Public Policy in Hawai‘i
Globalism’s Neoliberal Embrace

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“A spectre is haunting the workers of the world – the spectre of globalization.”
Dave Broad, University of Regina, Saskatchewan, Canada, 1995

“Neoliberalism is the defining economic paradigm of our time.”
Robert W. McChesney, University of Illinois, 1999

The policies pursued by the state administration of Governor Ben Cayetano – wage
freezes, cuts in social expenditures, privatization efforts, civil service “reform,” and pro-
corporate tax, fiscal, and labor policies – show the sway of globalism and its neoliberal
ideology in the islands. “Globalism” and its attendant aspects – capital’s increasing drive
for profit and the corresponding pressure for cuts in labor, education, and health and
social program costs – impact negatively on Hawai‘i’s public policies, public employees,
and the economy.

This article examines state public policies and their relationship to globalization
and neoliberalism to demonstrate their negative effects on Hawai‘i’s people. A discussion
of neoliberalism and a background to Hawai‘i’s economic model provides a context to
analyze Cayetano’s neoliberal agenda and its impact on society.

Neoliberalism

As Robert McChesney observes, “Neoliberalism [...] refers to the policies and processes
whereby a relative handful of private interests are permitted to control as much as
possible of social life in order to maximize their personal profit” (1999:40). Once
associated with the policies of US President Reagan and British Prime Minister Margaret
Thatcher in the 1980s, and now representing the immediate interests of an extremely
wealthy, powerful elite and the dominant mega-corporations of our times, “neoliberalism
has for the past two decades been the dominant global political economic trend adopted
by political parties of the center, much of the traditional left, and the right” (ibid.).

The rise of neoliberalism, which, in this day of mega-corporations and the World
Trade Organization (WTO), harks back to romantic notions of laissez-faire capitalism,
was greatly aided by the collapse of the USSR and the so-called “socialist bloc” countries
of Europe and central Asia in 1989 and the early 1990s. Capitalist ideologues and pundits
totally dismissed gravelly weakened socialist theory and alternative analyses, proclaiming
that humankind had arrived at “the end of history” – capitalism being its highest stage!
The crisis in socialist theory marginalized and undermined proponents of alternative,
participatory, and more egalitarian systems or programs which favored working people,
minorities, and the poor, weakening advocates of social change and strengthening the hand of those benefiting from the status quo.

The economic doctrine of neoliberalism in policy form promoted significant trends toward greater inequality, viewing such imbalances as “natural” and based on the “free market” – the sacrosanct term for unbridled, corporate power. In the name of this free market, the North American Free Trade Agreement (NAFTA) came into being, promoted by Clinton and the neoliberal Democrats. NAFTA’s minimal and inadequate protections for labor and the environment became well-known as abuses against North American workers and their unions in the name of free trade. Similar problems arose with the General Agreement on Trade and Tariffs (GATT) and its overreaching, pro-corporate enforcer, the World Trade Organization. The WTO was the primary target of the massive and spirited labor, community, and environmentalists’ protests in Seattle in late November, 1999. Under this corporate globalism of unfettered trade and the mandates of treaties and institutions, labor must be globally competitive while capital (but not labor) is free to cross borders with few or no constraints. This “new world order” – which was not new since it began in the late fifteenth century with the voyages of “discovery” and the rise of the capitalist world economy – now more completely absorbs the entire globe, and grasps the Hawaiian islands more firmly in its neoliberal embrace.

In the mid-1990s, the protests against this neoliberally sanctioned, capital-ordained, and militarily protected world order began to escalate and become a significant force. In mid-April 2000, tens of thousands of people, including college and high school students, union and church members, environmentalists, women and minority group representatives, came to Washington, D.C., to protest the policies of the World Bank and the International Monetary Fund (IMF), as city and federal officials shut down a large portion of federal agencies in the area and practically suspended the Bill of Rights to contain the huge protests aimed at preventing the government ministers and IMF officials from meeting. May 1, 2000, saw renewed, vigorous, and often anti-capitalist demonstrations not only in the former Eastern Bloc countries of eastern Europe and Russia, but also in England, Germany, and many other countries around the world. Global capitalism at the height of its grandeur, amidst its pundits’ and apologists’ claims of its final and total triumph over all alternative social and economic systems, is seriously challenged by constituencies critical to its continued functioning and expansion – workers, youth, women, minorities, and intellectuals.

