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NONCONTIGUOUS AREAS LABOR-MANAGEMENT RELATIONS ACT

GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS

OF THE

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

H.R. 9409

TO PROVIDE FOR TRIPARTITE REGIONAL COMMITTEES TO
CONSIDER QUESTIONS RELATING TO LABOR-MANAGEMENT
RELATIONS, AND FOR A NATIONAL CENTER FOR THE STUDY
OF LABOR-MANAGEMENT RELATIONS IN THE NONCONTIGUOUS
AREAS

HEARING HELD IN HONOLULU, HAWAII
JANUARY 13, 1978

Printed for the use of the Committee on Education and Labor

CARL D. PERKINS, *Chairman*



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NONCONTIGUOUS AREAS LABOR-MANAGEMENT RELATIONS ACT

FRIDAY, JANUARY 13, 1978

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS,
COMMITTEE ON EDUCATION AND LABOR,
Honolulu, Hawaii.

The subcommittee met, pursuant to notice, at 10 a.m., Fort DeRussy, Kalani Building, Hon. Frank Thompson, Jr. (chairman of the subcommittee) presiding.

Members present: Representatives Thompson, Ashbrook, Akaka, and Heftel.

Mr. THOMPSON. The subcommittee will be in order.

Before we proceed with today's hearings, I would like to extend my sincere thanks to the people of Hawaii who have shown great hospitality and friendliness to us during our brief stay here. It's a great pleasure to return after more than 30 years to this beautiful island. I must say that given the length of time of my absence, the progress and growth that have taken place has been really remarkable.

Today's hearing will give us a chance to look into an aspect of labor-management relations that has proven troublesome to Hawaii in the past. The problem is one with which I have been involved for several years now. During the West Coast shipping strike, 6 or 7 years ago, Hawaii found itself in a very difficult situation. During that strike and afterwards this subcommittee held hearings on the problems and solutions to the strike. We were actively involved in trying to settle the dispute by bringing the sides together and, through several formal and informal meetings, we did make a substantial contribution to the settlement of the strike.

During the strike and since that time, there have been bills introduced in both Houses of Congress that would affect the future of shipping strikes in Hawaii. Fortunately, of course, there have been no strikes since 1972 and we all hope that there will be none in the future. However, it is my firm belief that it is best to look at these issues before they erupt into a crisis. Thus, today, we hope to look into these questions without any particular crisis clouding our views. We have come to listen and to learn what the people most directly involved have to say.

I have not committed myself to any particular legislative solution to the problems, nor even to a particular understanding of the nature of the problem. Today, we hope to look at the last West Coast shipping strike with the benefit of hindsight, to explore current conditions in the shipping industry, and to examine different proposed legislative approaches to these issues, including Congressman Heftel's most recent proposal, H.R. 9409. It is my belief that this will be of great assistance to any future legislative activity in this important area. A copy of the bill will be given in the record at this point.

[The text of H.R. 9409 follows:]

95TH CONGRESS
1ST SESSION

H. R. 9409

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 1977

Mr. HEFTEL introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To provide for tripartite regional committees to consider questions relating to labor-management relations, and for a National Center for the Study of Labor-Management Relations in the Noncontiguous Areas.

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 "Noncontiguous Areas
4 Labor-Management Relations Act".

5 TRIPARTITE REGIONAL COMMITTEES

6 SEC. 2. (a) The Federal Mediation and Conciliation
7 Director (hereafter in this Act referred to as the "Director")
8 shall carry out a program, through grants or contracts, in
9 order to create or assist regional committees, to be composed

1 of representatives of labor, management, and the public,
2 which shall provide a permanent forum for the consideration
3 of issues relating to labor-management relations. Any such
4 committee assisted by a grant or contract under this section
5 shall, with respect to the region served by that committee—

6 (1) gather economic data relating to labor-manage-
7 ment relations; and assess the regional economic impact
8 of labor management relations,

9 (2) facilitate communication between labor, man-
10 agement, and the public in that region,

11 (3) consult with such labor, management, and pub-
12 lic organizations as that committee deems appropriate,

13 (4) consult with and advise the Congress and other
14 appropriate public agencies with respect to appropriate
15 action to resolve strikes or lockouts which have not
16 been resolved after exhaustion of the procedures avail-
17 able under title II of the National Labor Relations Act,

18 (5) when requested by all parties to an existing
19 or anticipated labor dispute, voluntarily engage in the
20 resolution of such dispute,

21 (6) cooperate with the Federal Mediation and Con-
22 ciliation Service and with other regional committees
23 assisted under this section with respect to the functions
24 of such committees, and

1 (7) make such recommendations to the Congress
2 as the committee deems necessary or appropriate.

3 (b) Funds from grants under this section shall not be
4 deemed to be income for purposes of the Internal Revenue
5 Code of 1954.

6 NATIONAL CENTER FOR THE STUDY OF LABOR-MANAGE-
7 MENT RELATIONS IN NONCONTIGUOUS AREAS

8 SEC. 3. (a) There is established in the Federal Media-
9 tion and Conciliation Service a National Center for the Study
10 of Labor-Management Relations in the Noncontiguous Areas
11 (hereafter in this section referred to as the "Center"), which
12 shall include such established or designated regional centers
13 as the head of the Center deems appropriate. The Center
14 shall—

15 (1) encourage the study of labor-management
16 economic problems in the noncontiguous areas,

17 (2) foster the cooperation of interested groups, such
18 as labor organizations, commercial societies, and aca-
19 demic institutions, which are located in the various locali-
20 ties served by the Center with the work of the Center,

21 (3) enter into appropriate contracts for study in the
22 fields of labor-management relations, labor history, and
23 business history,

24 (4) assess the impact of Federal laws and regula-

1 tions relating to labor-management relations upon specific
2 localities in the noncontiguous areas, and

3 (5) carry out such research and archival functions
4 as are appropriate to assist the regional committees
5 receiving assistance from grants or contracts under
6 section 2, including any assistance necessary for such
7 committees in their function of advising the Congress.

8 (b) For purposes of this section, the term "noncon-
9 tiguous areas" means Alaska, Hawaii, Puerto Rico, Guam,
10 the Virgin Islands, the Trust Territory of the Pacific Islands,
11 and the Commonwealth of the Northern Mariana Islands.

12 (c) The head of the Center is authorized to receive
13 money and other property donated, bequeathed, or devised,
14 without condition or restriction other than that it be for the
15 purposes of the Center or any of the regional centers and
16 not inconsistent with the work of the Center, any of the
17 regional centers, or any of the regional committees assisted
18 under section 2.

19 AUTHORIZATION

20 SEC. 4. There are authorized to be appropriated to carry
21 out the provisions of this Act such sums as may be necessary
22 for the fiscal year ending September 30, 1978, and for each
23 succeeding fiscal year.

Mr. THOMPSON. There have been many who have expressed an interest in testifying here today as is apparent from the length of our witness list. Unfortunately, we were not able to accommodate all who wished to testify. We simply had to close the witness list after January 6. However, I wish to assure any of you not on the witness list that you can submit written statements to the subcommittee until January 20 and they will be included in the record of the hearings.

Rather than cut off the witness list even earlier, we have agreed to hear from an unusually long list of people. But we have only 1 day and in order to hear from all witnesses, we will be forced to limit everyone's presentation to a short 4-minute summary. Again, all written statements will be included in the record in full, following the brief 4-minute summary.

I recognize that it will not always be easy to stay within these time constraints, however, in fairness to all that are scheduled to speak, I must insist that each witness stays within the allotted time. Otherwise, I am afraid I will have to use the gavel, which I really don't like to do. So we will warn you when your time is up.

Hoping that I have stayed within my allotted time, which is precisely 4 minutes, we'll begin.

I would like briefly to recognize Representative Heftel, a member of the Full Committee on Education and Labor.

OPENING STATEMENT OF HON. CECIL (CEC) HEFTEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mr. HEFTEL. At least you now believe the chairman when he says he wants to move fast.

I won't take my full 4 minutes, because I want all of you to have maximum time to express your views.

I want to thank the chairman, Frank Thompson, and the ranking minority member, John Ashbrook, for being here, and make two observations.

First, one of the critical issues that has existed in the question of shipping interruptions for Hawaii and the noncontiguous areas has been that of collective bargaining and protecting rights under the National Labor Relations Act.

The legislation we are discussing today in no way is in conflict with the National Labor Relations Act. It took many months to develop a piece of legislation which was not in such conflict.

Second, the people and how they feel. So far, the returns from the public are 17 to 1 in favor of this legislation, with over 10,000 returns in so far. When the *Star Bulletin* conducted a hearing on the same subject, the margin was 93 percent in favor of legislation to protect Hawaii in the event of any kind of shipping interruptions.

With that, Mr. Chairman, I turn the microphone back to you.

Mr. THOMPSON. Thank you, Congressman Heftel.

Next, Representative John Ashbrook of Ohio, my great friend and the ranking member of the subcommittee.

OPENING STATEMENT OF HON. JOHN M. ASHBROOK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. ASHBROOK. In the interest of time, Mr. Chairman, I will just say to you and Cec that I am very glad to be here. I have an open mind on this and I'm very interested in the hearings. I recognize that Hawaii is in a very unique position and will listen with interest to the testimony.

And, to save some time I yield back 3½ minutes.

Mr. THOMPSON. Thank you.

Our next witness is the Honorable Frank E. Fasi, the Mayor of the city and county of Honolulu.

I have your testimony, Mayor, and without objection it will be made, as will all written statements, a part of the record. You are recognized for 4 minutes, sir.

[Prepared testimony of Mr. Fasi follows:]



FRANK F. FASI
MAYOR

Testimony of
FRANK F. FASI, MAYOR
CITY AND COUNTY OF HONOLULU
STATE OF HAWAII

To The

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS
OF THE HOUSE COMMITTEE ON
EDUCATION AND LABOR

10:00 A.M., Friday, January 13, 1978

SUBJECT: HR 9409 Noncontiguous Areas Labor-Management Relations Bill

Mr. Chairman and Members of the Committee on Education and Labor:

I am here today to recommend the early passage of H.R. 9409, the Noncontiguous Areas Labor-Management Relations Bill, and to urge the Subcommittee on Labor-Management Relations to give serious and sympathetic consideration to the vexing issues that this proposed legislation seeks to address.

To my mind, this proposed legislation could be the breakthrough that the people of the State of Hawaii and Americans living in other non-contiguous areas of the nation have been waiting for -- waiting with growing impatience and feelings of frustration. I deem it a privilege to give H.R. 9409 my full approval and support.

H.R. 9409 would mandate the creation of tripartite regional committees and a National Center for the Study of Labor-Management Relations in the Noncontiguous Areas. It is obvious to me that, after these agencies have been at work for a period of time and started making reports, the nation will have a much clearer understanding of the problems underlying the shipping strikes and threatened shipping strikes which have plagued Hawaii's economy for three decades.

Perhaps one reason that members of Congress have failed to act to help Hawaii and other noncontiguous areas is rooted in a feeling, true or not, that they never hear the "real" story, only the propaganda of special interest groups. If this is

the case, this proposed legislation will be of the highest value. The Congress will now have available complete, impartial information from labor, management, and the public -- all gathered and studied by its own agencies.

I foresee that eventually the Congress will see its way to undertaking a step-by-step approach to easing shipping tie-up problems. But, at the same time, doing nothing to weaken the collective bargaining process. This, of course, is the heart of the matter -- finding ways to protect the public from the worst effects of shipping tie-ups without placing fetters on collective bargaining.

It is no secret that I am on record as being strongly in favor of collective bargaining and all it entails, even occasional costly and inconvenient strikes. I regard legal strikes as the price we pay in America for the greater goals of dignity for the workingman, and for the greater benefits to society from good-faith collective bargaining.

I congratulate Congressman Cec Heftel for devising H.R. 9409 which I consider to be both a significant approach to solving the problems of shipping tie-ups, and one which in no way threatens the legitimate rights of labor, management, and the public. It is an approach which all concerned can endorse wholeheartedly in the name of simple responsibility.

Furthermore, I wish also to congratulate the Chairman of this Subcommittee, Congressman Frank Thompson, for deciding to conduct this public hearing in Hawaii. Obviously, he is sensitive to the needs of the people of the State of Hawaii.

Even if H.R. 9409 were to do nothing else, it would provide an official, on-going mechanism for maintaining:

- * Continuing public dialogue.
- * Basic research upon which Congress can act with confidence.
- * Open lines of communication among all concerned parties, including the public.
- * The diffusion of confrontations and the replacement of them by mutually shared concern.
- * Wide-ranging studies which could go far beyond the area of shipping tie-ups and address the whole issue of labor-management relations that endanger national security, or endanger the health and basic welfare of the community at large.

We in Hawaii have had bitter experience with shipping strikes. Since World War II, we have lived through a total of four years of these tie-ups, if we add them all together. An example is the shipping strike of 1971 which effectively blockaded the State of Hawaii for three months and had devastating effects on the basic welfare of this community. Official reports set unemployment caused by the tie-up at 23,000 jobs and the cost to our economy at \$173 million.

These figures, however, do not include the cost every individual in the State paid in terms of skyrocketing prices for food and other necessities air-freighted from San Francisco, over 2000 miles away; the cost of storing strike-bound backlogs of sugar and cases of pineapple; and the cost to the economy of investments in Hawaii of risk capital which were never made.

Would you be apt to invest in Hawaii knowing that a similar shipping tie-up could happen again next year, next month, even tomorrow?

During the 1971 shipping interruption, most large businesses in Hawaii managed to survive, although they, too, suffered. But it was primarily the small businessman and his employees -- men and women who in no way involved in the dispute -- who were driven to the wall.

And I must mention another cost, an intangible one -- the alienation of citizens regarding the federal government when it was clearly seen how indifferent the Congress seemed to be to Hawaii's plight.

Remember when the Russians blockaded Berlin at the height of the Cold War? The United States quickly organized an around-the-clock, free, air-lift in and out of the besieged city, a foreign city. But nothing was done for Honolulu, an American city, when we suffered just as total a blockade as did Berlin.

Now, at last, we are on the verge of constructive action by the Congress. I say it is late, but late is better than never.

May I offer a suggestion for improving H.R. 9409? As written, lines 1 and 2 on page 3 of the official text say: "Make such recommendation to the Congress as the Committee deems necessary or appropriate." I think the bill would be strengthened considerably if the bill included prescribed dates for reporting to the Congress, such as annually, or a designated number of months before each collective bargaining agreement covering surface shipping were to be reopened for negotiations.

Most certainly, we are on sensitive ground when we consider management-labor relations. More than one politician has become silent when he has had to consider the clout of labor's vote. However, I for one am prepared to cooperate in any

way I can with the agencies that would be established if H.R. 9409 is enacted. As a man with more than a little experience on both sides of the negotiating table, I am convinced that we must continue to seek effective substitutes for the strike when we are dealing with basic services which directly affect the health and welfare of an entire geographic area.

For many years, I have strongly advocated that surface shipping be treated as a public utility as far as Hawaii is concerned. I feel that the same concept should be extended to the surface shipping supplying other noncontiguous areas.

Furthermore, I have advocated that Taft-Hartley-like safeguards, such as are now available for labor disputes which cause hardship for the nation as a whole, be extended to cover labor disputes which affect entire noncontiguous areas, such as the State of Hawaii.

House Bill 9409 offers the hope that these recommendations or some version thereof will eventually be adopted by the Congress. I wish, therefore, to go on record as strongly supporting the passage of this proposed legislation.

Thank you very much.

**STATEMENT OF HON. FRANK E. FASI, MAYOR OF THE CITY
AND COUNTY OF HONOLULU**

Mr. FASI. Thank you.

Mr. Chairman, and members of the Committee on Education and Labor, I am here today to recommend the early passage of H.R. 9409, the Noncontiguous Areas Labor-Management Relations bill, and to urge the Subcommittee on Labor-Management Relations to give serious and sympathetic consideration to the vexing issues that this proposed legislation seeks to address.

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Perhaps one reason that Members of Congress have failed to act to help Hawaii and other noncontiguous areas is rooted in a feeling, true or not, that they never hear the real story, only the propaganda of special interest groups. If this is the case, this proposed legislation will be of the highest value. The Congress will now have available complete, impartial information from labor, management, and the public, all gathered and studied by its own agencies.

I foresee that eventually the Congress will see its way to undertaking a step-by-step approach to easing shipping tieup problems. And, at the same time, doing nothing to weaken the collective-bargaining process. This, of course, is the heart of the matter—finding ways to protect the public from the worst effects of shipping tieups without placing fetters on collective bargaining.

It is no secret that I am on record as being strongly in favor of collective bargaining and all it entails, even occasional costly and inconvenient strikes. I regard legal strikes as the price we pay in America for the greater goals of dignity for the working man, and for the greater benefits to society from good faith collective bargaining.

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Even if H.R. 9409 were to do nothing else, it would provide an official, ongoing mechanism for maintaining continuing public dialog,

basic research upon which Congress can act with confidence, open lines of communication among all concerned parties, including the public. The diffusion of confrontations and the replacement of them by mutually shared concern, wide-ranging studies which could go far beyond the area of shipping tieups and address the whole issue of labor-management relations that endanger national security, or endanger the health and basic welfare of the community at large.

Mr. THOMPSON. Your Honor, you have 1 minute remaining.

Mr. FASI. I have 1 minute remaining and I've got eight more pages or, five more pages.

So, I will continue and then you can shut me off and you can read the rest at your leisure.

Mr. THOMPSON. OK.

Mr. FASI. We in Hawaii have had bitter experience with shipping strikes. Since World War II, we have lived through a total of 4 years of these tieups, if we add them all together. An example is the shipping strike of 1971, which effectively blockaded the State of Hawaii for 3 months and had devastating effects on the basic welfare of this community. Official reports set unemployment caused by the tieup at 23,000 jobs and the cost to our economy at \$173 million dollars.

These figures, however, do not include the cost every individual in the State paid in terms of skyrocketing prices for food and other necessities airfreighted from San Francisco, over 2,000 miles away: the cost of storing strike-bound backlogs of sugar and cases of pineapple; and the cost to the economy of investments in Hawaii of risk capital which were never made.

I think my time is up and I thank you for giving me the opportunity to testify here.

Mr. THOMPSON. We will study the rest of your statement carefully, I assure you, and reiterate that it will be made a part of the record.

Mr. Ashbrook?

Mr. ASHBROOK. I have no questions at this point.

Mr. THOMPSON. Mr. Heftel?

Mr. HEFTEL. No questions, but I appreciate your being here. Thank you, Mr. Mayor.

Mr. FASI. Thank you. Have a nice stay.

Mr. THOMPSON. Our next witness is Mr. David Peters, the executive assistant to Senator Daniel Inouye, who cannot be with us today.

Good morning.

STATEMENT OF DAVID PETERS, EXECUTIVE ASSISTANT TO U.S. SENATOR DANIEL INOUE

Mr. PETERS. Good morning, Mr. Chairman.

This being Aloha Friday in Waikiki, Aloha Kakahiaka, in the Hawaiian language.

Senator Inouye asked me to express his gratitude to you, Mr. Chairman and to the members of this committee for their willingness to come to Hawaii to hear of our concerns and to Congressman Cec Heftel especially for having introduced this measure and making this hearing possible.

The problem of interruptions in the surface commerce between the West Coast and Hawaii and the other Pacific Islands is one that has been of great concern to all residents of these islands, at least since the 177-day shipping strike in 1949. It is very difficult for someone who has spent a lifetime on the mainland to appreciate fully the depth of our concern. Only if you have lived through several of these shipping interruptions can you fully appreciate the importance which we, as residents of island communities, attach to this subject. It is Senator Inouye's hope that these hearings will transmit to the distinguished chairman and to others in the House of Representatives some appreciation of the unique concern which is the motivation for this bill and other legislative proposals which address this problem.

As those who have followed Senator Inouye's efforts for some time now know, this is not the first time this problem has been addressed. The Senate Commerce Committee held three days of hearings on this issue as long ago as January 1972, when we were in the midst of the latest then lengthy interruption in shipping—one which lasted some 134 days.

In 1974, the U.S. Senate passed, by a vote of 58 to 39, the Hawaii and United States Pacific Islands Surface Commerce Act. Unfortunately, the measure was not brought to a vote in the House. Senator Inouye introduced a similar measure the following year and the hearings were again held by the Senate Commerce Committee, of which he is a member, in October of 1975. It became clear, however, that we were once again going to run into trouble in getting favorable consideration in the House despite the best efforts of our House congressional delegation members.

In the 95th Congress, Senator Inouye, again introduced legislation which was referred to the Senate Human Resources Committee. It became clear that no action was going to be forthcoming; and Senator Inouye subsequently introduced yet another measure, the Essential Maritime Transportation Act of 1977. While hearings were scheduled this past year, they were postponed.

Our interest continues, however, and we are most pleased that these hearings once again present an opportunity to be heard at this time. Fortunately, it has now been some 5 years since we have experienced a major shipping interruption. Time dims the memory of our concern and there is an undeniable tendency on the part of many to relax and to await the next emergency before we again get stirred up on this issue.

From experience, we can tell you that it is not possible for the legislative process to react in time to take care of Hawaii's problems after disruption is underway.

Mr. THOMPSON. You have 1 minute remaining.

Mr. PETERS. We need to anticipate our problems on the basis of experience and to establish the legislative framework which will permit us to face the next interruption secure in the knowledge that our past experience of lengthy interruptions of intermediate length will not occur.

From our investigations we have found that it is not just the direct impact of the interruption which concerns the people of Hawaii, it is

the whole problem of preparing for an emergency interruption which may not occur that is costly in dollars and in terms of business planning by many small firms. Warehousing costs are much higher in Hawaii than on the mainland—an estimated 250 percent higher.

Our concern is heightened by the fact that the labor-management disputes which so affect our economic lifeline usually result from a dispute between West Coast labor and the Pacific Maritime Association. Hawaii is not represented in these West Coast unions and Matson Lines, the principal carrier from the West Coast to Hawaii, has only a small percentage influence on the decisions of the Pacific Maritime Association. We, in Hawaii, become a hostage in an economic struggle over which we have no control and in whose settlement we have no voice.

It is my understanding that the current bill has as its purpose the establishment of regional committees in Hawaii, Guam, Puerto Rico, and other noncontiguous areas to serve as forums for the consideration of these issues to improve the ability of the representatives of the public to participate in the resolution of any future disputes. I understand further that these committees will develop data necessary to measuring the full impact. They will consult with the protagonists and the Government in trying to resolve the dispute. Additionally, the legislation would create a National Center for the study of labor-management relations in the noncontiguous areas within the Federal Mediation and Conciliation Service. These should be fruitful steps even if they do not guarantee us against all future interruptions. Having wrestled long and hard with this problem, I commend Congressman Heftel for the leadership he is demonstrating in achieving this action.

Mr. THOMPSON. I am going to have to stop you now.

Mr. PETERS. Well, thank you very much for this opportunity.

Mr. THOMPSON. I would like you to express to the Senator my personal regards and the fact of my knowledge of his long interest as well as that of the entire delegation from this wonderful State.

As the Senator's statement recites, this legislation has been referred to the Senate Commerce Committee and finally to the Committee on Interstate and Foreign Commerce in the House of Representatives.

Congressman Heftel's legislation is the only piece of legislation relating to this subject before the Committee on Education and Labor, which has the labor-management jurisdiction. We are very much aware of it. We'll follow it and we will give it very careful consideration.

Thank you very much.

Mr. PETERS. Thank you, Mr. Chairman.

Mr. THOMPSON. It is my understanding that Mr. Kono, who is to represent your distinguished Governor is here now. Welcome Mr. Kono.

STATEMENT OF HIDETO KONO, DIRECTOR, DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT, STATE OF HAWAII, REPRESENTING GOV. GEORGE ARIYOSHI

Mr. Kono. Thank you very much. Chairman Thompson and members of the committee, my name is Hideto Kono and I am the director

of the Department of Planning and Economic Development of the State of Hawaii.

My department has the responsibility for statewide planning and for economic development throughout the State. Gov. George Ariyoshi has asked me to represent him in commenting upon H.R. 9409, the Noncontiguous Areas Labor-Management Relations Act.

H.R. 9409 is important to Hawaii and other noncontiguous areas of the United States in that it recognizes the special labor-management relations problems shared by States and territories physically separated from the other 48 States of the Union on the mainland. Certainly one specific common thread that binds the interests of the noncontiguous areas is the vulnerability of these areas to transportation interruptions.

The State administration has supported past legislative proposals that would have provided remedies to insuring that vital lifelines between Hawaii and mainland ports are kept open in the event of disputes which take place elsewhere and do not directly involve Hawaii's workers. This support stems from the administration's concern over the very adverse impact that a prolonged transportation stoppage would have on Hawaii's economy, which is heavily dependent upon transportation linkages with the U.S. mainland.

We perceive H.R. 9409 as a viable means of ameliorating the vulnerability of the economies of the noncontiguous areas to extended transportation disruptions. The tripartite regional committees proposed by the bill and the proposed National Center for the Study of Labor-Management Relations in the Noncontiguous Areas could be positive forces in representing the interests of labor, management, and the public; in helping to resolve disputes before they reach crisis proportions; and in focusing congressional attention on the economic issues and problems that impact upon the noncontiguous areas.

We note that the mechanisms provided for by H.R. 9409 do not have the power to enforce, to enjoin, or to empower others to act in any manner which might be termed adverse to the interests of any party to a dispute. On the contrary the mechanisms provided by the bill could be helpful to all parties seeking solutions to problems and issues. Accordingly, Mr. Chairman, we do not view H.R. 9409 as antilabor, or antimanagement. Its purpose is to provide a permanent forum for the consideration of issues relating to labor-management relations and to facilitate finding equitable solutions. Its purpose is to add to the store of knowledge in this area of concern to all of our citizens, and to advise the representatives of the people, the Congress, on these matters affecting our well-being. Based on these considerations, we find the measure to be pro-people, and we do support its enactment.

Mr. THOMPSON. Thank you very much, and congratulations on your ability to state so succinctly your position in exactly 5 minutes.

I notice that our distinguished Congressman, Representative Akaka has joined us, good morning Dan.

I have no questions except to relay my respects to the Governor and to thank him.

Mr. KONO. I will extend them. The Governor is on the mainland on a trip and he has not been able to, therefore, attend this session.

Mr. THOMPSON. I hope he is on one of the warmer parts of the mainland.

Mr. KONO. Thank you very much, sir.

Mr. THOMPSON. It's my understanding that the mayor of Maui will be represented later in the afternoon.

Mr. HEFTTEL, do you have any questions?

Mr. HEFTTEL. No.

Mr. THOMPSON. Mr. Akaka, any questions?

Mr. AKAKA. No, none at all.

Mr. THOMPSON. Thank you very much.

Our next witness is a panel consisting of Dr. Thomas Hitch, Sr., representing the Chamber of Commerce of Hawaii; Mr. Walter Tagawa, the president of the Japanese Chamber of Commerce; Mr. William Remular, president of Remular Enterprises, representing the Filipino Chamber of Commerce; Mr. Al Newman, the executive vice president of the Retail Merchants of Hawaii and Mr. Wally Yee, the executive secretary of the Chinese Chamber of Commerce.

It is my understanding that Mr. Yee's statement is written testimony only and will be made a part of the the record at this point

[Testimony referred to follows:]

The Honorable Frank Thompson, Jr.
 Chairman
 House Labor-Management Relations Subcommittee
 C/O Office of Representative Cecil Heftel
 Prince Kuhio Federal Bldg
 Room 4104
 300 Ala Moana
 Honolulu, HI 96813

Dear Sir:

On behalf of the Chinese Chamber of Commerce of Hawaii I would like to take this means to express our support for H. R. 9409.

The unique geographical situation of the State of Hawaii requires Federal legislation which will insure that the citizens of our State to receive a continuous supply of goods during periods of prolonged labor-management disputes.

The importance of maintaining uninterrupted shipping between the mainland United States and the Hawaiian Islands has been reiterated in countless studies, reports, testimonials and even State legislation as far back as 1949, indicating our concern and our vulnerability as a noncontiguous area.

The necessity to maintain the flow of our basic requirements of food, shelter, clothing and other materials by ships to prevent our economy from collapsing is even greater now. We need uninterrupted shipping from the West Coast to maintain our economy and a healthy business climate as much as the United States needs continuous shipments of oil from other countries to keep the national economy moving.

We therefore, endorse H. R. 9409 with some hope that an effective Federal legislative solution can be passed which will exempt the State of Hawaii from any strike or lockout occurring in the West Coast maritime industries.

We respectfully request that this letter be made a part of the records of the hearing to be held in Honolulu, Hawaii, on January 13, 1978.

Sincerely yours,

Warren Y. J. Yee
 President

Mr. THOMPSON. We can proceed with the panel, if they'd please take their places.

We will proceed first with Mr. Newman.

**STATEMENT OF ALBERT M. NEWMAN, EXECUTIVE VICE
PRESIDENT, RETAIL MERCHANTS OF HAWAII**

Mr. NEWMAN. Mr. Chairman and members of the committee, I am Albert Newman, executive vice president of the Retail Merchants of Hawaii.

We would like to express our deep thanks to the committee, to Chairman Thompson for holding these hearings here in Hawaii and for the opportunity of presenting testimony to emphasize the importance of some types of legislation to protect the people of Hawaii against interruptions to the normal flow of interstate commerce to and from Hawaii.

Mr. HEFTTEL. Could you hold the mike closer to you? I don't think the folks in the back are able to hear.

Mr. NEWMAN. All right.

As you know, this subject of shipping interruptions has attained the mature age of 20 years and as our State has grown, so has our vulnerability.

Let us take a look at exactly what we are talking about from the point of view of the retail trade in Hawaii and the tremendous impact past service disruptions have had on the welfare of the people of Hawaii. In the years 1946 to 1972 there were 1,788 days of strikes, which has been previously stated to be almost 4 or 5 years. This means that about 20 percent of the total days in that period of time there were transportation strikes stopping shipments to or from Hawaii. Retail trade is directly and immediately affected when shipping is halted, because as you all know, all of our consumer goods, or nearly all, must be imported.

The only relief that retail merchants can seek during shipping stoppages is either to use airfreight or to carry exceptionally heavy inventories, and both having been so expensive it results in higher prices for consumers. The general commodity airfreight rate from Chicago to Honolulu, according to United Air Lines is \$74 per 100 pounds. The commercial storage rates run to nearly 50 cents per square foot, according to Island Movers. But this is only the first cost because it is necessary to figure on capital being tied up, additional insurance premiums, labor costs, handling and other costs which are not normal. It is easy, therefore, to see why Hawaii is so vulnerable and why we urgently need your assistance to fend off any further interruptions to the normal flow of traffic.

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. Obviously, new businesses would be reluctant to invest in an area where their business could be stopped due to shipping strikes.

Merchandising in Hawaii is unique and does not compare with other States in the Union. The basic needs of our people are food, medical

supplies, clothing, and all must be transported over 2,500 miles of ocean, either on the sea or in the air and every group has the same problem.

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

It takes many months to clear the backlog of freight when there is a stoppage and to return to normal operations. Many items are out of stock, which causes inconvenience to the public and higher operating costs.

Floor space for retail usage is at a premium. Waikiki, for example, I'm told runs about \$5 per square foot. So that most of the retail stores cannot afford to have sufficient warehouse space at the retail site.

Mr. THOMPSON. Mr. Newman, you have 1 minute.

Mr. NEWMAN. Retailing in Hawaii is a major contributor to the State's economy. The number of persons employed in the retail establishment in October 1977 reached 74,000. Retail sales amounted to \$3.8 billion.

We realize that this bill is not a cure-all, but we hope that it will meet meaningful legislation. Thank you very much.

Mr. THOMPSON. Thank you.

I wonder if you could supply a statistic to the committee at a later time?

Mr. NEWMAN. Yes, sir.

Mr. THOMPSON. In the years between 1946 and 1972, there were, you say 1,788 days of strikes.

Mr. NEWMAN. Yes, sir.

Mr. THOMPSON. Which is a great many. I would like to know the periods, the exact periods of those days. I think it would assist your testimony and make it more persuasive than it is.

Mr. NEWMAN. We will supply it for you.

Mr. THOMPSON. Thank you, sir.

Mr. NEWMAN. Thank you very much.

Mr. THOMPSON. Mr. William Remular.

STATEMENT OF WILLIAM REMULAR, FILIPINO CHAMBER OF COMMERCE OF HAWAII

Mr. REMULAR. Mr. Chairman, I am Bill Remular representing the Filipino Chamber of Commerce. And, simply for the sake of brevity and to preclude any repetition, I will simply state that the Filipino Chamber of Commerce of Hawaii supports fully the points to be made by Dr. Hitch who represents the Chamber of Commerce of Hawaii.

I trust that you will allot him a portion of my unused time.

Mr. THOMPSON. We'll be delighted to give him a minute or so of it.

Dr. Hitch, you are recognized for 7 minutes.

[Prepared testimony of Mr. Hitch follows:]

Testimony of Dr. Thomas K. Hitch
Senior Vice President
Research Division
First Hawaiian Bank

Representing the Chamber of Commerce of Hawaii

Before the Labor-Management Relations
Subcommittee of the U.S. House of
Representatives Committee on Education
and Labor

Honolulu, Hawaii
January 13, 1978

First I want to thank you for coming to Hawaii to gain some firsthand insight into some of the problems faced by this community that is so far removed from Washington.

The most important insight that I want you to get is that Hawaii is far and away the most vulnerable state in the nation when it comes to transportation tie-ups.

There are two reasons for this.

The first is that Hawaii is a very specialized export-import economy rather than a self-contained, self-sufficient economy. Fully 80% of all the commodities we consume are imported from overseas, and we get the money to pay for these massive imports by exporting vast quantities of sugar, pineapple and other agricultural

produce together with hosting over three million visitors a year, and providing many goods and services to the federal (mainly military) agencies. I can sum up this aspect of the Hawaiian economy by saying that if a thing can't be made out of lava, coral, air, water, or semi-tropical plants, then the chances are good that Hawaii has to import it, or its components. The point is that since all these imports have to move by commercial carrier, we are incredibly dependent for our very existence on keeping our transportation lines constantly open and functioning.

The second reason for our extreme vulnerability is that our transportation consists of only two modes -- the airplane for people and for some high-value, low-volume commodities, and ocean freight for everything else.

A typical mainland community can move people not only by airplane, but by trains and cars and busses, and if necessary even on horseback or on foot. And it can move commodities not only on the water and through the air, but by a wide diversity of modes on the ground-- primarily trucking and railways, but in limited quantities by anything that rolls or moves.

The map of the Washington, D.C. area that I have displayed encompasses some six and one-half thousand square miles-- roughly the area of the state of Hawaii. For transportation, that area is serviced by everything that moves on the ground, in the air and on the water. If one mode of transportation is shut down, there might be a little inconvenience, but in all probability some other mode of transportation would be used in its place until it was reestablished. Even if all commercial carriers were stopped at one time, people and commodities could still move by private cars, trucks, boats, motorcycles, and so on.

But visualize the situation that the Washington area would face if an impenetrable wall were suddenly placed around it so that nothing moved on either ground or water. That is what we face in Hawaii when we have a shipping strike. I submit that it is an absolutely intolerable situation that the Congress would never for one minute permit to happen to the Washington area, and should not permit to happen to Hawaii.

Or, alternatively, visualize a dome over this area so that no airplanes could fly in or out of the region. Even that would not be as disastrous as a general airline strike is to Hawaii -- because people would still move

by busses, and trains, and cars, whereas people coming into and going out of Hawaii are 100% dependent on the commercial air carrier.

This situation would be bad enough if it happened only on rare occasions. The fact is that scores of maritime and dock strikes have occurred since World War II and have disrupted shipping to and from Hawaii for a cumulative total of over four years. If one adds the prestrike period of frantic stockpiling and the poststrike period of trying to get business back to normal, the total time of disruption of the economy would be more like six years-- or one-fifth of all the time since the end of World War II.

Trunk air carrier stoppages have been less frequent, but with tourism now having become the biggest single base of the Hawaiian economy, and with all our three million plus visitors coming by air, a general air trunk carrier strike would knock out the major prop that supports the islands. We had one horrible experience with this for over a month in the summer of 1966.

To save time, I will say no more about the supreme importance to Hawaii of uninterrupted transportation. This ground will be covered in specific detail by the

many members of the business community who follow me today, and I have documented it in the booklet entitled "Hawaii, the most vulnerable state in the nation", which I now submit and ask to be added to the record of this hearing. This booklet was written in 1973, but nothing has happened since then to change it except to update some of the figures which I have done in an insert sheet.

Because of the critical importance to Hawaii of maintaining uninterrupted shipping between the islands and the Mainland, this issue has been at, or close to, the top of the agenda of the Chamber of Commerce of Hawaii for most of the 28 years that I have been closely affiliated with that body. I doubt that there is any issue that has received as much attention from the Chamber during these years as has this one. In addition to its standing committee on transportation, the Chamber has from time to time appointed special ad hoc committees on uninterrupted shipping. It has conducted studies. It has issued reports. It has appeared on many occasions before the state legislature, and on many occasions sent delegations to Washington. It has debated the pros and cons of different approaches to a solution of the problem, and (being a practical organization) it has on occasions in the past abandoned one program aimed at assuring uninterrupted shipping in favor of another

program that seemed to offer a greater chance of being successful.

At the present time, the position of the Chamber on this issue is to support federal legislation that would exempt Hawaii for a period of at least 120 days from any strike or lockout occurring in the West Coast maritime industries. This is essentially the legislation that was introduced by Senator Daniel K. Inouye and passed in the U.S. Senate in 1974.

Insofar as H.R. 9409 might do anything to achieve the objective of the Chamber with respect to uninterrupted shipping, its approach is extremely indirect and extremely long-range.

As I read the bill it would do two things.

First, it would set up tripartite committees in each of the noncontiguous areas of the United States (including, I hope, American Samoa along with the others listed), whose basic function would be to provide a permanent forum for the consideration of issues relating to labor-management relations in those areas. In Hawaii, to confine my comments to the noncontiguous area that I know best, we have 85 unions with 2,255 labor-management contracts in existence, but only one of these contracts

has anything directly to do with shipping between Hawaii and the Mainland-- the master contract between the ILWU and the stevedoring companies. Furthermore, the situation with this contract is different from any other because of the existence of the dock seizure act of 1951 which was originally passed by our legislature in 1949, when Hawaii was literally decimated by a six-months-long dock strike.

The second thing the bill would do would be to establish a national center for the study of labor-management relations in the noncontiguous areas with broad authority to promote, through studies and other means, better labor relations in those areas.

