise specified)—N=2,051.

Comments

As the above data clearly indicate, a very solid majority (83 percent) of the Oahu public favor the proposed federal law which would permit Hawaii to ask for 120 days of continued shipping during a West Coast shipping strike. Further, as will be noted later, an even more conclusive majority of registered voters favor such a law.

It may also be noted that during the past two years, when "divided opinion" or ambivalence appears to have permeated the Hawaii public, no alternative posed to a given issue in a poll has emerged which enjoyed such majority support as does this proposed federal law. Too, *only* 3 percent oppose the passage of this law.

Although this poll reflects only the opinion of the Oahu public, it is factually true that Oahu constitutes more than 80 percent of the total Hawaii public. Therefore, there is little reason to doubt that this proposed law would, at poll time, enjoy clear-cut majority support of the statewide public, whatever Neighbor Island opinion might have emerged.

Mid-way during the field work on this poll, the Hawaii ILWU indicated that they were conducting a local strike authorization vote. However, results were not announced until after field work was completed. Although this may have had some effect on results, such influence would appear to be minimal since the ILWU "public," as will be noted later in this report, favored this proposed law by a 5 to 2 ratio (favor/oppose).

Respondents were also asked what, if any, union they or a member of their household were a member. Results of this query are presented in Table 2, below, and the reaction of both union and non-union publics to the proposed federal law are set forth in Table 3.

TABLE 2. MEMBERSHIP (HOUSEHOLD) OF RESPONDENTS IN HAWAII'S VARIOUS UNIONS¹

[In percent]

Membership	Household data ²	Total public ³
ILWU.....	2.9	2.8
Teamster's Union.....	2.7	2.6
Hotel Worker's Union.....	1.6	1.6
HGEA.....	10.9	10.3
UPW.....	2.6	2.7
HSTA.....	4.2	4.1
HFT.....	1.1	1.0
An IBEW Union.....	2.7	2.6
Any other AFL-CIO Union.....	12.5	12.3
Not a union member.....	49.7	50.0
Subtotal.....	90.9	90.0
No reply to this item.....	12.4	12.9
Total.....	4 103.3	4 102.9

¹ Question posed: "I (or a member of my household) am a member of ———," (check 1 or more).

² Only 3.3 percent checked 2 or more union affiliations. (Due to the wording of the question these data are more useful than "total public data.")

³ Only 2.9 percent checked 2 or more union affiliations.

⁴ Total exceeds 100 percent due to instructions: "Check 1 or more."

TABLE 3.—REACTION OF UNION AND NONUNION "PUBLICS" TO THE PROPOSED FEDERAL LAW—BY UNION DESIGNATIONS¹

[In percent]

Membership	Favor ²	Neutral ³	Oppose ⁴	No reply	Total
ILWU ⁵	52.1	19.2	20.4	8.3	100
Teamster's Union ⁵	80.7	9.0	10.3	0	100
Hotel Worker's Union ⁵	71.9	17.6	6.5	4.0	100
HGEA.....	91.3	5.0	.5	3.2	100
UPA ⁵	83.7	10.0	0	6.3	100
HSTA.....	92.7	1.7	4.0	1.6	100
HFT ⁵	88.7	5.7	5.7	0	100
An IBEW Union ⁵	83.4	4.2	8.4	4.0	100
Any other AFL-CIO union.....	83.1	9.0	4.4	3.5	100
Not a union member.....	86.9	8.6	2.5	2.0	100
Composite of above:					
Union "Public".....	83.6	7.9	5.0	3.5	100
Nonunion "Public".....	86.9	8.6	2.5	2.0	100
No reply "Public" (to union membership item).....	75.1	10.0	2.5	12.4	100

¹ Based upon "household data," as earlier defined.² "I strongly favor its passage."³ "It doesn't matter much to me."⁴ "I strongly oppose its passage."⁵ Very small numbers (see technical data section).

Note: Read this table in a horizontal manner.