How does Hawai‘i fit into this world view and the new global world order envisioned and promulgated by neoliberalism?

Roots of Dependency

Hawai‘i, like other imperial dependencies, was absorbed into the world capitalist system on terms dictated by the centers of global capitalism, particularly in the continental US, Japan, Canada, Europe, and Australia. Once self-sufficient prior to European contact in the late eighteenth century, Hawai‘i is now a dependent state of the United States, the legacy of its historic role from capitalism’s exploitation of markets and the international
division of labor.

Hawai‘i has suffered from a dependent relationship with the US and distorted development policies for over a century. The US imposed the burden of colonialism on Hawai‘i and its people, in opposition to their needs and interests, as evidenced in the rise of whaling and provisioning of ships in the islands, followed by the environmentally debilitating and population-decimating impact of the sandalwood trade and foreigner-introduced diseases. The constant denigration of Hawaiian culture and beliefs and the alienation of lands from Hawaiians through the Māhele of 1848, accompanied these changes. Added to the harmful impact of the Māhele, which prevented nearly 75% of the adult Hawaiian population from possessing any land, were oppressive laws and taxes enacted from 1850 – the Vagrancy Law, Labor Tax, School Tax, and Adverse Possession law (Kelly 1999:309-11). These measures further destituted Hawaiians and caused further declines in their population.³

Hawai‘i’s integration into global capitalism also brought the importation of laborers from other lands in the late 1800s and early 1900s to work on the sugar and pineapple plantations. Within decades, Hawaiians, the Kānaka Maoli, were rendered a minority in their own islands.

These colonizing, devastating impacts of misdevelopment and foreign rule became especially onerous in the overthrow of the Hawaiian government in 1893 by a small group of American businessmen aided by armed US Marines. This act of theft and state terrorism was more a coup d’etat and foreign invasion than a “revolution” as claimed by historians. The self-interest of the increasingly wealthy and powerful American sugar planters who depended on the US market for selling their sugar, formed the material and economic basis for the overthrow.

By the end of the nineteenth century, Hawai‘i had become a one-crop economy. “King Sugar” accounted for 92% of all exports from Hawai‘i – an imbalance which earlier had led to the signing of the Reciprocity Treaty between the Kingdom of Hawai‘i (under King Kalākaua) and the US government (Kent 1993:35-55). This treaty, opposed by many Hawaiians, was pushed through, as Kalākaua paid off the American sugar planters who backed his election to the throne over Queen Emma (Dougherty 1992:130). It gave Pearl Harbor to the United States as a military naval station and opened the way for US expansion into the Pacific. Hawai‘i soon became an economic and military satellite of the United States, setting the stage for the final indignity of the overthrow of Queen Lili‘uokalani in 1893.

The unrepresentative cabal of American merchants and planters took power, naming their illegitimate government the “Republic of Hawaii” and modeling their constitution after that of the least-democratic state, Mississippi (which excluded African Americans from voting or holding office). They offered Hawai‘i to the US to be annexed as a territory, without undertaking any plebiscite or treaty to authorize and confirm this new status, enacted unilaterally by US congressional resolution in 1898, a violation of the American government’s own constitutional procedures.⁴

Hawaii remained a territory of the US until 1959. During this period, the processes of capitalist aggrandizement continued as the Big Five sugar factors expanded and dominated the economy. The racist attitudes of the American colonizing power were apparent in the recurring congressional debates concerning Hawaiian statehood, a new
status accorded to Hawai‘i in 1959, making it the 50th state and greatly encouraging the phenomenal expansion of tourism in the islands. This new dominant industry would, within a decade or less, become another source of dependency, as hotels and resorts were increasingly developed and owned by large multinational corporations outside of Hawai‘i. Further problems were created as the boom-bust cycle of the tourism industry brought the economic decline of the mid-1990s.