All this is well and good, but it seems to have nothing to do with the labor-management relations involved in shipping between the West Coast and Hawaii. That shipping either moves or stops because of the following labor-management contracts between the Pacific Maritime Association on the West Coast and the following unions:

- Masters, Mates & Pilots Union
- Marine Engineers Beneficial Association
- American Radio Association
- Marine Staff Officers
- Marine Cooks and Stewards
- Marine Firemen's Union
- Sailors Union of the Pacific
- International Longshoremen's & Warehousemen's Union

Incidentally, all these unions have three-year contracts which will expire in June of this year, so it is quite possible that Hawaii will be hit with yet another disastrous shipping stoppage as early as June 15.

None of these contracts are between unions and employers located in any noncontiguous areas, and the contracts are negotiated in every case on the Mainland. The members of the Pacific Maritime Association (except for Matson Navigation Co. and to a limited extent U.S. Lines) have no relationship with Hawaii, and no interest in Hawaii's problems. It would seem to me that West Coast employers and unions would be entirely outside the jurisdiction of any of the regional committees or even of the National Center that would be established by this bill.

My first comment with respect to H.R. 9409, therefore, is that instead of referring to labor-management relations "in" noncontiguous areas it refer to labor-management relations "affecting" noncontiguous areas.

There may be better wording than what I propose, but I think I have made my point that, at least as far as Hawaii is concerned, we have done all that we can do

here to assure uninterrupted shipping at this end of the line with the dock seizure act, so that what is missing is at the other end of the line outside this noncontiguous area. The impasses that from time to time interrupt Hawaii's shipping occur in the West Coast dock and maritime contracts.

With this modification, the bill might do some good. It says, in effect, we have a problem that needs resolution and that it intends to set up a mechanism for study, discussion, dialogue, information-distribution, etc., in the hope that such efforts will, over time, result in some resolution of this problem.

It furthermore authorizes the regional committees to make such recommendations to the Congress as they deem appropriate, and it instructs the National Center to assess the impact of federal laws and regulations relating to labor-management relations upon specific localities in the noncontiguous areas. With these latter provisions, it is possible that when our lifeline is severed, we may be able to get the attention of Washington in ways that otherwise we would not.

But on this subject, I would like to comment specifically about Section 2. (a) (4) of the bill

which says that each regional committee shall consult with and advise the Congress and other appropriate public agencies with respect to appropriate action to resolve strikes or lockouts which have not been resolved after exhaustion of the procedures available under title II of the National Labor Relations Act.

In this section, the words "after exhaustion" bother me because the committees would presumably be precluded from such action until all Taft-Hartley procedures have been exhausted. Granted that Taft-Hartley has been remarkably ineffective in dealing with dock and maritime disputes, and I personally do not make any case for that method of dealing with such work stoppages, the fact is that Taft-Hartley has seldom been invoked with respect to dock or maritime strikes affecting Hawaii, and to restrict some of the authority of the committees to the period following the exhaustion of all Taft-Hartley procedures would indeed hamper whatever effectiveness they might otherwise have.

With these modifications, I can say that the Chamber of Commerce of Hawaii endorses this bill. We endorse it with the hope that somehow, through education, study, analysis, publicity, and the exchange of information, it will make some contribution of some sort to the

resolution of what, in the long run, is the most serious problem Hawaii faces. We do not consider that it in any direct way addresses this problem, and therefore, we shall continue to do what we can to assure the passage of legislation which will exempt Hawaii for a period of at least 120 days from any strike or lockout occurring in the West Coast maritime industries.

We believe that exempting little Hawaii from transportation strikes is the most reasonable solution to Hawaii's biggest economic problem, and we have come to that conclusion after much deliberation and experience. Let me tell you why we believe this.

For nearly two decades, going back to the early 1950s, the position of the Chamber of Commerce was that in the event of a serious disruption of shipping between Hawaii and the Mainland, the government (State/Territorial and/or Federal) should provide emergency shipping through the use of any ships that might be made available -- the military fleet, mothballed ships, chartered ships, etc. This program was ineffective because Hawaii's government was never able to overcome the formidable logistics involved in implementing it, and the federal government never gave the slightest indication of favoring it.

In the eighteen-month period from mid-1971 to the end of 1972 when shipping between Hawaii and the West Coast was shut down for one-third of the time, Hawaii suffered so drastically that practically everyone here agreed that something had to be done to remove this continuing threat to our lifeline. At that time the subject was put under intense scrutiny and all possible solutions were studied in depth. As I reported in the booklet entitled "Hawaii, the most vulnerable state in the union", we finally came down to three basic approaches.

The first proposal was to attempt to amend Taft-Hartley and the National Railway Labor Act (which dealt with emergency airline strikes) so that they could be applied to regional and even local emergencies, rather than only to national emergencies.

The second proposal was to attempt to achieve a major revision of Taft-Hartley based on experience over several decades and to include railroads and airlines under this comprehensive emergency strike legislation.

For a great many reasons which I will not take your time today to detail because they are all laid out in the booklet, we discarded these two proposals in favor

of the third.

This third proposal was to push for special federal legislation that would exempt Hawaii, at least for a period of time, from dock or maritime strikes and national airline strikes. We concluded that, with proper safeguards, the operation of a very small segment of a struck industry would have no effect on the two parties to the dispute, would involve a minimum of government intervention, and would not remove any of the economic pressures on either side to seek a settlement.

Since the key to this proposal was that only a small fraction of the struck industry would continue to maintain its services, we looked very carefully at the fraction of West Coast dock and maritime work that was devoted to the Hawaii trade. We found that in West Coast longshoring, only three percent of the total longshore manhours were devoted to handling commodities bound to or from Hawaii, and in West Coast maritime the percentage was just over seven. The percentages for East and Gulf Coast maritime and longshore were of course much lower as was the percentage of the U.S. airline trunk fleet that was engaged in the Hawaii run.

With partial operation of a struck industry being not uncommon (particularly in West Coast shipping where for the last quarter of a century military shipping has

continued largely uninterrupted throughout all the shutdowns), we felt, and we still feel, that exempting Hawaii from a West Coast maritime or dock stoppage would not be at all unreasonable. It would keep Hawaii's economy from crumbling and the whole state from becoming a disaster area. And the impact on labor relations would be utterly inconsequential.

Isolated as we are in the far reaches of the vast Pacific Ocean, we find it extremely difficult to understand why we are denied this elementary protection..

When we took this proposal to the Senate in 1973 we were heard, a majority of the Senate was satisfied that what we proposed was not only necessary but was reasonable and was not disruptive to labor-management relations in any way, and the bill was passed in 1974 with only some minor modifications.

We did not get anywhere in the House of Representatives with this bill, and that is why I am so delighted that we have the opportunity to meet with you today. Our failure in the House was, everyone assured us, the result of opposition from several Mainland union leaders who felt that this legislation was, somehow, anti-labor. Some of our local union leaders did not feel this way,

because they knew what the local situation was. Arthur Rutledge, for example, who is head of the Teamsters and also of the Hotel and Restaurant Employees Union told the Merchant Marine Subcommittee of the Senate Committee on Commerce:

"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."

In that hearing, in response to a direct question from Senator Inouye as to whether he considered the bill a "unionbusting" bill, Rutledge replied that he didn't and added "Neither does anybody else, including those who say they do, because it isn't."

I can add that the dock and maritime unions at least on the West Coast have never considered the partial operation of the merchant marine fleet during strikes in order to move military cargo a threat to them or to their strike. In fact, the opposite is the case because I know that the members of the Pacific Maritime Association felt back in the 1960s during the Vietnam war when so much military cargo moved during some of the dock and maritime strikes that the work opportunity provided to union members did a great deal to strengthen the union and to prolong the strikes.

And I can add further that an extensive public opinion poll taken in Hawaii in 1975 concerning federal legislation to exempt Hawaii from West Coast dock or shipping strikes got an 87 percent favorable vote from the non-union segment of the public and got a very close 84 percent favorable vote from union members. These are incredibly high figures for any public opinion poll on any subject.

We hope that in your consideration of H.R. 4909 you will gain enough appreciation of the transportation problems faced by noncontiguous areas of the United States that you will develop a willingness to look at some direct approaches to the solution of these problems.

STATEMENT OF THOMAS K. HITCH, SENIOR VICE PRESIDENT,
RESEARCH DIVISION, FIRST HAWAIIAN BANK, REPRESENT-
ING THE CHAMBER OF COMMERCE OF HAWAII

Dr. HITCH. Thank you sir. I will try not to take that amount of time, although my full testimony would run considerably longer than that and I hope you will get a chance sometime to glance over it.

Mr. THOMPSON. I might add, doctor, that I have read previous testimony of yours before the Senate and a number of your writings and I recognize your very long and deep interest in this subject.

Dr. HITCH. Thank you, sir. And I, in turn, want to thank you for coming to Hawaii, along with Mr. Ashbrook and your two counsels to gain some firsthand insight into some of the problems this community faces; this community, which is so far removed from Washington. In fact, I think you have already documented how far we are from Washington. If a man of your national prominence gets to this place only once in every 30 years, we must be very, very far away indeed.

[Laughter.]

Mr. THOMPSON. Well, it wasn't so hard for me to make up my mind to come doctor, but I had a terrible time with Mr. Ashbrook.

Dr. HITCH. Unfortunately, we get back to Washington much more frequently.

The most important insight that I would like for you and Mr. Ashbrook to get is that Hawaii is far and away the most vulnerable State in the Nation, when it comes to transportation tieups. And this is true for two reasons. The first is that Hawaii's economy is a very specialized export-import economy, rather than a self-contained, self-sufficient economy.

Fully 80 percent of all the commodities we consume, physical commodities that we consume are imported from overseas, mainly from the continental United States, of course. And we get the money to pay for these massive imports by exporting vast quantities of sugar, pineapple, and other agricultural produce, together with hosting over 3 million visitors a year and providing many goods and services to the Federal Government, particularly the military agencies.

The point is that since all these imports have to be moved by commercial carrier, we are incredibly dependent, more so than any other region in the country, for our very existence on keeping our transportation lines constantly open and functioning.

And the second insight I want you to get, which I'm sure you already have, is that we have only two modes of transportation. We have got the airplanes for people and for some high-value, low-volume commodities, and we have got ocean freight for everything else.

A typical mainland community can move people not only by airplane, but by trains and cars and buses, and if necessary, even on horseback and motorcycles and on foot. It can move commodities not only on the water and through the air, but by a wide diversity of modes of transportation on the ground, primarily trucking and railways, but in limited quantities by anything that rolls or moves.

The map of Washington, D.C. area, which I have here, tries to make this point in one picture instead of 10,000 words. That area that

I have around the wall is roughly the area of the State of Hawaii, 6,000 square miles. For transportation, that area is served by everything that moves on the ground, in the air and on the water. If one mode of transportation is shut down, there might be a little inconvenience, but in all probability some other mode of transportation would be used in its place until it was reestablished. Even if all commercial carriers were stopped at one time, people and commodities could still move by private cars, trucks, boats, motorcycles, or anything else.

I'm not going to take any more time to emphasize the importance of continuous, uninterrupted shipping to Hawaii. I have done this in the booklet that you may have seen that we produced a few years ago. I have an update sheet in that booklet for the figures, although the essence of the booklet still stands.

Mr. THOMPSON. We may have that.

Dr. HITCH. Now then, let's get to H.R. 9409. I want to say that the Chamber of Commerce supports that bill. I only have two comments with respect to it, where I think it would be improved if certain modifications were made.

The first is that both with respect to the regional committees that are provided for in the bill and with respect to the national center, the wording of the bill refers to their jurisdiction as the study of labor-management relations in the noncontiguous areas of the country. Now, our main problem is, of course, the contracts that a group of about two, four, six, eight unions have with the Pacific Maritime Association. That determines the functioning of the docks and the Pacific Maritime activity. These are mainland contracts negotiated on the mainland by mainland unions with mainland employers, with the exception of Matson and a little bit, U.S. Lines. They are a vast minority, who don't really have Hawaii's interest at their heart, I think, and therefore, I would think that the bill should really be worded to relate to the function of the committees and the jurisdictions of the committees and the study center as being labor-management relations affecting the noncontiguous areas. Now, there may be better wording, but I think I made my point with respect to this.

Mr. THOMPSON. I think in that regard Representative Heftel and the rest of us recognize that if a bill gets to the amending stage, very, very rarely does it end up in its initial form. Very rarely does the bill not need some perfecting amendments.

Dr. HITCH. One other suggestion, sir, if I may. One section of the bill, section 284, says that each regional committee shall consult with and advise the Congress and other appropriate public agencies with respect to appropriate action to resolve strikes or lockouts which have not been resolved after exhaustion, those are the two words I want to circle, "after exhaustion" of the procedures available under title 2 of the National Labor Relations Act. In this section, the words "after exhaustion" bother me a little because the committees would presumably be precluded from such action until all Taft-Hartley procedures had been exhausted. And, granted the Taft-Hartley has been remarkably ineffective in dealing with dock and maritime disputes I personally, and I don't make any case for those procedures, I still think that to restrict the authorities or the committees to the period follow-

ing the exhaustion of Taft-Hartley procedures, when frequently they are never invoked, would be an undue limitation.

So with those two comments, sir, I say that the Chamber of Commerce of Hawaii endorses this bill; we endorse it in the hope that somehow through education, through study, through analysis, through publicity, through the exchange of information, it can make some contribution to the resolution of what in the long run is the most serious problem Hawaii faces. I must be very honest and say that we do not consider that it directly addresses the problem of uninterrupted shipping. It's indirect.

And, therefore, the chamber will continue to do what it can to assure the passage of legislation that will give Hawaii exemption for a period of at least 120 days from any strike or lockout occurring in West Coast maritime industries.

Thank you, sir. I hope I have kept myself brief enough.

MR. THOMPSON. You did splendidly. I just have one question. By 120 days, do you mean beyond the 80-day mandatory cooling off period?

DR. HITCH. We were down to running this concurrently.

MR. THOMPSON. Thank you, sir.

DR. HITCH. Incidentally, in response to your question to Mr. Newman, in the appendix of this booklet, which your staff has copies of, we have a detailed listing of all of the transportation stoppages that affected Hawaii during the periods 1946 to 1972 by the type of strike, the date commenced, the duration, involving which unions and so on.

MR. THOMPSON. Thank you. Incidentally, Mr. Newman should be grateful to you because yesterday at the chamber luncheon you reminded me that Fridays are Aloha shirt days and so I called the staff and my colleague and we did a little retail purchasing.

MR. ASHBROOK?

MR. ASHBROOK. Thank you, Mr. Chairman. I guess, Dr. Hitch, you came very close to answering the one question I had in my mind in your last minute. I wondered whether the chamber was lowering its sights or lowering its support because as I read the bills, your previous support of Senate 1566 would have been much stronger and much more direct.

DR. HITCH. I don't think, sir, that the chamber's desires and objectives have been lowered, but for tactical reasons their stated policy might be lowered and I think that would be the answer.

MR. ASHBROOK. So, you basically still support the concept of 1566.

DR. HITCH. Yes, we would.

MR. ASHBROOK. I think Senator Inouye has that in Senate 23 this year. So, you still support that and my colleague, Cec Heftel's bill?

DR. HITCH. I'm not sure of the numbers. Senate 23, I'm not—is that this year, 1978?

MR. ASHBROOK. That was introduced in January of this year. It's the successor to Senate 1566, which you supported previously.

DR. HITCH. Right.

MR. ASHBROOK. On a scale of preference, you would support that first and Mr. Heftel's bill second?

DR. HITCH. That's my understanding.

Mr. ASHBROOK. Thank you.

Dr. HITCH. Although I don't think they are in contradiction. I mean, I would support both.

Mr. ASHBROOK. They aren't mutually exclusive.

Dr. HITCH. They aren't mutually exclusive in any way. I wouldn't put a priority on—you know, they are different.

Mr. HEFTTEL. I think, Dr. Hitch, I and the people of Hawaii would be happy to accept both pieces of legislation.

Dr. HITCH. Right, I agree.

Mr. THOMPSON. Mr. Akaka?

Mr. AKAKA. No questions.

Mr. HEFTTEL. One of the problems that is posed constantly and was even repeated yesterday by Chairman Thompson, has to do with the so-called conflict between the rights of collective bargaining and protecting uninterrupted shipping for Hawaii. Do you have an observation on that problem?

Dr. HITCH. Well, I was at the luncheon meeting yesterday, Mr. Hefttel, and I thought the chairman stated the problem very well and he properly called this a classical problem, a classical problem of maintaining free collective bargaining, unimpaired and at the same time continuing to provide some necessary services during the period of a strike.

If I could take another couple of minutes, I would like to answer that question in just a little detail. It won't take long.

Mr. Chairman, Mr. Ashbrook and Mr. Hefttel, I'm not sure that there is any solution to the problem of national emergency strikes that does not interfere with free collective bargaining. Hence, the classical nature of the problem and the use of the word classical.

That's why in trying to arrive at a reasonable solution to Hawaii's shipping problem, I gave short shrift to all the many proposals that had been put forward for dealing with national emergency strikes. The Taft-Hartley procedures, compulsory arbitration, government operations, final offer proposals, "mediation to finality," and so forth, because they all interfere with free collective bargaining.

But, that's not the problem we face. When we're the victim of a major West Coast dock or maritime stoppage, the problem is not to solve the dispute and to get everybody back to work some way or another, the problem is a much smaller one of keeping a tiny fraction of cargo moving. The fraction that moves between the West Coast and Hawaii. And, I think this can be done without any interference whatsoever to pre-collective bargaining by providing for partial operation of the struck industry to take care of the special and unique transportation needs of a small isolated group of islands 2,500 miles out in the Pacific. Partial operation of a struck industry to meet unique and special needs is not at all uncommon. Medical supplies have moved through picket lines with union cooperation when needed as have food and other relief supplies.

The main example, and one the West Coast dock and maritime industry and unions are very familiar with is military supplies. There were times during the Vietnam war when over one-third of the stevedores on the West Coast, these are the figures I have gotten, were at work on military cargo although there was a full-fledged dock

strike in progress in all the West Coast ports. This didn't interfere with collective bargaining. In fact, I guess it maintained the income of some of the union members during the strike.

Mr. THOMPSON. Doctor, you have one minute.

Dr. HITCH. Fine.

We see the answer to this classical problem that was posed—as far as we are concerned in partial operation of the industry, keeping a tiny fraction of the cargo moving, that fraction that is destined for isolated, noncontiguous islands that otherwise would be devastated by the strike. And, I mean a tiny fraction. My studies show that only 3 percent of the West Coast stevedoring hours are devoted to handling cargo bound to and from Hawaii. And, that in West Coast maritime, the percentage is just over seven. This is a very minor partial operation that wouldn't interfere, in my opinion, with free collective bargaining.

Mr. THOMPSON. Thank you, doctor, I'm afraid we must stop now.

Dr. HITCH. Thank you for hearing me, sir.

Mr. THOMPSON. You may, of course, supplement the record. Thank you all very much.

Our next witnesses are a panel representing organized labor, the International Longshoremen's and Warehousemen's Union, Mr. Bob McElrath, the regional director and the Teamster's are represented by Mr. Art Rutledge, the president.

Gentlemen.

Mr. HEFTTEL. I believe Mr. Rutledge is on the mainland and I don't know whether he has a representative coming in this morning or this afternoon.

Mr. McELRATH. Does that mean I get Mr. Rutledge's 4 minutes?

Mr. THOMPSON. No, it doesn't. If he comes this afternoon, we will give him his four.

Mr. McELRATH. Incidentally, I was unaware that Art Rutledge and I consisted of a panel, because I have no idea what his testimony will be.

Mr. THOMPSON. We thought that might be interesting, but we will listen to you.

[Prepared testimony of Mr. McElrath follows:]

Statement Before the House Labor-Management Subcommittee
Committee on Education and Labor
Honolulu Hearings on H. R. 9409 (Fort DeRussy)
By Robert McElrath
January 13, 1978

Mr. Chairman, members of the subcommittee: My name is Robert McElrath. I am Hawaii Regional Director of the International Longshoremen's & Warehousemen's Union. In Hawaii we represent the thousands of men and women who cultivate, harvest and process the State's two basic agricultural commodities -- sugar and pineapple. We also represent thousands of workers in such industries as trucking, newspapers, tourism, baking, stevedoring and others too numerous to mention here. On the West Coast of the United States the ILWU represents all the workers engaged in stevedoring and thousands of people in the warehouse industry.

I am here today speaking in opposition of H. R. 9409 which was introduced last October by Representative Cecil Heftel of Hawaii.

Ostensibly H. R. 9409 is intended to reduce or eliminate disruptions in maritime commerce where such disruptions would affect "noncontiguous areas", which are defined in the measure as Alaska, Hawaii, Puerto Rico, Guam, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands. However, there is not one single mention of maritime commerce in H. R. 9409; nor is there any mention of maritime labor disputes -- past, current or potential. H. R. 9409, if enacted into law could be used to undermine and disrupt, if not destroy collective bargaining in the "noncontiguous areas".

By these remarks I do not intend to assert or even suggest that the author of the bill is anti-labor or that he would destroy collective bargaining even if he had the power to do so.

Because it is public knowledge that the author of H. R. 9409 committed himself during the last election to support legislation that would minimize the possibility of recurring ocean shipping strikes as they affect Hawaii, I will confine my further remarks to that subject.

Ever since the Hawaii longshore strike of 1949, the business community of Hawaii has tried to make whipping boys out of the maritime unions and particularly the ILWU. At that time the business interests paid for center-spread ads in the Washington Post, the Washington Star and the New York Times in which they equated the 1949 strike with a communist plot to overthrow something. Their attitude caused Senator Wayne Morse to say on the floor of the United States Senate the following: "The feudalistic attitude of the Big Five which has cropped out once again with great clearness in this strike shows that the employing class of Hawaii is not ready for statehood."

There has been no maritime strike or dock strike in Hawaii for the last twenty-eight years. True there have been walkouts that lasted from a few hours to a few days at the most. Of course, there was the lengthy strike of West Coast longshoremen in 1971-72 but its impact was not of the calamitous proportions that many of those who are supporting H. R. 9409 tried to make it appear. At that time, the media seemed to be trying to outdo each other in reporting actual, potential or imaginary shortages. One newspaper published a photograph on its front page showing an empty shelf where the mayonnaise should have been located at a Honolulu Safeway market and the story implied that there was a shortage of mayonnaise. Yet, on an inside page of that very same edition of the Honolulu Star-Bulletin there was a full-

page ad by Foodland promoting a sale on mayonnaise. True there were some shortages, but most of them were created by "scare buying" resultant from media irresponsibility. I am not saying that no one is hurt during a strike and that there is no economic damage done. However, if any unbiased study is made of the impact of the last West Coast longshore strike, the harm done Hawaii was minimal.

In 1972, when S. B. 2836 was the subject of a hearing held here in Honolulu by the Senate Merchant Marine subcommittee, the economic impact of that strike was discussed by Dr. Shelley Mark, then Director of the State Department of Planning and Economic Development. Dr. Mark contradicted practically every allegation that was being advanced then and that is being advanced today in support of special legislation governing labor relations in the maritime field. He said in written testimony:

"Looking at major economic indicators for the State, we find that the total State personal income climbed to an estimated \$3.8 billion in 1971, up 9.1 percent from a year before, while the value of retail sales rose to \$22 billion, representing an 8.7 percent gain over the previous year.

"The economic indicators of various tax bases generally show an increase in 1971 over 1970. During the strike period, the seasonally adjusted tax base figures for services were greater in each month in 1971 than for the corresponding month in 1970. These figures tended to increase between June 1971 and October 1971 with only a slight drop in September. This suggests that the strike did not cause any drop in revenues to firms in the services industries.

"For the same period, the seasonally adjusted tax base figures for retailing also showed an increase in 1971 over 1970 on a month-by-month basis. There is one exception though. The July 1971 figure is considerably below those for June and August of that year as well as being below the figure for July 1970. This drop in retail revenues might have been caused in some way by the strike, although it is doubtful that the dock strike could have had an immediate impact during the first month and that this impact would disappear for the remainder of the strike.

"The seasonally adjusted tax base figures for construction between May 1971 and November 1971 were below those for the same comparable months in 1970, indicating that construction activity in 1971 was below that of 1970. This was due to an overall slump in the construction industry. However, during August, September and October of 1971, the tax base figure was increasing. This suggests that construction was not decreasing during the strike as would be expected.

"Total tax collection rose each month between June and September 1971 and then dropped some in October before recovering in November, also indicating that the dock strike had little impact on the economy of Hawaii.

"During the dock strike, unemployment and the unemployment rate increased. Most of this increase was caused more by the recession which hit Hawaii in 1971 than by the dock strike. If the dock strike had any major adverse effect on the economy, then it should have caused a

noticeably sharp increase in the unemployment rate and the number of unemployed. This did not happen. During 1971, both the seasonally adjusted unemployment rate and the seasonally adjusted number of unemployed rose steadily and more or less evenly; there was no extraordinary increase in either figure between July and October which was the period of the strike. In July the seasonally adjusted unemployment rate was 4.9 percent in contrast to 3.7 percent in 1970. By October it was 5.9 percent in contrast to 4.0 percent in 1970. However, after the strike was settled, the seasonally adjusted rate went up further to 6.0 percent, suggesting that recessionary factors were operating in the labor market."

As I said earlier, I do not argue that no one gets hurt or that there is no damage done to the economy as a result of a strike. But I do insist that Hawaii is much the better today because of this union and those unions which grew and matured after the ILWU helped break the feudalistic grip of the Big Five. I submit that there is no substitute for collective bargaining. We in the ILWU are aware of the difficulties involved in collective bargaining. Those involved make mistakes and sometimes they stumble around and a strike takes place. This is one of the risks of free collective bargaining in a free society.

In conclusion we submit that H. R. 9409 is neither necessary nor desirable.

Thank you for listening.

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

Mr. McELRATH. My testimony is substantially longer than the 4 minutes that I am allocated, so I will skip from paragraph to paragraph. I am speaking here today in opposition of H.R. 9409, which was introduced by Representative Heftel last October.

Ostensibly H.R. 9409 is intended to eliminate or reduce disruptions in maritime commerce when such disruptions would affect noncontiguous areas. However, let me point out, there is not one single mention of maritime commerce in H.R. 9409, nor is there any mention of maritime labor disputes—past, current, or potential. H.R. 9409, if enacted into law could be used to undermine and so disrupt, if not destroy collective bargaining in the noncontiguous areas.

It seems to be a scatter-gun approach to a problem, sort of like shooting a woodpecker on the roof with 10-gauge shotgun.

By these remarks I don't intend to assert or even suggest that the author of this bill is antilabor or that he would destroy collective bargaining even if he had the power to do so.

Mr. THOMPSON. I think his record shows that he's not.

Mr. McELRATH. I want to make that clear in my testimony.

So I am going to confine myself to the effects of shipping tieups as they affect Hawaii.

Ever since the Hawaii 1949 longshore strike, the business community of Hawaii has tried to make whipping boys out of the maritime unions and particularly out of the ILWU. At that time the business interests here paid for center-spread ads in the Washington Post, the Washington Star and the New York Times in which they equated the 1949 strike with a communist plot to overthrow something or other. Their attitude caused Republican Senator Wayne Morse to say on the floor of the United States Senate the following:

The feudalistic attitude of the Big Five which has cropped out once again with great clearness in this strike shows that the employing class of Hawaii is not ready for Statehood.

I disagreed with Senator Wayne Morse, when he said that we weren't ready for statehood, but his observation as to the philosophy of the "Big Five" and the business community was certainly accurate.

There has been no maritime strike or dock strike in Hawaii for the past 28 years. True there have been walkouts that lasted for a few hours or a few days at the most. And, of course, there was the lengthy strike of West Coast longshoremen in 1971 and 1972, which Tom Hitch and the business community have talked about. At that time, the media seemed to be trying to outdo each other in reporting actual, potential, or imaginary shortages. One newspaper published a photograph on its front page showing an empty shelf where the mayonnaise should have been located at a Honolulu Safeway store and the story implied there was a shortage of mayonnaise. Yet, on an inside page of that very same edition of the Honolulu Star Bulletin there was a front-page ad, or there was a full-page ad by Foodland promoting a sale on mayonnaise. True there were some shortages, but most of them were created by scare-buying resultant from media irresponsibility.

Now, I am not saying that no one is hurt during a strike and that there is no economic damage done. However, if any unbiased study is

made of the impact of the last West Coast longshore strike, the harm that was done would be proven minimal.

Mr. THOMPSON. You have 1 minute remaining sir.

Mr. McELRATH. I have a summary of the impact of the 1971-72 strike on the State of Hawaii prepared for discussion of S.B. 2836. It was prepared by Dr. Shelley Mark, then director of the State Department of Planning and Economic Development. Dr. Mark, who was the predecessor of Hideto Kono, who you heard this morning, contradicted practically every allegation that was then being advanced and that is being advanced today in support of special legislation governing labor relations in the maritime field.

I do not want to scan the statistics advanced by Dr. Mark, because to do so I would butcher them. You have the complete testimony with you and I will submit later Dr. Mark's full testimony.

Mr. THOMPSON. We also have Dr. Mark's testimony before the Senate committee of 1974.

Mr. McELRATH. I see. As I said, I don't argue that no one gets hurt or that there's no damage done to the economy as the result of a strike. But, I do insist that Hawaii is much better off today because of this union and those unions which grew and matured after the ILWU helped break the feudalistic grip of the "Big Five."

I submit there is no substitute for collective bargaining. We in the ILWU are well aware of the difficulties involved in collective bargaining. Mistakes are made and sometimes those involved in collective bargaining stumble around and a strike takes place. But, that's one of the risks of free collective bargaining in a free society and we should keep it that way.

I submit that 9409 is neither necessary nor desirable. Thank you.

Mr. THOMPSON. Thank you very much for your statement.

Representative Heftel?

Mr. HEFTEL. Bob, I assure you that I would be delighted to amend the legislation to limit it to shipping and only shipping interruptions, rather than any other labor controversies, if that would put your mind at ease?

Mr. McELRATH. It wouldn't. I would oppose that too.

Mr. HEFTEL. I thought it was important to let you know that we would be delighted to limit it, if that's what concerned you.

Second, you referred to the "Big Five" and, when we go back in history, you are correct. There was a time when the economy of Hawaii was controlled by whatever was meant by the "Big Five," but we don't have to go into it. I think you have already answered the question that I would ask. You have already told us that the ILWU along with the people of Hawaii broke up the strangle hold, the power and control of the "Big Five" and there is no longer in existence a "Big Five" that controls Hawaii.

Mr. McELRATH. Politically, but not economically.

Mr. HEFTEL. I think that we have to distinguish between the days when that was true and today, when it is no longer true.

Mr. McELRATH. As I say, politically not economically.

Mr. HEFTEL. And, third, I would like to ask you how you view collective bargaining and why you would feel that this study commission, without the power to interfere with collective bargaining would do so?

Mr. McELRATH. I think the very congressional delegation of this type of power would create a witches brew. People would be jumping

into it from all over the lot, depending upon how a particular strike affected them. It would seem to me that this would be turning collective bargaining legislation over to a mob.

Mr. HEFTEL. Well, I would hope that a fairly established commission would never be a mob.

Mr. McELRATH. I'm disappointed that you would even suggest using the Federal Mediation and Conciliation Service for something like this, when their job, basically is to prevent a strike from starting by mediating and conciliating between the parties and stopping a strike once it has started.

I would suggest that the Mediation and Conciliation Service is in opposition to this measure, although I haven't talked to them.

Mr. HEFTEL. Thank you, Mr. Chairman.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. Yes, I guess I am interested in one historical point. I come from the area of the "Big Ten," which is now the "Big Two," really. What is the "Big Five"? I guess I don't know.

Mr. McELRATH. Originally it was the large sugar factories, Alexander & Baldwin, C. Brewer & Co., Castle & Cooke, Theo Davies and they handled the business, the buying and selling for the independent plantations. Eventually they were able to absorb them and today they are all practically wholly owned by the larger corporations. Two of the "Big Five" are no longer locally controlled. Theo Davies has been taken over by Jardine Madison, a Hong Kong conglomerate and C. Brewer is 51 percent owned by International Utilities, a mainland corporation, which I believe is headquartered in your State.

Mr. ASHBROOK. Well, we have some good and some bad.

Mr. McELRATH. They are very big corporations today. American Factors, Amfac rather, the name has been changed, is over a billion dollar corporation. They are all conglomerates in their own right, multinational if you will, and they are doing very well. They lost a few bucks on sugar but they didn't do bad at the bottom line at the end of the year.

Mr. ASHBROOK. Thank you. I guess I just would note that most of us on the mainland don't know much about the "Big Five." I guess we all know that the ILWU is the "Big One," so you are still No. 1.

Mr. McELRATH. We—incidentally, we dug up the bones of the "Big Five" years ago and we buried them. We don't call them that anymore, we call them the employers.

Mr. ASHBROOK. Thank you very much.

Mr. HEFTEL. I am glad that we had an opportunity to hear the wit of Mr. Ashbrook. Thank you.

Mr. THOMPSON. Thank you, Mr. McElrath.

Our next witnesses are citizens' groups, Shipping Tieups Over Permanently (STOP) represented by Mr. George Mason; the Hawaii Business League, by Mr. Bill Paul; Mr. Lex Brodie for Lex Brodie Tire Co. and the Kokua Council for Senior Citizens represented by Mr. Max Roffman.

This group will be recognized for 16 minutes and you may proceed in the order in which you agree.

Mr. MASON. We did not know we were appearing here as a group, Mr. Chairman.

Mr. THOMPSON. Well, you can consider that you are appearing independently, that's perfectly okay.

[Prepared testimony of Mr. Mason follows:]

**FOUNDING
COMMITTEE:**

Roy Bunn
 Lee Chang
 Edward Doty
 Edward Eu
 George Fukunaga
 George Mason
 William Paul
 Jess Ryno
 Francisco Ugale



Shipping Tieups Over Permanently
 c/o P.O. Box 833 Honolulu, HI 96808

TESTIMONY ON H.R. 9409 BY GEORGE MASON,
 CHAIRMAN, SHIPPING TIEUPS OVER PERMANENTLY (STOP)
 BEFORE THE HOUSE SUBCOMMITTEE ON LABOR-MANAGEMENT
 RELATIONS OF THE COMMITTEE ON EDUCATION AND LABOR

January 13, 1978

Mr. Chairman: I represent an ad hoc organization commonly referred to as STOP (Shipping Tieups Over Permanently) which was formed in December, 1972 by a group of small business owners and executives about one week after the last of three maritime and longshore strikes on the West Coast had severed Hawaii's lifeline for 175 days in a period of 17 months.

This organization, supported by all of Hawaii's business community, was instrumental in getting all four members of Hawaii's Congressional delegation to introduce a measure in both the Senate and the House in April 1973 that would have made it possible for Hawaii and other U.S. Pacific Islands to be exempted from West Coast shipping interruptions for a period of up to 160 days. That measure passed the U.S. Senate in July 1974 by a vote of 54 to 39. It did not come to a vote in the House, nor have subsequent amended bills been submitted to votes in either the Senate or House.

All of these attempts and all of the activities of STOP and other business organizations have had broad continuing support in this state. As one measure of proof, I submit for introduction into the record the complete results of a public opinion survey conducted by Public Affairs Advisory Services in August 1975 on the subject of federal legislation to exempt Hawaii from West Coast-induced shipping interruptions. The size of the sample was

nearly three times normal for public opinion polls taken in Hawaii by the secret ballot method in the homes of respondents.

It clearly shows that 84 out of 100 citizens on Oahu "strongly favor" legislation to exempt Hawaii. It received equal support from Republicans and Democrats. And very nearly as high a percentage of labor union members supported it as did persons who are not union members. The highest degree of support came from public employees; more so than those employed by private enterprise. Neither age, sex, occupation, nor length of residence changed the strong showing of support for legislation to protect Hawaii from economically devastating shipping tieups that take place beyond our jurisdiction.

The bills considered in the past were not in any way anti-strike, anti-collective bargaining, or anti-labor. Any West Coast shipping strike would continue to remain at least 93 per cent effective if normal service to Hawaii were maintained.

Why is there such a deep concern in Hawaii over the constant threat of shipping interruptions? Aside from the many valid reasons that will be cited, let me, speaking from the vantage point of small business, illustrate why ours is an unusually fragile economy. There are more than 17,000 businesses in Hawaii that employ people, according to the U.S. Bureau of the Census. Of this number, the Census Bureau tells us that 53 per cent of these firms employ one to four people, and another 33 per cent employ from five to 19. Thus, 86 per cent of the employers have under 20 employees. If we were to say that a large business is one that has a payroll of 250 or more, then 99.5 per cent of all the businesses in Hawaii would fall into the small or less than 250 classification.

Small firms are much more heavily impacted by economic disruptions than are our few large firms. They are also heavily impacted by the fear of having their supply lines cut.

The average length of time merchandise is held in inventory in Hawaii is, generally, three times that of California businesses.

As West Coast longshore and maritime contract renewal time approaches--as will occur this June--there is a buildup in inventories ranging up to six months. Hawaii becomes a warehouse of enormous proportions with empty lots becoming quickly filled with lumber, automobiles and other nonperishable goods.

The cost of holding enormous inventories is much greater here than anywhere else, except perhaps Alaska. These higher costs are nearly always passed on to the consumer. One of the key reasons the cost of living is so much greater in Hawaii than almost anywhere else is traceable to the high cost of warehousing and financing unusually large inventories year-round.

The burden of this constant state of preparation for unexpected shipping interruptions was illustrated by a study conducted in 1974 by the Bank of Hawaii Business Research Department. The cross-section of companies surveyed reported that their average inventory carried year-round was 103 days. When asked what their inventory would be if assured that a West Coast shipping interruption would last no longer than 10 days, the average of the replies was 68 days--or a saving of 35 days because of such assurance. That would amount to a 34 per cent reduction in inventory--enough, if extended to the entire commodity spectrum, to mean a savings of hundreds of millions of dollars annually to Hawaii's consumers.

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.

Congressman Heftel has told us that we cannot have our desired exemption, that we must settle for something less. His response has been H.R. 9409 which would create an official forum for the discussion of labor-management relations in noncontiguous areas. We accept his rationale in the hope that it will not take another 30 years before the Congress can find a way to reduce our vulnerability.

It will be a small step forward if it does nothing more than provide noncontiguous areas with a conduit to the Congress and a means of gaining national recognition of our unique problems that the 48 contiguous states would never condone.