Comments

As is clearly evident in Table 2, slightly more than one-half of the respondents indicate personal or household union membership. Thereafter, as presented in Table 3, each of the "union publics" as well as the "non-union public" indicates majority support for the proposed federal law.

Significant is the apparent fact that the "union public" (as defined; see paragraph one, above) favors (83.6 percent) the proposed law by nearly as large a margin as the "non-union public" (86.9 percent) and the total respondents (83.9 percent; which includes those who did not respond to the union membership question but who did indicate a reaction to the proposed law).

Among the unions, ILWU members are most likely to be sensitive to the passage of such a law. However, 52.1 percent of these favor the law and only 20.4 percent oppose it. Thus, although the sample size of this and several other "union publics" is relatively small (see Technical Data), it would appear that more ILWU members ("I or a member of my household") favor the proposed law than oppose it.

Interestingly, some "union publics" appear to favor the law more than does the "non-union public" (e.g. HSTA: 92.7 percent favor; non-union: 86.9 percent favor).

SECTION B—DETAILED RESULTS

Detailed results of this poll present the reactions of a variety of specialized "publics" which abound within Hawaii's diverse society. These are set forth succinctly in the tabular material which follows. All data reflect the reactions of "household data," as defined earlier in this REPORT, to the proposed federal law which would provide Hawaii, if desired, some early relief (120 days) from any future West Coast shipping strike.

All of the following tables should be read in a horizontal manner (left to right). These are provided to the client as a matter of indepth information, even though virtually all of the specialized "publics" are, on a majority basis, in favor of the proposed federal law.

TABLE 4.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY SEX "PUBLICS"

[In percent]

Sex publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Male.....	85.0	7.4	4.7	2.9	100
Female.....	82.8	10.0	2.2	5.0	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 5.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY MARTIAL "PUBLICS"

[In percent]

Marital publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Married.....	86.2	6.9	3.2	3.7	100
Single.....	76.6	15.9	4.2	3.3	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 6.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY AGE GROUP "PUBLICS"

[In percent]

Age group publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Under 18 yr (15 to 17).....	49.0	33.4	12.3	5.3	100
18 to 24 yrs.....	73.8	17.2	3.1	5.9	100
25 to 29 yr.....	85.5	10.8	2.6	1.1	100
30 to 39 yr.....	87.9	5.4	3.8	2.9	100
40 to 49 yr.....	89.3	5.5	1.8	3.4	100
50 to 59 yr.....	87.1	5.3	3.1	4.5	100
60 yr or older.....	82.5	7.0	4.2	6.3	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 7.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY ETHNIC EXTRACTION "PUBLICS"

[In percent]

Ethnic extraction publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Caucasian.....	86.7	7.2	3.1	3.0	100
Chinese.....	88.6	8.8	.6	2.0	100
Filipino.....	70.9	15.4	8.2	5.5	100
Hawaiian.....	75.9	15.1	5.0	4.0	100
Japanese.....	86.5	6.5	3.1	3.9	100
Other.....	78.5	12.8	3.7	5.0	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 8.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY LENGTH OF HAWAII RESIDENCE "PUBLICS"

[In percent]

Length of Hawaii residence publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Less than 3 yr.....	84.9	8.0	4.7	2.4	10
3 to 5 yr.....	82.1	11.3	5.6	1.0	10
6 to 9 yr.....	87.2	8.0	3.8	1.0	10
10 to 17 yr.....	79.7	12.8	5.6	1.9	10
18 or more years.....	84.6	8.2	2.9	4.3	10

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 9.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY FORMAL EDUCATION "PUBLICS"

[In percent]

Formal education publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Some high school or less.....	74.6	16.5	3.9	5.0	100
High school graduate only.....	81.2	9.6	5.7	3.5	100
Some college (including business/technical school).....	87.2	7.6	1.0	3.6	100
4-yr college graduate only.....	88.7	5.9	3.5	1.9	100
Some graduate work.....	89.6	4.5	4.0	1.9	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 10.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY ANNUAL FAMILY INCOME "PUBLICS"