Ascendant after statehood and propelled into power by a strong labor movement and returning WWII American veterans of Japanese ancestry, the Democratic Party came to dominate state political structures. The energetic labor movement of the 1940s through the 1960s, centered on dock workers and agricultural laborers in sugar and pineapple industries, functioned as a civil rights movement. The labor movement was a strong, genuinely popular, and democratizing force for greater participation, social benefits, workers protection, public welfare, affordable public housing, more accessible public education at all levels, and equality.

The vanguard of the labor movement was the International Longshoremen’s and Warehousemen’s Union, known as the ILWU. The ILWU was a CIO (Congress of Industrial Organizations) union with a progressive social and political program for Hawai‘i and the United States in addition to economic goals of increased wages and benefits and improved living conditions for its members. By the 1950s, the ILWU had over 30,000 members, and was, by far, the largest union in Hawai‘i.5

With the help of an active, progressive, labor movement and the infusion of many young people of Asian ancestry into its ranks, the Democratic Party elected many new officials and achieved preeminence in the legislature. However, all too many Democrats – as elected or appointed officials – misused their posts for personal gain, as told in Cooper and Daws’ book Land and Power in Hawaii (1995). But with the ascendency of the Democratic Party in the 1960s and 1970s – Hawai‘i’s era of liberal capitalism – some of the most progressive legislation in the United States was enacted in areas such as mandatory medical coverage for employees working 20 hours or more per week, unemployment compensation, worker’s compensation, and collective bargaining rights for public employees.

The Onslaught of Mass Tourism – and Exported Profits

Hawai‘i’s economy boomed during the 1960s with new construction and a mushrooming number of hotel rooms, bolstered by extremely high occupancy rates. Tourism lay at the heart of this new economic boom. The number of hotel rooms increased six-fold from 1960 to 1980 and the number of tourists increased 13 times during those two decades, reaching 3.9 million tourists in 1980.

Tourism grew to be Hawai‘i’s top industry over the four decades since statehood. In 1973, tourism accounted for 18% of the Gross State Product (GSP); by 1983, it was 24% (DPED 1983:1), and had grown to 37% of GSP ($10.63) in 1991 before declining by over $1 billion in 1992 (DBEDT 1994:312-13). In 1993, 6.1 million tourists visited the islands (ibid.:172); the number increased to 6.74 million in 1998 (DBEDT 1999:203). Foreign investment also ballooned; by 1992, two-thirds of all Hawai‘i hotel rooms
(33,590 out of 50,979 rooms) were foreign-owned, primarily by Japan-based corporations (DBEDT 1994:313). Clearly, Hawai‘i became heavily dependent on tourism.

This new economic model, in essence, integrated Hawai‘i into the most advanced capital-banking-multinational-corporate sector. Hawai‘i under this model, was positioned to assume the role of “core” or “hub” of the Pacific for developing similarly dependent tourism-oriented economies in the Pacific basin. The late George Kanahele, then director of the Hawaii International Services Agency (HISA), gave voice to this hub-of-the-Pacific concept in his report to the 1970 Governor’s Conference on the Year 2000. Supporting corporate leaders’ call for meeting the imperatives of greater US capital, military, and economic involvement in the Pacific Basin, Kanahele asserted that these trends were inevitable and that Hawai‘i should get “a bigger piece of the action.”

Enthusiasm for a US Pacific Rim strategy modeled on Hawai‘i’s experience was so great that it prompted a US Undersecretary of Commerce to remark in the late 1960s that “what we need in the Pacific is one, two, three, many Waikikis.” This model saw Hawai‘i assuming an economic role similar to that of Switzerland in terms of banking and finance. It prompted companies like United Airlines, capitalizing on expanded tourism to the islands, to see Hawai‘i as their “corner” of the world.