As to the specifics of H.R. 9409, I offer these comments and suggestions:

Section 2 (a) does not say when or how the director shall create regional committees nor does it specify the size of the committee. To be effective such a committee should be limited in size, preferably to nine members. Neither does the section specifically grant authority to the director or anyone else to appoint such members.

Section 2 (a) (4) grants the committee the right to "consult with and advise the Congress and other appropriate public agencies with respect to appropriate action to resolve strikes and lockouts..."--but it does not specify the chain of communication. The same sub-paragraph limits such consultation or advice to disputes which have been through the Taft-Hartely 80-day cooling off procedure. Our objection to this limitation is that Taft-Hartley has not been imposed in most instances and that regional impacts such as those on Hawaii or Guam are not sufficient for Taft-Hartley to be imposed. A West Coast shipping tieup does not qualify as a national emergency and does not hurt the West Coast states to any degree comparable to the damage it does to noncontiguous areas. Since consultation and advice are not binding, we see no reason why they can't be activated without reference to Taft-Hartley.

Section 3 (b) has inadvertently omitted American Samoa as a noncontiguous area.

Aside from these shortcomings, we support passage of this measure as a first step toward securing national recognition of the unique circumstances of America's noncontiguous areas. And we say it's about time.

SUMMARY OF PUBLIC OPINION SURVEY
 Conducted August 4-6, 1975 on Oahu
 by Public Affairs Advisory Services, Inc.

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?

	<u>HOUSEHOLD RESPONSES</u>
<u>RESPONSES:</u> I strongly favor its passage	83.9%
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"

	<u>Strongly Favor</u>	<u>Doesn't Matter</u>	<u>Strongly Oppose</u>	<u>No Reply</u>
UNION MEMBERS	83.6%	7.9%	5.0%	3.5%
NON-UNION	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/CTY. EMPL.	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

STOP

SHIPPING TIEUPS OVER PERMANENTLY

**STATEMENT OF GEORGE MASON, CHAIRMAN, SHIPPING TIEUPS
OVER PERMANENTLY (STOP)**

Mr. MASON. Thank you.

I am George Mason, I am chairman of STOP—

Mr. HEFTEL. Could you move that microphone to your right in close enough so we know that the audience in the rear can hear. Can you hear the witness now, please?

Mr. MASON. STOP, Shipping Tieups Over Permanently, was formed in December 1972 by a group of small business owners and executives about a week after the last of three maritime and longshore strikes on the West Coast had severed Hawaii's lifeline for 175 days in a period of 17 months.

The organization has received enormously wide support throughout the community as I think is attested to today, the hallway is jammed, there are people all over this building trying to get into this hearing. And I submit as one other measure of proof and ask that it be introduced into the record, the public opinion survey conducted by Public Affairs Advisory Services in August 1975 on the subject, copies of which have been furnished to you.

Mr. THOMPSON. They will be made a part of the record and the Chair would like the record to show that we do have a very large turnout and a considerable number of people, even though this is a very large room, who are outside. It might require us to return sometime in November or thereabouts.

Mr. MASON. That would be excellent.

Mr. Chairman, this survey clearly shows that 84 out of 100 citizens on Oahu strongly favor legislation to exempt Hawaii. It received equal support from Republicans and Democrats and very nearly as high a percentage of labor union members supported it, as did persons who were not union members. The highest degree of support came from public employees, more so than those employed by private enterprise. Neither age, sex, occupation, nor length of residence changed the strong showing of support for legislation to protect Hawaii from economically devastating shipping tieups that take place beyond our jurisdiction.

Why is there such a deep concern in Hawaii over the constant threat of shipping interruptions? Aside from the many valid reasons that are being cited today, I want to speak from the vantage point of small business, and illustrate why ours is an unusually fragile economy. There are more than 17,000 businesses in Hawaii according to the U.S. Bureau of the Census, of this number the Census Bureau tells us that 53 percent of those firms employed 1 to 4 people and another 33 percent employ from 5 to 19. Thus, 86 percent of the employers have under 20 employees. And if we were to say that a large business is one that has a payroll of 250 or more, then 99.5 percent of all the businesses in Hawaii would fall into the small or less than 250 classification.

Now, one of the things that makes this economy so fragile is that the average length of time merchandise is held in inventory in Hawaii is, generally, three times that of California's businesses. As West Coast longshore and maritime contract renewal time approaches, as

will occur this June, there is a buildup in inventory ranging up to 6 months. Hawaii becomes a warehouse of enormous proportions with empty lots becoming quickly filled with lumber, automobiles, and other nonperishable goods.

The cost of holding such enormous inventories year-round and in preparation for the possibility of a shutdown is much greater here than anywhere, except perhaps in Alaska. These higher costs are always, or very nearly always passed on to the consumer. One of the key reasons that the cost of living is so much greater in Hawaii than almost anywhere else is traceable to the high cost of warehousing and financing unusually large inventories year-round.

Mr. THOMPSON. You have 1 minute remaining.

Mr. MASON. Yes, sir.

Mr. Chairman, Congressman Heftel has told us that we cannot have our desired exemption, that we must settle for something less. His response has been H.R. 9409 which would create an official forum for the discussion of labor-management relations in noncontiguous areas. We accept his rationale in the hope that it will not take another 30 years before the Congress can find a way to reduce our vulnerability.

It will be a small step forward if it does nothing more than provide noncontiguous areas with a conduit to the Congress and a means of gaining national recognition of our unique problems that the 48 contiguous States would never condone.

As to the specifics of H.R. 9409, I would offer the comment that section 2(a) does not say when or how the director shall create regional committees nor does it specify the size of the committee. Neither does the section specifically grant authority to the director or anyone else to appoint such members.

Mr. THOMPSON. We will go over the suggestions and criticisms that you have. I must move on now to the next witness respectfully, and I do want to express my gratitude for the appendices to your statement, which will be made a part of the record.

Mr. MASON. Thank you.

Mr. THOMPSON. The next witness, please.

STATEMENT OF WILLIAM PAUL, BOARD MEMBER, HAWAII BUSINESS LEAGUE

Mr. PAUL. I appreciate very much the opportunity of being here today for your hearing.

My name is Bill Paul, board member of the Hawaii Business League. The league has asked me to testify on behalf of House Resolution 9409. We feel that when proposed legislation would protect our people from an accident of geography, everyone should support it.

We recognize the obstacles confronting this bill, Mr. Chairman. They must be overcome. First, opponents in the Congress think this legislation is an infringement on labor. Second, they see nothing unique about noncontiguous areas such as Hawaii to justify this bill. We speak today directly to our friends on the mainland.

H.R. 9409 is not antilabor. Hawaii's big concern for a bill such as this on questions relating to labor-management relations is because of the effect of strikes on shipping to Hawaii.

We want 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, fertilizers, and animal food. If our shipping is stopped by a West Coast strike, our only alternative is extremely expensive long-distance air transportation.

If this 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, and 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 tend to fall off.

Another strike could be more disastrous in these difficult times.

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 have lost 4 years through transportation strikes. And perhaps most importantly, only one of eight of the major strikes during this period centered in Hawaii. The shipping tieups are not frivolous, infrequent problems to the people of this State and the people recognize it and know it.

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 sometimes 250 percent of the comparable mainland figures.

Special considerations 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 a bill which will study labor-management relations in noncontiguous areas. Hawaii, Alaska, Puerto Rico, Guam, the Virgin Islands, the Trust Territories of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands need House Resolution 9409.

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. House Resolution 9409 is badly needed, we are unique, the problem is serious and the cost of shipping tieups affect all of us.

Thank you very much.

Mr. THOMPSON. Thank you, sir, very much.

[Applause.]

Mr. THOMPSON. Next witness, sir.

**STATEMENT OF MAX ROFFMAN, REPRESENTING EXECUTIVE
BOARD OF THE KOKUA COUNCIL FOR SENIOR CITIZENS**

Mr. ROFFMAN. My name is Max Roffman.

Mr. Chairman and members of the committee, the executive board of the Kokua Council for Senior Citizens heard the communication from Representative Cec Heftel to Dr. Robert Gibson, our president, and then instructed me to appear and express our opposition to H.R. 9409.

With all due respect to Congressman Heftel who has demonstrated a concern for the elderly, we believe that in this instance he is in error.

Our opposition to this legislation is based on the following:

One: It is an intrusion into the collective bargaining process. The proposals for recommendations to Congress can only open doors for further interference in the collective bargaining process.

Two: It proposes duplicating of activities that are essentially the domain of the Federal Mediation and Conciliation Service and of the National Labor Relations Board. Thus, we will have a new and unnecessary layer of bureaucracy.

Three: It focuses on a minor problem and blows it up into a non-existent major crisis, and I have heard some pretty wild and exaggerated statements today. As far as we know, since 1948 there was only one dock stoppage in Hawaii and that lasted only 3 days. While there have been maritime and dock strikes in areas other than Hawaii, the effect was minimal. Two months ago, nobody mentioned this, there was a longshore strike on the East Coast and the Gulf Coast ports. It created hardly a whisper in Hawaii. A few years back there was a strike of the ILWU on the West Coast and about the only thing we found in short supply was toilet paper and that was due to scare buying. In these days of airfreight, foreign registration ships, imports from Japan, Australia, New Zealand, Taiwan, Hong Kong, and so forth, we do not fear great danger to our economy.

There has been a move fostered by antiunion groups and aided by the news media to create a scare every time the workers bring the collective-bargaining process in shipping and related industries.

In conclusion, we hope that this committee will reconsider H.R. 9409 and not permit itself to become the instrument of antilabor interests.

Thank you.

Mr. THOMPSON. Thank you, sir.

May I respectfully suggest that there are agreements and disagreements, and that in the interest of the goodwill which we hope to create here, the Chair would much prefer that there not be demonstrations.

Our next witness, please.

**STATEMENT OF LEX BRODIE, OWNER-OPERATOR,
LEX BRODIE'S TIRE CO.**

Mr. BRODIE. Good morning, Mr. Chairman and members of the panel. My name is Lex Brodie, I own and operate a tire business in Honolulu, Hawaii, known as Lex Brodie's Tire Co.

Practically all of the tires I sell and service are shipped to me via Matson Navigation from the San Francisco Bay area to Honolulu. Whenever there appears to be a threat of a shipping interruption, I usually increase my tire inventory to better assure a reasonable continuance of my tire business. This overstocking of tires is wasteful. Needed working capital is tied up. I must borrow from local banks and the interest charges add to my operating expense and reduce profit needed for maintenance, improvements, and expansion. Moreover, extra tire inventory requires more warehouse space. This is another added expense.

In 1971, I foresaw a shipping interruption and increased my tire inventory. However, I did not properly estimate the duration of the shipping interruption. When it became obvious I would run out of tires, I chartered a Boeing 707 from Continental Airlines and air-freighted thousands of tires to Honolulu. The extra freight charge for air shipments amounted to \$5 per tire. I would like to repeat that, the extra charge was \$5 per tire. The total added expense amounted to many thousands of dollars. Had I allowed my business to run out of tires, I would have had to curtail and/or suspend my business operation and this would have resulted in a reduction of employee working hours and tire customer dissatisfaction.

In view of the foregoing and the danger of future shipping interruptions, I will support any reasonable measure that will contribute to a reduction and/or cessation of shipping interruptions between the West Coast and Hawaii.

Because House bill 9409 appears to be a step in the direction of improved island economic stability, I support this bill and urge its passage.

Thank you very much, Mr. Chairman.

[Letter submitted by Mr. Brodie follows:]



NATIONAL TIRES, INC. • P.O. BOX 5887 • DENVER, COLORADO 80217

AREA CODE 303
PHONE 744-4229

September 3, 1971

Mr. A. H. Brodie
Lex Brodie's Tire Company
701 South Queen Street
Honolulu, Hawaii 96813

Lex, I wonder if your customers know of what expense, work and trouble to which you have gone to get the National tires you need for them during the west coast strike. We here in Denver think it is remarkable; first, because you anticipated the condition which might exist and put in a good stock of tires and second, because you have been willing to pay the extra to get the short items in by air freight.

You have ordered and we have shipped you eight container loads of tires and your extra expense is close to \$10,000 for special handling and special freight. You have spent about \$10,000 to get approximately 2000 tires delivered to you during this emergency which figures \$5.00 extra per tire and certainly shows as vividly as anything I know, how much Lex Brodie's Tire Company will do to be able to better take care of their customers.

While customer relations are extremely important, I would be willing to wager that there is no other tire company on the Islands who would spend \$10,000 on extra freight to assure customer satisfaction.

Kindest personal regards to you and the family,

NATIONAL TIRES, INC.

E. J. White
E. J. White
Manager

EJW/rm

enc.

Mr. THOMPSON. Thank you, Mr. Brodie, for a fine statement and for coming. And, thank you gentlemen on the panel very much.

Mr. Heftel?

Mr. HEFTEL. Mr. Brodie, I have a question.

If the 1971 strike had occurred at the beginning of your business career, when you were starting your business, would you be here today in the tire business?

Mr. BRODIE. I would not be in the tire business, Mr. Heftel.

Mr. HEFTEL. Thank you.

Mr. THOMPSON. Thank you again.

Our next witnesses represent associations, the Hawaii Auto Dealers' Association, represented by Mr. Hardy Hutchinson; the Hawaii Hotel Association, by Mr. Clement Judd; the Hawaii Food Industry Association by Mr. Richard Botti; the Hawaii Trucking Association by Mr. John Farnell and the Hawaii Restaurant Association by Mr. Eugene Kaneshiro.

Would the witnesses please take their seats. This panel will be recognized for a total of 20 minutes and please proceed as you wish, identifying yourselves to us.

Mr. OBERACKER. Well, I don't think we had any plans of being represented as a panel, so if we could—

Mr. THOMPSON. Once again, then, you appear as individuals and each will be recognized.

STATEMENT OF KARL OBERACKER, REPRESENTING HAWAII STATE AUTOMOBILE DEALERS' ASSOCIATION

Mr. OBERACKER. My name is Karl Oberacker. I am representing the Hawaii State Automobile Dealers' Association, which represents all of the franchised new car dealers in the State of Hawaii. We feel that some kind of congressional action is desirable to assure our members and the business community of an uninterrupted flow of goods to this State.

Attached to this testimony is our most recent association yearbook containing factual economic data applying to the automobile sector of the business. You will find that new-car dealers here generate more than \$300 million annually. An interruption of the supply would clearly have an adverse effect on the revenues that our business sector generates, and a substantial one at that.

Unlike new-car dealers in most parts of the United States, Hawaii dealers must, even under normal circumstances, carry a higher inventory because of the longer lead-time to bring needed cars to Hawaii. This by itself adds an expense to Hawaii dealers on the mainland do not have. If there is an interruption of the flow of goods on the mainland, there are alternate routes that these dealers can use to procure their merchandise. We here in Hawaii are totally isolated.

We believe H.R. 9409 as proposed by Congressman Heftel is a realistic and positive approach to the problem of shipping interruptions which have occurred repeatedly in the past. We view the measure as an intelligent approach involving all concerned parties in a possible dispute. In our opinion, such a mechanism as proposed in

the measure could very well contribute to the elimination of shipping interruptions. We are again facing one by the middle of this year.

We urge your support. Thank you very much.

Mr. THOMPSON. Thank you very much.

STATEMENT OF JOHN FARNELL, PRESIDENT, HAWAII TRUCKING ASSOCIATION

Mr. FARNELL. Mr. Chairman, and gentlemen, I am John Farnell, president of the Hawaii Trucking Association. Our association consists of over 200 member firms who are engaged in both private- and common-carrier operations throughout the State.

During this hearing so far, you have heard many statements that Hawaii is unique and you will probably hear it again this afternoon. We are unique, sitting over 2,000 miles out in the ocean, with only two modes of transportation and that's air and ocean with 98 percent of the volume of goods coming in by ocean freight.

Once a product comes into the State, there is only one mode of transportation to make distribution on each of the islands and that's trucks. So, we consider that we are the most vulnerable, more vulnerable than even Alaska, who does have contact by way of the ALCAN Highway.

Since 1946, Hawaii has suffered eight major shipping interruptions, eight major labor problems, 634 days, almost 2 years of strikes with long duration.

Hawaii as you are probably aware has no basic industries, unless you count sugar and pineapple. We have few fabrication industries in the State. So, we are very vulnerable because of the shipping interruptions for practically all of our essential requirements are shipped into the State.

Specifically to H.R. 9409, we can agree with the intent and purpose of this bill, but I think we would be less than candid if we did not state that the bill, in our opinion, is lacking. There are no teeth in it to effect a solution to Hawaii's problems during a shipping interruption.

You can establish all the tripartite regional committees that you want. You can create and staff a national center for the study of labor-management relations in noncontiguous areas; however, without a law which forces labor and management to keep the ocean and air freight lines open to Hawaii and other noncontiguous areas, if you don't do that, you are only "blowing smoke."

In light of the fact that the volume of shipments to noncontiguous areas is so minor when compared to the total shipments to and from the mainland ports, we fail to understand labor's resistance to keeping Hawaii's lifelines open. We consider that such action by labor does not endanger labor's right to strike or free collective bargaining.

I'm an example of one of those people who was forced to sell a company that was grossing over \$500,000 annually. A small businessman, 25 employees. But the long strike in 1971 forced me to sell my business, because I could not endanger my family and my wife's security if I kept pouring money into a business. Because I existed off of pulling containers off the docks and making deliveries to cus-

tomers. When there was no shipping in, I had no business. I owned a public warehouse. By law under the U.S. Commercial Code, I had to keep my warehouse open.

The trucking industry concurs in the intent of H.R. 9409 as possibly a step forward. We cannot, however, accept the bill as a solution to Hawaii's defenseless posture in the face of shipping interruptions on the mainland.

Thank you.

Mr. THOMPSON. Thank you. I just have one very brief comment with respect to the isolation of Hawaii from the mainland. I had the privilege of being a Member of Congress during the debate on the admission of both the State of Hawaii and Alaska. A number of these problems were anticipated and a number of my colleagues voted against the admission of the State on the grounds that such difficulties might arise and I'm sure that you will remember that. My view was that the problems presented by the unique transportation situation here are not insurmountable. I do not believe that they are insurmountable. I do hope that sometime soon those of us in Congress on the mainland can agree to grant a form of relief, at least, which won't do violence to established mainland practices.

You can be assured that we will give very careful consideration to these problems.

May we have the next witness?

STATEMENT OF EUGENE KANESHIRO, CHAIRMAN, LEGISLATIVE COMMITTEE, HAWAII RESTAURANT ASSOCIATION

Mr. KANESHIRO. Mr. Chairman, members of the committee, my name is Eugene S. Kaneshiro. I am the legislative committee chairman for the Hawaii Restaurant Association. The Hawaii Restaurant Association supports H.R. 9409.

We encourage both your committee and the other Members of the U.S. House of Representatives to continue dialog in finding a reasonable solution to the periodic shipping tieups that affect the normal flow of goods and commerce to and from the State of Hawaii.

Generally speaking, our industry is affected by both the delivery of food and supplies and also the decline of business due to strike affected employees' loss of jobs.

We would like to thank this committee for coming to Hawaii to learn firsthand how these tieups affect Hawaii.

Mahalo and Aloha.

Mr. THOMPSON. Thank you very much, sir.

And, the next witness.

STATEMENT OF RICHARD BOTTI, EXECUTIVE DIRECTOR, HAWAII FOOD INDUSTRY ASSOCIATION

Mr. BOTTI. Mr. Chairman and committee members, my name is Richard Botti, I am the executive director of the Hawaii Food Industry Association.

Mr. Chairman, having been notified of the committee's interest in receiving testimony in relation to Mr. Heftel's House bill 9409, I began

by researching our library. There, I found publications representing literally thousands of pages of testimony, given at various times to various committees and subcommittees over a number of years, dealing with the disruption of ocean commerce to people in noncontiguous areas. The result of all of this testimony and the great expenditure of time, effort, and dollars was just a mass of publications I was reading—not legislation to end the constant threat that all people in noncontiguous areas live under. A threat that a decision can be made which will shut down the only economical means by which goods and materials can reach them—a decision which has in the past, and can again in the future, cause great personal and financial hardship.

Lawmakers who have previously opposed providing legislative protection, have employed logic which uses the past, and the established, as a basis, rather than using the reality of today's and tomorrow's needs. For example, reading from the adverse committee report to Senate bill 1566 dated June 18, 1974, one sees terms used such as, and I now read out of context:

Contrary to long established Policy.

Contrary to approach taken in other Federal Legislation.

At odds with current policies.

Might disrupt progress in labor-management relations.

In all due respect Mr. Chairman, I believe it would be a waste of this committee's time for me to once again present the long list of case histories which vividly present the personal and economic hardships that occur everytime there has been a threat of, or an actual disruption of ocean transportation. I am sure that you and your associates are well aware of them.

We have reviewed the provisions of House bill No. 9409. While we appreciate your desire to seek a solution, we sincerely feel that a piece of legislation which only provides for more committees and more study at new costs to the already overburdened taxpayer will not accomplish its intended objectives. We need legislation with provisions "to provide for the normal flow of ocean commerce between noncontiguous areas should there be any unresolved labor-management dispute."

We do not see how House bill 9409 accomplishes this—not under the charters which would be given to the committees it will establish.

I quote again out of the context from H.R. 9409:

"Facilitate communications," "consult with," "cooperate with," "encourage," "foster," "assess the impact."

Mr. Chairman, we wish to go on record as fully supporting your efforts. We know that you have sincerely and unselfishly devoted your time in an effort to once again bring to light, and find a solution to this problem. The tack taken in H.R. 9409 may very well represent the only palatable way to reach the opposition; however, such legislation will, in our opinion, not provide the security for which it is intended. It may, in fact, only serve as a vehicle with which those who oppose enacting meaningful legislation will be able to once again bury this issue.

Therefore, Mr. Chairman, we cannot support any piece of legislation which will not definitely insure that the ocean path of commerce for the people of Hawaii and those in other noncontiguous areas will be kept open.

I would like to thank this committee for the opportunity of presenting our opinions on H.R. 9409 and, particularly you, Mr. Heftel, for again bringing our plight to the attention of your fellow legislators through your submission of H.R. 9409.

We also wish to thank the chairman of the House Labor-Management Relations Subcommittee, Representative Thompson, for taking time to attend these hearings.

Thank you.

Mr. THOMPSON. Thank you very much, sir.

Mr. Heftel, any questions?

Mr. HEFTEL. I would like to ask of both Mr. Botti and Mr. Farnell, how they perceive the resistance and opposition of those who spoke on behalf of labor to H.R. 9409, because certainly if it did not represent a step toward assisting the resolution of these problems, would they in fact be objecting to it?

Mr. FARNELL. Well, I was a businessman, I was not antilabor. I had a labor contract with the Teamster's Union and I got along wonderful with Mr. Rutledge, incidentally. But, labor has come a long way and I think management has too, from the days of—you know, the male fist and you go into negotiations and you try to beat each other down. I don't excuse labor for trying to negotiate and negotiate hard, but I think labor has matured and I think it is time for them to lay off the archaic expression—one example is graphic—of still referring to the "Big Five." I think some of the labor leaders are still back in the dark ages, the same as probably some of our businessmen or management, they are still in the dark ages as far as cooperation in labor and management.

Mr. HEFTEL. Thank you very much.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. Yes, I particularly want to identify with what Mr. Botti said. I sometimes feel the same way. It's a little bit like a Chinese foghorn, the foghorn keeps blowing and the fog keeps coming in. You know, we talk about these things and then we really don't move with expeditious action. I would have to observe, though, generally one thing you can say about labor, they know what they want, they stick to it and if you don't like it, they will thumb their nose at you. On the other hand, business people come in here and almost every one of them, except Mr. Farnell, and you are so solicitous, you want to make sure that you don't do anything that would make them unhappy and so forth. Maybe that's why they get what they want and you don't get what you also want.

FROM THE FLOOR. Could we respond?

Mr. BOTTI. I had a long meeting with my legislative committee before this testimony was drafted and I've always been under the opinion that we compromise. I have learned this over a period of 10 years of hard lobbying—

Mr. ASHBROOK. That's why I always call them the chamber of compromisers.

Mr. BOTTI. Right. My board of directors refused to compromise on this particular issue, because they felt that 25 percent of the pie—they would rather have none of it, than the 25 percent of it.

Now, their reasoning is they have to go through the strike and they would like to see some legislation that would put a stop to it for this

area. And, in the food industry it's one of the worst times to go through a strike. Mr. Brodie talked about stocking his tires. It takes millions upon millions of dollars to warehouse food and then when it starts running out—and, when we run out of toilet paper and salt and other items that weigh so light that they just can't bring them in, they are not going to fly them in because the freight costs cost more than the product itself, we just go without them.

And, here again, my legislative committee would not approve of me saying anything else over here today, because of those reasons.

Mr. THOMPSON. Thank you.

Our next witness is Mr. Clement Judd from the Hawaii Hotel Association.

Mr. Judd, I might comment—if you don't mind. My personal observation, the last time I was here, as I said more than 30 years ago, when I was in the Navy, was that it seemed to me there were only a very few hotels. I am staying in one which shall be unnamed, but having been in and out of several others, I can't help but remark that your industry has done a really spectacular job here. The hotels, I find, are really marvelous.

Mr. JUDD. Thank you for the compliment, Mr. Chairman.

Mr. THOMPSON. They weren't all brought over by ship, but—

Mr. JUDD. I'll now tell you our problems.

Mr. THOMPSON. There's a great surplus of them in Florida right now, so you might arrange to barge a couple of them over.

Mr. JUDD. I think they would have to fix a few up first.

[The prepared statement of Mr. Judd follows:]



HAWAII HOTEL ASSOCIATION
SUITE 907
2270 KALAKAUA AVENUE
HONOLULU, HAWAII 96815
TELEPHONE: 923-0407

January 13, 1978

Honorable Representative Frank Thompson, Jr.
Chairman, House Labor-Management Relations Subcommittee
House Committee on Labor and Education

Subject: H.R. 9409

Dear Chairman and Members:

Mr name is Clement M. Judd, Jr., Executive Director of
the Hawaii Hotel Association, a statewide trade association.

The Hawaii Hotel Association represents 142 hotel properties
totaling 37,849 rooms throughout the State of Hawaii, over 82% of
the 46,048 rooms in Hawaii. Our membership also includes an
additional 296 members of direct and indirect relationship to the
hotel and visitor industry - a total membership of 438 firms and
individuals. A membership roster is attached for your information.

We first would like to commend the subcommittee for coming
to Hawaii to learn how transportation interruptions impact our
State. We support the enactment of H.R. 9409.

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. In the past 31 years, Hawaii has been cut off by shipping strikes 1,788 days, almost five years. The 1971-1972 strike lasted 175 days. The impact of a shipping tie-up to Hawaii, which imports 80 to 85 percent of what it consumes, is like walling off Washington D.C., and trying to supply it by air from Los Angeles.

It is important to note that the United Airlines strike of 1975 showed us that we are, particularly the visitor industry, extremely sensitive to air shipping interruptions. This bill, H.R. 9409, covers both air and shipping tie-ups.

It is difficult to specifically quantify some of the problems of the shipping tie-ups, but we have contacted some of the major hotel operators here who also operate 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 space 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 flammability. To run out of this product would be a real disaster to meal service at a hotel. Although Sheraton 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 must order directly from suppliers, usually located in eastern or midwest 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 hotels running. Many of their items are kept 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 1976 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. Although we were not able to totally relate this decline in occupancy to the shipping strike because of the national economic situation at the time, it appears to be the major factor. Only one hotel, of 502 rooms, opened 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 tie-ups.

The impact of the high cost of living experienced by all our employees played an important role in the recent settlements of wage negotiations. At present, Hawaii's hotel workers are among the highest paid in the nation.

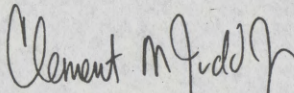
The psychological impact on our resident and employee creates hoarding and also carries over to our potential visitors. The Hawaii Visitors Bureau reports that during any possible shipping strike, or during any actual strike, their mainland offices receive numerous calls from potential visitors to Hawaii inquiring whether there will be shortages of food and other necessities.

What about our suppliers? In order to maintain available products and services to meet our demands because of the possibility of shipping tie-ups, 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 of the Hyatt Regency Waikiki-Hemmeter Center called for many materials to be on Oahu at groundbreaking so a shipping tie-up would not affect the completion date. The warehousing and capital cost problems of this type of contract are quite obvious.

The Hawaii Hotel Association supports enactment of H.R. 9409 and requests your favorable action in this matter.

Mahalo,


Clement M. Judd, Jr.
Executive Director



HAWAII HOTEL ASSOCIATION
SUITE 907
2270 KALAKAUA AVENUE
HONOLULU, HAWAII 96815
TELEPHONE: 923-0407

FACT SHEET 1978

BOARD OF DIRECTORS

President
Vice President
Treasurer
Past President
Hawaii
Kauai
Maui
Oahu
At Large
"
"
"
"
"
"
"
" (Pending)
Smaller Hotels
Smaller Hotels
AH&MA State Director
Allied

Charles H. Bogdahn
Thomas Hoadley
Henry S. C. Hu
J. Hans Strasser
Fred Duerr
William Johnson
Horst Frank
John Elford
Myrtle Lee
Richard Kelley
Glenn Lovejoy
William N. Hulett, III
James Frankenberger
Edward G. Sullivan
Joseph Hebert
Nikolaus Klotz

Greg Fontes
John S. Foote
Clyde Doran
William Gleason

Ala Moana Americana
Princess Kaiulani
Waikiki Holiday
Colony Surf
Kona Village Resort
Kauai Surf
Napili Shores
Hilton Hawaiian Village
Island Holidays
Outrigger
Inter Island Resorts
Ilikai
Holiday Inn Waikiki Beach
Hyatt Regency Waikiki
Royal Hawaiian
Hawaiian Regent

Holiday Isle
New Otani Kaimana Beach
Inter Island Resorts
Johnson & Higgins

CHAPTER PRESIDENTS

Oahu
Hawaii
Kauai
Maui

John Elford
Fred Duerr
William Johnson
Horst Frank

Hilton Hawaiian Village
Kona Village Resort
Kauai Surf
Napili Shores

COMMITTEE CHAIRMEN

Allied
Credit
Energy
Membership
Political Action
Security
Smaller Hotels

William Gleason
Tosh Sato
George Bell
John S. Foote
Thomas Hoadley
James Ainsworth
Greg Fontes

Johnson & Higgins
American Express
Ala Moana Americana
New Otani Kaimana Beach
Princess Kaiulani
Ala Moana Americana
Holiday Isle

Staff: Clement M. Judd, Jr.,
Executive Director
Haunani Ching
Genie Pitchford
Elizabeth Rathburn

Important Events

March 29-30 - 1st Annual Hawaii Hotel &
Restaurant Expo - Sheraton Waikiki
April 15 - March of Dimes Walk-A-Thon
Mar 31-Apr 1- Membership Meeting-Ala Moana Americana
June 2-4 - Membership Meeting-Kauai Resort
Sept 8-10 - Membership Meeting-Keauhou Beach
Dec 8-10 - Annual Meeting-Wailea Beach



American Hotel &
Motel Association



HAWAII HOTEL ASSOCIATION
SUITE 907
2270 KALAKAUA AVENUE
HONOLULU, HAWAII 96815
TELEPHONE: 923-0407

DECEMBER 1977

OFFICIAL MEMBERSHIP ROSTER

(FOR MEMBERSHIP USE ONLY)

CHARLES H. BOGDAHN
PRESIDENT

CLEMENT M. JUDD, JR.
EXECUTIVE DIRECTOR

HOTEL ACTIVE MEMBER	ROOMS	ADDRESS—zip 96815 (except as noted)	REPRESENTATIVE	PHONE
AINA LUANA	52	358 Royal Hawaiian Ave.	Mary Tom	XXXXXXXX
AIRPORT RAMADA INN	280	3253 Nimitz Hiway, 96819	Paul Carey	XXXXXXXX
ALA MOANA AMERICANA	1193	410 Atkinson Dr., 96814	Gunther J. Hatt	XXXXXXXX
ALOHA SURF	200	444 Kaneapolei Street	Richard Kasuya	XXXXXXXX
ARMED SERVICES YMCA	100	250 So. Hotel St., 96813	Steven Fantle	XXXXXXXX
BLAISDELL	62	1154 Fort St., 96813	Jorgen Skov	XXXXXXXX
BREAKERS	70	250 Beach Walk	Ethel Nada	XXXXXXXX
CINERAMA EDGEWATER	187	2168 Kalia Road	Hank Koppelman	XXXXXXXX
CINERAMA REEF	885	2169 Kalia Road	Hank Koppelman	XXXXXXXX
CINERAMA REEF TOWERS	477	227 Lewers Street	Hank Koppelman	XXXXXXXX
COLONY SURF	77	2895 Kalakaua Avenue	J. Hans Strasser	XXXXXXXX
CORAL REEF	310	2299 Kuhio Avenue	Charles Richelieu	XXXXXXXX
CORAL SEAS	100	250 Lewers Street	Roy C. Kelley	XXXXXXXX
DIAMOND HEAD BEACH	78	2947 Kalakaua Avenue	Judith W. Franz	XXXXXXXX
HALE KOA	416	2055 Kalia Road	J. Frank Birdsall, Jr.	XXXXXXXX
HALE PUA NUI	22	228 Beach Walk	Paul Heady	XXXXXXXX
HALEKULANI	190	2199 Kalia Road	Randolph M. Lee, Jr.	XXXXXXXX
HAWAII DYNASTY	200	1830 Ala Moana Boulevard	Albert Lic	XXXXXXXX
HAWAIIAN KING	66	417 Nohonani Street	James Hughes	XXXXXXXX
HAWAIIAN REGENT	690	2552 Kalakaua Avenue	Nikolaus Klotz	XXXXXXXX
HAWAIIANA	95	260 Beach Walk	Mapuana Schneider	XXXXXXXX
HILTON HAWAIIAN VILLAGE	1690	2005 Kalia Road	John Elford	XXXXXXXX
HOLIDAY INN AIRPORT	306	3401 Nimitz Hiway, 96819	Mario Masia	XXXXXXXX
HOLIDAY INN MAKAI	250	2045 Kalakaua Avenue	Frank Gomm	XXXXXXXX
HOLIDAY INN WAIKIKI BEACH	636	2570 Kalakaua Avenue	James Frankenger	XXXXXXXX
HOLIDAY ISLE	281	270 Lewers Street	Greg Fontes	XXXXXXXX
HOTEL MIRAMAR HAWAII	379	2345 Kuhio Avenue	Richard G. Matti	XXXXXXXX
HYATT REGENCY WAIKIKI	1260	2424 Kalakaua Avenue	Edward G. Sullivan	XXXXXXXX
ILIKAI	760	1777 Ala Moana Boulevard	William N. Hulett, III	XXXXXXXX
ILIMA	98	445 Nohonani Street	Norman Kunishima	XXXXXXXX
IMPERIAL HAWAII	380	205 Lewers Street	Nathan K. Cockett, Jr.	XXXXXXXX
INN ON THE PARK	200	1920 Ala Moana Boulevard	Richard Evans	XXXXXXXX
KAHALA HILTON	372	5000 Kahala Avenue, 96816	Hans Weishaupt	XXXXXXXX
KALIA	104	2164 Kalia Road	Fred Wretz	XXXXXXXX
KUHTOLANI	98	2415 Kuhio Avenue	Alice Bascom	XXXXXXXX
KUILIMA HYATT RESORT	487	Kahuku, Oahu 96731	John B. Kirk	XXXXXXXX
LANILOA LODGE	46	Laie, Oahu 96792	Richard Peters	XXXXXXXX



American Hotel &
Motel Association

HOTEL ACTIVE MEMBER	ROOMS	ADDRESS—zip 96815 (except as noted)	REPRESENTATIVE	PHONE
MAKAHA INN & COUNTRY CLUB	196	P.O.Box 896,Waianae 96792	Joseph Shelton	XXXXXXXX
MAKAHA VALLEY TOWERS	32	c/o 910 Ala Moana,#210,96814	Gerald Larson	XXXXXXXX
MARINE SURF	130	364 Seaside Avenue	William Denison	XXXXXXXX
MOANA	390	2365 Kalakaua Avenue	Andrew Pennella	XXXXXXXX
NANI WAI	43	400 Wilikina,Wahiawa,96786	Harold Goodman	XXXXXXXX
NAPUALANI	451	2550 Cartwright	Adolf Kinberger	XXXXXXXX
NEW OTANI KAIMANA BEACH	149	2863 Kalakaua Avenue	John S. Foote	XXXXXXXX
OUTRIGGER	523	2335 Kalakaua Avenue	Richard Kelley	XXXXXXXX
OUTRIGGER EAST	442	150 Kaiulani Avenue	Tony Del Piano	XXXXXXXX
OUTRIGGER SURF	250	2280 Kuhio Avenue	Robert De Cosin	XXXXXXXX
OUTRIGGER WEST	660	2330 Kuhio Avenue	Tom Burke	XXXXXXXX
PACIFIC BEACH	360	2490 Kalakaua Avenue	Fred Izutsu	XXXXXXXX
PACIFIC ISLANDER	50	249 Kapili Street	Norman Doi	XXXXXXXX
PACIFIC MARINA AIRPORT INN	118	2628 Waiwai Loop, 96819	Calvin Joseph	XXXXXXXX
PACIFIC PRINCE	125	415 Nahua Street	Michael P. Irish	XXXXXXXX
PAGODA	365	1525 Rycroft Street, 96814	Mark Hayashi	XXXXXXXX
PALI PALMS	33	970 N.Kalaheo,Kailua,96734	Lois Macdonald	XXXXXXXX
PARK SHORE	227	110 Kapahulu Avenue	Fred Shigenaga	XXXXXXXX
POMATKAI	19	1804 Ala Moana, Suite 3B	Gordon Evans	XXXXXXXX
PRINCESS KAIULANI	1170	120 Kaiulani Avenue	Thomas Hoadley	XXXXXXXX
QUEEN KAPIOLANI	315	150 Kapahulu Avenue	Daniel Mitsuda	XXXXXXXX
ROYAL ALOHA	30	1909 Ala Wai Boulevard	John Takesue	XXXXXXXX
ROYAL GROVE	85	151 Uluniu Avenue	Carlton Fong	XXXXXXXX
ROYAL HAWAIIAN	530	2259 Kalakaua Avenue	Joseph Hebert	XXXXXXXX
SHERATON WAIKIKI	1706	2255 Kalakaua Avenue	Carl Kent	XXXXXXXX
SURFRIDER	431	2353 Kalakaua Avenue	Andrew Pennella	XXXXXXXX
WAIKIKI BEACHCOMBER	496	2300 Kalakaua Avenue	Robert Oda	XXXXXXXX
WAIKIKI BLUE SKY	83	1946 Ala Moana Boulevard	N. T. Le	XXXXXXXX
WAIKIKI CIRCLE	100	2464 Kalakaua Avenue	Frederic K. T. Chun	XXXXXXXX
WAIKIKI GATEWAY	196	2070 Kalakaua Avenue	Andre Tatibouet	XXXXXXXX
WAIKIKI GRAND	175	134 Kapahulu Avenue	Shigeru Tomita	XXXXXXXX
WAIKIKI HOLIDAY	90	450 Lewers Street	Stanley K. H. Wong	XXXXXXXX
WAIKIKI PACIFIC ISLE	255	1850 Ala Moana Boulevard	Russell Hoylman	XXXXXXXX
WAIKIKI RESORT	304	2460 Koa Avenue	Yoon Pyo Kwak	XXXXXXXX
WAIKIKI SAND VILLA	228	2375 Ala Wai Boulevard	Millie Fujinaga	XXXXXXXX
WAIKIKI SURF WEST	110	412 Lewers Street	Mildred Courtney	XXXXXXXX
WAIKIKI SURFSIDE	80	2452 Kalakaua Avenue	Tovik Liberman	XXXXXXXX
WAIKIKI VILLAGE	438	240 Lewers Street	Gary Vaughn	XXXXXXXX
WAIKIKIAN	135	1811 Ala Moana Boulevard	Fred Dailey	XXXXXXXX
WHITE SANDS	96	431 Nohonani Street	Peter McIver	XXXXXXXX
(77 HOTELS)	24,713	OAHU		