[In percent]

Income publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Under \$5,000 per year.....	68.2	24.6	4.8	2.4	100
\$5,000 to \$9,999.....	78.3	15.6	3.1	3.0	100
\$10,000 to \$19,999.....	86.8	8.0	3.1	2.1	100
\$20,000 to \$29,999.....	90.8	4.7	2.2	2.3	100
\$30,000 to \$39,999.....	92.4	2.5	4.4	.7	100
\$40,000 or more.....	85.2	3.6	6.8	4.4	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 11.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY MAJOR OCCUPATION "PUBLICS"

[In percent]

Major occupation publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Executive/professional.....	91.6	3.6	3.0	1.8	100
Housewife.....	78.5	12.2	1.8	7.5	100
Military.....	81.0	12.5	0	6.5	100
Retired.....	84.1	8.2	4.4	3.3	100
Sales/clerical/service.....	87.9	7.2	2.3	2.6	100
Skilled or semi-skilled.....	84.8	8.0	4.0	3.2	100
Technical.....	77.4	13.7	6.0	2.9	100
Student.....	72.6	17.6	6.6	2.1	100
Other.....	85.5	8.2	2.2	4.1	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 12.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY EMPLOYER "PUBLICS"

[In percent]

Employer publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Federal Government.....	84.6	9.8	3.5	2.1	100
State/county government.....	88.6	5.7	3.0	2.7	100
Private business.....	86.2	7.2	3.4	3.2	100
Unemployed.....	79.5	13.2	3.3	4.0	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."

TABLE 13.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY PARTY PROGRAM "PUBLICS"

[In percent]

Party program publics ¹	Reaction				Total
	Favor ²	Neutral ³	Oppose ⁴	No reply	
Democratic party.....	84.0	9.7	4.2	2.1	100
Republican party.....	84.1	8.6	3.9	3.4	100
Independent/no reply.....	83.6	6.7	1.5	8.2	100

¹ Question posed: "Which political party appears to offer the best program for Hawaii in the years ahead?"² "I strongly favor its passage."³ "It doesn't matter much to me."⁴ "I strongly oppose its passage."

TABLE 14.—REACTION OF OAHU'S PUBLIC TO THE PROPOSED FEDERAL LAW—BY VOTER REGISTRATION "PUBLICS"

[In percent]

Voter registration publics	Reaction				Total
	Favor ¹	Neutral ²	Oppose ³	No reply	
Registered to vote.....	86.6	7.1	3.0	3.8	100.0
Not registered to vote.....	77.3	13.7	5.2	3.8	100

¹ "I strongly favor its passage."² "It doesn't matter much to me."³ "I strongly oppose its passage."*Comments*

As indicated earlier in this REPORT, all of the adult specialized "publics" reviewed in this poll favored (majority) the proposed new federal law which, upon request, would give Hawaii 120 days of relief from the adverse effects of a possible West Coast shipping strike. Only the 15-17 year old age group "public" failed to indicate majority support to the proposed law, and this group gave plurality (49.0 percent) support to the proposal.

The ILWU-member "public" and the Filipino extraction "public" registered below average support for the proposal. Of all the "publics" reviewed, only the ILWU-member "public" recorded any substantial amount (20.4 percent) of opposition to the proposed law. Several publics displayed considerable ambivalence toward the proposal.

SECTION C—TECHNICAL (SOCIO-ECONOMIC-PARTY) DATA

The data which follows are indicative of the representative character of this poll of public opinion. They are, as is demonstrated earlier in this REPORT, also very useful for analytic purposes.