“Hub” Model Goes Flat!

Hawai‘i’s actual experience was radically different from these projections – especially as more hotels became owned by large, outside corporations. Tourism’s mega-profits moved quickly out of Hawai‘i, into the accounts of non-resident or foreign investors or became invested in more tourism and land development. This led to more high-priced hotels, luxury condominiums, and expensive subdivisions, exacerbating the housing crisis in the islands, and providing little investment for local trade and manufacturing sectors, which actually declined.

In 1979, 11.5% of total state income was paid out in profits and fees to non-residents, while over 43% of adult residents had adjusted gross annual income of less than $10,000. The wealthiest 3% of residents received nearly 14% of all income (Stauffer 1984-85:16). Average annual real wages of Hawai‘i’s workers declined by 22.3% between 1970 and 1982, with public employees losing 26% of their wage values in this period of profit exportation, federal wage controls, and high inflation (ibid.:13). These trends caused social researcher Robert Stauffer to remark of the 1970-to-1982 period:

> With the exception of the decimation of the native population during the 18th and 19th centuries [...] never before in the history of Hawai‘i has the standard of living of the average citizen declined to such a degree and in such a relatively short time (Stauffer 1984-85:16).

The 1993 through 1997 period saw a further small decline in real wages, as adjusted for inflation. The 1997 average annual wage in Hawai‘i was $28,356 (DBEDT 1999:371). Since 1969, real wages in Hawai‘i have declined by 5.5%; median money income for households declined 10% between 1984 and 1997 (DBEDT 1999:371,399).
The Hawai‘i promotion slogan “Lucky you live Hawai‘i” (coined in the 1980s) has become, more aptly, “Lucky if you can live in Hawai‘i!”

Thus, the “hub of the Pacific” model – a model heavily dependent on public financing for tourism’s infrastructure (airports, harbor facilities, roadways, sewers, treatment plants, water pumping plants, etc.), despite profits reaped mainly by outsiders and non-residents – led to greater dependency, a higher cost of living, lower incomes for local people, and more imports of finished goods and products, including food. It also brought about a greater state debt burden, higher taxes, lower average wages (when adjusted for inflation), and recurring periods of high unemployment (Stauffer 1984-85:13-16). This was hardly the vision depicted by the political and corporate proponents of the model, who said that it would pay for a decent level of social, health, welfare, and education programs.

A bright view of the tourism model’s prospects was perhaps reasonable in the heyday of the boom years. But by the early and mid-1990s, tourism was slipping, awash in the effects of a recession in the United States continent, and, even more importantly, in Japan. Investments from Japan and foreign sources soared during the late 1980s, reaching over $5.7 billion for the years 1989, 1991, and 1992 alone (DBEDT 1994:539). By 1992, Japanese firms employed over 38,100 workers, mainly in tourism (ibid.:537). The critical economic recession in Japan had a major impact on Hawai‘i, dramatically slowing or halting investments and reducing the east-bound tourism revenues which were a major source of state economic growth and state revenues.

Economic Downspin: Downsizing the Dream

Related to this economic downspin was the failure of the “democratic revolution,” a term used to describe the ascendency of the Democratic Party in Hawai‘i from the 1960s. As mentioned earlier, the Democrats were propelled into power by the party’s significant grassroots community and labor support, ending the oligarchic rule of Republican Party officials and their ties to the plantation, banking, and corporate elite. However, the once-reformist Democrats jettisoned their social reform program soon after achieving dominance. Many leading Democrats also proceeded to enrich themselves, benefiting from land development deals and other schemes often accomplished through their appointed and elected positions.