HAWAII

CRESCENT MANOR	30	139 Kapiolani St.,Hilo 96720	Albert Felix	XXXXXXXX
HILO HAWAIIAN	290	71 Banyan Dr.,Hilo 96720	Rodney Johnson	XXXXXXXX
HILO BAY	100	87 Banyan Dr.,Hilo 96720	William J. Kimi, Jr.	XXXXXXXX
HILO LAGOON	421	101 Aupuni St.,Hilo 96720	Rodney Johnson	XXXXXXXX
HILO PACIFIC ISLE	149	121 Banyan Dr.,Hilo 96720	Joyce Cabral	XXXXXXXX
HONOKAA CLUB	20	Honokaa 96727	Henry Morita	XXXXXXXX
ISLANDER INN KONA	186	Kailua-Kona 96740	Robert Herkes	XXXXXXXX
KALANIKAI	24	Kailua-Kona 96740	Kaliko Chun	XXXXXXXX
KEAUHOU BEACH	317	Kailua-Kona 96740	Fred Honda	XXXXXXXX
KING KAMEHAMEHA	460	Kailua-Kona 96740	Harold Rapoza	XXXXXXXX
KONA BALI KAI	60	Alii Dr.,Kailua-Kona 96740	John Sheehan	XXXXXXXX
KONA HILTON	452	Kailua-Kona 96740	Serge D'Rouvencourt	XXXXXXXX

HOTEL ACTIVE MEMBER	ROOMS	ADDRESS	REPRESENTATIVE	PHONE
KONA INN	222	Kailua-Kona 96740	Robert Herkes	XXXX
KONA LAGOON	467	Keauhou-Kona 96740	Rodney Johnson	XXXX
KONA PLANTATION	20	Kailua-Kona 96740	Jack Iriiguchi	XXXX
KONA SURF	538	Kailua-Kona 96740	William Mielcke	XXXX
KONA TIKI	17	Kailua-Kona 96740	G. L. Matlock	XXXX
KONA VILLAGE	70	Kailua-Kona 96740	Fred Duerr	XXXX
MAUNA KEA BEACH	310	Kamuela 96743	Robert Butterfield	XXXX
NANILOA SURF	389	93 Banyan Dr., Hilo 96720	William Davis	XXXX
SHERATON WAIKAKA VILLAGE	300	400 Hualani St., Hilo 96720	Ernest Nishizaki	XXXX
VOLCANO HOUSE	37	Kilauea National Park 96718	Al Pelayo	XXXX
WAIKOLOA VILLAGE	20	POBox 3028, Kamuela 96743	James Lium	XXXXXXXX
(23 HOTELS)	4,899	HAWAII		

KAUAI

CLUB MEDITERRANEE - HANAIEI PLANTATION	113	c/o 2222 Kalakaua Ave., #802 Honolulu 96815	Osamu Arimoto (Hnl)	XXXX
COCO PALMS	412	P.O.Box 631, Lihue 96766	Grace Guslander	XXXX
HOLIDAY INN KAUAI BEACH	311	c/o POBox 8439, Hon. 96815 (Opening April 1978)	Paul Namkoong (Hnl)	XXXXXXXX
ISLANDER INN KAUAI	199	PO Box 68, Kapaa 96746	Lambert DeRechter	XXXX
KAHA LANI	30	PO Box 500, RRI, Lihue 96766	Hollis Crozier	XXXX
KAUAI BEACHBOY	243	Waipouli Beach, Kapaa 96746	Douglas Victorino	XXXX
KAUAI RESORT	242	3-5920 Kuhio Hwy., Kapaa 96746	Christian Chang	XXXX
KAUAI SURF	607	POBox 1729, Lihue 96766	William F. Johnson	XXXX
PLANTATION HALE	155	Waipouli 96746	Steve Winter	XXXX
POIPU BEACH	141	Koloa 96756	Dennis Costa	XXXX
PRINCEVILLE AT HANAIEI	201	POBox 121, Hanalei 96714	H. van der Velden	XXXX
SHERATON KAUAI	170	Koloa 96756	Don Timbie	XXXX
WAIHAI	47	Koloa 96756	Dennis Costa	XXXXXXXX
(13 HOTELS)	2,871	KAUAI		

MAUI

HALE MAUI APT-HOTEL	12	PO Box 516, Lahaina 96761	Hans Zimmermann	XXXX
HOTEL HANA MAUI	57	Hana 96713	Tony de Jetley	XXXX
HOTEL INTER-CONTINENTAL MAUI	550	PO Box 779, Kihei 96753	Michael Cairns	XXXX
KAANAPALI BEACH	433	Lahaina 96761	Robert Sewell	XXXX
KAHANA BEACH RESORT	84	Kahana 96761	Edward Hogan	XXXX
KAPALUA BAY	196	POBox 333, Kapalua 96761 (Opening Late '78)	E. David Brewer (Hnl)	XXXXXXXX
KULEANA	118	PO Box 700, Lahaina 96761	Don Herzog	XXXX
MAHANA	100	110 Kaanapali Shores Place, Lahaina 96761	Fred Schleinkofer	XXXX
MAUI BEACH	155	Kahului 96732	John Abe	XXXX
MAUI ELDORADO	120	PO Box 1361, Lahaina 96761	Rod Hartless	XXXX
MAUI LU RESORT	189	PO Box 10, Kihei 96753	Les Clavir	XXXX
MAUI PALMS	102	Kahului 96732	Norman Hondo	XXXX
MAUI SUNSET	100	Kihei 96753	Jack Rowley	XXXX
MAUI SURF	555	Lahaina 96761	Karl Rathgeb	XXXX
NAPILI KAI BEACH CLUB	132	Napili 96761	J. C. Millar	XXXX
NAPILI PUAMALA	18	RR#1, Napili, 96761	Vivian E. Lusby	XXXX
NAPILI SHORES	131	PO Box 920, Lahaina 96761	Horst Frank	XXXXXXXX
NAPILI SUNSET	39	RR #1, Lahaina 96761	James D. Hughes, Sr.	XXXXXXXX
NAPILI SURF BEACH RESORT	36	RR #1, Napili Bay 96761	Vivian E. Lusby	XXXXXXXX

HOTEL ACTIVE MEMBER	ROOMS	ADDRESS	REPRESENTATIVE	PHONE
PIONEER INN	48	Lahaina 96761	Baird Miller	XXXXXXXX
ROYAL LAHAINA	740	Lahaina 96761	Jack Dallas	XXXXXXXX
SHERATON MAUI	437	Lahaina 96761	James Cockett	XXXXXXXX
TRAVELODGE AT LAHAINA	59	888 Wainee, Lahaina 96761	Ron Westad	XXXXXXXX
WALEA BEACH	350	PO Box 277, Kahului 96732 (Opening May 1978)	Thomas Gurtner	XXXXXXXX
WHALER, THE	180	2481 Kaanapali Parkway, Lahaina 96761	Peter Anders	(Hnl) XXXXXXXX
(25 HOTELS)	4,941	MAUI		

MOLOKAI

HOTEL MOLOKAI	56	PO Box 546, Kaunakakai 96748	Adrian Sliderecht	XXXXXXXX
PAU HANA INN	32	PO Box 860, Kaunakakai 96748	Braunlee Clewett	XXXXXXXX
SHERATON MOLOKAI	292	PO Box 1977, Maunaloa 96770	Carl Kono	XXXXXXXX
WAVECREST RESORT	45	Star Route 96748	Jon Madsen	XXXXXXXX
(4 HOTELS)	425	MOLOKAI		

TOTAL HOTELS-STATE: 142

TOTAL STATE-ROOMS: 37,849

IF YOU HAVE A BUSINESS ASSOCIATE WHO IS NOT A MEMBER OF THE HHA, MAY WE SUGGEST YOU ENCOURAGE HIM TO BECOME ONE. AT YOUR REQUEST WE WILL GLADLY SEND HIM AN APPLICATION FOR MEMBERSHIP, AND BRIEF HIM ON THE ECONOMIC, POLITICAL AND COMMUNITY ADVANTAGES OF BELONGING TO THE HAWAII HOTEL ASSOCIATION. MAHALO.

SPECIAL ACTIVE MEMBER	ADDRESS - zip 96815 (except as noted)	REPRESENTATIVE	PHONE
AMERICANA HOTELS	410 Atkinson Drive, 96814	Charles Bogdahn	XXXXXXXX
AMFAC, INC.	PO Box 3230, 96801	Lyle Guslander	XXXXXXXX
COLONY HOTELS, INC.	1920 Ala Moana Boulevard	Michael V. Paulin	XXXXXXXX
HAWAIIAN PACIFIC RESORTS	1150 South King St., 96814	Kanae Kobayashi	XXXXXXXX
HILTON HOTELS	2005 Kalia Road	Don Madsen	XXXXXXXX
HYATT REGENCY WAIKIKI	2424 Kalakaua Avenue	Edward G. Sullivan	XXXXXXXX
INTER ISLAND RESORTS	PO Box 8539	Dudley Child, Jr.	XXXXXXXX
INTER ISLAND RESORTS	PO Box 8539	Glenn Lovejoy	XXXXXXXX
INTER ISLAND RESORTS	PO Box 8539	Herman Mulder	XXXXXXXX
INTER ISLAND RESORTS	PO Box 8539	Clyde Doran	XXXXXXXX
ISLAND HOLIDAYS, LTD.	PO Box 8519	Myrtle Lee	XXXXXXXX
ISLAND HOLIDAYS, LTD.	PO Box 8519	Juan Aquinde	XXXXXXXX
KAPALUA LAND CO., LTD.	PO Box 333, Kapalua 96761	Thos. Rohr	(Hnl) XXXXXXXX
SHERATON HOTELS-PACIFIC	PO Box 8559	R. W. Bob Holden	XXXXXXXX
SHERATON HOTELS-PACIFIC	PO Box 8559	Stanley Takahashi	XXXXXXXX

(SPECIAL ACTIVE: 15)

ASSOCIATE MEMBER	ADDRESS - zip 96815 (except as noted)	REPRESENTATIVE	PHONE
AMFAC, INC.	PO Box 3230, 96801	Ron Watanabe	XXXXXXXX
BEKEART, ROBERT	PO Box 152, Aiea 96701	Bob Bekeart	XXXXXXXX
BOISE CASCADE	Financial Plaza, #1801, 96813	Willis Sanburn	XXXXXXXX
BRADY, DORSEY	c/o Del Webb Hotels, PO Box 7548, Las Vegas, Nevada 89101	Dorsey Brady	XXXXXXXXXX
CUMMINGS, MYRON	c/o Aikane, 404 Piikoi, 96814	Myron Cummings	XXXXXXXX
GOWANS, LOUIS L.	2785 Round Top Dr., 96822	Louis L. Gowans	XXXXXXXX
HALE KOA HOTEL	2055 Kalia Road	James G. Wilbert	XXXXXXXX
HALE KOA HOTEL	2055 Kalia Road	John Kay	XXXXXXXX
HAWAIIAN REGENT HOTEL	2552 Kalakaua Avenue	Yoshio Tanaka	XXXXXXXX
HILTON HOTELS	4111 Papu Circle, 96816	Richard Cockey	XXXXXXXX
HEMMETER CENTER	2424 Kalakaua Avenue	Michael Brennan	XXXXXXXX
INTER-CONTINENTAL MAUI HOTEL	2222 Kalakaua Ave., #1209	Stephen Boyle	XXXXXXXX
INTER ISLAND RESORTS-	PO Box 8539	Kimo Peltier	XXXXXXXX
ISLAND HOLIDAYS, LTD.	PO Box 8519	Roy Lamb	XXXXXXXX
ISLAND HOLIDAYS, LTD.	PO Box 8519	Clancy Lyman	XXXXXXXX
ISLAND HOLIDAYS, LTD.	PO Box 8519	Bonnie Kaanaana	XXXXXXXX
ISLAND HOLIDAYS, LTD.	PO Box 8519	Anna Lermann	XXXXXXXX
ISLAND HOLIDAYS RESORTS	PO Box 8519	Jan Higa	XXXXXXXX
KAPALUA	PO Box 188, Kahului, 96732	Michael Gallagher	XXXXXXXX
KAUAI BEACHBOY	c/o 1349 Kapiolani, 96814	Gulab Watumull	XXXXXXXX
MACE, JOHN	5250 W. Century Blvd (437), Los Angeles, California 90045	John Mace	XXXXXXXX
MAUNA KEA BEACH HOTEL	Kamuela 96734	Adi Kohler	XXXXXXXX
MCMENAMIN, BERNARD	Hyatt Regency, 2424 Kalakaua	Bernard McMenamin	XXXXXXXX
MOLOKAI, HOTEL	c/o 345 Queen, 2nd Flr, 96813	Desmond Brooks	XXXXXXXX
O'ISHI, TONY	2003 Kalia Rd, #19G	Tony O'Ishi	XXXXXXXX
PIONEER INN	c/o 1826 Kalakaua Avenue	Richard Buck	XXXXXXXX
PUGH, JACK	PO Box 779, Kihei 96753	Jack Pugh	XXXXXXXX
SEIBU HAWAII, INC.	2158 Main, #203 Wailuku 96793	Larry Sasaki	XXXXXXXX
SHERATON HOTELS PACIFIC	PO Box 8559	Kent Harrison	XXXXXXXX
SHERATON WAIKIKI	PO Box 8559	Sandra Albano	XXXXXXXX
WAIKIKI HOLIDAY	450 Lewers Street	Henry S. C. Hu	XXXXXXXX
WALEA HOTEL COMPANY	333 Queen, #809, 96813	T. Clifford Melim	XXXXXXXX
WATUMULL, DAVID	2080 So. King, #207, 96814	David Watumull	XXXXXXXX

(ASSOCIATE: 33)

ALLIED MEMBER	ADDRESS - zip 96815 (except as noted)	REPRESENTATIVE	PHONE
AARON M. CHANEY, INC.	841 Bishop, 4th Flr., 96813	William M. Cameron	XXXXXXXX
ACKERMAN-CHILLINGWORTH	PO Box 38, 96810	Mehrtens Chillingworth	XXXXXXXX
ADVERTISING WORKS, INC.	444 Hobron Lane, #401	Darrel Klöninger	XXXXXXXX
AL PHILLIPS THE CLEANER	340 Kuulei Rd., Kailua 96734	John V. Brewer	XXXXXXXX
ALEXANDER GRANT & COMPANY	190 So. King, #2900, 96813	James E. Watts	XXXXXXXX
ALOHA AIRLINES	Hnl. Int'l Airport 96819	Bert Thomas	XXXXXXXX
ALOHA CANDLE COMPANY, INC.	46-178 Kahuhipa, Kaneohe 96744	Walt Decker	XXXXXXXX
ALOHA PARKING SERVICES	PO Box 15965	Dennis Minga	XXXXXXXX
AMERICAN AIRLINES	PO Box 29846, 96820	G.L. "Lip" Crothers	XXXXXXXX
AMERICAN EXPRESS COMPANY	1600 Kapiolani, #1107, 96814	Henry Hall	XXXXXXXX
(CREDIT CARD DIV.)			
AMERICAN EXPRESS COMPANY	2222 Kalakaua Ave., #803	Ron Letterman	XXXXXXXX
(TOUR OPER. DIV.)			
AMERICAN SECURITY BANK	1314 So. King St., 96814	Donald L. MacGregor, Jr.	XXXXXXXX

ALLIED MEMBER	ADDRESS - zip 96815 (except as noted)	REPRESENTATIVE	PHONE
AMERICAN TRUST CO. OF HAWAII	841 Bishop, #1203, 96813	Robert R. Midkiff	XXXXXXXXXX
AMPACO	905-D Keeaumoku, 96814	Hal Rothenborg	XXXXXXXXXX
ANDRADE & COMPANY, LTD.	PO Box 2480, 96804	Franklin C. Geiger	XXXXXXXXXX
APCOA, INC.	PO Box 29159, 96820	Gilbert Livingston	XXXXXXXXXX
ARNOLD STANDARD REVIEW	819 So. Beretania, #206, 96813	Raymond Y. Sakai	XXXXXXXXXX
ATCO, INC.	2855 Koapaka, 96819	Eldon J. Almquist	XXXXXXXXXX
AVIS RENT-A-CAR	3001 No. Nimitz Hwy, 96819	Richard Crumpton	XXXXXXXXXX
BAKER, H.W. LINEN COMPANY	1001 East Pike, Seattle, WA 98122	Morris Singer	XXXXXXXXXX
BALLINGER, W. A. CO.	PO Box 7821 Rincon Annex, San Francisco, California 94120	Howard Ballinger	XXXXXXXXXX
BANK OF HAWAII	2220 Kalakaua Avenue	Henry F. Rice	XXXXXXXXXX
BANK OF HAWAII	PO Box 2900, 96846	Lawrence M. Johnson	XXXXXXXXXX
BANK OF HONOLULU	841 Bishop St., 96813	Jack R. Corteway	XXXXXXXXXX
BAYLY, MARTIN & FAY, HAWAII	745 Fort St., #1910, 96813	Trenor Thompson	XXXXXXXXXX
BECKY COLLINS ADV. & P.R.	1402 Kapiolani, #40, 96814	Joan B. Collins	XXXXXXXXXX
BETTER BRANDS	348 Puuhale Road, 96819	Wayz Middough	XXXXXXXXXX
BRANIFF INTERNATIONAL	2353 Kalakaua Avenue	George G. Mason	XXXXXXXXXX
BROCHURE BANK	1600 Ala Moana, #1100	Ralph Pitner	XXXXXXXXXX
BUDGET RENT-A-CAR SYSTEMS, INC.	PO Box 15188	Irwin Bickson	XXXXXXXXXX
BURWASH, PETER INTERNATIONAL	1909 Ala Wai, #1507	Peter Burwash	XXXXXXXXXX
BYODO-IN TEMPLE	4161 Black Point Road, 96816	Hod White	XXXXXXXXXX
CP AIR	2222 Kalakaua Ave., #212	Vern Barlow	XXXXXXXXXX
CANLIS BROILER	2100 Kalakaua Avenue	David Hill	XXXXXXXXXX
CARDINAL MAILING SERVICES	327 Keawe St., 96813	Scott May	XXXXXXXXXX
CARTAN TRAVEL BUREAU, INC.	2003 Kalia, Suite 19-K	Arthur J. Magone	XXXXXXXXXX
CASUAL AIRE OF HI., LTD.	227 Lewers Street	Norton Langley	XXXXXXXXXX
CENTURION SECURITY SYSTEMS, INC.	1314 So. King, #1150, 96814	Tony Martinez, Jr.	XXXXXXXXXX
CHAPMAN'S MEN'S WEAR	2424 Kalakaua Avenue	Don Chapman	XXXXXXXXXX
CHARLEY'S TOURS & TRANSP.	1682 Kalakaua Avenue	Helen Morita	XXXXXXXXXX
COCA COLA BOTTLING COMPANY	949 Mapunapuna, 96819	William L. Bauman	XXXXXXXXXX
COCO JOE'S PRODUCTS, INC.	45-552 D Kam Hwy, Kaneohe 96744	Donald R. Gallacher	XXXXXXXXXX
COLUMBIA INN	645 Kapiolani Boulevard, 96813	Eugene Kaneshiro	XXXXXXXXXX
COMMERCIAL SHELVING	PO Box 1407, 96807	Eugene Sparling	XXXXXXXXXX
COMMUNICATIONS PACIFIC	745 Fort St., #318, 96813	Bobbie McDermott	XXXXXXXXXX
COMPUTAB, INC.	PO Box 3886, 96812	Fred Lins	XXXXXXXXXX
COMTEL HAWAII, INC.	841 Bishop St., #904, 96813	Barry Kommel	XXXXXXXXXX
CONNORS, JOHN INC.	PO Box 2866, 96803	John Connors	XXXXXXXXXX
CONTACT HAWAII/CHUCK WILLIAMS ASSOCIATES	1600 Ala Moana, #1902	Charles F. Williams	XXXXXXXXXX
CONTINENTAL AIRLINES	1600 Kapiolani, #820, 96814	Stanley C. Kennedy, Jr.	XXXXXXXXXX
COOPERS & LYBRAND	PO Box 4530, 96813	David Gillette	XXXXXXXXXX
DATA TECHNICAL ANALYSTS, INC.	606 Coral Street, 96813	Frank Fukunaga	XXXXXXXXXX
DAVIDSON, CHUDACOFF/KOLPAK OF HAWAII, INC.	PO Box 29540, 96820	Louis Sandler	XXXXXXXXXX
DECADE THREE, INC.	570 Auahi St., #240, 96813	Robert R. Kneisley	XXXXXXXXXX
DEMELLO ENTERPRISES	2005 Kalia Road	Robert F. DeMello	XXXXXXXXXX
DINERS CLUB	677 Ala Moana, #1007, 96813	Cathy Payne	XXXXXXXXXX
DISCOVER HAWAII MAGAZINE	825 Keeaumoku, #309, 96814	John Buckles	XXXXXXXXXX
DOHRMANN COMPANY	1122 Ala Moana Blvd., 96814	Leonard Ornellas	XXXXXXXXXX
DUTY FREE SHOPPERS, LTD.	Davies Pac. Cntr., #2101, 96813	Joseph Lyons	XXXXXXXXXX
DYAN'S RENTALS	527 Cummins, 96814	George Wright	XXXXXXXXXX
E.D.W.	828 Fort St. Mall, #200, 96813	Patricia Moore	XXXXXXXXXX
EAGLE DISTRIBUTORS	851 Mapunapuna, 96819	Edward Doty	XXXXXXXXXX
EASTMAN KODAK COMPANY	1122 Mapunapuna, 96819	Glen W. Blinde	XXXXXXXXXX
EASTMAN, R. A. & COMPANY	PO Box 15926	Richard Eastman	XXXXXXXXXX
EDWARD ENTERPRISES	PO Box 30468, 96820	R. A. Mitchell, Jr.	XXXXXXXXXX
ELECTEL CORPORATION	1177 Kapiolani, 2nd Flr, 96814	Robert P. Carter	XXXXXXXXXX
ERNST & ERNST	915 Fort St., #900, 96813	Kip Jones	XXXXXXXXXX

ALLIED MEMBER	ADDRESS - zip 96815 (except as noted)	REPRESENTATIVE	PHONE
EXTERMINATORS, INC.	730 Emily St., 96813	Roy Urata	XXXXXXXX
FAWCETT McDERMOTT CAVANAGH	1441 Kapiolani, #1505, 96814	John Cavanagh	XXXXXXXX
FIRST CINE-TEL OF HAWAII	4747 Kilauea Ave., #114, 96816	Arnold Abrams	XXXXXXXX
FIRST HAWAIIAN BANK	PO Box 3200, 96847	Robert Fuller	XXXXXXXX
FIRST HAWAIIAN BANK	2181 Kalakaua Avenue	Robert Anderson	XXXXXXXX
FIRST HAWAIIAN DEVELOPMENT CORP.	190 So. King, #2400, 96813	Ernest C. Hickson	XXXXXXXX
FREDERICKS OF HAWAII, INC.	1230 Ala Moana Center, 96814	Don F. Stewart	XXXXXXXX
FREEMAN & COMPANY	745 Fort St., #1414, 96813	R. Carter Freeman, Jr.	XXXXXXXX
FRITO-LAY OF HAWAII, INC.	PO Box 29877, 96820	Kenneth Froelich	XXXXXXXX
GASCO, INC.	1050 Bishop St., 96813	Muriel Miura	XXXXXXXX
GBC, INC.	419-E Waiakamilo St., 96817	George H. T. Chu	XXXXXXXX
GENERAL FOODS CORPORATION	4211 Waiialae, #305, 96816	Jack Stern	XXXXXXXX
GIB BLACK & FRIENDS	119 Merchant, #607, 96813	Gib Black	XXXXXXXX
GREETERS OF HAWAII	PO Box 29638, 96820	Peter Fithian	XXXXXXXX
GROUP '70 LAB., INC.	924 Bethel St., 96813	Francis S. Oda	XXXXXXXX
HANSEN, A. H. SALES	PO Box 19008, 96817	Arthur Hansen	XXXXXXXX
HARDERS COMPANY	2312 Kam. Hwy, Bldg H-2, 96819	T. E. Isaacson	XXXXXXXX
HARRIS KERR FORSTER & COMPANY	700 Bishop, #1004, 96813	George Lipp	XXXXXXXX
HASKINS & SELLS	745 Fort Street, 96813	Gerald Y. Ushijima	XXXXXXXX
HASTINGS, MARTIN, HALLSTROM & CHEW, LTD.	841 Bishop, #1420, 96813	Robert C. Hastings, Jr.	XXXXXXXX
HAWAII BEVERAGE GUIDE	PO Box 853, 96808	Esther O'Toole Smith	XXXXXXXX
HAWAII BREWING	677 Ala Moana, #603, 96813	Louis Shell	XXXXXXXX
HAWAII HOTEL & RESTAURANT SUPPLY	3015 Koapaka, 96819	Milton King	XXXXXXXX
HAWAII TOURIST NEWS	PO Box 32, 96810	Warren Stone	XXXXXXXX
HAWAII VISITORS BUREAU	2270 Kalakaua Ave., #801	Jack Simpson	XXXXXXXX
HAWAIIAN AIR	1164 Bishop, 8th Fl., 96813	Nolan Kramer	XXXXXXXX
HAWAIIAN AIR FILTERS	333 Uluniu, Kailua, 96734	James Porter	XXXXXXXX
HAWAIIAN DISTILLERS	PO Box 17008, 96817	J. P. Cooke, Jr.	XXXXXXXX
HAWAIIAN DREDGING & CONSTRUCTION	PO Box 3468, 96801	Richard A. Gilton, Jr.	XXXXXXXX
HAWAIIAN ELECTRIC	PO Box 2750, 96840	Francis Williams	XXXXXXXX
HAWAIIAN LINEN SUPPLY	837 Kawaiahao St., 96813	Robert Cooper	XXXXXXXX
HAWAIIAN TELEPHONE	PO Box 2200, 96841	Sam Teague	XXXXXXXX
HEFTEL BROADCASTING CORPORATION	1599 Kapiolani, 96814	Earl McDaniel	XXXXXXXX
HERITAGE INVESTORS, INC.	345 Queen St., #711, 96813	Harriet Nam	XXXXXXXX
HERTZ CORPORATION	2270 Kalakaua Ave., #906	Douglas T. Moore	XXXXXXXX
HOLIDAY TOURS OF HAWAII	2222 Kalakaua Ave., #1314	Paul Diller	XXXXXXXX
HONOLULU ENVELOPE, INC.	851-F Pohukaina, 96813	W. Calvin Finger	XXXXXXXX
HONOLULU MERCANTILE COMPANY	PO Box 3408, 96801	Joseph Silverstein	XXXXXXXX
HONOLULU RESTAURANT SUPPLY	2043 So. Beretania St., 96814	John Lind	XXXXXXXX
HONSPORT	2868 Kaihikapu St., 96819	Richard Horton	XXXXXXXX
HOPACO	PO Box 3256, 96801	Hunt Paterson	XXXXXXXX
I AM (IDENTITY APPAREL MALIA)	PO Box 419, 96809	Ralph Salice	XXXXXXXX
IBM CORPORATION	1240 Ala Moana, 96814	W.E. Kerr	XXXXXXXX
ICS EMPLOYEE MANAGEMENT AND DEVELOPMENT	PO Box 418, 96809	Donald A. Lubitz	XXXXXXXX
INSTANT PRINTERS WAIKIKI	2270 Kalakaua Ave., #207	Carl Anderson	XXXXXXXX
IRWIN, JOEL ADVERTISING, INC.	1210 So. Queen, 96814	Joel L. Irwin	XXXXXXXX
ISLAND CAMERA & GIFT SHOPS	670 Queen St., #200, 96813	A.C. Sandy Waterhouse, Jr.	XXXXXXXX
JOHNSON & HIGGINS	PO Box 4238, 96813	William F. Gleason	XXXXXXXX
KAHUKU SUGAR MILL	1221 Kapiolani Blvd., 96814	Nancy Sevilla	XXXXXXXX
KAMEHAMEHA DEVELOPMENT CORP.	700 Bishop St., #601,	Vonnie Paine	XXXXXXXX
KAPUNI DEVELOPMENT CORPORATION	232 Kaiulani Ave., #200	Sam Gilbert	XXXXXXXX
KEMOO FARMS	PO Box 30021, 96820	Richard Rodby	XXXXXXXX

ALLIED MEMBER	ADDRESS - zip 96815 (except as noted)	REPRESENTATIVE	PHONE
KENTRON INTERNATIONAL	233 Keawe St., 96813	Ronald Ajimine	XXXXXXXX
KING MEAT HAWAII, LTD.	2969-A Ualena St., 96819	Ernest N. Olson	XXXXXXXX
KOVAR & ASSOCIATES	1221 Kapiolani, #1018, 96814	Bob Kovar	XXXXXXXX
LA RONDE RESTAURANTS, INC.	1441 Kapiolani, #2020, 96814	John Henry Felix	XXXXXXXX
LENHA HAWAII, INC.	379 Olohana Street	Ted Davenport	XXXXXXXX
LET'S DINE OUT	1441 Kapiolani, #1120, 96814	Doris M. Leach	XXXXXXXX
MACKENZIE TRAVEL ORGANIZATION	2828 Paa Street, 96819	George Correia	XXXXXXXX
MANAGEMENT BULLETIN	287 Mokauea Street, 96819	Kini Popo	XXXXXXXX
MARGO WOOD ADVERTISING	841 Bishop, #1618, 96813	Margo Wood	XXXXXXXX
MARTIZ TRAVEL	1555 Bertram Street, 96816	Frank Kelly	XXXXXXXX
MAYFIELD SMITH PARK ADVERTISING	600 Kapiolani, #401, 96813	David Park	XXXXXXXX
MCINERNEY	606 Coral St., 3rd Flr., 96813	Colin Leong	XXXXXXXX
MCKESSON WINES & SPIRITS	1930 Auiki Street, 96819	Abraham Kauhane	XXXXXXXX
MEADOW GOLD DAIRIES-HAWAII	925 Cedar St., 96814	Richard Walrack	XXXXXXXX
MICOR	1221 Kapiolani, #848, 96814	Douglass B. Arnott	XXXXXXXX
MILICI/VALENTI ADVERTISING	700 Bishop, 12th Flr., 96813	Ray Milici	XXXXXXXX
MONFORT FOOD DISTRIBUTING CO.	3159-A Koapaka St., 96819	Ferrell L. Lackey	XXXXXXXX
MOTHER'S FOOD PRODUCTS	2882 Koapaka St., 96819	Walter Dutchy Olsen	XXXXXXXX
MOTOROLA COMMUNICATIONS	663 Kakoi St., 96819	William L. Hibbs	XXXXXXXX
MULLER & PHIPPS	PO Box 3950, 96812	John Kelleher	XXXXXXXX
NATIONAL CAR RENTAL	PO Box 8599	Fred Condon	XXXXXXXX
NORTHWEST ORIENT AIRLINES	1600 Kapiolani, #701, 96814	Thomas Pokonosky	XXXXXXXX
OCEANIC CABLEVISION, INC.	PO Box 27087, 96847	Jack Kennedy	XXXXXXXX
ONE CALL HAWAII RESERVATION SYSTEM	2270 Kalakaua, #1005	Charlotte Whittaker	XXXXXXXX
PACIFIC LAUNDRY	802 Kapiolani Blvd., 96813	Robert C. Killam	XXXXXXXX
PACIFIC PAINT CENTER	2865 Ualena Street, 96819	Samson Au	XXXXXXXX
PACIFIC TERRAZZO & TILE	94-078 Leokane, Waipahu 96797	Ralph Tony Richards	XXXXXXXX
PACIFIC WINES AND SPIRITS	PO Box 83, 96810	F. Patrick Sylva	XXXXXXXX
PANAM	1600 Kapiolani, #1000, 96814	Don Adams	XXXXXXXX
PANAM	1600 Kapiolani, #1030, 96814	Paul Kendall	XXXXXXXX
PARADISE BEVERAGES	2850 Paa Street, 96819	Arthur Scherer	XXXXXXXX
PATISSERIE, THE	2115 So. Beretania, 96814	Rolf Winkler	XXXXXXXX
PEAT, MARWICK, MITCHELL & CO.	PO Box 4150, 96813	Malcolm Tom	XXXXXXXX
PENMAR HAWAII CORPORATION	1215 Hunakai, #110, 96816	Frederick Wm. Penn	XXXXXXXX
PEPSI COLA/SEVEN-UP BOTTLING COMPANY OF HONOLULU	815 Waiakamilo Rd., 96817	Dennis DiSanto	XXXXXXXX
PERMA-BRITE, HAWAII	P.O. Box 15912	Oscar R. Lariviere	XXXXXXXX
PEX OF HAWAII, INC.	120 Kaiulani Ave., #286	Vernon Peck	XXXXXXXX
POLAR ICE/KOLD DRAFT HAWAII, INC.	712 Emily St., 96813	William Benge	XXXXXXXX
POMARE TAHITI SPORTSWEAR	440 Kuwili Street, 96817	James Romig	XXXXXXXX
PROCTOR & GAMBLE	677 Ala Moana, #1005, 96813	Douglas A. Stern	XXXXXXXX
QANTAS AIRWAYS LTD	2200 Kalakaua Avenue	A. P. Burgess	XXXXXXXX
RAINBOW, INC. FOOD BROKERS	98-715 Kuahao Pl., Pearl City 96782	William D. Prideaux	XXXXXXXX
ROYAL HAWAIIAN PERFUMES	PO Box 734, 96808	John Mills	XXXXXXXX
SANDERS & PRINTUP	1164 Bishop, #1004, 96813	J. Kenneth Sanders	XXXXXXXX
SCHMID, FRED ASSOCIATES	11259 W. Olympic Blvd, Los Angeles, CA. 90064	Fred Schmid	XXXX
SEAFRITE	233 Keawe Street, 96813	Francis Cooper	XXXXXXXX
SECURITY BOX	1219 Keeaumoku, #201, 96814	Harris M. Sukita	XXXXXXXX
SERTA MATTRESS COMPANY	94-134 Leowaena, Waipahu 96797	Alan P. Lee	XXXXXXXX
SHERWIN-WILLIAMS COMPANY	3209 Koapaka, 96819	Wilson W. Reed	XXXXXXXX
STEGEL, SCHILLER, ROLFS & WOOD	Financial Plaza, 12th Flr., 96813	James Vanderwarker	XXXXXXXX
SINCLAIR PAINTS & WALLCOVERINGS	2779 Mokumoa St., 96819	Claude S. Thompson	XXXXXXXX
SONNIE-GAY, LTD.	411 Puuhale Road, 96819	Robert Young	XXXXXXXX

ALLIED MEMBER	ADDRESS - zip 96815 (except as noted)	REPRESENTATIVE	PHONE
SPENCECLIFF CORPORATION	1826 Kalakaua Avenue	Spencer Weaver	XXXXXXXX
STANDARD BRANDS	670 Halekauwila St., 96813	Rand Mayo	XXXXXXXX
STARR-MCCOMBS, INC.	190 So. King, #1956, 96813	Allan Starr	XXXXXXXX
SWAFFORD & COMPANY	2005 Kalia Road	Robert King	XXXXXXXX
SYSTEMFORMS HAWAII, INC.	PO Box 2391, 96804	Donald A. Swan	XXXXXXXX
T. W. SYSTEMS, INC.	955 Waimanu, 96814	Thomas E. Kilmer	XXXXXXXX
TECHNICOLOR, INC.	PO Box 4070, 96813	Joe Leach	XXXXXXXX
THOELE, G. L. LTD.	841 Bishop St., #1420, 96813	Gene L. Thoele	XXXXXXXX
TIHATI, INC.	2300 Kalakaua Avenue	Don Over	XXXXXXXX
TONGG PUBLISHING	808 Sheridan St., 96814	David Benz	XXXXXXXX
TORI RICHARD, LTD.	849 Cooke St., 96813	Jesse J. Goodman	XXXXXXXX
TORKILDSON, KATZ, JOSSEM & LODEN	700 Bishop, #1512, 96813	Jared Jerry Jossem	XXXXXXXX
TRADEWIND TOURS	150 Kaiulani, 1st Floor	Robert MacGregor	XXXXXXXX
TROPICAL RENT-A-CAR	2918 Ualena, 96819	Donald R. Hillis	XXXXXXXX
TWENTIETH CENTURY FURNITURE	960 Mapunapuna, 96819	William C. H. Chung	XXXXXXXX
UNI-CHECK	677 Ala Moana, #211, 96813	Don Moore	XXXXXXXX
UNITED AIRLINES	190 So. King St., #1900, 96813	William Speicher	XXXXXXXX
UNIVERSAL MOTOR CO., LTD.	630 Piikoi St., 96814	Edward Eu	XXXXXXXX
WAIKIKI BEACH PRESS	PO Box 2039, 96805	Gerald Fisher	XXXXXXXX
WARREN ASSOCIATES	850 West Hind, #208, 96821	John O. Warren	XXXXXXXX
WILLOWS RESTAURANT	901 Hausten, 96814	Kathleen Perry	XXXXXXXX
WINC HAWAII, LTD.	1620 Kahai St., 96819	Henry J. McMonigle	XXXXXXXX
WORLD WIDE DISTRIBUTORS	1132 Auahi St., 96814	Paul Spengler, Jr.	XXXXXXXX
XEROX CORPORATION	841 Bishop, #1100, 96813	J. Quinton Adams, Jr.	XXXXXXXX
YOUNG, ARTHUR & COMPANY	700 Bishop, #800, 96813	Thomas E. Brightbill	XXXXXXXX
YOUNG LAUNDRY & DRYCLEANING	2771 Waiwai Loop, 96819	David Applebaum	XXXXXXXX

(OAHU ALLIED MEMBERS: 197)

HAWAII

GUZZ GLENN'S	411 Kawili St., Hilo 96720	Renee Bittle	XXXXXXXX
HOLT, SLIM U-DRIVE	PO Box 1938, Hilo 96720	Charles Kamaka	XXXXXXXX
HONAUNAU MARKET	PO Box 407, Honaunau 96726	George Kurihara	XXXXXXXX
SURE SAVE SUPER MARKET	777 Kilauea Ave., Hilo 96720	Tom Okuyama	XXXXXXXX

KAUAI

KAUAI PUBLISHING CO.	PO Box 231, Lihue 96766	John Uyenio	XXXXXXXX
SMITH MOTOR BOAT SERVICE	PO Box 141, Kapaa 96746	Walter Freckles Smith	XXXXXXXX
TOP TO TOE, LTD.	PO Box 1869, Lihue 96766	L. T. Pat Cannon	XXXXXXXX

MAUI

CHATEAU DU LOUP	Whaler's Market Pl., Kaanapali	Wolfgang Schumann	XXXXXXXX
HOUSE OF JEWELS	c/o Maui Surf, Lahaina 96761	Philip C. Ward	XXXXXXXX
KAANAPALI BEACH OPERATORS ASSN	PO Box 696, Lahaina 96761	Lori Sablas	XXXXXXXX
SABURO, INC.	PO Box 450, Kahului 96732	Saburo Matsushita	XXXXXXXX

(TOTAL ALLIED MEMBERS: 208)

IF YOU HAVE A BUSINESS ASSOCIATE WHO IS NOT A MEMBER OF THE HHA, MAY WE SUGGEST YOU ENCOURAGE HIM TO BECOME ONE. AT YOUR REQUEST WE WILL GLADLY SEND HIM AN APPLICATION FOR MEMBERSHIP, AND BRIEF HIM ON THE ECONOMIC, POLITICAL AND COMMUNITY ADVANTAGES OF BELONGING TO THE HAWAII HOTEL ASSOCIATION. MAHALO.