TABLE 15.—SEX

[In percent]

Sex	Household data	Total public
Male.....	49.3	49.3
Female.....	50.7	50.7
Total.....	100.0	100.0

TABLE 16.—MARITAL STATUS

[In percent]

Marital group	Household data	Total public
Married.....	76.9	73.6
Single.....	20.4	23.8
Subtotal.....	97.3	97.4
No reply to this item.....	2.7	2.6
Total.....	100.0	100.0

TABLE 17.—AGE

[In percent]

Age bracket	Household data	Total public
Under 18 years (15-17).....	3.2	4.1
18 to 24 years.....	12.9	15.1
25 to 29 years.....	14.7	14.1
30 to 39 years.....	27.7	26.1
40 to 49 years.....	20.8	19.1
50 to 59 years.....	12.7	12.1
60 years or older.....	6.4	6.1
Subtotal.....	98.4	98.4
No reply to this item.....	1.6	1.6
Total.....	100.0	100.0

TABLE 18.—ETHNIC EXTRACTION

[In percent]

Ethnic extraction group	Household data	Total public
Caucasian.....	28.0	28.1
Chinese.....	9.4	9.8
Filipino.....	6.1	6.1
Hawaiian.....	8.4	8.6
Japanese.....	37.3	36.2
Other.....	8.5	9.2
Subtotal.....	97.7	98.0
No reply to this item.....	2.3	2.0
Total.....	100.0	100.0

TABLE 19.—LENGTH OF HAWAII RESIDENCE

[In percent]

Years of Hawaii residence	Household data	Total public
Less than 3 years.....	6.6	6.7
3-5 years.....	4.9	5.1
6-9 years.....	5.6	5.6
10-17 years.....	8.8	9.9
18 or more years.....	71.9	70.4
Subtotal.....	97.8	97.7
No reply to this item.....	2.2	2.3
Total.....	100.0	100.0

TABLE 20.—FORMAL EDUCATION

[In percent]

Education bracket	Household data	Total public
Some high school or less.....	10.5	10.7
High school graduate.....	23.6	23.9
Some college (including business/technical school).....	36.6	36.5
4-year college graduate only.....	17.5	17.1
Some graduate work.....	8.2	8.3
Subtotal.....	96.4	96.5
No reply to this item.....	3.6	3.5
Total.....	100.0	100.0

TABLE 21.—ANNUAL FAMILY INCOME

[In percent]

Income bracket	Household data	Total public
Under \$5,000 per year.....	6.8	7.7
\$5,000 to \$9,999.....	11.9	12.2
\$10,000 to \$19,999.....	29.9	29.1
\$20,000 to \$29,999.....	21.5	21.2
\$30,000 to \$39,999.....	7.3	7.1
\$40,000 or more.....	3.8	3.8
Subtotal.....	81.2	81.1
No reply to this item.....	18.8	19.8
Total.....	100.0	100.0

TABLE 22.—MAJOR OCCUPATION

[In percent]

Occupation category	Household data	Total public
Executive/professional.....	24.0	22.8
Housewife.....	15.0	14.7
Military.....	1.8	1.8
Retired.....	4.9	4.6
Sales/clerical/service.....	16.2	16.0
Skilled or semiskilled.....	12.5	12.6
Technical.....	6.1	5.9
Student.....	5.9	7.9
Other.....	6.9	6.8
Subtotal.....	93.3	93.1
No reply to this item.....	6.7	6.9
Total.....	100.0	100.0

TABLE 23.—EMPLOYER

[In percent]

Type employer	Household data	Total public
Federal Government.....	11.2	11.1
State/county government.....	15.2	14.8
Private business.....	43.7	43.2
Unemployed.....	19.2	20.0
Subtotal.....	89.3	89.1
No reply to this item.....	10.7	10.9
Total.....	100.0	100.0

TABLE 24.—PARTY PROGRAM PREFERENCE ¹

[In percent]

Party	Household data	Total public
Democratic Party.....	56.9	56.7
Republican Party.....	17.4	18.0
Independent/no reply.....	25.7	25.3
Total.....	100.0	100.0