Beginning in the mid-1970s and intensifying in the 1980s, leading Democratic politicians began to push steadily for a diminishing of Hawai‘i’s progressive social programs and policies. Despite passage of the state’s collective bargaining law guaranteeing state and county public employees the right to unionize and negotiate for wages, benefits, and work conditions, the state administration opposed the teachers’ union’s first strike in 1973, even challenging an arbitrator’s award on classroom size in court, effectively nullifying one of the main gains of the teachers’ strike. The attack on legislated unemployment benefits, led by Lex Brodie, a well-known businessman, and backed strongly by the media and the business lobby, succeeded in the mid-1970s in making it more difficult for a worker to obtain unemployment benefits if the worker was fired from a job or resigned voluntarily.
After the 1979 five-week strike of the United Public Workers’ 9,000-member, blue-collar unit, the Democratic-controlled legislature amended the collective bargaining law to make it substantially more difficult for public employee unions to strike legally. The legislature also made it more difficult for public employees to gain the full bargaining unit membership eligibility to strike by the Hawai‘i Labor Relations Board. Public employers were also given a greater voice in deciding which workers were “essential” (and therefore prohibited and enjoined from striking).

During the Reagan 1980s, Hawai‘i’s Democratic Governor George Ariyoshi undertook policies similar to the US presidential administration by inflicting budget restrictions, position freezes, and cutbacks in funding for some public services. Under Governor John Waihee (1987-1995), the state loosened a few restrictive policies, channeling surpluses into some new social programs because of demands by citizens’ groups. Departments also added staff positions and filled longstanding vacancies during this period – the last time this would happen for a long time.

**Cayetano’s Promised “Change”: More Trickle-Down Theory**

Ben Cayetano’s summer-fall 1994 gubernatorial campaign was revealing and instructive, beginning with small, informal coffee hours with potential supporters. At one of these coffee hours, which I attended, Cayetano tested his basic campaign approach; he was going to stand for change. Asserting that he hailed from working class roots in Kalihi, Cayetano answered a question I asked about exactly what kind of change he favored. He said that Hawai‘i needed to be friendlier to business and have a “better business climate,” correcting its anti-business image. His specific proposals included lowering labor costs and setting up free-trade or export-processing zones, leased areas where businesses could be free from burdensome state taxes and regulations, including minimum wage provisions. This would send a clear message that Hawai‘i was friendly to business, making Hawai‘i “globally competitive” with other areas. In other words, Cayetano was implying that workers’ wages and benefits were too high.

This is the all-too-frequent way that politicians and the corporate mass media frame the issue: Hawai‘i must “prove” that it wants businesses to invest and provide “incentives” to entice them. The “selling” of Hawai‘i as a business location by elite public officials is accomplished by courting potential, large investors and corporations with promises of substantial profits through lowered labor costs and business taxes – at the expense of working people. The pot is also sweetened by subsidies to entrepreneurs from state or county treasuries as evidenced in the Ms. Universe contest, the Hula Bowl, and the currently controversial use of public funds for the TV program *Baywatch Hawai‘i*.

What more equitable, humane alternatives to this model exist? It would be better if Hawai‘i’s political leaders boasted of enlightened social policies, quality public schools, excellent universities and colleges, affordable housing, and premium health care, child care, elder care, nursing care, and other services and conditions that speak to Hawai‘i’s human resource assets and attractiveness. This might also attract companies to
do business with, or set up operations in, Hawai‘i – if only these conditions existed! Other non-bottom-line enticements are Hawai‘i’s multicultural people, its geographic location, weather, recreational and natural resources, and health-enhancing environment. These factors seem not to count when politicians and the corporate media discuss Hawai‘i’s appeal to investors and corporations. To non-resident investors, these items do not merit consideration, since the “bottom line” – profits – is the overriding concern. Therefore, for Hawai‘i to be “better” to business it means that public policy should lower workers’ wages and benefits and minimize social expenditures and other costs of doing business in the islands.