SPECIAL MEMBER	ADDRESS	REPRESENTATIVE	PHONE
ALOHA FESTIVAL	765 Amana, #310, 96814	Louis Kau	XXXXXXXX
CHAMBER OF COMMERCE OF HAWAII	Dillingham Bldg., 96814	Robert Robinson	XXXXXXXX
COUNCIL OF HAWAII HOTELS	1833 Kalakaua, Room 906, 96815	Irving Baldwin	XXXXXXXX
HAWAII COMMUNITY COLLEGE	1175 Manono, Hilo 96720	Mitsugu Sumada	XXXXXXXX
HAWAII VISITOR INDUSTRY ASSN	7 Kukila St., #201, Hilo 96720	Lynne Grant	XXXXXXXX
HAWAII RESTAURANT ASSOCIATION	1370 Pacific Trade Cntr, 96813	Kenneth Stehouwer	XXXXXXXX
JAPAN HAWAII TRAVEL ASSOCIATION	2270 Kalakaua, #1607, 96815	Otoji Hirayama	XXXXXXXX
KAPIOLANI COMMUNITY COLLEGE	4303 Diamond Head Rd., 96816	Henry Kalani	XXXXXXXX
KAUAI COMMUNITY COLLEGE	RR1, Box 216, Lihue 96766	Bud Carter	XXXXXXXX
MAUI COMMUNITY COLLEGE	310 Kaahumanu, Kahului 96732	Ron Daniels	XXXXXXXX
MAUI COUNTY VISITORS ASSOCIATION	PO Box 1738, Kahului 96732	Frank Blackwell	XXXXXXXX
UH/TVL INDUSTRY MGMT SCHOOL	2404 Maile Way, 96822	Chuck Gee	XXXXXXXX
VISITOR INDUS. EDU. COUNCIL	1441 Kapiolani, #1513, 96814	Sharon Weiner	XXXXXXXX
WAIKIKI IMPROVEMENT ASSOCIATION	2222 Kalakaua, #1410, 96815	Don Bremner	XXXXXXXX

HONORARY MEMBER	ADDRESS	PHONE
DICKINSON, PORTER	605 Kapiolani Boulevard, Hon. 96813	XXXXXXXX
DUNN, FRANK	1456 Wilhelmina Rise, Honolulu 96816	XXXXXXXX
EGAN, MARK	One California Street, Suite #615, SFO, CA. 94111	XXXXXXXX
FERN, STEWART	115 Ohana St., Kailua 96734	XXXXXXXX
KIMBALL, GEORGE	85 Robles Dr., Woodside, California 94062	XXXXXXXX
LYCURGUS, LEO	Hilo, Hawaii 96720	XXXXXXXX
LYCURGUS, NICK	1860 Ala Moana Blvd., Hon. 96813	XXXXXXXX
MERCER, TRAYLOR	227 Lewers Street, Honolulu 96815	XXXXXXXX
NORDMARK, HARRY	7057 Sunset Dr. S. #1, St. Petersburg, Fla. 33707	XXXXXXXX
SHULICK, THELMA	1624 Anapuni Street, Hon. 96822	XXXXXXXX
THURSTON, LORRIN P.	PO Box M, Kailua-Kona 96740	XXXXXXXX

STAFF:	HAUNANI CHING	GENIE PITCHFORD	ELIZABETH RATHBURN
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IMPORTANT 1978 DATES

MARCH 29-30	FIRST ANNUAL HAWAII HOTEL & RESTAURANT EXPO	SHERATON WAIKIKI
MARCH 31-APRIL 1	MEMBERSHIP MEETING	ALA MOANA AMERICANA
APRIL 15	MARCH OF DIMES WALK-A-THON	
JUNE 2-4	MEMBERSHIP MEETING	KAUAI RESORT
SEPT. 8-10	MEMBERSHIP MEETING	KEAUHOU BEACH HOTEL
DEC. 8-10	ANNUAL MEETING	WALEA BEACH HOTEL

PAST PRESIDENT LIFE MEMBER	ADDRESS	PHONE
ANDERSON, R. ALEXANDER (1950)	340 Alexander Young Bldg., Honolulu, Hi. 96813	XXXXXXXXXX
BROGAN, JOHN C. (1971)	Sheraton Corporation, 470 Atlantic Avenue, Boston, Massachusetts 02210	XXXXXXXXXX
BURNS, ROBERT (1968)	Regent Hotels Int'l, 10 Ice House St., New Henry House, Suite 33, Hong Kong, B.C.C.	XXXXXX
CHARLOCK, WM H. III (1965-66)	Continental Hotels, 3027 Kalakaua Avenue, Honolulu, Hawaii 96815	XXXXXXXXXX
DAILEY, FRED (1961)	Waikikian Hotel, 1811 Ala Moana Boulevard, Honolulu, Hawaii 96815	XXXXXXXXXX
DONNELLY, HOWARD C. (1969)	Donnelly & Associates, 700 Bishop Street, Suite 1503, Honolulu, Hawaii 96813	XXXXXXXXXX
DORAN, CLYDE (1970)	Inter Island Resorts, P.O. Box 8539 Honolulu, Hawaii 96815	XXXXXXXXXX
DURHAM, JAMES E. (1960)	Detroit Plaza Hotel, Renaissance Center Detroit, Michigan 48243	XXXXXXXXXX
EDWARDS, RICHARD W. (1956)	2330 Kuhio Ave., Penthouse G, Hon.Hi. 96815	XXXXXXXXXX
FIDDY, ARTHUR C. (1958)	4637 Aukai Ave., Honolulu, Hi. 96816	XXXXXXXXXX
FISCHBECK, JOHN (1953-54)	8 Del Mesa, Carmel, California 93291	XXXXXXXXXX
GUSLANDER, LYLE L. (1962)	Amfac Inc., PO Box 3230, Honolulu, Hi. 96801	XXXXXXXXXX
HERKES, ROBERT N. (1973)	Herk's Tavern, Kailua-Kona 96740	XXXXXXXXXX
HOLDEN, R. W. BOB (1974)	Sheraton Hotels In The Pacific, PO Box 8559 Honolulu, Hawaii 96815	XXXXXXXXXX
HOLTZMAN, RICHARD (1963)	Rockresorts, Inc., Room 5440, 30 Rockefeller Plaza, New York, New York 10020	XXXXXXXXXX
KELLEY, ROY C. (1952)	Waikiki Hotels, 250 Lewers Street Honolulu, Hawaii 96815	XXXXXXXXXX
KIMBALL, RICHARD (1951)	Kimball Properties, Room 505, 307 Lewers St. Honolulu, Hawaii 96815	XXXXXXXXXX
LEE, RANDOLPH M. JR. (1972)	Halekulani Hotel, 2199 Kalia Road, Honolulu, Hawaii 96815	XXXXXXXXXX
MOSS, GILBERT (1967)	Dusit Thani Hotel, Rama IV Rd., Bangkok, Thailand	XXXXXXXXXX
MURPHY, MARIE (1955)	4072 Black Point Road, Hon. Hi. 96816	XXXXXXXXXX
RAFAEL, GEORG (1975)	Regent Hotels International, c/o 3084 La Pietra Circle, Honolulu, Hi. 96815	XXXXXXXXXX
RINKER, ROBERT N. (1964)	Hiroo Tower; 1-12, 4 Chome, Minamiazabu Minato-ku, Apt. 2111, Tokyo, (100) Japan	XXXXXXXXXX
STRASSER, HANS (1977)	Colony Surf Hotel, 2985 Kalakaua Avenue, Honolulu, Hawaii 96815	XXXXXXXXXX
WEISHAUP, HANS (1976)	Kahala Hilton Hotel, 5000 Kahala Avenue, Honolulu, Hawaii 96816	XXXXXXXXXX

PLEASE MAIL ANY CHANGES/CORRECTIONS TO HAWAII HOTEL ASSOCIATION

PROPERTY/COMPANY NAME AS SHOWN ON ROSTER: _____

LIST CHANGES: _____

Table 23. - PERCENTAGE OF OCCUPANCY IN WAIKIKI/OAHU HOTELS:
1963 - 1976

<u>Monthly Average</u>							
	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>
January	87.1	83.8	85.8	82.1	50.9	56.7	75.7
February	98.1	95.5	95.7	95.5	83.5	74.6	87.3
March	94.3	95.1	96.0	90.1	82.2	63.7	87.1
April	86.9	72.8	84.5	77.8	60.6	58.3	69.2
May	76.4	60.6	75.6	75.3	53.7	52.8	68.3
June	82.3	72.0	81.7	76.1	65.3	56.0	79.3
July	88.5	77.8	84.3	86.0	79.1	63.8	86.8
August	88.6	83.4	90.1	91.7	85.2	67.9	87.2
September	73.1	67.7	69.3	78.0	64.2	48.6	64.4
October	75.0	77.0	79.9	85.3	77.7	63.6	67.3
November	71.1	70.8	79.2	77.8	77.0	46.9	54.1
December	74.5	65.9	66.7	64.2	67.8	51.4	62.4
Year Average	82.6	78.3	82.0	81.5	70.0	58.9	74.1
<u>Large Hotels</u> (100 rooms or more)							
	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
January	87.8	85.5	86.6	83.5	76.6	75.0	68.6
February	96.6	98.2	98.5	95.2	96.8	91.3	89.7
March	87.9	94.7	96.5	91.3	87.8	82.6	77.6
April	82.7	91.6	88.5	81.0	75.3	68.4	76.1
May	78.3	91.5	88.5	79.5	78.7	71.0	74.2
June	74.1	92.4	93.6	85.2	82.4	77.2	77.8
July	90.0	97.8	96.6	89.8	94.1	90.1	90.7
August	90.5	98.5	95.6	89.9	97.1	91.8	95.0
September	72.1	92.9	86.4	90.0	84.2	74.2	73.9
October	82.3	94.2	92.8	90.5	78.9	79.3	88.8
November	76.2	83.0	89.8	78.5	72.2	73.2	75.9
December	64.1	72.1	77.0	76.7	67.6	66.1	61.8
Year	81.9	91.0	90.8	86.0	82.6	72.8	79.2
<u>Small and Medium Hotels</u> (Less than 100 rooms)							
	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
January	88.8	84.9	93.7	85.5	85.1	78.2	76.8
February	96.7	98.7	99.5	97.9	97.8	94.7	88.0
March	87.3	91.0	96.5	87.6	86.8	85.0	77.0
April	75.3	83.3	87.6	72.7	76.7	66.4	69.1
May	71.6	78.2	84.1	70.6	71.5	67.0	62.5
June	68.4	89.5	92.1	76.8	79.7	73.8	70.0
July	77.0	97.1	97.5	86.1	93.1	89.5	91.8
August	86.1	96.8	96.5	88.0	96.9	92.8	93.7
September	70.7	73.5	82.3	82.7	76.3	70.2	64.1
October	79.3	81.1	86.3	84.6	75.2	77.6	79.5
November	79.8	67.3	80.6	71.5	68.7	73.4	70.7
December	70.7	69.8	73.6	74.3	70.9	65.1	64.3
Year	79.3	84.1	89.8	81.2	81.6	76.2	75.6
Year, All Hotels	81.3	89.2	90.0	83.7	82.1	74.5	77.4

Source: Hawaii Hotel Association; Harris, Kerr, Forster and Company.

**STATEMENT OF CLEMENT JUDD, EXECUTIVE DIRECTOR,
HAWAII HOTEL ASSOCIATION**

Mr. Chairman and members of the committee, I am Clement Judd, the executive director of the Hawaii Hotel Association, and you have my written testimony and I would just like to highlight some of the areas that are particularly in need, I think, to the hotel and visitor industry.

We are supporting H.R. 9409 and we note that although some of the others of this panel anyway, have been talking primarily of the shipping and the ocean lanes, in 1975 we found that the United Airlines' strike seriously impacted our industry and the community as a whole, and we feel this bill does cover both the air and shipping and allows the discussion for both of these areas.

We had some difficulty in specifically quantifying the impact to the hotels of shipping tieups and we did go to the major hotel operators to get some of their comments and some of the things that they do during tieups.

One of the things that we generally found is that almost all of the hotels keep on hand about twice the normal supply that any mainland operator would. And one of the things that strategically hurts us in any ocean or shipping tieup is the inability to get sterno, which is the fluid that keeps the meals hot in hotels. Here too, because of their flammability, this item cannot be flown into the islands. So this is an item that particularly impacts us, therefore, as well as the restaurant association.

We have attached some figures of the occupancy in the Waikiki area of the past decade and, it was interesting to note that the worst period that we have had in the past decade came during the last half of 1971 and the first 2 months of 1972, when we were in the last long shipping strike. And, during that time there was very few hotels that were built. In fact, only one property came up on Waikiki during that particular period. So that was not a factor to the low occupancy.

It is important to note that our smaller members have a more difficult time than the major operators who do have the ability, because of mainland purchasing power to fly things in at a much cheaper cost.

There is also considerable psychological impact. In our marketplace, the Hawaii Visitor's Bureau always receives an extraordinary large amount of calls during anytime that there is a potential of a strike here in Hawaii. There are people who do inquire about the availability of goods and services, if they do arrive.

And, talking about the construction of hotels, when the Hyatt Regency was constructed, their contract did call for much of the materials to be here on the ground at groundbreaking to eliminate the possibility of any tieups. And this does, of course, create some warehousing capital costs which are quite obvious.

We thank you for the opportunity to make our point known and we do support the enactment of H.R. 9409, and request your favorable reaction.

Thank you.

Mr. THOMPSON. Thank you very much.

Mr. Heftel?

Mr. HEFTTEL. Thank you for your testimony. No questions.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. No questions.

Mr. AKAKA. No questions.

Mr. THOMPSON. Mr. Akaka has another committee following this panel, but I might point out he is a valued and a valuable member of the Committee on Education and Labor, and works very, very closely with the rest of his delegation and with all of us on the committee. We value having him very highly. Thank you very much, gentlemen.

Our next witnesses are the National Federation of Independent Business, represented by Mr. Gerald Hennings; the Industrial Traffic Association, represented by Mrs. Arlene D. McMurtray; and the Hawaii Farm Bureau by Mr. Randall Kamiya.

This group will be recognized for 4 minutes each, for a total of 16 minutes.

Proceed as you wish. You probably again didn't expect to be appearing as a panel. But, I have noticed the differences in the testimony so that they really do stand alone. This happens to be the most convenient manner for us.

I would like to comment, also, that we are making really splendid progress. I suppose it is inevitable that some must be at least faintly annoyed by the shortness of time, but I think that when the whole record is assembled with supplemental materials, and printed, as they will be, as a committee hearing, and made available of course, we will have a splendid record.

Please proceed, sir.

STATEMENT OF GERALD HENNINGS, NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Mr. HENNINGS. Mr. Chairman, I am Gerald Hennings.

The National Federation of Independent Business is the largest business organization in the United States. The Hawaii division is made up of over 4,000 small, independent business and professional people in Hawaii. The federation has become the recognized voice of small 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.

As the Hawaii division manager, I am pleased and honored to present then to this committee today opinions and economic data representative of the over 4,000 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.

Our testimony today will focus on the disastrous results to small businesses by prolonged shipping tieups. 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 area investigated was the strike's effect on employment. Although 64 percent reported they did not have to lay off employees, over one-third of the members responding were forced to lay off an average of 8 percent of their work force. This becomes a most critical situation when viewed from statistical knowledge that small business during normal times employs 56 percent of the private work force.

But perhaps the most significant information gathered was the fact that 74 percent of the small businesses responding reported that they would be seriously affected by the resumption of a dock tieup. Added to this is 21 percent who stated they may have to close their business if we should have 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 said they would not be affected by a 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 days before they suffer effects.

This is the data based on our most recent serious dock shutdown. The question now is how would these same businesses survive a shipping strike today or in the immediate future. Here then is an updating of federation data.

Our membership has now nearly tripled since 1971 and now accounts for about \$1 billion gross annual sales. If we experienced the same sales percentage drop in a future strike, we could expect to lose about \$200 million in sales, most of which is not recoverable.

Unemployment could look like this: Our members alone employ about 50,000 workers. A shipping tieup today would force a layoff of thousands of workers based on our past experiences under these conditions.

As is evidenced by this data, the effects of a shipping tieup 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.

The federation's thrust both nationally and locally is to help government understand that small business is the backbone of our Nation's and State's economies. Not only do they employ more than half of the workers but provide 95 percent of the services, sell 75 percent of both wholesale and retail goods and even provide 40 percent of the manufactured goods. A shipping interruption that shuts off Hawaii supply lines, or even the threat of such catastrophe, is devastating to the small businesses and to the many 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 shipping strike legislation since 1971, the overwhelming majority of members in Hawaii have supported such legislation. For these reasons, the National Federation of Independent Business, on behalf of their 3,000 members in Hawaii, earnestly requests that H.R. 9409 be enacted.

[Material submitted by Mr. Hennings follows:]



TO THE BUSINESS AND PROFESSIONAL PEOPLE OF HAWAII

New Legislation has been introduced in Congress to help protect the businessman in Hawaii from the effects of transportation strikes. In order to assist your Federation in Washington and in Honolulu in their fight for the best laws, please mark this ballot and return it to the National Headquarters Computer Department immediately.

BUS. NAME National Federation of Independent
(PLEASE PRINT) Business
ADDRESS 150 W. 20th Avenue
(PLEASE PRINT)
CITY San Mateo, California 94403
(PLEASE PRINT) (ZIP)
YOUR NAME _____
(PLEASE PRINT)
Signature _____

URGENT

RESPONSES: 396 12/28/71 - 1/12/72

STRIKE LEGISLATION

1. S.560 (Administration Bill). Empowers the President to implement further action if labor disputes are not settled after the 80-day "cooling off" period. These provisions allow a 30-day extension of the "cooling off" period, permit essential operations to critical customers, and other steps to protect the public.

For	Against	No Opinion
310	19	67

2. S.594 (Sen. Javits). Empowers the President to freeze the status-quo for 30 days before invoking the 80-day injunction. If the dispute is not settled after this period it authorizes the President to order resumption of operations and to encourage collective bargaining. Also extends the emergency procedures to include regional disputes only.

269	27	100
-----	----	-----

3. S.2836 (Sen. Inouye). Authorizes the President to use chartered vessels to transport cargo "to and from" Hawaii and the West Coast if a dispute disrupts sea shipping for 30 days or more.

305	34	57
-----	----	----

4. S.2959 (Sen. Fong and Taft). Empowers the President to order partial or full resumption of work in regional transportation disputes and allows him to order mandatory arbitration.

331	8	57
-----	---	----

Facts and statistics are essential to proper consideration of any of the foregoing bills. Please answer the following questions to the very best of your ability and based on your experience during the current shipping strike:

\$7,828,818.00

1. If your gross sales have dropped off, estimate the dollar amount they dropped.

\$-----00

2. If your sales were not affected, please check box.

81

3. If you had to lay off employees due to the current shipping strike, indicate the number laid off.

123

4. If there was no layoff, please check box.

252

5. How will the resumption of the shipping strike affect your business?

Not at all	17
Seriously	295
May close your business	84

6. How long will it take your business to be directly affected?

Immediately	159
30 days	128
60 days	63
90 days	30

Your urgent cooperation in completing the foregoing is requested due to the vital nature of the subject. Please give additional, factual and specific information relative to any other effect of the shipping strike on your business, on the reverse side.

(NUMBERS BESIDE BOXES ARE FOR TABULATION PURPOSES)

Mr. THOMPSON. Thank you. I just have a brief comment with respect to your polling procedures. I have followed them for many, many years and have had close contact with your Washington representatives. I find that your polls are really as objective as I have ever seen from the virtually innumerable types of polls, which we do see, because they are not inspired polls or don't lead your members to answer yes, no, or no opinion. Rather, they give them the freedom of choice to answer and they have turned out over the years to be remarkably accurate. You are to be commended.

Mr. HENNINGS. Thank you, sir.

Mr. THOMPSON. Thank you.

STATEMENT OF ARLENE McMURTRAY, INDUSTRIAL TRAFFIC ASSOCIATION OF HAWAII

Mrs. McMURTRAY. The Industrial Traffic Association of Hawaii is in favor of any positive legislation that helps prevent crippling shipping strikes.

Since World War II more than 4 years has been lost through transportation strikes affecting Hawaii. With the addition of pre-strike stockpiling and poststrike normalization, the figure increases to 6 years of interruption.

The importance of H.R. 9409 lies in the public access to the understanding of labor and management's problems and their subsequent impact. The important theme echoed throughout the bill is communication between opposing groups. Businesses will have to become involved to generate input and participation. Mounting public opinion may stop impending strikes.

The bill itself, however, spells out no specifics, such as committee makeup, length of appointments, and funding.

We, the Industrial Traffic Association are thus unable to take a position without specifics and many questions unanswered. The loose structure of the bill may be an asset, but we see it as a potential bureaucratic monster.

We, again, concur with Mr. Heftel that something must be done and a stronger bill is the answer. Specifically on two points. One, that discussions of the tripartite committees be limited to shipping interruptions and possible working solutions to the problem. At the present time, these committees may discuss anything that labor, management, and the public feels is a concern.

The Alaska pipeline in Alaska, a noncontiguous area and the recent steelworkers' strike in Hawaii, for examples.

Of the eight major strikes that have had an adverse effect on Hawaii, only one was centered in Hawaii. The strikes that disturb us the most occur on the West Coast primarily, and not locally. Which brings me to my second point, that the bill addresses itself to labor disputes in noncontiguous areas only and excludes the mainland entirely. The bill should allow for inclusion of labor-management problems between the mainland and the noncontiguous areas.

In summary, I would like to thank Congressman Heftel and his staff for the time in drafting the bill and planning this hearing, for a first step is certainly better than no step at all. But, because of the

previously mentioned points, we cannot endorse or denounce H.R. 9409.

Mr. HEFTTEL. I did want to assure you that the bill in its final form would, without question, address the shipping and labor disputes that would interfere not just within our noncontiguous areas, but between the mainland and our noncontiguous areas.

At the same time, I would like to ask you if it is true that the Japanese Chamber of Commerce is now here? Is that correct?

FROM THE FLOOR: Yes.

Mr. HEFTTEL. Fine. The chairman, now knowing you are here will invite you to speak. Thank you.

Thank you, Mr. Chairman.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. I think you make a very good distinction between West Coast strikes, which might have an effect on Hawaii and strikes that are in the area only of your State. I think that is a very good point and I know, talking to counsel earlier, that sometimes we didn't seem to make a distinction between a West Coast strike on the mainland that could have an adverse effect here as against your own strikes.

I think that is a very good point and I am glad you made it.

Mrs. MCMURTRAY. Thank you.

Mr. THOMPSON. Another difficulty that arises, and I do agree with that comment, is that to put into operation the existing law, the necessary determination to invoke the law of a national emergency or a major impact is a decision sometimes very difficult to make and it's made by the executive branch, as you probably know.

Sir?

STATEMENT OF HARVEY HUTCHINSON ON BEHALF OF RANDALL KAMIYA, PRESIDENT, HAWAII FARM FEDERATION

Mr. HUTCHINSON. Mr. Chairman, my name is Harvey Hutchinson. I'm also with the auto dealers as their manager, but I'm also the public relations man for the Hawaii Farm Bureau Federation.

President Randall Kamiya, who is a dairy farmer was called to his dairy farm in Waianae and was not able to be here, so I will present his testimony.

I would like to make a couple of observations before I do, just to convey to you and members of this committee something that's not news to Congressman Heftel, but in my household when there is a shortage of toilet paper, it is a serious problem.

Mr. THOMPSON. How many children do you have?

Mr. HUTCHINSON. Well, at the time of the last strike—they are all pretty well grown now, but at the last strike, when we had this toilet paper problem, I had five children in the household. And, let me tell you, it was serious.

The other comment I would like to make is in reference to your observation about the discussions concerning the vote on statehood I have been a long supporter of statehood, as I grew up here in the State of Hawaii. I am part-Hawaiian. But, I can't resist making the observation that every once in a while within the Hawaiian com-

munity you hear a whisper about, "Let's go back to the monarchy." I just thought I would mention that.

Members of the Hawaii Farm Bureau Federation which represents the interests of the State's diversified agricultural industry would like to offer its support of H.R. 9409.

Our members believe the proposal approaches a vexing problem, rationally and realistically.

I might interject that I believe the purpose of a public hearing is to perfect resolutions and bills.

Mr. THOMPSON. May I interject to say that in the event that you do go back to a monarchy, Mr. Ashbrook would like to be selected. He likes that residence and the palace is being refurbished and he told me that he will invite us for a cup of coffee sometime.

Mr. HUTCHINSON. Mr. Chairman, I'd certainly be happy to assure Congressman Ashbrook that when we did have a monarchy in the latter period of the 19th century, we had a lot of imports that served the royal family and there might be, if the monarchy ever was returned, a position of chamberlain, for which you could submit an application.

Mr. ASHBROOK. For court jester, maybe.

Mr. HUTCHINSON. I believe that is reserved for me, sir.

Any interruption of shipping between Hawaii and the West Coast does have an adverse impact on the diversified agricultural industry here, particularly our livestock industry. For our dairymen, cattlemen, poultrymen, hog raisers, and egg producers depend heavily on a steady supply of feed for their animals. When a shipping stoppage occurs, these producers do not necessarily find themselves without feed, but rather must then face near prohibitive prices to airfreight feed in. This results in higher prices for their products on the local market.

It should be noted that our dairy industry here, which generates in excess of \$20 million annually to our dairy producers, is entirely self-sufficient. It is able to meet the fresh milk demands of the marketplace in this State.

The same is true with the egg-producing industry here.

Our meat-bird industry supplies about 40 percent of the needs of the State's marketplace. Hogs and cattle supply considerably less but nonetheless remain important factors of our diversified agricultural industry. Of course, they all need feed.

The Farm Bureau, naturally, is concerned about the well-being of its members and their respective operations. We, therefore, have examined H.R. 9409 with this in mind and find the proposal a reasonable approach to a problem we have been faced with for many years.

We believe H.R. 9409, if approved by the Congress, will offer all parties concerned in management-labor disputes which affect shipment of goods from the West Coast to Hawaii, particularly, represents a good vehicle to resolve any issues without work stoppages. Such a situation would provide stability for our diversified agricultural industry, which is trying hard to move toward greater self-sufficiency.

On behalf of our membership, particularly those engaged in our livestock industries here, we urge your support of House Resolution 9409.

We want to especially thank Congressman Heftel for his work on it and also Dan Akaka for being here today. And, to you sir and Congressman Ashbrook.

Mr. THOMPSON. Thank you very much.

One having been in Congress for many years, as Mr. Ashbrook and I have, we have frequent communications with our farm bureaus. We have differing problems according to our geography. In my case, for instance, the northwestern part of New Jersey was once an overwhelmingly dairy-producing area. Unfortunately, that is not the case now; it is being cut up into subdivisions and we are having to import our milk. I am really pleased to see, however, that the dairy industry here is large enough to supply the needs of the islands.

I would like to thank all of you for coming this morning.

Our next witness is the representative of the Japanese Chamber of Commerce, Mr. Walter Tagawa, who was unable to arrive earlier. So, we will hear him now.

Mr. Tagawa, you are most welcome.

STATEMENT OF WALTER TAGAWA, PRESIDENT, HONOLULU JAPANESE CHAMBER OF COMMERCE

Mr. TAGAWA. Thank you very much, sir, and I apologize for being late.

Mr. THOMPSON. No need to apologize.

Mr. TAGAWA. My name is Walter Tagawa, president of the Honolulu Japanese Chamber of Commerce and I represent the sentiments of over 560 members, most of which are independent business persons.

The Honolulu Japanese Chamber of Commerce strongly feels that it should speak on this proposed bill. Being noncontiguous to the mainland United States, Hawaii, along with the other areas mentioned, has no interstate highways, trains, or trucks with which to receive the vital commodities needed to support its approximately 900,000 people.

Hawaii simply cannot within its 6,450 square miles produce the range of goods and produce needed to support a population of this 900,000 and the more than 1 million visitors annually visiting these islands. More than 80 percent of all commodities purchased and utilized in Hawaii are shipped, except for sugar and pineapple. Agricultural production in Hawaii is minimal, with imports providing the bulk of all produce which are consumed in Hawaii. All of these are highly perishable goods. In addition to food, almost all other essentials are imported and proportions are increasing.

Airfreight simply is not really prepared to accommodate this sudden increase and extra loads of new products during labor disputes.

Because a shipping strike is the equivalent of the elimination of 80 percent of their imports, Hawaii's wholesalers, retailers, and consumers act in a way which is predictable but extremely harmful to the economy. The wholesalers and retailers are forced to maintain inventories of nonperishable commodities far beyond the volume required elsewhere in the Nation as a hedge against unexpected strikes.

When a strike is anticipated, supply houses and merchants expand a 4-month inventory, already excessive, to a 5- or 6-month supply. With warehousing costs at 30 to 50 cents a square foot monthly, in

addition to the high financing cost during this holding period, the effects on the smaller businesses are extreme.

Most of the small businesses cannot finance unusually large inventories, can't get airfreight space, and are unable to withstand a reduction of their business volume for any length of time. Construction almost grinds to a halt. Principally because of these factors, a low-cost home in Hawaii is priced at \$45,000 the average being more in the range of \$70,000, excluding land cost, which is almost double the cost of a comparable home on the mainland. Not only are businesses affected during the strike, most businesses do not get back to normal for many months after the strike ends, and some never.

On the consumer side, because of the unpredictable length of these strikes and the fact that Hawaii has no say in its settlement, the expected happens; namely, panic buying on a large scale. Store shelves are left bare and many essential goods are either unavailable or available only at an exorbitant cost to those who did not hoard. Unfortunately, this affects the poor the most extensively.

In a recent poll, approximately 84 percent of those polled on Oahu supported a previous bill aimed at alleviating this situation. The people of Hawaii are extremely concerned that a labor strike affecting less than 3.5 percent of the West Coast longshore labor should affect the people of Hawaii in such a substantial way. Nonetheless, Hawaii has traditionally not been given any consideration.

It is because of these factors that we believe that we should speak out whenever bills of this nature are being considered. We generally support this bill because we believe and hope that it will tend towards alleviating these matters. There are also some questions in our minds which must be noted, for example, the possible effect and ramifications of the bill, its cost, et cetera. Provided that these questions do not detract from solving the ultimate issues, we are generally in support of this bill.

Thank you very much for your attention and for this opportunity to express our thoughts to you.

Mr. THOMPSON. Thank you.

With respect to the cost of the bill, I have not seen the Office of Management's budget, the OMB report, but if the bill were to be placed in the Federal Mediation and Conciliation Service or in the Department of Labor or elsewhere, I would not anticipate that it would add radically to the cost or would be a barrier. I just don't think that for the noncontiguous areas such a proposition would be an inordinately expensive one.

I really wouldn't concern myself much there.

Mr. Heftel?

Mr. HEFTEL. Yes, I think there is one point that you could perhaps reaffirm. That is, your observations of the importance of that 25 percent step forward that Mr. Botti felt he didn't want to accept, which I can understand. But, with the years in which you have now experienced the threat of shipping tieups, how strongly do you feel that we must have some first step showing that the Congress is concerned and aware of the problems and letting the people know this in Hawaii?

Mr. TAGAWA. Well, Mr. Heftel, as we have stated, we are very, very concerned and we feel that any step forward is an improvement. And, whether it is 15 or 25 percent it is a step in the right direction.

Mr. HEFTTEL. Thank you very much.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. No questions.

Mr. THOMPSON. Thank you very much, sir.

On behalf of the members of the committee, I would like to express my really deep appreciation, not only for the splendid statements, but for your indulgence with respect to the timeframes and limitations.

The subcommittee will recess now and will resume it's hearings at 2 p.m. You are all welcome back.

LUNCHEON RECESS

Mr. THOMPSON. The subcommittee will be in order. For those who were not here this morning, I would like to reiterate our ground rules. Our timeframe is to complete the hearings by 4 p.m. The subcommittee recognizes that everyone has not had as much time as he or she might like, but we are nevertheless sticking very closely to a limit of 4 minutes and occasionally it goes over.

I do not mean to be impolite, nor do my colleagues mean for me to be, but I have had to enforce these time limits and I spent a bit of the lunch hour making some telephone calls of apology, even though I had notified the witnesses that they would be restricted. And so, I will notify you as your time expires.

Our first witness this afternoon was delayed this morning. To represent the mayor of Maui, we have Mr. Eric Soto.

STATEMENT OF ERIC SOTO, REPRESENTING THE COUNTY OF MAUI

Mr. Soto. Good afternoon.

Honorable chairman and members of the subcommittee, I would like to express our sincere appreciation for your providing this opportunity to be heard in support of H.R. 9409 on what we believe is a matter of urgent importance to our State and its people.

This legislative effort is of utmost importance to Hawaii. As you are aware, only a small fraction of our commerce is transported into the State of Hawaii by means other than ship. To cut off our shipping means essentially to cut off all of our transportation. Only a few emergency or perishable supplies can be transported to Hawaii by air. The great cost of air transportation is readily seen in the fact that it is more than 2,000 miles from Hawaii to its closest mainland U.S. point. When one recognizes that Hawaii has no internal source of minerals, or most other raw materials, it can be seen that shipping is literally our lifeblood. All of our fuel and other energy sources must be imported across the ocean. And interruption of Hawaii shipping has been likened to completely sealing off any other State from all transportation across the borders, into and out of the State, by car, rail, truck, boat, pipeline, or any other form of surface transportation.

When there is a shipping interruption to Hawaii, commerce dries up. Business cannot get materials to build or sell. And an economic paralysis sets in that takes many months to recover from whenever shipping is resumed.

This bill will prevent such an economic disaster. It is important for the subcommittee to note that the bill does not affect any shipping

interruption caused by action of the people of Hawaii themselves. The only protection we seek is from becoming involved as an innocent third-party victim of somebody else's shipping dispute without proper input.

Because of its geographic location, Hawaii is served primarily by shipping from the West Coast. Whenever a labor-management dispute occurs in the West Coast maritime or longshore industries, the parties directly involved are West Coast workers and shipping companies. Studies indicate that less than 3 percent of the labor in West Coast shipping involved goods being shipped to Hawaii. The primary, almost exclusive, principals are parties on the West Coast.

Hawaii should not be held hostage because of its slight involvement. While the 3 percent is of no consequence in settling the issues of the dispute, it is of tremendous importance to Hawaii. Thus, Hawaii is made to suffer to an extent completely out of proportion to its almost nonexistent role in the dispute. Hawaii is made to endure an economic disaster while the other States primarily involved can enjoy the continued benefits of highway transportation and railroad transportation, and every other form of normal commerce.

It is grossly unfair to permit the continuation of policies which result in this discrimination against the State of Hawaii.

We ask your urgent positive consideration of this legislation from the standpoint of equity.

At present, due to Hawaii's vulnerability to transportation disputes, an open form of communication is necessary thus, we strongly urge your early consideration and approval of this bill.

Thank you.

Mr. THOMPSON. Thank you very much, and I do hope that you'll give our kindest regards to your mayor.

Mr. Soto. I will.

Mr. THOMPSON. I have no questions. Mr. Heftel?

Mr. HEFTEL. No; except our appreciation for your expressing your support and coming to Honolulu for the hearing. Thank you very much.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. I just wondered what you meant by the statement, "It is important for the subcommittee to note that the bill does not affect any shipping interruption caused by action of the people of Hawaii themselves."

Mr. Soto. What we mean to say is that when a shipping strike occurs, although goods, et cetera, should come in, the people of Hawaii have no input and have no say. So, obviously we cannot affect it.

Mr. THOMPSON. Thank you very, very much.

Our next witness representing the Hawaii Teamsters and Hotel Workers' Unions, Mr. Michael Foley. You were scheduled this morning but I understand you were unable to be here.