¹ Question posed: "Which political party appears to offer the best program for Hawaii in the years ahead?"TABLE 25.—REGISTERED TO VOTE STATUS ¹

[In percent]

Registered to vote	Household data	Total public ²
Yes.....	73.6	71.9
No.....	22.1	23.8
Subtotal.....	95.7	95.7
No reply to this item.....	4.3	4.3
Total.....	100.0	100.0

¹ Question posed: "Are you a registered voter?"² Estimated registered to vote as a percentage of all eligible voters (excluding military and military dependents) by the office of the lieutenant governor—October 1974: 68 percent; same data (excluding aliens also): 82.2 percent. No breakdown (data) supplied by the above office for Oahu only. (Note also: this poll included a few young people not yet eligible to vote.)

TABLE 26.—STATISTICAL SUMMARY OF TECHNICAL DATA ABOUT THIS POLL

Public	N ¹	C.S.E. ² (plus or minus)	O.E.M.E. ³ (plus or minus)
Total public ⁴	2,051	1.10	⁵ 3.60
Household data (All of the below derived from household data).....	1,780	1.18	3.68
Sex:			
Male.....	878	1.69	4.19
Female.....	902	1.66	4.16
Marital status:			
Married.....	1,370	1.35	3.85
Single.....	363	2.62	5.12
Age:			
Under 18 years (15 to 17 yr).....	57	6.62	9.12
18 to 24 years.....	229	3.30	5.80
25 to 29 years.....	261	3.09	5.59
30 to 39 years.....	493	2.25	4.75
40 to 49 years.....	370	2.60	5.10
50 to 59 years.....	227	3.32	5.82
60 years or older.....	114	4.68	7.18
Ethnic extraction:			
Caucasian.....	498	2.24	4.74
Chinese.....	167	3.87	6.37
Filipino.....	108	4.81	7.31
Hawaiian.....	150	4.08	6.58
Japanese.....	664	1.94	4.44
Other.....	152	4.06	6.56
Length of Hawaii residence:			
Less than 3 years.....	118	4.60	7.10
3 to 5 years.....	88	5.33	7.83
6 to 9 years.....	100	5.00	7.50
10 to 17 years.....	156	4.00	6.50
18 or more years.....	1,279	1.40	3.90
Education level:			
Some high school or less.....	186	3.67	6.17
High school graduate.....	420	2.44	4.94
Some college (including business/technical school).....	652	1.96	4.46
4-yr college graduate only.....	312	2.83	5.33
Some graduate work.....	146	4.14	6.64
Annual family income:			
Under \$5,000 per year.....	121	4.55	7.05
\$5,000 to \$9,999.....	212	3.43	5.93
\$10,000 to \$19,999.....	532	2.17	4.67
\$20,000 to \$29,999.....	383	2.55	5.05
\$30,000 to \$39,999.....	130	4.39	6.89
\$40,000 or more.....	67	6.11	8.61

See footnotes at end of table.

Public	N ¹	C.S.E. ² (plus or minus)	O.E.M.E. ³ (plus or minus)
Occupation:			
Executive/professional.....	427	2.42	4.92
Housewife.....	267	3.06	5.56
Military.....	31	8.98	11.48
Retired.....	87	5.36	7.86
Sales/clerical/service.....	288	2.95	5.45
Skilled or semiskilled.....	222	3.36	5.86
Technical.....	108	4.81	7.31
Student.....	105	4.88	7.38
Other.....	124	4.49	6.99
Employer:			
Federal Government.....	200	3.54	6.04
State/county government.....	271	3.04	5.54
Private business.....	777	1.79	4.29
Unemployed.....	343	2.70	5.20
P Party program preference:			
Democratic Party.....	1,012	1.57	4.07
Republican Party.....	310	2.84	5.34
Independent/no reply.....	458	2.34	4.84
Registered to vote:			
Yes.....	1,311	1.38	3.88
No.....	394	2.52	5.02
Union membership: ⁴			
ILWU.....	52	6.93	9.43
Teamster's Union.....	49	7.14	9.64
Hotel Worker's Union.....	28	9.45	11.95
HGEA.....	193	3.60	6.10
UPW.....	46	7.37	9.87
HSTA.....	75	5.77	8.27
HFT.....	20	11.18	13.68
An IBEW Union.....	49	7.14	9.64
Any other AFL-CIO union.....	222	3.36	5.86
Union (all).....	734	1.85	4.35
Not a union member.....	885	1.68	4.18
No reply (this item only).....	221	3.62	6.12