As evidenced by his remarks at the coffee hour and his subsequent actions, Cayetano clearly subscribes to this “low wage” theory of economic development – a clone of the much-disputed “trickle-down” approach. This theory, coupled with structural adjustments such as privatization schemes and labor law (or civil service) “reform,” is the handmaiden of neoliberalism. At the coffee hour, I countered Cayetano’s position with advocacy of a High Wage Theory, saying that Hawai‘i’s development policies should aim toward creating a sustainable, more diversified, and higher-wage economy. Hawai‘i should also seek to break away from the current embrace of multinational corporations and the present over-emphasis on tourism and its low-paying service sector jobs. Higher wages, good benefits, decent pensions, and affordable health and child care, together with expanded educational opportunities, would create a much more prosperous, just, and equitable society. The state in the early 1990s promoted another slogan to support the tourism industry, as residents were told via public service announcements and ads that “the more you give, the more you get.” I told Cayetano it was time to turn that slogan around (“the more you get, the more you give”) because working people’s incomes had steadily decreased, and job security diminished. Cayetano just politely nodded.

Some weeks later, when Cayetano addressed a September 1994 Labor Day breakfast organized by the Hawai‘i State AFL-CIO (American Federation of Labor and Congress of Industrial Organizations), he again presented himself as the candidate representing change, but was vague on his proposals, emphasizing instead his working-class origins, labor ties, and service as a Senator and Lieutenant Governor. No one questioned him about what kind of change he advocated or represented. With strong labor support, especially from public employee unions, the ILWU, and other AFL-CIO unions, Cayetano won the November 1994 election for Governor.

**Embrace of the Neoliberal Agenda**

Noel Kent (1994) sounded the warning about the end of the postwar American Age of Abundance and the arrival of the age of “austerity, insecurity, and inequality,” as corporate downsizing and restructuring emerged everywhere, incomes and wages shrank, and Hawai‘i’s economy, dependent on tourism, began a major slump. Kent observed that the years ahead would be “more crisis-ridden,” with fewer funds available for state government’s cooptation of Hawaiian and other social demands, and consequently social disintegration and ethnic/class polarization would escalate. Kent also envisioned the opportunity for a new, dynamic politics based on mutual respect, support for the
Hawaiian sovereignty movement, sustainable community development, and the inclusion of the marginalized (Kent 1994:190-91). Cayetano’s neoliberal political agenda quickly jettisoned this possibility, but also awakened broad opposition, which may yet demonstrate the potential of these alternative directions in the last few years of Cayetano’s second term.

Although privy to all Waihee cabinet discussions and the state of the state’s finances, when Cayetano assumed office in January 1995, he acted “surprised” at the state’s fiscal situation and declared a fiscal emergency in his first State-of-the-State address. Many observers bought this performance, saying that the new Governor had little option but to mandate position freezes, order cutbacks in state programs and spending, hike user fees, and eventually downsize the government through state workforce reductions. They believed the remarkable claim that he had not known of the increased expenditures and declining revenues the state experienced nor of the consequent budgetary problems. However, these conclusions are both extremely dubious and naive. Given Cayetano’s former position as Lieutenant Governor, it seems ludicrous to claim that he was not in a position to know the condition of the state’s expenditures, revenues, and budget.

Cayetano had other options (raising additional revenues, borrowing additional monies, supporting special taxes for education and health needs, making state income taxes more progressive, dropping the expensive Convention Center project, etc.), but he opted for the most reactionary, divisive, ineffective, deceptive, and disruptive approach. Claiming that he had been caught unawares upon assuming office, he then blamed the size of state government and public employees in general for the alleged shortfall crisis in the state’s revenues. While vowing not to raise taxes, he nevertheless proceeded to hike user fees and licensing charges for state social, health, and educational services and permits.