The Chair might reiterate the unanimous consent request granted this morning that all statements, even if you are interrupted, will be printed in full and any supplemental materials which you wish to supply us will be made a part of the record.

Please proceed, sir.

STATEMENT OF MICHAEL FOLEY, HAWAII TEAMSTERS AND HOTEL WORKERS' UNIONS

Mr. FOLEY. Members of the committee, I am an authorized representative of the some 17,000 members of the Hawaii Teamsters Union and Hotel Workers' Union. We favor passage of H.R. 9409.

By providing for the creation of regional committees composed of representatives of labor, management, and the public in Hawaii and other noncontiguous areas to discuss labor-management disputes, and by establishing a national center for the study of labor-management relations in noncontiguous areas, H.R. 9409 is a first and necessary step toward the enactment of legislation that will serve to ease the obvious detrimental effects of ocean-shipping strikes on the people of Hawaii.

We regard the resolution as a middle ground between no mitigating legislation and a positive Federal effort to protect Hawaii and other American noncontiguous areas from the inhumane economic hardships created by maritime strikes and lockouts. By establishing a permanent forum for investigation of labor-management disputes, H.R. 9409 would establish permanent lines of communication between the concerned parties.

It is in the best interests of labor and the community as a whole that the crippling effects of shipping interruptions be moderated to a compassionate degree. The local unions are in a position to know the disturbing disruptions of the fragile economy of our State caused by shipping strikes and the intolerable living conditions imposed upon the people of Hawaii as a result of such disruptions. In a period of 3 months, the 1971 shipping strike resulted in the unemployment of 23,000 workers and cost Hawaii's economy \$173 million.

Without an agricultural industry sufficient to feed either its people or livestock and lacking natural resources necessary for manufacturing, Hawaii must import, mostly from the mainland and by ships, an overwhelming majority of what it must have to exist, prosper, and grow. Thus, the impact of a shipping strike on Hawaii is devastating to the extent that the people are deprived of sufficient food and medical care.

In Hawaii, even the hint of a shipping strike sends people on buying sprees and causes hoarding. When strikes did occur in 1971 and 1972, there was frantic panic buying of all essential items, and heartless hoarding to a degree that mainland labor and political leaders cannot imagine. Hawaii was critically short of salt, flour, rice, canned milk, paper products, and medication for many weeks. Prices skyrocketed. Those of some items, especially perishables, more than doubled.

This situation brought severe and intolerable hardship to Hawaii's people, since the islands already have the highest cost of living in the Nation, with the exception of Alaska.

Generally, higher prices in Hawaii are caused to a great extent by freight charges. In the event of a shipping strike, everything that is brought to Hawaii from the mainland must come by air, and air-freight charges are much higher than those for ship freight. Prices are driven still higher because business, with air deliveries uncertain because of an overdemand, must seek to stock greater inventories to

stay in business. This increases warehousing costs which are in turn passed on to consumers.

West Coast shipping strikes do not impose such critical hardships on people and business on the mainland. They have several alternate means—trucks, railroad, and airlines for having what they need delivered. Only Hawaii really suffers.

While it is true that labor unions should stand shoulder to shoulder then against antiunion actions, especially when a strike is necessary, no one union or group of unions should have the power to abruptly and completely cut the main lifeline of a noncontiguous portion of the United States. If, during a shipping strike, the essential needs of Hawaii's people could be provided for, such a strike would still be highly effective. The striking unions would not be unduly hampered in seeking their objective. According to a report by the First Hawaiian Bank, titled, "Hawaii: The Most Vulnerable State in the Nation," a West Coast longshoremen's strike would still remain 97 percent effective, and a maritime strike 93 percent effective.

With the introduction of H.R. 9409 and the establishment of a permanent forum on labor-management disputes, further disruptions like the 1971 strike could possibly be avoided. In summary, this resolution appears to have considerable merit.

We would ask, however, that we be allowed to continue to review this resolution in a way that might suggest additional language that would protect the best interests of organized labor. The committee, we feel, should continue to study both the language and the provisions of the resolution so that it will not become a vehicle for punitive legislation detrimental to the established collective-bargaining process.

Thank you.

Mr. THOMPSON. Thank you very much.

With respect to further studies that you would like to give this matter, the record of these hearings will be open until January 20 and you are more than welcome to send us suggestions.

Mr. Heftel?

Mr. HEFTEL. I just want to thank you for your testimony and your confirmation of the fact that this bill would not affect or interfere with collective bargaining. Thank you.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. You state no one union or group of unions should have the power to abruptly and completely cut the main lifeline of a noncontiguous portion of the United States. Do you maintain that one union does have that authority or power?

Mr. FOLEY. I would say that it appears that way.

Mr. THOMPSON. If the gentleman would yield, which union would that be?

Mr. FOLEY. I would hesitate to say. But, it would appear that—

Mr. ASHBROOK. The one headed by Harry Bridges, is what you are saying.

Mr. THOMPSON. Harry is retired.

Mr. ASHBROOK. Thank you. I just noted your statement and I just wondered if that's what you meant.

Mr. THOMPSON. Thank you very much.

Our next witness is representing the Hawaii State Federation of Labor, AFL-CIO, Mr. Van Horn Diamond and for the Maritime

Union, Mr. Bill Smith, president, port council of the Maritime Trade Departments of the AFL-CIO.

Good afternoon.

STATEMENT OF A. VAN HORN DIAMOND, EXECUTIVE SECRETARY-TREASURER, HAWAII STATE FEDERATION OF LABOR, AFL-CIO

Mr. VAN HORN DIAMOND. I would like to first of all thank you for this opportunity to comment on the proposed legislation, H.R. 9409.

My name is A. Van Horn Diamond. I am executive secretary-treasurer of the Hawaii State Federation of Labor, AFL-CIO. I am authorized to speak for the Hawaii AFL-CIO.

In the testimony that we have here, we have gone through and commented on the contents.

The proposed regional tripartite committees seem to possess the same functions which are or can already be performed by the Federal Mediation and Conciliation Services. If so, the establishment of these committees seemingly duplicates what already exists and is available. Further, the actual number per group to be represented on the proposed board is unstated.

The bill's title, "Noncontiguous Areas Labor-Management Act," and the enabling section of these proposed committees to examine or to consider any labor-management relations issue leaves us a bit concerned. For example, despite Hawaii being a noncontiguous area, it does not seem we need our collective bargaining to be governed by a separate act. The N.L.R.A. should not be confounded by another statute even though it presently has no content other than the proposed committees and centers. Unless the long-term intent is to develop a law to govern labor-management relations in noncontiguous areas exclusive of the N.L.R.A., there is no need for H.R. 9409. Besides, no funds have been identified within the proposed legislation to enable the committees to operate. Hence, section 2 should be deleted if H.R. 9409 is supposed to be passed.

Regarding section 3, of H.R. 9409 it is our view that there are already available within the several States on the western seaboard and elsewhere, educational institutions that might be able to provide the same kind of service as the proposed national center would be able to provide. We underscore at this point that there is at the University of Hawaii a center for labor education and research in the College of Continuing Education. There is also an industrial relation center in the College of General Business.

We would be amenable to the idea of H.R. 9409 passing, if section 3 were amended as we suggested and the other portion deleted, possibly.

I would like to comment, if I may, as quickly as I can about the predicament of shipping when it is interrupted, and perhaps offer a different perspective.

Quite obviously, the scapegoat for many human and economic considerations is the right to strike. Further, we determine that the issue emerges that Hawaii is the hostage of such labor-management disagreements. But, the right to strike is not the real cause. It, however, does point to the real cause.

It is our judgment that the real cause of Hawaii's concern regarding shipping interruptions is simply that Hawaii has not really put

forth the effort to cope with this "hostage" syndrome. It has been inadequate and will continue to linger so long as there is the reluctance to get things done.

What do I mean?

Of the 50 States, Hawaii is the only State which, in this half of the 20th century, has experienced the fear of isolation and the fear for their lives, in terms of what occurred on December 7, 1941. Thus, having lived through those years, I personally appreciate and respect that feeling. However, the answer begins not with eliminating the right to strike. It begins with some things far more basic.

It begins with a public policy that Hawaii, with Federal assistance as needed, will develop and implement measures which will minimize, preferably eliminate, this feeling of being hostage to a labor and management disagreement. This means Hawaii must, with the cooperation and participation of business, labor, and government, devise the program to accomplish the ultimate goal, the ability to survive in case of any emergency situation.

The policy should be based on enabling the strike to continue without a major interruption of Hawaii's life.

I would like to cite two examples. I suggest that they might even be the starting point. They refer to the issue of food and the issue of fuel.

Presently, Hawaii imports 80 to 90 percent of its foods from the mainland. It follows Hawaii must have the ability to be relatively self-sufficient in terms of food. This means that intrastate shipments are more expensive than mainland shipped commodities. Steps must be taken to turn this around. It may, per circumstance, require a State-run and owned ferry system. This means Hawaii must build up its food producing, processing, packaging, marketing, and even the delivery systems and techniques.

Further, there must be implemented an emergency food inventory on all islands, for all the people. This food must have a long shelf life and this exists. We here only refer to the purchase and use of dehydrated or freeze-dried foods. Currently, there are religious denominations in Hawaii and elsewhere who do this already. Moreover, these foods are edible, nutritious, and can be easily stored and have a shelf life of 5 to 6 years.

At this point, we do not want to leave the impression that there are no efforts, for example, to build Hawaii's agricultural base. There has been. But, in light of the concern, it should be accelerated.

Hawaii is also almost 100 percent dependent on imported crude for its energy needs to run its industries and to meet the needs of the people here. It seems Hawaii by virtue of its geography, the non-existence of fossil-fuel sources, the unsuitability of Alaskan crude to be used in Hawaii, the absence of any efficient alternate delivery system to meet Hawaii's needs should be entitled to greater consideration by the Federal Department of Energy.

This is an example where Federal assistance and participation can help Hawaii cope with this "hostage" syndrome. Parenthetically, it also stresses what can be done without attacking what has served our country's industrial base well; namely, collective bargaining.

Briefly, Hawaii, by act of Congress, is entitled to store 2 percent of the Nation's Strategic Petroleum Reserve. This means Hawaii

should have available in Hawaii, approximately 22 million barrels of appropriate crude. But, we understand the Department of Energy believes Hawaii can last only on 2 million barrels, despite Hawaii demonstrating its minimum need is between 9.7 to 10 million barrels, and, despite Hawaii proving to the Energy Department that that department's assumptions were in error.

Notwithstanding our relatively small population, Hawaii presumably still is to enjoy its full rights of citizenship as a member of this great Republic. Or, is it possible Hawaii's needs are to be ignored because certain regional pressures, possibly in the Congress are insensitive except to their interests?

Hawaii is not asking for more than what it needs and what is permitted by Federal law.

Mr. THOMPSON. May I remind you that you have 1 minute.

Mr. VAN HORN DIAMOND. We suggest these are the kinds of things which Hawaii must accurately undertake first, before it entertains any consideration of Federal legislation with respect to the collective-bargaining process in Hawaii.

Thank you very much.

Mr. THOMPSON. Thank you very much.
Sir?

STATEMENT OF WILLIAM O. SMITH, PRESIDENT, HONOLULU PORT MARITIME COUNCIL, AFL-CIO

Mr. SMITH. Mr. Chairman and members of the subcommittee, my name is William O. Smith. I am president of the Honolulu Port Maritime Council, an affiliate of the AFL-CIO Maritime Trades Department.

The MTD is a constitutional arm of the AFL-CIO established to represent the interests of trade union members in the maritime and affiliated fields. The department's Port Maritime Council, including the Honolulu Port Maritime Council, implement the MTD's activities on the local level.

We appreciate this opportunity to express our views on, and opposition to H.R. 9409, the Noncontiguous Areas Labor-Management Relations Act. This legislation would, as you know, establish tripartite regional committees that would be involved in labor-management relations, as well as a national center to study labor-management relations in Hawaii and other noncontiguous areas.

At the outset, I would like to emphasize that as citizens of Hawaii and as trade union members, we share the deep concern expressed by Congressman Cecil Heftel, the sponsor of this legislation and others over the effects of shipping disruptions on Hawaii. We are fully aware of Hawaii's near total dependence upon oceanborne transportation for her economic well-being, and as such, we have made every effort to reduce both the number and severity of maritime strikes that might affect the commerce of our State.

We do not believe, Mr. Chairman, that our opposition in this legislation is inconsistent with our concern for the economy of Hawaii and the well-being of all Hawaiians. On the contrary, we believe the enactment of this legislation and in particular the creation of tripar-

tite committees, would itself have a disruptive effect on labor-management relations and the settlement of labor-management disputes.

As set out in H.R. 9409, the so-called tripartite committees would, among other things, make recommendations with respect to resolving strikes or lockouts. While we understand the intent of such a proposal, we believe that creating a new bureaucracy to involve itself in a dispute to which members of the committee may not be a party will add confusion to a difficult situation and delay the resolution of the dispute.

We believe the record is clear that labor and management have worked together best when the Government or other outside parties interfere the least. Involving, as this bill would, the public and other nonparties to a dispute in efforts to resolve the dispute would polarize the parties and thereby create an atmosphere in which it would be almost impossible to arrive at a rational solution.

The strike or threat of a strike is an effective means by which the worker can seek to bring management to the bargaining table. Without this right, or the ability to employ some equally affective economic pressure to bear on management, we question whether the collective-bargaining process as we know it today would function at all. We further believe that to exist at all, the process of collective bargaining and the resolution of labor-management disputes must be conducted without interference, regardless of how well-meaning such interference might be.

As one final point, it is significant to note that since the establishment of the National Maritime Council, the American shipping industry has been characterized by a climate of general labor stability. The Council, comprised of representatives of maritime labor and management, and government, is dedicated to encouraging the development of a strong, competitive, modern U.S.-flag merchant marine.

The National Maritime Council and its individual members realize that to achieve this goal, shippers must be assured consistent and reliable U.S.-flag shipping services. Consequently, maritime labor and management, through the NMC, engage in a variety of activities that foster cooperation rather than conflict in the industry. Thus, while not directly involving itself in labor-management relations, and without interfering in any way in the collective-bargaining process, the National Maritime Council has contributed greatly in the effort to eliminate maritime strikes, work stoppages, and other such shipping service interference.

We, therefore, believe that the legislation being considered today will not contribute to the resolution of labor-management disputes, is unnecessary in light of the maritime industry's record and the activities of the National Maritime Council, and represents an intrusion into the field of labor-management relations.

We again thank you for this opportunity to present our views.

Mr. THOMPSON. I thank both of you gentlemen. I just have a brief comment, which I expected would be inevitable and represents differences between my distinguished ranking member and myself. For instance, where I very strongly supported this so-called cargo preference bill and my colleague, Mr. Ashbrook, for very good reasons of his own, did not. Representative Heftel took the same view as did I in this instance.

I am particularly impressed, and I think evidence would support the statement, that there is increasing cooperation and tranquility in this area. I simply reiterate something that I said earlier and it is that I have no commitment to this legislation. Obviously, our distinguished friend and colleague, Mr. Heftel, does. Mr. Ashbrook is, I think, of the same mind as I, at least in terms of a commitment, but it is encouraging that there are fewer and fewer labor-management disputes of the whole spectrum whether it be on the mainland or elsewhere. We are studying this thing in advance of another disaster and we hope to arrive at some sensible solution, so that in the event of another prolonged labor-management dispute, there will be impass procedures or some other procedures by which those disputes can be settled.

Having mentioned my friend and colleague, Mr. Ashbrook, I would yield to him now on this point.

Mr. ASHBROOK. Yes, I just wanted to ask one question, to both of you gentlemen. Is it your position that this—if this not be the proper vehicle, H.R. 9409, that no legislation is necessary at this point?

Mr. SMITH. Well, I would like to make a comment. The legislation that's here today—everyone has been here testifying against the maritime industry and the dockworkers. But, in the resolution, it does not even mention the maritime industry or the waterfront employees. All it states in these things that Mr. Heftel sent out, was, "Are you in favor of restricting the waterfront employees and stopping a dock strike?" Well, this legislation would not do either one. This would just confuse it. This is like sitting down at the bargaining table and you would have labor and you would have management here, you would have a National Relations Conciliation Service, you would have a noninterested party which would be trying to mediate our dispute here. And, the one thing you would never want is the news media or a public opinion to resolve a dispute. You want to resolve it between the two parties.

Mr. HEFTEL. I would be delighted to work with you in drafting legislation which would protect the public, so that the shipping could not be stopped to Hawaii, if you would prefer that, because it is less confusing.

Mr. SMITH. This is not something, you know, that would be up to my discretion. I am merely just one spokesman for a group here. But, this legislation is unfair and all it's been aimed at today is the maritime industry.

And, I would like to make one comment on top of this, I think that the Senate and the Congress should take some measures to upgrade and rehabilitate the maritime industry. This hearing and the resolutions are going to be to no avail because they are not going to do any good.

Mr. HEFTEL. Just quickly. I would like to point out that just as the Maritime Union would like to have people listen to them and the need of protecting the American maritime industry, the people of Hawaii need the ear of labor to listen to them, because they don't want to have a constant fear of shipping interruptions. It's a two-way street. [Applause.]

It's my responsibility in the Congress to represent the interests of labor and the public, and management. And, that's what this bill tries to do.

Mr. THOMPSON. Well, I hope that you two gentlemen can get together and draft another piece of legislation which would bring us back here for another hearing.

Thank you very much, gentlemen.

Mr. HEFTEL. Just one quick comment for Van Horn Diamond and the ferry system. I wish that I could be more optimistic because the present one has just gone bankrupt with a \$12-million loss.

Mr. VAN HORN DIAMOND. Yes, but it was also a private enterprise and not State-run and State-managed.

Mr. THOMPSON. May the Chair remind the people who have been so kind as to come here this afternoon that we really prefer that there not be vocal expressions of approval or disapproval. It might influence the ultimate thinking of the members of this distinguished subcommittee.

Our next witnesses are a panel of business corporations. Representing the Bank of Hawaii, Mr. Wesley Hillendahl. The General Contractors' Association, Mr. Marvin Koga, who is vice chairman of the legislative committee. The Home Builders Association of Hawaii, Mr. Howard K. O. Chong, president-elect. And, Theo H. Davies represented by Mr. W. E. McCoy, the group vice president, who has submitted written testimony which will be made a part of the record.

Which leaves us, I believe, three live witnesses and 12 minutes to be divided equally among you.

Please proceed.

You may not have expected to appear as a panel and you need not necessarily do so. Your views will be reflected independently.

STATEMENT OF WESLEY H. HILLEDAHL, VICE PRESIDENT, BANK OF HAWAII

Mr. HILLEDAHL. It sounds like I am up first.

I am Wes Hillendahl, vice president of the Bank of Hawaii.

Mr. Chairman and members of the committee, I would like to focus my testimony today on a few of the adverse economic consequences on Hawaii of prolonged interruptions in overseas surface shipping.

As you are all well aware our most recent experience occurred in conjunction with a 100-day strike by the Pacific Maritime Association, on July 1, 1971. This strike occurred in the wake of the 1970 mainland recession which had interrupted the growth of the Hawaiian economy from mid-1970 to mid-1971, when indications appeared that a recovery was getting underway. However, the strike prolonged the stagnation of the economy until November of 1971 when a short recovery finally got underway, fully a year following the upturn on the mainland.

We estimate that the delay caused by this strike resulted in a loss in personal income of about \$108 million to the people of Hawaii who in effect were hostage to the striking longshoremen.

I apologize for this archaic expression, hostage, but I still feel it is appropriate.

Because of the danger of future interruptions to shipping, many firms, especially in wholesale and retail trades hedge their operations by carrying extra inventories. In 1974 we conducted a survey of firms having an aggregate sales volume of about \$300 million to determine the cost of carrying these extra inventories. Extending our findings to the total retail and wholesale trade in Hawaii, we found that these industries incurred an estimated \$44 million in extra costs annually to carry these extra inventories.

In response to a question: What would be your inventory if you were guaranteed no shipping interruptions longer than 10 days, the average reduction in inventory value would be about 20 to 40 percent. And, we have an exhibit A, which includes the survey.

The survival of both large and small businesses in Hawaii is threatened by shipping strikes and the threat of strikes. A number of small businesses failed during the 1971 strike because of their inability to obtain merchandise. Large firms were forced to incur heavy borrowings, and a few would have faced the problem of survival had the strike extended another 30 to 60 days.

Because of the impairment of profits and retained earnings, a large share of Hawaiian firms were forced to defer expansion plans which would have provided additional employment opportunities. Industry in general was forced to undertake an introspective look at its employment practices, and new hiring was slowed as a result.

My recent trip to the various parts of the United States, including Washington, D.C., New York, and the West Coast, turned up evidence that many economists are apprehensive as to the duration of the present recovery, some anticipating a downturn in late 1978 or in 1979. Within this framework of economic uncertainty another maritime strike this year could have devastating effects both nationally and in Hawaii.

In conclusion, I would like to observe that not only does Hawaii deserve consideration because of its unique dependence on surface shipping, but third-party rights in general have been jeopardized and irreparably damaged for decades under the present labor laws. International political and economic conditions are of such a critical nature today that the way of life of hundreds of millions of people could be seriously affected by the crippling effects of major strikes in the future.

May I suggest that implementation of the administration's human rights program start with a reform in labor laws.

Thank you.

[Exhibit A referred to above follows:]

EXHIBIT A

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

September 10, 1974

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:

<u>Share of Firms Responding Affirmatively</u> (percent)	<u>Potential Reduction In Inventory By Days</u> (percent)
12	10 - 19
57	20 - 30
<u>31</u>	31 - 65
100 (70 percent of total respondents)	

The corresponding dollar value of potential inventory reductions is as follows:

<u>Firms Responding Affirmatively</u> (percent)	<u>Potential Reduction In Inventory Valuation</u> (percent)
13	10 - 19
81	20 - 40
<u>6</u>	41 - 60
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 5-1/2 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¢ to 2.9¢. 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. THOMPSON. Thank you very much.

We have taken a major step incidentally, in reform of the labor law.

Mr. ASHBROOK. Do I get equal time on that?

Mr. THOMPSON. I have just one question; I think I understand it, but I would like you to be just a bit more specific. You say third-party rights in general have been jeopardized and irreparably damaged for decades under the present labor laws. What do you mean by that?

Mr. HILLEND AHL. Basically, by a rather complete abrogation of equity in the equity courts. There are no injunctive possibilities anymore as far as third parties are concerned in protecting themselves as nonparticipants in biparty labor negotiations.

Mr. THOMPSON. Well, do I gather that you mean, for instance, if there were a strike in the automobile industry between the manufacturer and his employees and I wanted to buy a new automobile, that I would be jeopardized by that strike?

Mr. HILLEND AHL. No; I think that might not be the right emphasis, perhaps, if I might say. What I am really saying is that there are many parties involved in the multiplexities of modern commerce. The automobile industry, for example, depends on literally hundreds of thousands of subcontractors, who in no way are parties to these strikes. And, as such, their future success or survival, is heavily dependent on their continuation of being able to supply these industries. And, if the industry is going to effectively have a strike and they are put out of business, they have essentially no injunctive ability to prevent that from occurring and they, in effect, may go out of business.

I consider this a serious injury to a third party.

Mr. THOMPSON. I see. Mr. Ashbrook, any questions?

Mr. ASHBROOK. No: I have no questions at this point.

Mr. THOMPSON. Thank you very much, sir.

STATEMENT OF MARVIN R. KOGA, VICE CHAIRMAN, LEGISLATIVE COMMITTEE, GENERAL CONTRACTORS' ASSOCIATION OF HAWAII

Mr. KOGA. Mr. Chairman, I would like to clarify at this time that the General Contractors' Association and the CIO are two separate organizations. And, there is prepared testimony by the representative of CIO today, if we could have that admitted. Mr. Larry Ching is the president of CIO.

I am Marvin Koga, vice chairman of the legislative committee of the General Contractors' Association of Hawaii, and speak in behalf of its 550 member firms.

We appreciate the thoughtfulness of this committee to make it convenient for all interested citizens in Hawaii to offer their views in their own home grounds. This is so seldom afforded to the people of Hawaii and we want you to know, Chairman Thompson, that it is extremely gratifying.

We also wish to recognize the contributions of one of your distinguished Members, our own Congressman, the Honorable Cec Heftel, in helping to focus national attention on the additional economic

plight that noncontiguous American communities suffer whenever shipping ceases as a result of a labor-management impasse.

We view H.R. 9409 as a thrust toward achieving some form of provisional relief from potential dock tieups for those insular areas that rely on ocean transportation as their principal economic lifeline.

While this proposal in its short form contains seemingly innocuous language, its intent perhaps to stimulate a wide range of reactions, it is likewise clear that its author has in mind a desire to provoke action toward some kind of workable solution for the people in communities that almost wholly bank on exports for their survival, in terms of both sustenance and jobs.

Understandably, longshore unions and, for that matter, possibly also the companies that deal with might view such legislation as unwarranted interference in their contract bargaining efforts.

We feel, however, that there is a significant difference between the impacts resulting from stalemates in the shipping and longshore sector and in other industries.

We, in Hawaii, recently came off a costly 4 month ironworker strike that paralyzed activity for about 60 percent of the industry segment involved in commercial, industrial, and governmental construction. Its effects rubbed off on other related industry segments as the strike lingered. Other business sectors were also partially impacted. We do not for a moment minimize the effects generally felt by many who depended on construction for their livelihood.

In terms of the total economy, however, that strike could not be considered devastating. We recognize that some companies in the industry will disagree with our assessment, particularly those who were barely hanging on just prior to the strike. One could also view disputes within such industries as hotel and agricultural, as being fairly analogous to that of construction. Strikes or lockouts of some duration in any of these latter areas would have serious repercussions on the general community. But, certainly do not have the extent that a paralysis of ocean transportation would have.

Directing remarks only to the construction field, we can note that an ocean-shipping impasse would mean for ongoing projects and those recently bid or awarded, an almost automatic cost increase for the contractor, unless the owner willingly absorbs the difference in costs for the air shipment of materials ordered but not yet delivered. Further, project delays through no fault of the builder do not halt monthly notes due on suddenly idled leased equipment or the cost of demobilizing and eventual remobilizing.

Wage costs also have to be adjusted upward to cover scheduled increases for virtually all crafts. In addition, the eventual scarcity of earlier inventoried items leads to the payment of rocketing prices. Even prices for substituted materials are often raised under such circumstances and are pegged generally higher than the cost of the specified products.

But, the hardest impact falls on the personnel who must be laid off due to lack of needed materials to work with. This then triggers a ripple effect on unemployment in other economic sectors throughout the community.

Mr. THOMPSON. May I interrupt you to remind you that you have 2 minutes remaining.

Mr. KOGA. Thank you.

Assuming that legislation is justifiable, could the relief sought be realized without at the same time impairing the bargaining position of any of the affected negotiating parties?

We agree that this is the nut of the issue, and at this point can only conjecture that some solution exists. We do not believe that use of Hawaii's own dock seizure statute is the answer, in light of current political circumstances. And even if it were politically palatable, its exercise may lead to an unhealthy split in our island society that may take years to heal.

We feel, therefore, that at least tentatively, we would support the Heftel proposal as being a rational beginning.

We are certainly not hardnosed about the following, but would propose that the following be considered:

No. 1: Members of the tripartite committee be selected by a majority of the affected State or region's congressional delegation rather than leaving it to the Governor, who would likely be subject to greater pressures.

No. 2: Consideration of issues by the committee be limited only to the transportation field involving goods and commodities conveyed overseas.

No. 3: Remuneration of members of the committee be limited to the prevailing per diem allowance under law plus transportation costs.

No. 4: Spell out desirable qualifications of prospective committee members, including residents in the region or State, business or labor background of at least 5 years in the case of management and labor representatives.

No. 5: Specify limited powers to the committee, including the power of subpoena of persons and records for purposes of information gathering in order to facilitate development of a recommended solution to the affected parties.

No. 6: Set a time frame or a deadline for the committee to recommend a solution.

There are other, perhaps, more critical points that will need to be evaluated for inclusion in the bill, but we offer the above as starters in the hope that other citizens and groups will likewise give thought to this most pressing issue for island residents.

Thank you again for permitting us the opportunity to briefly discuss our views.

Mr. THOMPSON. Thank you very much. I just have one comment. In Hawaii, your distinguished congressional delegation, although they have varying suggested solutions to the problem, probably would find it easier than it would for the New Jersey delegation or the Ohio delegation to get together and, by a majority, select the members of the tripartite committee. But, I don't think that that is a major obstacle.

Thank you very much.

Next witness, please.

STATEMENT OF HOWARD CHONG, PRESIDENT-ELECT, HOME BUILDERS' ASSOCIATION OF HAWAII

Mr. CHONG. Chairman Thompson and members of the subcommittee, my name is Howard Chong and I am the president-elect of the Home Builders of Hawaii.

The Home Builders Association is a trade association consisting of 650 leading builders, developers, remodelers, subcontractors, manufacturers, suppliers, lending institutions, architects, utility companies, and others involved in the homebuilding industry in Hawaii.

We thank you for this opportunity to address a very vital issue to the State of Hawaii and the homebuilding industry.

The citizens of Hawaii live with a constant reminder that their livelihood depends on an uninterrupted economic lifeline to the mainland United States. This economic lifeline is our shipping lanes, which provide us with an overwhelming majority of our commodities and necessities to carry on our daily lives. There isn't a segment in our community that isn't affected by this economic lifeline, either directly or indirectly.

Dependency on this economic lifeline is more than an inconvenience to our people. It is similar to paying a tax, a premium for living here. The cost of high inventories, their storage and financing must be passed on to the citizens of our State.

This economic lifeline is very vital to the homebuilding industry. Due to the bulk and relatively low value of construction materials, in terms of immediate necessity such food commodities, it is economically unfeasible to bring in these materials via air transport during a shipping interruption. But, because of the interrelationship between the many specialty trades involved in building a house, a shortage of materials in a single phase of construction, such as reinforced steel or drywall will eventually bring about a shutdown of the entire industry.

However, even if a supplier is successful in anticipating a shipping interruption and is able to increase his inventory to provide the necessary materials to sustain the industry, the impact would still be felt. The cost of housing in Hawaii is one of the highest in the Nation. The average sales price of a single family residential home in Hawaii is in the range of \$90,000. Of the sales price, just over one-third is due to the cost of construction materials.

We can ill afford to increase the cost of housing with the added charges resulting from the carrying costs, both storage and financing, of the suppliers' increased inventory.

You have before you H.R. 9409, which provides for tripartite regional committees to consider questions relating to labor-management relations and for a national center for the study of labor-management relations in the noncontiguous areas. While the actual value of the bill in terms of preventing shipping interruptions is not known, it is a positive step in the right direction. It will provide a forum whereby, through communication, labor and management might be able to resolve their differences without resorting to any disruption of service.

Therefore, we respectfully urge members of the subcommittee to act favorably on H.R. 9409. Thank you very much for this opportunity to express our concern.

Mr. THOMPSON. Thank you very much.

Mr. HEFTTEL?

Mr. HEFTTEL. I have no questions, but I do thank you for your confidence in the ability of dialog and communications to resolve our problems.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. I understand you got 80 or 90 percent of your building supplies from the mainland?

Mr. CHONG. Yes, sir.

Mr. ASHBROOK. That already has a built-in surcharge or whatever you want to call it—an extra charge of what, 10 or 15 percent?

Mr. CHONG. You are talking about just freight?

Mr. ASHBROOK. Yes; say I want to build a home in Ohio and build a home in Hawaii. The same materials would cost how much more here than they would in my State?

Mr. CHONG. I really couldn't answer that for you, but I would be able to, you know, research it with a little more depth and get back to you.

Mr. HEFTTEL. If my colleague would yield, I could tell you that the comfortable \$45,000 home that I would be familiar with in Ohio would cost about \$150,000 in Honolulu, because of shipping costs and the additional cost of land. But, I can't tell you where the materials and the land will break down in the difference in cost.

Mr. ASHBROOK. Is there any ominous feeling in the industry because of the upcoming negotiations.

Mr. CHONG. Well, you almost just have to—you just take an attitude—you take your best shot, you know, try to do your best and if it comes, it comes. Right at this point, there really isn't a lot that you can do about it. One time we tried to anticipate the strike and really loaded up and in that case, they settled.

And then when there is just a lot of stuff in town and we have a lot of inventory, then we get into a dumping situation, which really doesn't help our economy in that respect.

Mr. ASHBROOK. As far as the general contractors are concerned, as I have walked around and driven around downtown Honolulu, I see a lot of buildings going up, and some of them are very tall buildings. What would be the actual effect of a strike in say, June, July, or August on a building which is one-third or half, or three-fourths of the way along? What does that do to the contractor and the workers?

Mr. CHONG. I think that the recent ironworkers' strike could answer that question, but of course, you are not familiar with what went on. But, the strike lasted for approximately 4 months and it completely idled the entire high-rise construction industry.

Virtually every job, I think, with the exception of about two or three who had apparently some sweetheart agreements, were shut down—absolutely stopped all construction in Hawaii. And, this was, of course, due to the immense amount of reinforcing steel that is required for high-rise construction in Hawaii.

Mr. ASHBROOK. Thank you.

Mr. THOMPSON. Gentlemen, thank you very much for your appearance.

[Prepared statements submitted by Mr. Ching and Mr. McCoy follow:]

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EXECUTIVE DIRECTOR
John B. Connell

January 12, 1978

The Honorable Frank Thompson Jr.,
Chairman of the Committee on Education and Labor
House of Representatives
Congress of the United States

Chairman Thompson and Committee Members:

My name is Larry F. C. Ching and I am the President of the Construction Industry Legislative Organization, representing a broad cross-section of the construction industry. Our membership includes contractors, architects, engineers, supply houses, insurance bonding companies, equipment dealers, financial institutions, realtors, developers, and others relating to the construction industry throughout the State. We also have liaisons with all of the major professional and trade organizations relating to the construction industry.

We thank you for this opportunity to testify before your committee on HR 9409. It is a rare occasion when we can testify directly before any Congressional Committee without having to travel to Washington D. C. Even when bills are of such importance to Hawaii as this one, it is extremely difficult to find the time, manpower and resources to get a delegation to travel 6,000 miles. We are especially thankful that you, as Chairman of the Committee, have been able to take time out from your pressing schedule to come to Hawaii and hear first hand the problems and concerns of the people of our State.

Before commenting on the specific provisions of HR 9409, permit me to make a few general observations. First of all, we wish to commend Congressman Heftel for introducing the measure. It helps to focus attention upon a major problem facing people in noncontiguous areas of the country. For example, when people on the Mainland are hit with a shipping strike they are able to use alternate modes of transportation such as rail, truck, to meet the emergency needs of the community while labor and management are working out their problems on shipping.

In Hawaii, however, we are completely dependent on shipping and the innocent people in the community suffer undue hardships while the terms of a new contract are being worked out.

A couple of years ago, Senator Daniel Inouye sponsored a bill which would have given a period of relief during shipping strikes. The bill passed the Senate but was unacceptable to the House. Congressman Heftel has taken great care to fashion a bill which would be objective and completely balanced in its approach to the interests of labor, management, and the public. It is extremely difficult to draft any bill which would make everyone happy, but at least we feel this measure does focus attention on the problem and provides a forum for better cooperation and understanding of the issues. Therefore, we believe that it deserves serious consideration.

And now, with your permission, we will comment on the specifics of the bill.

Section 2 (a) requires the federal mediation and conciliation director to "create or assist" regional committees composed of representatives of labor, management, and the public. A number of questions come to mind.

1. If the Director creates the regional committee, how many members will it have? How will they be nominated or appointed? Who will make the appointments? How may they be removed? How long shall they serve?

Perhaps, there should be nine members of the commission, with three each from labor, management, and the general public. A list of names in each category could be submitted by various organizations within the three categories or people may submit applications for the position. Perhaps the actual appointments should be made by a majority of our Hawaii delegation to Washington. Specific criteria should be established for qualification of applicants before serving on the committee. These qualifications could include experience in labor or management, length of residence in the region, and other traits.

2. If we read the bill correctly, the director could decide not to create a committee but assist a regional committee which already may exist. How would such an existing committee be selected and what type of control would the director exercise over that committee?

3. Are any of the specific duties and responsibilities of the committee listed in the bill already being provided by other groups? What type of authority would the committee have? Subpoena? Injunction?

4. Will the committee have any "teeth" or be able to have any real impact, if it

can only make "recommendations"? Even if it does not, it would still be helpful to have attention focused on the issues and have an objective, factual analysis.

5. Section 2 (b) - How much will it cost to implement this bill? Where will the funding come from? Will the committee members be compensated? Perhaps any compensation should be limited to actual expenditures incurred by the Board, such as rent, supplies, per diem, etc.

6. Section 3 - Is there actually a need for a national center for the study of labor - management relations? Will the center deal strictly with shipping tie-ups or with all types of labor-management economic problems? We believe all labor-management problems should be studied by the center.

7. Will there be a specific time period within which the committee has to act or come up with a recommendation? In a labor dispute, time is of the essence and we would not like to see settlements delayed waiting for a report from a commission.

The CILO is in full accord with the concept of having an objective report on labor-management problems, and focusing attention on the major issues. Our major concern is that we avoid setting up another bureau, committee, or agency which would accomplish little except to add another step in the process which would delay projects and disrupt the normal face-to-face negotiations.

We realize that the bill presently is in "short form" and that much of the details will depend upon testimony presented by people in the construction industry. It is our hope that during "mark up" sessions, when various details are considered, that we would have the opportunity for input and evaluation at that time.

In conclusion, Mr. Chairman and Members of the Committee, permit me to once again thank you for the opportunity to share with you our support for the concept contained in HR 9409. This is a critical problem in Hawaii and other noncontiguous areas. Something must be done and soon. Mr. Heftel's bill seems to be balanced and objective and could help all parties concerned to better understand the nature of the issue. If you need further information or have any questions, please do not hesitate to call upon us.

Mahalo and aloha,

L. F. C. Ching
 Larry F. C. Ching
 President

LFCC:dh

Theo. H. Davies & Co., Ltd.

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January 11, 1978

The Honorable Frank Thompson, Jr.,
 Chairman, House Labor-Management
 Relations Subcommittee
 U.S. House of Representatives
 Washington, D.C. 20515

Dear Congressman Thompson:

As Group Vice President of Theo. H. Davies & Co., Ltd., one of the oldest firms in the Islands, I have administration over seven different marketing activities.