¹ Number in sample public.

² Calculated sampling (chance) error (at the most critical point: 50 percent/50 percent; 1 standard deviation).

³ Overall estimated margin of error (note that plus or minus 2.5 percentage points have been added to the C.S.E. to cover possible lack of representativeness, very slight instrumental error and unknown factors believed to constitute an unusually conservative specification of overall estimated margin of error).

⁴ (Total N exceeds 1,780 due to instructions (check 1 or more) and to composite union item listing.)

⁵ Percentage points plus or minus; 1 standard deviation on C.S.E.

Comments

Although not all of the above data (socio-economic-political) can be checked with other reliable and current information, results are generally consonant with 1970 U.S. Census data, State of Hawaii surveys, and with previous poll results.

In brief this is a high confidence poll and the various technical "checkpoints" with respect to this poll appear to correlate more closely with other known data than normal expectation would suggest.

Actually, the overall estimate of margins of error set forth could be reduced to $\frac{3}{4}$ ths of those quoted as a result of validating situations (pre-election polls conducted within 5-14 days of elections) during the past 16 years.

CONCLUSION

Material presented in this Special Report provide depth insight into the perceptions of Oahu's civilian residents (15 years of age and older) concerning the issue of special interest to the client. Summary highlights are presented as a prefatory sheet at the beginning of this Report.

All percentage figures in this Report are subject to the estimated margins of error set forth in the Technical Data section of this Report (see above). Calculated sampling (chance) error is included in all overall estimated margins of error. Instrumental error is minimal due to secret ballot techniques and verified computer cards. There is no known bias which would jeopardize the very conservative margins of error quoted.

There is, in brief, every reason to believe that this was another successful poll and that it accurately reflects the opinions of the Oahu (Honolulu) public

at the time this poll was taken. The overall number of ballots collected, tabulated, and used in the Report (Total Public) *exceeds* the usual client guarantee (N=1,200) by 70.9 percent. All raw data and tabulations remain securely on file at the offices of Public Affairs Advisory Services, Inc.

SUMMARY OF PUBLIC OPINION SURVEY

Question. How do you feel about a proposed federal law which would permit Hawaii to ask for 120 days of continued shipping during a West Coast (not in Hawaii) shipping strike?

<i>Responses</i>	<i>Household Responses (Percent)</i>
I strongly favor its passage-----	88.9
It doesn't matter much to me-----	8.7
I strongly oppose its passage-----	3.4
No reply -----	4.0

There were 2,051 persons surveyed in 1,780 households on Oahu. Household and individual responses differed only slightly, but data is reported for "Household Responses" only.

RESPONSES BY CATEGORIES OF "PUBLICS"

[In percent]

	Strongly favor	Doesn't matter	Strongly oppose	No reply
Union members-----	83.6	7.9	5.0	3.5
Nonunion-----	86.9	8.6	2.5	2.0
Democrats-----	84.0	9.7	4.2	2.1
Republicans-----	84.1	8.6	3.9	3.4
Independents-----	83.6	6.7	1.5	8.2
Federal employees-----	84.6	9.8	3.5	2.1
State/city employees-----	88.6	5.7	3.0	2.7
Private business-----	86.2	7.2	3.4	3.2
Unemployed-----	79.5	13.2	3.3	4.0