Cayetano also could have pointed to Hawai‘i’s dependency on tourism, especially in times of recession, and proposed bold initiatives for economic diversification and growth. He could have advocated more governmental borrowing and spending to sustain and boost the economy during slow times. However, he took the opposite path of belt-tightening, employment reduction, position and wage freezes, consequently worsening the effects of inflation. At the same time, while deciding against instituting new taxes or hiking taxes, he had the state raise almost all user fees for state public facilities and health care institutions and services, and allowing University of Hawai‘i tuition rates to rise substantially as well, while paring down the University itself. These increases in user fees, licensing fees, and university and college tuitions were a veiled, regressive tax hike, placing a greater burden on lower- and middle-income residents, especially working people and their families.

**Figures Belie Myth of Oversized Government**

What lessons would be gained by revisiting the three decades before Cayetano began his term as Governor? State and county governments actually grew only moderately, compared to the growth in Gross State Product. In 1960, there were 22,500 state and
county workers; in 1970, 40,260; in 1980, 59,050; and in 1990, 71,450 (DBDET 1994:300). The Gross State Product in 1960 was $1.8 billion; in 1972, $5.3 billion; in 1980, $12.2 billion; and in 1992, a whopping $30.2 billion (DBDET 1999:390). State and county expenditures grew by 22.8 times (in current or fixed dollars) from 1960 ($269 million) to 1992 ($6.15 billion), while the GSP went up 16.8 times (in current dollars). The number of public employees increased just over three times in that same period, from 22,000 to nearly 78,000 (ibid.:300).

These figures call into question the media-spun, neoliberal notion that government had grown too large and out of proportion to the rest of Hawai‘i’s society and economy. A corollary of this myth was that government needed to be cut back drastically, public employment reduced, and public services privatized or scaled back – the path chosen by Cayetano and company.

In 1995, Cayetano launched his retrenchment program, veiled in the guise of necessity, but this program smacked more of neoliberalism than real need. His aide in advocating this course of action was Budget Director, Earl Anzai, who hailed from downtown banking circles (Anzai is currently Cayetano’s Attorney General, having failed to be reappointed to Budget Director in 1999). The Cayetano-Anzai policy catered to business demand for scaled-down government, lower taxes, reduced social spending, and fewer state regulations on companies doing business in the islands. This policy direction was intended to free capital from restrictions, so it could do its “magic” of making the economy grow – or at least, thus went the message proclaimed by the policy’s proponents.

As part of the same policy thrust, Cayetano told state departments to cut their budgets substantially, and to effect their first reduction-in-force (RIF) since the advent of collective bargaining in 1972. Although only a few hundred employees were affected in the 1996 RIF (and fewer still lost their jobs), the widespread message resonated deeply among public and private employees. Funding of the county governments through state coffers was also scaled back, leading to problems in county government finances as well.

Cayetano added to these austerity measures by opposing any pay hikes for state and county employees throughout his first four-year term in office. He maintained this position until a threat of a teachers’ strike in 1997 and the state’s loss of arbitration proceedings in 1997-98 caused the public employee unions to win wage hikes totaling between 9 and 17 percent for the four years from July 1995 through June 30, 1999.11

By 1997, job security and regular pay hikes had become things of the past in the public as well as the private sector – relegated to the role of relics, in the age of globalization and neoliberal pronouncements emphasizing the need to be competitive and flexible. Competition and flexibility, along with privatization, elimination of waste, and “civil service reform” became the buzzwords for undermining job security and union rights, and for reducing wages, benefits, labor protections, and entitlements.

Budget Director Earl Anzai, in public platforms, railed against the “generous” retirement benefits received by public employees, particularly the fully paid health insurance plans for employees and their spouses. He failed to point out that medical plans are only partly covered by the employer during the employee’s active service, and that the better retirement benefits were meant to compensate for wages generally 25 to 30% below those paid to comparable public employees in the western United States.12
cost of living in the islands is in fact 27.1% higher than in other US cities (DBDET 1999:424). These one-sided attacks, designed to target active, retired public employees for future cutbacks in their health and retirement benefits and wages, including reductions in vacation and sick leave benefits, and pushed in earnest at the 1997 through 2000 annual sessions of the state legislature, culminated in the so-called “civil service reform” advocacy of the Cayetano administration at the 2000 legislature.