1. During my 15 years in the Islands I have lived through four prolonged shipping interruptions. During these ordeals I have seen the general public and the business community subjected to heavy additional costs for food and merchandise resulting from premium air freight.
2. I have seen many small businesses go bankrupt as a result of insufficient capital to weather the financial burden of lost business during a shipping strike.
3. I have seen hundreds of people lose their jobs because their employers could no longer carry them on the payroll with reduced sales volume.
4. I have seen essential food supplies threatened or subjected to substantially increased cost which hurt thousands of people.
5. I have operated businesses at crippling losses due to shortage of merchandise and inability to complete and repair essential machinery.

The very substantial financial losses and heavy burden borne by the general public and business community during these shipping interruptions is a matter of record.

My purpose in testifying at this hearing is to make two points.

First of all, the general public and business community who are hurt the most in a shipping interruption have no protection from the consequences or participation in the settlement of the dispute. In my opinion, this is taxation in the form of physical and economic hardship without representation in the settlement

or solution of the problem. Such a condition is grossly unfair and one of the fundamental inequities that our forefathers addressed themselves to when they succeeded from England during the fight for independence. It just doesn't make sense that far less than one percent of the population of Hawaii can bring the State to its physical and economic knees without some form of governmental protection. The time has come when the interests of a few must be made subject to the rights of the vast majority. No group of either management or labor should fly in the face of the thousands of people of Hawaii with immunity. They should not be allowed to put small commercial ventures out of business without financial responsibility or government control.

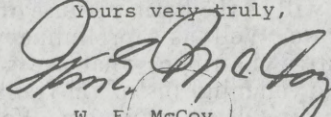
Frankly, I cannot see the difference between stealing the property of the public and denying them the right to a fair economic opportunity to live and conduct business during a shipping dispute in which they played no direct role. If the general public and business community are going to pay the majority of the cost of a shipping interruption, they deserve the right to be represented and participate in the settlement. For a few to impose this hardship on the State without some form of public participation or governmental protection is a gross injustice which should be promptly and positively remedied.

My second point is that the state of Hawaii is being downgraded as a place to start a new business or continue an existing one because of the exposure to the losses from shipping interruptions. When entrepreneurs are made aware of the fact that 14 unions can shut down the port of Honolulu, and cause an interruption in the normal flow of goods they may sit back and take another look as to whether or not they should operate in Hawaii. Any small business that starts up in Hawaii without the substantial additional capital required to weather a several month's shipping interruption is foolhardy. This additional capital requirement is beyond the resources of most people interested in getting into business or small existing businesses that are struggling for their very existence. For a very few people directly involved in the shipping trade to jeopardize the economic welfare of hundreds of small businesses who are not a party to their dispute is criminal. Even big business suffers severely during prolonged shipping interruptions and the word quickly gets around commercial circles that doing business in Hawaii can be a very hazardous operation.

I am not opposed to labor management collective bargaining but when it is done at the expense of the general public and the

business community as a whole, I say it is not right. It is high time that both labor and management in these critical industries involving the public welfare recognize their obligations to the community and agree to some form of settlement procedure or governmental involvement. I am not advocating any particular settlement method in these shipping interruptions but respectfully requesting governmental leadership in the form of appropriate legislation that will protect the public in these shipping interruptions so that their supply lifeline is not arbitrarily cut without their active participation or government protection.

Yours very truly,



W. E. McCoy
Group Vice President

WEM/bw

Mr. THOMPSON. Our last witnesses of the day are seven distinguished citizens, whom we'll call, although very likely they will each speak for themselves and not as a panel. Mr. David McClung, an attorney; State Senator John Leopold; Mr. Frank Gregory of Jorgensen Steel, the general manager; Mr. Mike McMurtray, a transportation analysis; Mike Sweetow and Mr. Ludwig Armerding of Western Temporary Services.

You may proceed as you wish. We ask simply that you identify yourselves and there being seven of you and we are pretty much on time, the Chair will yield 5 minutes to each, with the admonition that the 5 minutes will be the limit, because of our schedule.

Mr. McCLUNG. Well, as a preliminary, Mr. Chairman, may I ask of the committee chairman, what are your rules with regard to the committee? Do you mind just plain frank talk?

Mr. THOMPSON. Oh, of course not. We do it ourselves all the time.

Mr. McCLUNG. Fine. Then, I would like to defer to someone else here to start off, because I want to give you a little bit of frank talk this afternoon, Congressmen.

Mr. THOMPSON. I don't care whether you give it now or in 20 minutes. We look forward to it.

STATEMENT OF MIKE McMURTRAY, PRESIDENT, TRANSPORTATION ANALYSIS, INC.

Mr. McMURTRAY. Thank you, Mr. McClung, my name is Mike McMurtray, I am president of Transportation Analysis, Inc., and we are involved in freight traffic management. We provide the services of handling or showing companies how to be more efficient in their shipping.

And, just as a sidelight to Mr. Ashbrook when he was asking the question on how much does it cost, the freight portion of any landing goods in Hawaii is a relatively small part of the whole total logistics concept that we are talking about. However, that freight portion can be anywhere from 20, to 50, to a 100 percent on top of it. So, you then have to add on top of that the warehousing that they have talked about before and the inventory financing. So then you can see why these things are important.

However, I do want to indicate to you that I do have first-hand knowledge of these types of things, in other words, shipping and construction in Hawaii.

Now, assuming that the final draft of the bill concerns itself, as Dr. Hitch mentioned, with labor-management relations affecting the noncontiguous areas, specifically the shipping problems are those between the mainland and Hawaii, as opposed to the noncontiguous areas, because I think you have seen, as most of us have mentioned, West Coast dock strikes or East Coast dock strikes. And, the recent East Coast dock strike did affect people in Hawaii, contrary to what was mentioned earlier today.

This bill would provide an input of data as it concerns the people who live in Hawaii. Not just the cost/price relationship between labor and management functions. And, it will definitely add or help the collective bargaining process or principles that you have stated

publicly in our news media. And, I cannot understand Mr. Smith saying that it would not help collective bargaining. It would help collective bargaining, because you would then be getting input from this three-party system. A definite relationship to the actual people and how it hurts them.

I would like to see the data gathered by the three parties of the regional committees under this bill made a part of any collective-bargaining procedure, in fact, and definitely make it a legal part of any binding arbitration if it is conducted.

Thank you very much.

Mr. THOMPSON. Thank you. You have distinguished, I gather, between binding and compulsory arbitration?

Mr. McMURTRAY. Yes; I am saying what Congressman Heftel is saying, it's the communicative processes that are most important in this bill and probably for once the people have an opportunity to provide input through these committees and be a part of these committees.

Mr. THOMPSON. Thank you.

STATEMENT OF HON. JOHN LEOPOLD, STATE SENATOR, HAWAII

Mr. LEOPOLD. Mr. Chairman, first I would like to say to Congressman Ashbrook that I spoke to his administrative assistant this morning and he mentioned that he will be trudging home in 8 inches of snow while you are out here in Hawaii, and he asked to be remembered to you, Mr. Pearson.

Mr. ASHBROOK. Should I get my sled out?

Mr. LEOPOLD. Yes, get your sled out.

FROM THE FLOOR. It might be better to tell him to get the lead out.

Mr. LEOPOLD. Well, those are your words, not mine.

I have presented written testimony to you and I think I could read it and still be within the few minutes time allotted.

The people of Hawaii and the U.S. Pacific islands desperately need protection from West Coast shipping stoppages. This protection can be achieved without seriously damaging the positions of either management or labor because the offshore areas represent only a small percentage of the shipping that would be shut down. Just as Vietnam War cargos were allowed to move in past disputes, so should cargo to U.S. offshore areas be allowed to move.

I am certain that if there were a danger that all domestic surface transportation serving the State of New Jersey, or any other mainland State would be halted, thereby constructing a barrier around the State, which prevented both the entry and exit of all goods to and from it by all means of interstate surface commerce, permitting only extremely expensive long-distance air transportation into and out of the State, the congressional delegation from that State would vociferously demand legal protection to cope with such an emergency situation, and most probably would obtain it.

Why is it then that the Congress of the United States has been deaf to the gravity of a similar situation which affects the economic health and survival of not only the people of our State, but of all the U.S. Pacific islands? Clearly, Hawaii and all U.S. Pacific islands must be protected from the unfair consequences of their special vul-

nerability by special legislation passed by Congress and supported by the President. It is mandatory that this special legislation be vigorously supported by all members of Hawaii's congressional delegation.

On October 15, 1975, a hearing was held at the Hawaii State Capitol before the Merchant Marine Subcommittee of the U.S. Senate Commerce Committee on Senate bill 1126, the Hawaii and U.S. Pacific Islands Surface Commerce Act of 1975, introduced by U.S. Senator Daniel K. Inouye. I testified at the hearing in support of the bill, which I still favor as the kind of legislation which should be enacted by the Congress. I also support passage of Senate bill 1077, The Essential Maritime Transportation Act of 1977, which was offered by Senator Inouye in March of last year. As you know, this measure calls for the activation of a National Defense Fleet to provide the necessary emergency relief service to Hawaii, Guam, American Samoa, and the Trust Territory.

While H.R. 9409 introduced by Congressman Heftel serves the useful purpose of continued public discussion, it cannot be viewed as a solution. Moreover, in my judgment, it represents another layer of bureaucracy, when the author of this legislation campaigned on a pledge to reduce government. The solution, in my judgment, can be nothing less than passage of legislation identical to Senate bill 1126 introduced by Senator Inouye in 1975 or Senate bill 1077, introduced by Senator Inouye last year. As you know, Senate bill 1126 passed the Senate in 1976 and was iceboxed by the House Subcommittee on Labor-Management Relations.

Mr. THOMPSON. Senator, may I interrupt you at that point?

I don't mean to be condescending, but I don't think that you understand the legislative situation. I read your letter with interest, your letter to the editor of yesterday's paper.

The fact is, and you should know this, that that Senate bill originated out of the Senate Committee on Commerce and it was referred not to the Committee on Education and Labor and then to this subcommittee, but rather it was referred to the Interstate and Foreign Commerce Committee of the House of Representatives. It was not "iceboxed" by this committee in any way at all.

The only legislation relating to the problem which we are discussing today which has been directly referred to the Committee on Education and Labor is that of Representative Heftel.

So, I would like to correct you in that regard. I'm sure that it was an honest mistake on your part.

Mr. LEOPOLD. OK. I do know that H.R. 7189, which is a bill entitled The Hawaiian Western Island Surface Commerce Protection Act in 1974 was before the Committee on Interstate and Foreign Commerce. But, it was my understanding that the bill which passed the Senate was referred to your committee. Now, you are saying that Senate bill 1126 was not referred to your committee?

Mr. THOMPSON. I am, sir. And furthermore, we called the subcommittee office, we checked the calendar of the House of Representatives and verified the fact that that bill was not referred and, therefore, was not and could not have been "iceboxed," as you put it so quaintly.

Mr. LEOPOLD. Well, let me ask you this, Mr. Chairman, if such a

bill had been referred to your committee, would you agree to hold a hearing on it?

Mr. THOMPSON. Well, of course. I'm here today holding a hearing on this bill. I'd hold a hearing on that.

Mr. LEOPOLD. On Senate bill 1126 or a bill identical to it? That bill is not alive, as you know, but if an identical bill were submitted to your Committee—

Mr. THOMPSON. It's not alive because Senator Inouye, in the Senate, as I understand the situation, decided that he would like to defer consideration, obviously for further study or another matter. What I will or will not do, or what my full committee chairman, whom you referred to also, will or will not do is a matter of conjecture, except that I might point out that under the rules of the House of Representatives all legislation introduced is referred by the speaker in consultation with the parliamentarian to the committee of appropriate jurisdiction.

Congressman Heftel's bill was referred to the Committee on Education and Labor, and in turn to this subcommittee which has jurisdiction over labor-management relations.

Mr. ASHBROOK. Could I say something on that point? I think where the Senator is getting his information is Senate 1566 in the last session of Congress was before the Senate Committee on Labor and Public Welfare. Had it found its way through the Senate, undoubtedly it would have come to our committee and probably our subcommittee. Senate 23, introduced in January of 1977 by Senator Inouye and Senator Matsunaga, again was referred to the Committee on Labor and Public Welfare of the Senate. And, if it finds support in the Senate, undoubtedly will find its way through to our side and probably repose in this subcommittee.

So, for the record, you are not quite that far off. If the legislative process had worked, we probably would have heard those bills, but the truth is that they were introduced in the Senate without a subsequent bill being introduced in the House and, therefore, it never got to us.

Mr. LEOPOLD. Congressman Ashbrook, it is my understanding that the then Representative Mink and then Representative Matsunaga introduced legislation identical to the legislation introduced by Senator Inouye in the Senate. And, that that legislation—those versions were referred to the Senate Subcommittee on Labor and—

Mr. ASHBROOK. You mean the House?

Mr. LEOPOLD. The House—yes, the House subcommittee.

Mr. ASHBROOK. I can't comment on that.

Mr. THOMPSON. I believe that to be accurate.

Mr. LEOPOLD. Were hearings held on those bills, sir?

Mr. THOMPSON. No, they were not.

Mr. LEOPOLD. Did you make a decision not to hold hearings on those bills?

Mr. THOMPSON. No, I did not. The committee calendar was such that we didn't do that.

Mr. LEOPOLD. OK. May I complete my statement

Mr. THOMPSON. Yes; but, I hope you understand there was no "iceboxing." Now, these hearings relate not only to Representative Heftel's bill, but to the whole problem. I would like you to understand that.

Mr. LEOPOLD. OK, fine.

Mr. THOMPSON. And, you may address yourself to aspects within the remaining time that you have.

Mr. LEOPOLD. OK. It's just my position that the solution that we need is represented by legislation similar to that introduced by Senator Inouye in Senate bill 1126.

In his testimony before the U.S. Senate Merchant Marine Subcommittee on October 15, 1975, Congressman Heftel, then president of the Heftel Broadcasting Corp., said that:

It is unconscionable that a Democratic controlled Congress and a Republican Administration in the White House has continued to allow the people in Hawaii to be held hostage by the parties to a labor dispute.

I would concur and say that it is today unconscionable that a Democrat-controlled Congress and a Democrat administration in the White House——

Mr. THOMPSON. Senator, we rather prefer a consistent use of the word democratic rather than——

Mr. LEOPOLD. Democratic. Well, that's your choice, OK. I would say that they are not necessarily synonymous, but I will be happy to——

Mr. THOMPSON. Well, neither is Republican or republicrat.

Mr. LEOPOLD. I would like to add also that in my view it is very unfortunate that a member of Hawaii's own congressional delegation has on several occasions stated publicly that he does not believe there is a need for new legislation to protect Hawaii from West Coast shipping stoppages. I believe it is also unfortunate that this State does not have the legal protection that it deserves, as represented by this kind of bill that Senate bill 1126 represented, as introduced by Senator Inouye.

And, that will conclude my statement.

Mr. HEFTEL. Chairman Thompson, may I——

Mr. THOMPSON. Congressman Heftel.

Mr. HEFTEL. One observation that we might all share and, perhaps, it would help us to understand what the problems are for all of us who sit in the Congress, Chairman Frank Thompson represents an area including the major city of Trenton, N.J. I am sure he would like to pass legislation to protect the people of Trenton from what is today a 17½ percent rate of unemployment, in the same sense, that I would want to pass legislation to do something regarding Hawaii's rate of unemployment.

So, there are times when we can't always do everything that we want to and, that is an example of what Mr. Thompson must face with the people in Trenton. He can't make the Federal Government solve the problem either instantly or totally.

Thank you.

Mr. THOMPSON. Next witness.

STATEMENT OF FRANK GREGORY, GENERAL MANAGER, EARLE M. JORGENSEN CO., HAWAII

Mr. GREGORY. I'll try to be brief.

Chairman Thompson, Congressman Cec Heftel, distinguished guests, ladies and gentlemen.

My name is Frank Gregory and I am general manager of the Earle M. Jorgensen Co. here in Hawaii.

We are the largest steel service center in the State of Hawaii, and also have a manufacturing division in Campbell Industrial Park where we make corrugated steel pipe for highway construction and storm drains.

We make galvanized steel roofing and siding in various profiles, manufacture chain-link fencing and have the only galvanizing facility in the State of Hawaii.

We have become a very vital part of the construction industry, the sugar industry, and the pineapple industry, just to name a few.

We try to maintain a 6 months supply of inventory due to our insular location and, yet, when there have been shipping interruptions our ability to supply the island industries is severely curtailed. Without too much imagination, one can see the effect steel shortages have in the entire Hawaiian economy.

In emergencies, small pieces of steel can be flown in from the mainland, but needed large pieces of structural steel are impossible to bring in by air economically. Consequently, the job and the related businesses grind to a halt. People are put out of work. It isn't fair for the whole State of Hawaii to suffer so completely and be so vulnerable to a situation in which we're not even involved.

I can only point to the fact that if any State on the mainland were so completely isolated as we have been and nothing could come in except by air, Congress would certainly do something about it.

We support H.R. 9409. Thank you.

MR. THOMPSON. Mr. Gregory, I have a brief comment. I quite agree that if any State on the mainland were so completely isolated, the Congress would take action. I can't conceive of anything but the most extraordinary situation in which, for instance, the State from which I come of New Jersey, which incidentally has a great deal of maritime activity—could be isolated, except by a mammoth conspiracy of any number of unions. In addition to the problems which you have here and the need for inventory in the time of shortage in getting things, I for one, have been very concerned that, unless the coal strike, which is in its eighth or ninth week in the United States, is settled soon, the inventory buildups by the steel manufacturing companies within the 50 States are going to be depleted in such a way that none of us are going to be able to get steel for any purpose, coal being an essential ingredient to the manufacture of steel.

So, we are deeply concerned with these problems and I thank you for your statement.

MR. GREGORY. Yes, you are right. As I say, I am from the State of Illinois and that's another situation, where all of the steel is manufactured, or a good portion of it. And we are vulnerable to the type of situation as you just mentioned.

MR. THOMPSON. Well, the entire steel industry is in difficulty. Mr. Ashbrook represents the State of Ohio and in Youngstown, Ohio, thanks largely to the economic situation in general and to the dumping of Japanese steel, United States Steel is threatening or is about to close the Youngstown works, are they not?

MR. ASHBROOK. That's true. Sheet and Tube, yes.

Mr. THOMPSON. Youngstown Sheet and Tube has. Unfortunately on the mainland we have not increased our steel manufacturing capacity more than a miniscule amount since the Korean War in 1952 or 1953. So, we are all in trouble.

We want to help you and we are going to need your help somewhere along the line. Thank you very much.

Mr. GREGORY. You bet.

**STATEMENT OF LUDWIG ARMERDING, OWNER-MANAGER,
WESTERN TEMPORARY SERVICES**

Mr. ARMERDING. I am Ludwig Armerding from Western Temporary Services, and I may seem a little bit far out for the rest of the ones that have been testifying, but my business gives me an opportunity to see a great many people. And, since there is nothing novel in the written testimony which I have submitted, I would like your permission to just leave it as submitted for the written record and then go on to cite two instances of businesses which I personally encountered in my work.

Mr. THOMPSON. Certainly. The Chair would reiterate, if he hasn't already, a unanimous consent request was adopted this morning that any and all statements will be printed in full in the record and any supplemental materials arising out of questions which may occur to you or any other witness will be printed in the record, if we receive them before or they are postmarked January 20.

Mr. ARMERDING. Thank you.

[Prepared testimony of Mr. Armerding follows:]

Western

TEMPORARY SERVICES

2222 KALAKAUA AVE. • SUITE 1308 • HONOLULU HAWAII 96815 • PHONE (808) 922-4687

S.T.O.P.

Congressman Thompson, Congressman Heftel:

My name is Ludwig E. Armerding. I am the owner and manager of Western Temporary Services, an organization which supplies temporary clerical and medical help to businesses and institutions all over Oahu. Because we have so many customers in so many different lines of business and because we call on them regularly, we feel that we have a good, if subjective, grasp of the situation in the business community. Our business history covers the period since October of 1970 so that we have been able to see and assess at first hand just what effects shipping tie-ups can have on the community.

These effects are two-fold:

1. There is the effect which the threat of such an action has; and,
2. There is the effect of the occurrence of the event itself.

We have been able to observe that both of these effects are serious problems, especially in the small business community of which we are a part.

The threat of a tie-up, particularly as it looms close on the time horizon, has a negative effect on all kinds of businesses. Those which depend upon merchandise, equipment, and supplies from overseas, are forced to tie up excessive amounts of their capital in inventory. Most small businesses are perennially short of capital. Few of them can afford the interest charges and all of them, if they survive, have added costs which they have no alternative but to pass on to their customers. In some cases, where demand is fairly elastic, this has a negative effect as customers either refuse to buy or postpone buying and further hurt the small, individual entrepreneur. We find our contacts becoming very defensive, limiting their activity in every possible way, holding off expansion plans, economizing wherever possible including in the hiring and compensation of employees. The whole atmosphere of the business community becomes one of "wait and see". This inevitably hurts business, aggravates unemployment, and decreases government tax income which must eventually show up in reduced services.

When a strike actually occurs, all of these effects are brought into sharp focus. Any defensive measures which have not already been taken are immediately implemented including laying off all personnel not absolutely crucial to the operation of the business. Economies of whatever sort are sought and business activity begins to slow down

and stagnate. If the shipping tie-up persists, of course, merchants run out of stock. Equipment becomes inoperative for lack of spare parts. Activities are hampered for lack of supplies. Very nearly every part of the economic community suffers and some elements cease to exist. Businesses do close and some of them never re-open. People do lose their jobs and some of them are never re-hired. Customers are deprived of goods they would like to purchase and/or really need.

The evidence which I have seen points to the fact that such a tie-up is counter-productive. Even those who selfishly think they benefit from it are losers in ways they don't, perhaps, understand. The interests of the whole community would be better served if a way were found to avoid such occurrences and to establish the certainty that no such a thing will occur in order to free the community of that fear and the negative reactions which result from the existence of the threat.

Mr. ARMERDING. Well, there were just two instances that I thought were exemplary of what we are talking about. One business, a customer of mine, during the 1971 stoppage actually just went out of business. They were in the great-bulk business and as handlers of containers, when containers ceased to arrive, he was able to survive without any income for a couple of months but by the time the strike was finally resolved he had gone out of business and he never felt that he was able to return. He had lost his position and he lost it permanently.

Another construction materials firm ceased to use our services and, of course, this had a direct effect on my business. Subsequently, the business deteriorated during the time that the strike continued and he was never able to recover his position and about 2 years later he went out of business also. It might seem like 2 years later is a long time to associate with it but, he himself felt very definitely that it was the adverse circumstances that had begun during the strike, which ultimately culminated in his going out of business.

There were other instances where the effects were somewhat more indirect, but in going around and visiting many, many different small business firms, and larger business firms as well, the story was repeated time and time again that we are not putting on any temporary help, we are laying off people, we are curtailing our activities because of this. And, so, there were a lot of innocent people who suffered directly and indirectly from the stoppage.

And, if this measure is a device which will help to alleviate that particular situation, I think it is worthy of favorable consideration and I would recommend that it be given that consideration.

Thank you.

Mr. THOMPSON. Thank you very much, sir.

STATEMENT OF MIKE SWEETOW, MANAGEMENT CONSULTANT

Mr. SWEETOW. Mr. Chairman, distinguished members of the committee, ladies and gentlemen. My name is Mike Sweetow, I am an independent advisor to management in the arena of labor-management relationships. I have my own small firm here in Honolulu serving companies varying in size from 5 employees to 3,500 employees. In addition to my Honolulu clients, I also serve several mainland organizations as far east as Memphis and New York City. Prior to coming to Hawaii in late 1969, I was with Standard Oil of Indiana, in your state, Mr. Thompson, that's Amoco, and Montgomery Ward and Co.

I appear this morning in support of H.R. 9409 introduced by the Honorable Mr. Heftel.

In my 8 years of professional involvement in labor-management relations here in Hawaii, I have come personally to several conclusions.

Conclusion No. 1: Hawaii is in a unique situation as are other noncontiguous geographical areas. It is unique only, however, in the sense that we have no other transportation options of a viable nature. Airfreight obviously is too expensive for certain goods, so that the residents of the State are too closely tied and reliant upon the ability and attitude of the parties at the bargaining table.

Conclusion No. 2: The simple fact that a longshore strike could be devastating is not, in and of itself, the basis for comprehensive governmental regulations. The ILWU and the management of the stevedoring companies, as well as the other maritime unions, must come to be held responsible to have the process of collective bargaining work.

Conclusion No. 3: It is entirely possible that since strikes are infrequent, that the process of collective bargaining is, in fact, working but it doesn't simply appear to be. And, I believe it could work better. If our goal is to have collective bargaining work, in lieu of governmental intervention or regulation, then we should begin to focus on what that would be like. Including, but not limited to, the threat of strikes or lockouts, government intervention threats, if that works, organizing stockpiling by consumers and merchants, and a host of other things that happen when the process of getting to a new longshore contract arises. In short, the scares and the nervousness and whatever may be a part of having the whole relationship between labor and management work.

Conclusion No. 4: The consumer in Hawaii is entitled to mandatory disclosures of the alleged extra costs created by strikes or the threat of strikes. It is unfair to blame organized labor and likewise, it is unfair on the part of labor not to be required to submit the reasonableness of its demands to public scrutiny, if management is required to do the same. If it is unreasonable for a merchant to mark up goods on hand in anticipation of a strike, then it is unreasonable for a union to submit proposals that are inflationary by impact.

Conclusion No. 5: The public needs to have certainty that the negotiators for both sides have the competency to get the job done. I would think that a minimum of 15 years of bargaining table experience would not be too much to ask. This could be verified by the Federal Mediation Conciliation Service.

These are only my conclusions, and as such, they are simply my viewpoint and nothing else. They are intended to communicate what one professional has come to believe is true in the labor-relations arena in Hawaii.

I support H.R. 9409 because rather than to give us a different version of the same old thing, it provides for the first time a context into which can be fit the various positions of interested parties, as well as any other ideas people come up with. We do indeed deserve this special attention by Washington, I mean by this, the creation of the committees proposed in 9409, which would have the overview. This is simply because we do have a built-in disadvantage, we have no other viable options.

Thus, rather than to attack the content of the problem and the historical positionality, H.R. 9409 offers a way in which all of the positions can be held and handled by the persons affected. The fact of seeing the context of our peculiar situation allows the regional committees, for example, to function in whatever ways they will to flatten the nonproductive positions. I believe the regional committees and indeed the national center proposed by 9409 would combine the best effects of things like mediation, back room persuasion, the give and take of bargaining and others of the productive means of settling labor agreements.

I wholeheartedly endorse the committees and recommend by way of building in some insurance that they be given such teeth as Congress deems appropriate. A few suggestions on my part for such teeth, would be committee approval of negotiators for the specific "special situation" negotiations before the committee for its handling. Those would obviously be the situations that were critical to our area.

Two: Public disclosure by the media through the publication of the committees' findings and recommendations to the parties involved in the negotiations. I cannot be convinced that the process of collective bargaining—varying from my testimony for a moment, that that process is not unalterably affected by public scrutiny. The entire committee, as persons serving in public office, know well the importance of the will of the electorate. And, the will of the public is important in influencing labor-management relations and should be heard.

Mr. THOMPSON. I might remind you that you have 2 minutes.

Mr. SWEETOW. Yes, sir. Thank you.

No. 3: Public disclosure of any merchandise or service price increases attributable to a longshore strike or threatened strike or lockout. This would permit the consumer to know who price increases originate with.

I believe the selection of the committee should be accomplished in the most impartial means possible to give the public certainty as to the potential for its effectiveness. Further, since the committees are specific as to the result desired, they are no place for someone who is a stranger to labor-management relations. I would thus propose that committee members be drawn from the ranks of active or retired professionals in the labor-management relations arena. Further, these persons should be drawn from a group who are currently familiar with attitudes of the citizens of Hawaii.

In summation, we have long suffered from ghosts with clearly definable shapes here in Hawaii. While strikes are infrequent, the threat of them has sometimes created a paniclike response from the community. Thus, we can see the shapes of the ghosts, but often not the ghosts themselves. I believe that sometimes the process of panic, alarm, negotiating, media attention, and the rest of it is simply part of the process of getting the job done, and sometimes I think there is even too much attention focused on it.

However, I too fear what a longshore strike can do to our State and for that reason, I endorse 9409 on its merit, on the merit of its contextual or overview approach to the content like problems that we all know are there and that we all react to and that we never seem to get anything done with.

As I said earlier, we have less options than mainland citizens and thus we warrant the option of this approach being available to us.

Mr. THOMPSON. Thank you very much.

Mr. HEFTEL. Mr. Chairman, may I make one observation?

Mr. THOMPSON. Certainly.

Mr. HEFTEL. I am pleased that you took note of the fact that one of the very valuable tools afforded by this committee concept is to eliminate the ghosts, because those ghosts are as bad in their own way as the real thing.

Thank you.

Mr. SWEETOW. Absolutely. Thank you.

Mr. THOMPSON. Mr. Ashbrook?

Mr. ASHBROOK. Yes. Mr. Sweetow, you obviously gave a lot of in-depth thought to the proposal. I am wondering on a parallel nature of the other bill that's been offered, that was previously 1566, it is now Senate 23, have you had the same opportunity to study it?

Mr. SWEETOW. Honestly, no I have not, Mr. Ashbrook. However, your question, thank you, leads me to the Humphrey-Hawkins bill. You see, I draw a parallel between the Senate Humphrey-Hawkins bill, which seeks to establish a context in which—is it, correct me, 4½ percent rate of unemployment would be achieved as a target out there. So, we are going to get from our unemployment levels now to there and a lot of stuff has to happen. Well, those things can't happen until we turn over rocks, interrupt whatever we are doing now and just shake it and see if it can be made more effective. And, in doing so, operate within this context that I think 9409 gives us.

I recall in the past having read Senator Inouye's bill and I liked a great deal of it. But, I didn't do the critical analysis and the thought that I put into preparing for today.

Mr. ASHBROOK. Thank you.

Mr. SWEETOW. Thank you.

Mr. THOMPSON. Mr. McClung, you will now have 5 minutes to speak to us frankly.

STATEMENT OF DAVID McCLUNG, ATTORNEY

Mr. McCLUNG. Yes, sir.

And, I want you to know, Mr. Chairman, that I am not part of this panel, I am speaking as an individual.

Before you start your clock, Mr. Chairman, go ahead Congressman.

Mr. HEFTTEL. Just one thing, I wondered if you were speaking frankly as Dave McClung or as Frank?

Mr. McCLUNG. Oh, you are not going to get away with that one. Because, if I, Congressman were to tell you what your bill says, the mayor would not have sent anybody. He wouldn't have come over this morning to testify in favor of it, because it would interfere with his negotiations with the city and county and the garbageworkers and the policemen and the sewer division and the fire department. And so, he would not have been here speaking favorably for your bill, Congressman.

Mr. THOMPSON. Mr. McClung, you used just Mr. Heftel's time.

Mr. McCLUNG. Speaking Davidwise, instead of Frankly, because I don't want to get mixed up in any gubernatorial primary battle that Mr. Leopold is thinking about getting into, or that the mayor or Hideto Kono's sponsor was this morning. And, I don't want to be facetious, Mr. Chairman.

I want to tell you that the day I turned 17 I went down to the recruiting station in Detroit to enlist in the Navy, and I loved my mother very much. I have a very beautiful 16-year-old daughter.

Mr. THOMPSON. You only have one mother, I always say.

Mr. McCLUNG. Well, nobody has ever questioned that with me either.

So, I am not here being against the American flag, motherhood, or children. But, I will have to state very frankly that I believe that congressional committees, spending time on this kind of thing, is not really getting to the basics.

Now, I heard Congressman Heftel, whom I support for reelection this fall, ask Bill Smith from the Maritime Trades and Van Diamond from the State Fed, about getting conversation going with the union and the public. Well, let me tell you, sir, that back in 1972 when we had the last interruption out here, which was not of local making, that I set up meetings—as a matter of fact, I went to the Maritime Trade Department's executive board meeting in February of 1973 in Miami and I asked Paul Hall, who is the president, for his assistance in getting some meetings going. In May we had an historic meeting in what used to be the old Del-Webb townhouse in San Francisco at 14th and Market Street, where we had Harry Bridges, Paul Hall, and Goldberg from the Teamsters all sitting next to each other at the head table talking about this problem of working out a solution to the problem of Hawaii's shipping tieup.

Following that, I called Ed Flynn, head of the Pacific Maritime Association in San Francisco and I traveled to San Francisco and I met with him and some of his committee members discussing this same problem. Back here, I got hold of the Hawaii Employer's Council, Eilert who is the president now and Jim Reed was the chairman of the longshore committee, as I recall at that time, or the waterfront committee. And, we sat down to discuss this; I had discussed it here. The point being that the waterfront employers and waterfront labor on the mainland and here are concerned about Hawaii's plight and they are willing to sit down and to discuss the answers to it.

Now, let me give you briefly three suggestions that I think Congress ought to address itself to. And, one of them is not this bill.

No. 1: I think that you ought to use whatever efforts you have to encourage the Senate to pass the Labor-Management Relations Reform Act that was passed by the House not too many months ago. That's No. 1.

No. 2: I think that your subcommittee, sir, should address itself not to the peculiar situation of Hawaii and transportation, but ought to address itself to some basic other reforms in the Taft-Hartley Act. Now, during the course of that 1973 stuff, I conferred at length by telephone and personally with my friend, Bill Haber, who is a professor of labor economics at the University of Michigan, Professor Mike Rider, who is a well-known arbitrator, mediator, former member of the War-Labor Board and is, I think, now a professor with the University of Michigan, on this whole subject. I believe that what needs to be done, instead of trying to address something peculiar to our situation, is to revise the Taft-Hartley Act in terms of national emergencies, to bring it down to a more meaningful level, when it cuts off the basics of any State. The basic delivery of systems to any State, not just Hawaii, not just Alaska, but to any other State. I think this is what needs to be done.

We talked about it in terms of having a bag of tools. Right now you only have the one, right, you have got the cooling off 60-day thing, OK?

Mr. THOMPSON. Eighty days.

Mr. McCLUNG. I'm sorry, 80 days, yes.

But that's not really the answer, because—

Mr. THOMPSON. And, you have 2 minutes.

Mr. McCLUNG. Well, I think I was nice enough with these other guys, so you can give me 2 more, can't you Mr. Chairman?

Mr. THOMPSON. Let's see what we hear in the next 2 minutes.

Mr. McCLUNG. All right. I think the thing is that when you give either labor or management, in a given situation, one possible alternative for the Government to take, that one party or the other is going to grab hold of it and hang on to it.

Now, I think additionally, Mr. Chairman, and I know that you're interested in this sir, that rather than your subcommittee or rather than House Education and Labor Committee or rather than the House Merchant Marine and Fisheries Committee being concerned about legislation about whether there is going to be a ship coming from the West Coast to Hawaii, you ought to be concerned about whether there are any ships with American flags, American owned, American sailors that are sailing anywhere in the world. And, I cite you a recent publication from the Transportation Institute, which says that France, for example, has a national law that requires that 50 percent of all imports be brought into France on French-flag vessels. That two-thirds of their oil imports, other than coal, be brought in on French-flag vessels. And, yet, we have a Congress of the United States which in November defeated a bill to require that only 9½ percent of the petroleum imports of the United States be brought in on American-flag vessels.

We have more American conglomerates running around the world today and some of them are represented right here today in your hearing—we have more of those flags running around that are registered down in Panama, Honduras, and these other places. They are running away from taxes, they are running away from American labor, they are running away from safety conditions. These are the ships that are blowing up in Long Beach, these are the ships that are going aground on the East Coast, these are the ships that are losing 90 people—or, whatever the number is, you can't believe the media locally. But, whatever it was up there, this Indian ship lost all lives. These are the things that Congress ought to start getting concerned about. These areas where the oil companies want to start shipping Alaskan oil—American oil out of Valdez and sell it to Japan so they can take it over on foreign bottoms—flags that are convenient and go over and buy it back from Indonesia and bring it back into the country on foreign bottoms, because there is no oil price freeze on foreign oil, right? So, they sell it in Japan for whatever the market will bear. They take it out on flags of convenience, they bring it from Indonesia, they sell it in the United States for whatever price the market will bear and they bring it in with ships that are not safe.

I'm sorry, Mr. Chairman, but I get real uptight about some of these things.

Mr. THOMPSON. That's all right. In recognition of that, I have given you 2 additional minutes. You have 1 more.

Mr. McCLUNG. May I have 30 seconds, sir?

Mr. THOMPSON. One minute. I will double your amount.

Mr. McCLUNG. Back in 1972-73, when I was talking about earlier—about the steps that I was trying to take in terms of bringing a resolution to this problem we have here, the chamber of commerce has a long article here in their February issue of the Voice, which is the Hawaii State Chamber of Commerce official publication.

I will make copies of it and make it available to your committee. The headline on the story is, "Chamber Backs McClung Plan—Urges Statewide Endorsement."

I think that you might find something in it.

Mr. THOMPSON. Thank you very much. I'm sure that will persuade my colleague, Mr. Ashbrook.

Mr. Ashbrook?

Mr. ASHBROOK. Hardly. But, I was rather interested in one of the statements you made. It seems like you have sat down with all the labor leaders and thought in talking these things over you could solve some problems. It doesn't seem to me that labor wants what you are talking about. How are you going to get them to agree to anything approaching the Heftel bill, let alone what really needs to be done?

Mr. McCLUNG. Congressman, I'm sorry, I think you misheard or I wasn't clear enough on what I said.

Mr. ASHBROOK. Well, you were limited in time, so probably that caused a few problems.

Mr. McCLUNG. Yes.

When we had the meeting in San Francisco—it was a unique meeting. These labor people had never sat down in the same room together before in their lives. Harry Bridges and Goldberg from the Teamsters and all the AFL-CIO MTD guys.

Mr. ASHBROOK. The "Big Five"?

Mr. McCLUNG. Well, I think it is like U.S. Steel in your town.

Anyway, they all sat there and they recognized the problem and they were willing to sit down and say, "Let's find a solution for you."

Then I met with the Pacific Maritime Association, which is the employer group and they said, "Yeah, hell we can figure out a way to save you guys. It's only 3 or 5 percent of the total shipping out of the West Coast."

I met with the waterfront committee of the Employer's Council here, which Mr. Sweetow represents some of them. Jim Reed, you know?

Mr. SWEETOW. Years ago.

Mr. McCLUNG. Bob Eirlets is the president. They said, "Yes, we are willing to sit down around a table and work this out." The reason that we never got beyond that, Congressman, is that when the bills started going into Congress, to set up certain things, they were all afraid of getting charged with collusion and so, therefore, we had no more meetings. But, they are still willing.

Mr. ASHBROOK. One other observation. You mentioned your support of a bill that's very near and dear to Mr. Thompson's heart, but I guess I would take a little different point of view, that's the so-called labor-management reform in the Senate. I am trying to figure out how that would help this situation here.

Mr. McCLUNG. Well, listen, I was talking about what I think Congress ought to be doing.

Mr. ASHBROOK. You think that improves the situation?

Mr. McCLUNG. No; listen, I think that—I'm talking about what Congress ought to be doing instead of what they are doing. And, one is to guarantee the rights of workers that when they decide they want to be organized and be in a union, that the employer has got to recognize them. That's No. 1, OK?

No. 2, is Congressman, that we ought to insure that we have a good American Merchant Marine flying American flags. Now, the United States has opened up 40-some ports over the last couple of years to Russian vessels. Russia has 50-some vessels, passenger liners, now I am not talking about freighter. They are way above on the freighters. They have 51 oceangoing liners that are picking up passengers in Los Angeles, California, loading up down there, and we don't have one damn passenger vessel in the world any more after April, because the last two American passenger vessels are going to go out of business. The last two owned by PFEL, the Mariposa and the Monterrey, which do the South Pacific run now—Congressman, I'm sorry, I get a little upset about this.

Mr. ASHBROOK. Well, I do too.

Mr. McCLUNG. But, we are not going to have a single American passenger vessel and, yet, the Russians are picking up American passengers in New York, they are picking them up in San Francisco.

Mr. ASHBROOK. If they had to make agreements under the Taft-Hartley Act and under our Labor-Management Relations Act, like we do, they would probably go out of business also. That might be some of it.

Mr. HEFTTEL. Mr. Chairman—

Mr. McCLUNG. Excuse me Congressman. Let me tell you something. You know, Paul Hall is the president of the Maritime Trades Department and the president of the Seafarers International Union, OK? Paul Hall has been signing long-term, no-strike contracts with American shipping companies because he wants to see that we maintain a good American merchant fleet. And, he is not willing to sacrifice, in terms of contract language—sacrifice those jobs and then let them run away to a Russian freighter.

Mr. ASHBROOK. But, you didn't add the other half of it. Wages and costs that put our ships way out of competition.

Mr. McCLUNG. Oh, Congressman, I don't agree with you on that.

Mr. ASHBROOK. Thank you, Mr. Chairman.

Mr. THOMPSON. Mr. Hefttel?

Mr. HEFTTEL. I think there is a message in what we are discussing that we shouldn't lose sight of.

At a point when we were discussing the so-called cargo preference bill, somebody made an observation that Russia has an advantage on us, because their workers are happy to work on those vessels for nothing because they can leave Russia and be free to work on those ships.

Certainly America could compete, if we didn't pay our people. If we didn't have a democracy. If we didn't have rights for labor and we lived under a dictatorship.

Mr. McCLUNG. Congressman, all we have got to do when we sell 20 million tons of wheat to Russia is to say that, "By God, you are going to carry half of it on American bottoms." Or, when we sell

underaid programs on long-term loans to India and those other countries, or we give foreign aid, is to say that half of it is going on American bottoms and it's going to have an American flag.

And, when you get the situation in Congress, Congressman, where you go to the big multinational conglomerates that are American corporations and the only American flag they fly is over their corporate office and it isn't over a damn ship that they run around the world—and I am talking about exile and I'm talking about the whole bunch of them. One of the biggest shipping companies in the world today, Bulk Carriers, is based right in New York City and it doesn't own one American ship. They are all registered in foreign registries. Now, this is what we should not allow, Congressman.

Now, we don't have to pay our seamen nothing and say, "Hey, now man this is great——"

Mr. HEFTEL. I wasn't suggesting that we pay them nothing.

Mr. McCLUNG. I know you weren't.

Mr. HEFTEL. I was just pointing out that competitively speaking that is the problem.

Mr. McCLUNG. Competitively speaking, Congressman, France has said, and I have the newsletter right here—the country of France, which is a sovereignty like ours, has said that 50 percent of French coal imports ought to be carried on French-flag vessels. And, that two-thirds of French oil imports are going to be carried on French-flag vessels. That's the answer man.

Mr. THOMPSON. The Chair might conclude today's proceedings by saying that I hope that the French people—the French Government retains maritime enough so that my favorite wines from there are brought in on any bottoms.

With that and with many thanks to you witnesses, and to everyone today for your good humor, your goodwill, and your very constructive suggestions, the committee is deeply grateful.

Mr. McCLUNG. I might say, Mr. Chairman, Venezuela has a 100 percent policy.

Mr. THOMPSON. Thank you.

The committee will adjourn subject to call of the Chair.

[Whereupon the proceedings ended at 3:50 p.m.]

APPENDIX

Honolulu, Hawaii, January 11, 1978.

Congressman FRANK THOMPSON,
Chairperson,
Subcommittee on Labor-Management Relations,
(c/o Congressman Cecil Heftel)
Honolulu, Hawaii.

LADIES AND GENTLEMEN: Mr. Heftel's secretary suggested I might wish to testify in writing as I cannot get away from work Friday to testify in person; also I hope this reaches you in time.

I am a very unimportant person, just typical of many living here who are affected by dock strikes. When there is a shipping strike, we realize how tenuous is the lifeline connecting us to the mainland and our source of supply for everything we need. When there is a strike, too, many people lose their jobs, and businesses fail, so the entire community suffers.

I do not wish to imply that I am indifferent to the problems of the dockworkers or union members—I am a Union member and used to belong to UPW when I had another job.

It is just that the strikes make hardships unimaginable to people who don't live on an island in the middle of the Pacific. Everyone starts hoarding, prices go up, one pays more dearly for air freighted merchandise. Luxuries we can do without, but with strikes, even such items as soap become scarce. As a woman, I found the last strike *very* difficult as some things we need, we could not get.

That is about all I can say, except that I hope we never have another bad one. It hurts so many people.

Respectfully,

JOCELYN AMPARO O. BURNS.

January 13, 1978

Subcommittee on Labor-Management Relations
2451 Rayburn Bldg.
Washington, D.C. 20515

Gentlemen:

Due to the crowded agenda at your committee's meeting in Hawaii, I was unable to present my statements in person, hence this letter.

While doing research for a paper at the University, I learned that it was the military that would be called upon to transport our supplies in the advent of a natural disaster (like a major earthquake), that would tie up shipping along the entire coast of the western United States. Would it not be possible to call upon this unbiased party to continue our life line to the mainland in the advent of another shipping strike? The military is well equipped to transport supplies as they do so constantly for their own post exchange operation.

I have lived in the Islands for thirteen years and witnessed two of these strikes. I have watched as small family businesses were forced out of business for lack of a well stocked warehouse and have been forced to pay higher than usual prices for "air shipped" goods. Also I have had to ask for "care" packages of paper goods to be air mailed from the mainland by my relatives, during these times. It hardly seems fair that a union should be allowed to hold such power over an entire state and I for one resent it very much.

I believe we present a unique problem that warrants special consideration.

Thank you for your time and consideration.

Aloha,

Margaret O'Brownnee Kepoo

430 Keoniana St. #307
Honolulu, Hi. 96815

HONOLULU AIRLINES COMMITTEE

A JOINT COMMITTEE OF THE AIRLINES SERVING HAWAII

FRANK DER YUEN
EXECUTIVE DIRECTOR



JANUARY 13, 1978

STATEMENT BEFORE HOUSE SUBCOMMITTEE ON LABOR MANAGEMENT CONCERNING H.R.-9409

MR. CHAIRMAN AND MEMBERS OF THE HOUSE SUBCOMMITTEE, MY NAME IS FRANK DER YUEN. I AM A RESIDENT OF THE STATE OF HAWAII AND I AM EXECUTIVE DIRECTOR OF THE HONOLULU AIRLINES COMMITTEE REPRESENTING ALL OF THE SCHEDULED AIR CARRIERS SERVING HAWAII. THESE AIRLINES ARE COMPRISED OF ALL FOREIGN FLAG CARRIERS, ALL U.S. TRUNK CARRIERS AND THE TWO SCHEDULE CERTIFICATED INTERISLAND AIR LINES. FOR THE RECORD, THE FOLLOWING ARE THE SPECIFIC AIRLINES CONCERNED:

AIR NEW ZEALAND	KOREAN AIRLINES
ALOHA AIRLINES	NORTHWEST AIRLINES
AMERICAN AIRLINES	PAN AMERICAN WORLD AIRWAYS
BRANIFF INTERNATIONAL	PHILIPPINE AIRLINES
CANADIAN PACIFIC AIRLINES	QANTAS
CHINA AIRLINES	UTA FRANCH AIRLINES
CONTINENTAL AIRLINES	UNITED AIRLINES
HAWAIIAN AIR	WESTERN AIRLINES
JAPAN AIRLINES	

WHILE THE OFFICIAL 1977 STATISTICS HAVE NOT YET BEEN PUBLISHED, I CAN TELL YOU THAT IN 1976 OUR AIRPORTS HANDLED A TOTAL OF 11.7 MILLION PASSENGERS INTERISLAND AND 7.7 MILLION OVERSEAS PASSENGERS. THESE NUMBERS ARE FOR ARRIVING AND DEPARTING PASSENGERS, AND THE OVERSEAS

FIGURE ALSO INCLUDES THE IN-TRANSIT OVERSEAS PASSENGERS. MY POINT IS THAT MORE THAN 10 MILLION INDIVIDUAL PEOPLE DEPENDED ON AIR TRANSPORTATION IN HAWAII THAT YEAR, AND THE ECONOMIC IMPACT OF AIR TRANSPORTATION IS FELT IN VARYING DEGREES BY EVERY MAN, WOMAN AND CHILD IN THIS STATE. THE TOURIST INDUSTRY IS TOTALLY DEPENDENT UPON AIR TRANSPORTATION, AND OUR NEIGHBOR ISLANDS MUST LOOK TO AIR TRANSPORT AS A VERITABLE LIFELINE.

IN THE CARGO AREA, AIR TRANSPORTATION FIGURES ARE MUCH LESS IMPRESSIVE. DURING THE CALENDAR YEAR 1976, THERE WERE ONLY 220 MILLION POUNDS CARRIED INTERISLAND AND APPROXIMATELY 225 MILLION POUNDS CARRIED BY OVERSEAS. OF THE LATTER AMOUNT, 84% REPRESENTED MAINLAND-HAWAII CARGO. I EMPHASIZE THE WORD "POUNDS" BECAUSE COMPARED TO THE TONNAGE MOVED BY SHIPS, IT IS RELATIVELY INSIGNIFICANT. THERE ARE MANY REASONS FOR THIS WHICH I DO NOT INTEND TO GET INTO, BUT THE ECONOMICS OF AIR FREIGHTER SERVICE WITH ESSENTIALLY UNBALANCED DIRECTIONAL LOADS AND THE INCOMPATIBILITY OF BULK CARGO AND LOW-VALUE-PER-POUND AGRICULTURAL PRODUCTS AND OTHER COMMODITIES, ARE MAJOR FACTORS.

WHEN SHIPPING INTERRUPTIONS OCCUR, HOWEVER, FOR WHATEVER REASON, THE GENERAL PUBLIC, OFTEN WITHOUT THINKING ABOUT ALL THE RAMIFICATIONS OF THE PROBLEM, LOOKS TO THE AIRLINES TO FILL THE GAP. THE CAPACITY IS SIMPLY NOT THERE, AND EVEN CRITICAL ITEMS (FOR WHICH HIGHER AIR SHIPPING COSTS ARE JUSTIFIED OR RELUCTANTLY ACCEPTABLE AS PASS-THROUGH CHARGES TO THE CONSUMER) SOMETIMES CANNOT BE ACCOMMODATED BECAUSE OF THE LACK OF AVAILABLE SUITABLE EQUIPMENT OR SCHEDULING DIFFICULTIES IN DIVERSION TO THE HAWAII SERVICE. CONSEQUENTLY, THE AIRLINES ARE OFTEN UNJUSTLY CRITICIZED WHEN SHIPPING INTERRUPTIONS ARISE.

FOR A MOMENT, LET ME SPEAK AS A CONSUMER. THE ONLY TIME I WONDER ABOUT THE CAPACITY OF THE AIRLINES TO CARRY CARGO TO HAWAII IS WHEN I ACCOMPANY MY WIFE TO THE SUPERMARKETS THE DAY AFTER A SHIPPING STRIKE OCCURS. IT SEEMS THAT SUDDENLY MUCH OF THE FRUIT AND VEGETABLES (WHICH LOOK MIGHTY LIKE THEY DID THE DAY BEFORE) SUDDENLY HAVE HIGHER PRICE TAGS ON THEM WITH LARGE RED EXPLANATORY MARKINGS INDICATING "AIR FLOWN". I FULLY REALIZE THAT THERE ARE OPPORTUNISTS IN EVERY BUSINESS, AND THIS COMMENT IS NOT MEANT TO IMPLY THAT ALL FOOD STORES TAKE UNFAIR ADVANTAGE OF THE CONSUMER IN SUCH SITUATIONS.

MR. CHAIRMAN, I AM CERTAIN THAT YOU AND EACH MEMBER OF YOUR SUBCOMMITTEE HERE TODAY ARE FULLY AWARE OF THE ENERGY PROBLEMS FACING OUR COUNTRY. IN PARTICULAR, I AM THINKING OF THE ENERGY POLICY AND CONSERVATION ACT OF 1975 WHICH ESTABLISHED A STRATEGIC PETROLEUM RESERVE (SPR) TO DIMINISH THE VULNERABILITY OF THE UNITED STATES TO A SEVERE ENERGY INTERRUPTION AND PROVIDE LIMITED PROTECTION FROM THE SHORT-TERM CONSEQUENCES OF INTERRUPTIONS IN THE SUPPLY OF PETROLEUM PRODUCTS.

WE UNDERSTAND THAT THE DEPARTMENT OF ENERGY, OFFICE OF STRATEGIC PETROLEUM RESERVES, IS PROPOSING NOMINAL STORAGE FOR HAWAII, INCLUDING ESSENTIAL JET FUEL, CONTENDING THAT HAWAII'S REQUIREMENT FOR CRUDE AND SOME FINISHED PRODUCTS, SUCH AS JET FUEL, BE SATISFIED BY SHIPPING FROM THE GULF COAST AND/OR THE WEST COAST TO HAWAII.

IN MY OPENING STATEMENTS, MR. CHAIRMAN, I SUMMARIZED CERTAIN FIGURES TO ILLUSTRATE THE FACT THAT AIR TRANSPORTATION SERVICES TO AND WITHIN HAWAII ARE ESSENTIAL TO THE ECONOMY OF THIS STATE AND IN THE GREATEST INTEREST OF THE GENERAL PUBLIC. OUR DEMAND - WHICH UNFORTUNATELY CANNOT BE COMPROMISED - IS APPROXIMATELY 30,000 BBLS. OF JET FUEL PER DAY. OUR STORAGE CAPACITY IS MINIMAL NOW AND EVEN WITH THE STRATEGIC STORAGE RESERVES PROPOSED BY SPRO, IN A REAL EMERGENCY WE WOULD HAVE LESS THAN 30 DAYS BEFORE OUR AIRCRAFT MUST COME TO A SCREECHING HALT.

SINCE HAWAII IS A MAJOR GATEWAY TO THE PACIFIC AND A PRIMARY REFUELING POINT FOR AIRCRAFT COMING TO HAWAII AND GOING BEYOND IN BOTH DIRECTIONS, IT SHOULD BE OBVIOUS THAT INSUFFICIENT FUEL RESERVES HERE WOULD SEVERELY AFFECT INTERNATIONAL COMMERCE WITH OUR PACIFIC TRADING NATIONS AND WOULD ADVERSELY AFFECT INTERSTATE COMMERCE BECAUSE OF THE IMPACT ON OUR U. S. TRUNK CARRIERS.

IN CLOSING, MR. CHAIRMAN, I URGE THIS SUBCOMMITTEE TO TAKE INTO CONSIDERATION THE EFFECT WHICH SHIPPING INTERRUPTIONS IN HAWAII COULD HAVE DIRECTLY ON OUR VITAL AIR TRANSPORTATION SERVICES.

TESTIMONY OF JOHN E. LOOMIS, DIRECTOR OF
REAL ESTATE, AGRICULTURE GROUP, AMFAC, INC.
AT A PUBLIC CONGRESSIONAL HEARING ON H. R. 9409
ON JANUARY 13, 1978, AT HONOLULU, HAWAII

This testimony is presented in behalf of the five subsidiary sugar producing companies of Amfac, Inc. These companies, Kekaha Sugar Company, Lihue Plantation Company, Oahu Sugar Company, Pioneer Mill Company and Puna Sugar Company, jointly produce an annual tonnage of 320,000 tons of raw sugar. The companies employ 3,000 persons of which approximately 2,600 are represented by the International Longshoremen's and Warehousemen's Union.

The companies support H. R. 9409 as a basis for resolving the problems created by shipping tie-ups as same affect the noncontiguous states and territories of the United States. We feel that the establishment of the proposed National Center for the Study of Labor-Management Relations in Noncontiguous Areas will provide a realistic step in the area of labor-management relations. The work of the committee should mitigate the economic losses incurred by all segments of the community in the event of a protracted dispute.

Our companies clearly support the concept of collective bargaining and find it the most desirable form of resolving problems between labor and management. We do not feel that the work of the proposed study center would impinge on the collective bargaining process.

While in Hawaii the prevalent economic concern, in the event of a shipping tie-up, is the inability to bring in goods for economic need and commerce. The position of the sugar industry is to a large extent a reversed picture. The industry must be able to get their products to market in the continental United States in order to compete and remain in business. As always, jobs are at stake.

Thank you for the opportunity to offer these comments on H. R. 9409.

John E. Loomis
John E. Loomis

TESTIMONY OF FRED W. ROHLFING PREPARED FOR PRESENTATION
TO THE HOUSE COMMITTEE ON EDUCATION AND LABOR, SUBCOMMITTEE
ON LABOR-MANAGEMENT RELATIONS REGARDING NONCONTIGUOUS AREAS
LABOR MANAGEMENT RELATIONS ACT, HONOLULU, HAWAII, JANUARY
13, 1978.

Mr. Chairman:

I appreciate the opportunity to appear here today to testify for the third time before a congressional committee on proposed legislation pertaining to the interruption of surface transportation to Hawaii and the Pacific Islands. As a State Senator, I traveled at personal expense to Washington, D. C. to testify before the U.S. Senate Labor and Public Welfare Subcommittee while the lengthy West Coast dock strike of '71 was in process. Amongst other things at that time 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."

I again testified on October 15, 1975 in Honolulu before Senator Daniel K. Inouye and the Subcommittee on Merchant Marine of the Committee on Commerce of the U.S. Senate. My pitch today is much the same as it was on that date.

What was my alternative?

It is contained in pages 41-44 of the official record of the October 15, 1975 hearing and is attached to and submitted to this subcommittee as part of this testimony. My proposal emphasizes the use of time tested labor relations dispute resolution techniques such as mediation, fact finding and voluntary arbitration in a form similar to the Hawaii government employee collective bargaining law. These procedures would be administered by a public board comprised of one representative each from Hawaii, the South and the Western Pacific Islands. The entire emphasis is on making collective bargaining work.

I submit that my proposal for a constructive bill aimed at resolving basic disputes between contending parties rather

than imposing solutions and going around the problem, is the kind of action oriented legislation that is needed. You will recall that the bill then under consideration (S.1126) called for a selective strike approach, and in no way attempted to establish procedures to resolve the labor dispute itself. (It is to be noted that it took more than 12 years of statehood before any Hawaii congressman proposed a measure to deal with this fundamental problem of offshore areas. Unlike the measure before this committee, also, S.1126 had the united support of the Hawaiian delegation to Congress and Sen. Inouye and Sen. Fong in a bipartisan effort steered it through the Senate). But as I predicted in testimony in 1975, it would not pass the House. It didn't.

Since making that proposal, I have served for two years as a presidential appointee as one of two U.S. Alternate Representatives on the South Pacific Commission. In that capacity I have had a unique opportunity to learn about the needs and aspirations of Pacific Island peoples outside of Hawaii. I am convinced that continuity of surface shipping for Pacific areas other than Hawaii is almost more important than for Hawaii because of the greater proportion of necessities that are involved and the earlier impact on basic survival from an interruption in service.

Measured against the needs of all the island people of the Pacific, the bill before this subcommittee is woefully inadequate. It provides no action process to resolve disputes. It fails to ensure essential service. Furthermore, I question whether it provides for anything that cannot now be done by the federal mediation service or the U.S. Department of Labor under existing law.

You may say "it's all that we can pass" given the current composition of the House. Then, I suggest you forget it. Work for a meaningful solution, no matter how long it takes.

Thank you Mr. Chairman.

EXCERPTS FROM

STATEMENT OF HONORABLE FRED ROHLFING, STATE SENATOR, AT A HEARING BEFORE THE SUBCOMMITTEE ON MERCHANT MARINE OF THE COMMITTEE ON COMMERCE, UNITED STATES SENATE, ON S. 1126, OCTOBER 15, 1975, PAGES 41-44.

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 Western 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 fact-finding 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 put 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 offshore shipping are not the American way. They should only be last resort alternatives.

STATEMENT OF CARLA CORAY, MEMBER FOR HAWAII, REPUBLICAN NATIONAL COMMITTEE
HONOLULU, HAWAII -- JANUARY 13, 1978.

THANK YOU VERY MUCH, MR. CHAIRMAN, CONGRESSMAN ASHBROOK, CONGRESSMAN HEFTTEL,
CONGRESSMAN AKAKA.

I AM CARLA CORAY, NATIONAL COMMITTEEWOMAN OF THE REPUBLICAN PARTY OF HAWAII,
APPEARING ON BEHALF OF THE PARTY TO ADD OUR VOICE IN SUPPORT OF H.R. 9409.

WE SINCERELY WISH TO THANK THE CONGRESSMEN, AND ESPECIALLY CHAIRMAN THOMPSON,
FOR PROVIDING US WITH AN OPPORTUNITY TO TESTIFY ON A MATTER THAT MUST BE REGARDED
AS THE SINGLE MOST CRITICAL ISSUE AFFECTING ALL THE PEOPLE OF HAWAII. WE RECOGNIZE
THAT OUR SEPARATION OF 5,000 MILES FROM WASHINGTON, D.C. HAS MADE IT EXTREMELY
DIFFICULT TO CONVEY OUR MESSAGE OF DESPERATION WHEN OUR LIFELINE OF SHIPPING TO THE
MAINLAND IS CUT, EVEN TEMPORARILY. SO WE REALLY APPRECIATE YOUR COMING TO HAWAII TO
SEE AND HEAR FIRST HAND FROM THOSE MOST AFFECTED. IF YOU WERE HERE DURING A SHIPPING
INTERRUPTION--AND WE'RE DELIGHTED THAT SUCH IS NOT THE CASE AT PRESENT--YOU COULD
PERSONALLY OBSERVE THE NEGATIVE IMPACT ON OUR TENUOUS ECONOMY AND THE HEALTH AND
WELL-BEING OF OUR RESIDENTS. YOU WOULD SEE SMALL BUSINESSES DECLARE BANKRUPTCY.
YOU WOULD SEE PRICES FOR ESSENTIAL GOODS SKYROCKET WHEN IMPORTED BY ALTERNATE MEANS
OF AIR CARGO OR BE IN SHORT SUPPLY OR BE NON-EXISTENT.

AS YOU WELL KNOW, THE HAWAII CONGRESSIONAL DELEGATION, IN A BI-PARTISAN EFFORT,
HAS INTRODUCED LEGISLATION IN THE PREVIOUS TWO CONGRESSES DEALING WITH THIS PROBLEM.
OVERWHELMING SUPPORT--FROM ALL SEGMENTS OF OUR ISLANDS, GUAM AND SAMOA--HAS BEEN
EXPRESSED IN THOUSANDS OF WORDS OF TESTIMONY IN COMMITTEE HEARINGS SUCH AS THIS.
REAMS OF STATISTICS HAVE BEEN GATHERED TO SHOW THE DEVASTATING ECONOMIC EFFECT ON
OUR ISLAND POPULATIONS. PUBLIC OPINION SURVEYS HAVE SHOWN THAT 84% OF OUR POPULATION--
INCLUDING 52% OF THE RANK AND FILE OF THE UNION MOST AFFECTED--STRONGLY FAVORED THE
LEGISLATION INTRODUCED IN 1975. BUT AS OF NOW, NONE OF THE ATTEMPTS TO HAVE THESE
BILLS PASSED HAVE BEEN SUCCESSFUL.

WE MUST ASK OURSELVES, AFTER ALL THIS EFFORT HAS BEEN EXPENDED, WHY? PERHAPS OUR POSITIONS IN SUPPORTING THIS LEGISLATION WAS TOO DEMANDING OR PERHAPS WE WERE TOO INFLEXIBLE. WHATEVER THE REASONS FOR THE LACK OF SUCCESS, WE FOUND BUSINESS AND CONSUMERS PLACED IN AN ADVERSARY RELATIONSHIP WITH SOME UNION LEADERSHIP WHO FELT THAT THEIR COLLECTIVE BARGAINING PROCEDURES WERE IN JEOPARDY.

THE REASON WE ARE SO SUPPORTIVE OF H.R. 9409 IS THAT PERHAPS THERE IS A BETTER CHANCE FOR ITS PASSAGE. HOPEFULLY, INSTEAD OF THE ADVERSARY RELATIONSHIPS OF THE PAST, REPRESENTATIVES OF UNION AND BUSINESS LEADERSHIP AND THE PUBLIC WOULD BE OPENING UP THE LINES OF COMMUNICATION IN DEALING WITH THE PROBLEMS IN A LONGER AND NO-STRESS PERIOD AND COOPERATIVELY AND JOINTLY WORKING TO ARRIVE AT COMPROMISES AND AND SOLUTIONS LONG BEFORE THE CRITICAL PERIODS IMMEDIATELY PRECEDING AND DURING A STRIKE.

AGAIN, WE WISH TO THANK YOU FOR YOUR INTEREST IN OUR PROBLEMS. IF YOU HAVE ANY QUESTIONS, I WILL BE HAPPY TO TRY TO ANSWER THEM. WE ARE HOPEFUL THAT THIS LEGISLATION WILL RECEIVE A FAVORABLE RESPONSE FROM YOUR SUB-COMMITTEE AND THAT YOU CAN GIVE SOME SPECIAL ASSISTANCE TO THE PEOPLE OF HAWAII.

TESTIMONY ON H. R. 9409

BEFORE THE HOUSE LABOR MANAGEMENT RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON EDUCATION AND LABOR

FRIDAY, JANUARY 13, 1978

BY CARL H. WILLIAMS, PRESIDENT
HAWAIIAN ELECTRIC COMPANY, INC.

Mr. Chairman and members of the Labor Management Relations Subcommittee:

I would like to take this opportunity to go on record in favor of H. R. 9409, to provide for tripartite regional committees to consider questions relating to labor-management relations, and for a National Center for the Study of Labor-Management Relations in the Noncontiguous Areas.

Because of Hawaii's unique geographic location, the State is extremely vulnerable to shipping strikes and, therefore, we feel that some type of special recognition of this fact should be acknowledged. Although the bill appears to lack a prompt, meaningful remedy for ending shipping disruptions, it is a valuable first step and should be supported for that reason.

Hawaiian Electric Company and its two subsidiaries, Hawaii Electric Light Company and Maui Electric Company, represent 96% of the electric energy consumption in the State of Hawaii. We are totally dependent on shipping for most of our supplies and equipment as well as all of our fuel oil. As a result, it is necessary to maintain large

inventories of critical materials and supplies, as well as a fuel oil inventory, in order to assure the residents of Hawaii uninterrupted service.

Presently, the Company and its two subsidiaries have an inventory of materials and supplies, excluding fuel oil, totaling approximately \$6.5 million, which includes approximately \$2.55 million of critical items such as overhead line materials and underground cables, as well as power plant equipment and supplies, all of which would be extremely costly, and in some cases impossible, to ship by air and, thus, our dependence on shipping.

For major power plant additions, it is necessary to schedule shipping of major components, such as turbine generators and diesel engines, several years in advance. A delay in meeting the schedule can jeopardize our reserve capacity and, thus, our ability to provide reliable service.

In closing, we respectfully recommend that favorable action be taken on this bill. Thank you.

Dillingham

HERBERT C. CORNUELLE
PRESIDENT

January 13, 1978

Dear Mr. Chairman:

Dillingham Corporation was formed in 1961 through the merger of two family-owned Hawaiian companies which date back to 1889.

Today, our major business activities include Maritime, Resources, Construction and Property.

Our Maritime Group is among the world leaders in barging goods around the Pacific Basin;

The Resources Group is led by one of the largest LP-gas suppliers in the United States;

The Construction Group builds for specialized markets in the United States, Australia, Canada, the South Pacific and Southeast Asia; and

The Property Group owns and manages one of the world's most successful shopping centers, located here in Hawaii.

Our employees number 11,500, including 3,000 employees in the non-contiguous areas of Guam, the Marianas and Hawaii.

We welcome the opportunity, which you have provided, to present our views on Bill HR 9409, and to register our concern about the economic impact of transportation tie-ups to non-contiguous U. S. areas in the Pacific.

We recognize that H.R. 9409 would provide tripartite regional committees to consider questions relating to labor-management relations, and would establish a national center for the study of labor-management relations in the non-contiguous areas. We believe this to be a salutary first step in creating a community-oriented evaluation process to assist in resolving labor-management differences.

We also recognize, however, along with many of our Hawaii business contemporaries, that H.R. 9409, as now constituted, would not provide emergency relief during transportation labor disputes. Such disputes can be devastating to our island economy.

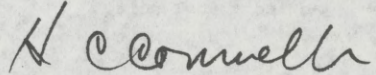
Our concerns are based on the following facts and experiences:

1. Our economy is an export-import economy, vulnerable to transportation strikes, and severely affected by them.
2. Eighty percent of all physical commodities purchased by residents of Hawaii come from overseas, many from the Mainland United States.
3. Hawaiian exports, for example, sugar, pineapple, and other agricultural products, depend largely on ocean shipping for export to the United States Mainland.
4. Since World War II, the total number of days in which maritime strikes have interrupted transportation to and from Hawaii equals four years.
5. The Taft-Hartley injunction was invoked successfully in 1961, and again in 1971. However, the 1971 strike continued for 34 days after the expiration of the Taft-Hartley injunction.

Noting these facts, we strongly recommend that you consider amending H.R. 9409 to include emergency legislation which will enable this community to maintain economic viability during the process of labor-management dispute evaluation.

Thank you.

Very truly yours,

A handwritten signature in dark ink, appearing to read "H Connolly", written in a cursive style.

The Hon. Frank Thompson, Jr., Chairman
Labor-Management Relations Sub-Committee
Committee on Education and Labor
House of Representatives
Washington, D. C. 20515

Hawaii**Drapery and Hardware, Ltd.**404 PIKOI STREET O PHONES: 533-7554 O HONOLULU, HAWAII 96814
536-3482

January 13, 1978

Honorable Cec Heftel
Representative
State of Hawaii
Honolulu, Hawaii 96813

SUBJECT: Shipping and Shipping Unions freight to Hawaii

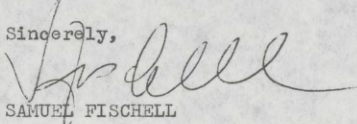
Gentlemen:

During the 1971-72 shipping strike we stacked up a loss of \$46,000. thanks to the illustrious shipping unions. Whether I stayed open and or thousands of businesses like me the unions had no care or interest on, all they were interested in was their quart of blood. We businesses have had to pay the price increase regardless.

If the United States was at war would you allow the unions to stop shipping? In the case of Hawaii a shipping strike is a state of war for all businesses here in the island. Yes, we do have air freight but if you will dust some of your congressional or IRS records you'll find that IRS would not allow us to pass on this freight increase in order to bring this freight in by air. IRS is as blood thirsty as the union and couldn't care less above my losses, only give me taxes. The loss that I incurred is still a rock around my neck and I can't get rid of it.

So, if the friends (the unions) want to have a strike put them on binding arbitration, they have no right to put a community such as the Hawaiian Islands and Puerto Rico in jeopardy just because they have an argument with the shipping lines. A shipping strike for Hawaii is a state of war. So, repeating, binding arbitration for shipping strikes, the people of this state are more important than an individual unit.

Sincerely,



SAMUEL FISCHELL

SF/smh

Theo. H. Davies & Co., Ltd.

PH: 531-8531

MARKETING / P. O. BOX 3020 / HONOLULU, HAWAII 96802 / CABLE ADDRESS: "DRACO"

January 12, 1978

Sub Committee
Labor-Management Relations
Federal Building, Room 4104
Honolulu, Hawaii 96813

Attention: Congressman Frank Thompson

Re: Hawaii Shipping Interruptions

Dear Congressman Thompson:

Twenty years ago I moved to Hawaii from the mainland U.S. because I felt there would be great business potential in the Islands as they approached statehood.

During ten of these years I owned and operated my own business. In addition to the investment in receivables and inventory which are determined by management decisions, businesses in Hawaii are exposed to unforeseen shipping interruptions that cut off their lines of supply. This problem, which is unique to the 50th State, has caused businessmen such as myself to invest their capital in ventures where the risks involved are a product of their own judgment rather than circumstances over which they have virtually no control or protection.

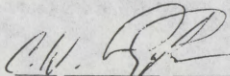
Until such time that legislation is enacted to protect Hawaii businesses against the risk of shipping strikes, the free enterprise system, particularly for small businessmen, will not have the opportunity for growth in this State.

I am now associated with one of Hawaii's large corporations. As an officer of Theo. H. Davies & Co. I have a responsibility to our stockholders to protect the interests of those activities under my direction. Although we have more "staying power" because of our size and diversification, we are vitally concerned with the exposure and uncertainty that represents a threat to our various business interests that rely on the lifeline of supply between Hawaii and the U.S. mainland.

Bill H.R. 9409, introduced to the U.S. House of Representatives by Congressman Cecil Heftel, is a step in the right direction.

I am hopeful that you and your committee will support the enactment of this legislation.

Very sincerely yours,

A handwritten signature in dark ink, appearing to read 'C. W. Shafer', is written over a horizontal line.

C. W. Shafer
Vice President

TESTIMONY OF SAM CALDWELL ON BEHALF OF
THE SUGAR COMPANIES OF HAWAII BEFORE
THE HOUSE SUBCOMMITTEE ON
LABOR-MANAGEMENT RELATIONS, ON HR 9409

Mr. Chairman, Representative Heftel, my name is Sam Caldwell. I am Director of Public Affairs for the Hawaiian Sugar Planters' Association, and am speaking today on behalf of the sixteen sugar plantation companies in Hawaii on HR 9409, a Bill to provide for tripartite regional committees to answer questions relating to labor-management relations, and for a National Labor for the Study of Labor-Management Relations in the non-contiguous areas.

Hawaii's sugar plantations, like all other business in Hawaii, are dependent on ocean-going vessels for their survival. In 1977, about 1,000,000 commercial tons of raw sugar was shipped from island ports, mostly to the West Coast for processing at C and H Refinery in Crockett, California. Practically all materials and equipments used on the plantations and in the mills must come to Hawaii on surface vessels.

For these reasons, the Hawaiian sugar producers, large and small, are vitally interested in a measure to insure that shipping tieups between Hawaii and the mainland do not occur. Particularly when there is no involvement of Hawaiian companies in shipping labor disputes, it is vital that shipping continue to Hawaii.

We appreciate the efforts of Congressman Heftel as shown in HR 9409. We would also appreciate consideration by your Committee on other shipping tieup legislation to determine whatever is the best approach to relieving the Aloha State of its ever-present fear of virtual isolation from its sister states.

Thank you.

office things inc. 740 ALA MOANA BLVD. • HONOLULU, HAWAII 96813 • PHONE 524-0220

January 13, 1978

The Honorable Frank Thompson
Washington D. C.

Dear Mr. Thompson:

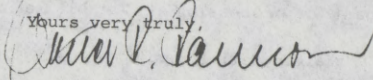
I can't help but be irritated by people who are inconsiderate of others. Our business started in June of 1971 which is the same time that the last large shipping strike took place. Office Things Inc. was fortunate to survive, however, the effect took a serious negative toll on profits for two years. In fact, if it were not for understanding bankers, we would have been a fatality like many other businesses who must depend on ocean freight to stay in business.

Our competitors are people like Boise Cascade, IBM, Xerox, and others of that stature. Although a strike is difficult for them, it is impossible for a small business such as ours.

I feel very strongly that Hawaii should receive protection from shipping interruptions regardless of present collective bargaining laws.

Let's encourage the free enterprise system in Hawaii!

Yours very truly,



Vance C. Cannon
President

VCC:jo

Arnold Greene,
227 Namokueha Street,
Honolulu 96813

**Congressmen Cecil Heftel, Frank Thompson Jr., and all members of
the House Labor-Management Relations Subcommittee:**

As a former resident of congressional districts represented by Rodino, Dwyer and Patten and a volunteer worker for former N.J. Governor Myner I assume many of my living experiences are quite similar to those of Congressman Thompson's. I was born and raised in New Jersey, living there from 1940 through 1972. While teaching in Metuchen, New Jersey for 6 years I led a teacher walkout and was instrumental as President of the Metuchen Education Association in retaining, to the dismay of our local school board, the Labor Law firm of Rothbard, Harris and Oxfeld. In fact until his death and the ultimate unification of NJEA and NEA Samuel Rothbard personally represented our group. As the son of a musician actively involved in Local 16 of the American Federation of Musicians I come from a family with very strong pro-labor feelings. In fact Samuel Rothbard frequently urged me to leave teaching and return to law school so that I could work in the labor field. Prior to my leaving New Jersey I was under consideration by the NJEA to become a field representative.

The situation in Hawaii, however, transcends the business-labor realm when the very lifeline of the residents of the state are seriously jeopardized not only with actual shipping interruptions but the mere threat of such an interruption. As a resident of Hawaii since 1973 I have not witnessed an actual lengthy interruption but I have seen the effects of threats and fears of the people of this beautiful but small isolated state.

There are no alternatives for the residents of Hawaii in the event of a shipping interruption. Any threat or actual interruption of necessary commodities could be disastrous to our state. I strongly urge your subcommittee to endorse and Congress to ultimately approve a measure which would establish some sort of commission to work with management, labor, and the people of the affected areas to keep the necessary goods flowing to and from affected areas in the event of any type of interruption.

Arnold Greene

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