These policies sought to make Hawai‘i a better place for corporations, reinventing it to maximize the outflow of profits. This vaunted neoliberal model assumes that if corporations are enticed to locate and thrive in Hawai‘i, then their profits will “trickle down” to benefit consumers and workers. But, as noted before, this “trickle-down” did not occur in the 1980s, especially for workers whose real incomes declined. Nor did it occur in the 1990s to any great extent, and is even less likely to occur in the first decade of the new millennium.

The disparity between those with wealth, and those with little or nothing, has grown. Inequality in the United States increased significantly over the past two decades; family incomes of the top fifth grew by 38% since 1980, but fell by 5% for the lowest 20% (Zipser 2000:4,5). Inequality now escalates globally as well, with poorer nations getting poorer and the richer nations richer, in general. Sustaining decent wage levels and benefits becomes difficult when corporations always threaten to relocate elsewhere.

State and local governments thus subsidize big corporations, sports club owners, and the like, in order to keep or bring business to town. Governor Cayetano, for instance, promoted and signed a bill providing $3.3 million of state monies to the Miss Universe Pageant held in Hawai‘i in May 1999. Baywatch Hawai‘i currently attempts to obtain state funds as an incentive for production to remain in the islands. Cayetano and the legislature were inclined to pay hefty amounts from the state’s general fund to keep NFL bowl games here and entice huge economic entities to stay in, or to come to, the islands.

While implementing layoff procedures that affect state employees and freezing positions, the state jumped to provide over $200 million to construct a boondoggle Convention Center by 1999 for the benefit of the huge tourism corporations, airlines, and hotels. Given the scarcity of mega-conventions and the extent of competitive sites elsewhere, this scheme will cost Hawai‘i taxpayers millions every year. The convention center funding measure passed with hardly any opposition, despite the reported shortfalls in state tax revenues as tourism declined. In all the years of forced austerity, however, the state actually experienced budget surpluses, enabling it to retain a good borrowing rate from major money lenders, whose interest collections are never scaled down during hard times. Bankers’ and lenders’ interests and profits clearly come first in the neoliberal agenda of capital, while public employee pay rates become targets for state downsizing action, rather than interest rates for state-incurred loans.

When Cayetano and Anzai proclaimed that Hawai‘i must be business-friendly and that labor must be more competitive, they subscribed to the neoliberal globalist doctrine and its main tenets. Leaving out the interests of working people from the vision and equation, these political leaders transformed the democratic dream of equality and prosperity for all into its corporate opposite – wealth, luxury, and power for just a few. This represents a clear renunciation of the basic tenets and constituencies, which gave rise to the Democratic Party in Hawai‘i.
Consequently, when Cayetano began his first four years as Governor, labor and progressive movements were at an ebb, save for the growing Hawaiian sovereignty movement. A defensive mindset was in evidence, with labor struggling to keep past gains. Public employee unions, with the exception of the teachers’ union, did little to contest the austerity policy stance of Cayetano and Anzai.

When Cayetano assailed the institution he now led – the state government – claiming it had grown too large, inefficient, and unresponsive, he echoed the imagery and pronouncements of the corporate mass media and business lobby, which depicted the state as a large, indolent pig. This depiction ignored the fact that the number of state employees actually declined between 1993 and 1995 (DBEDT 1999:300).

**Privatization and the Konno Decision**

More disturbingly, Cayetano implied that public employees and their unions, and the civil service and collective bargaining systems which benefited them, were to blame for most of the problems faced by the state government. His simplistic but revealing solution came in two major proposals: privatization and civil service “reform.”

The first privatization initiative was attempted in the mid-1990s by the County of Hawai‘i. Without consulting fully (or negotiating the matter) with the United Public Workers (UPW), the county opted to subcontract the building and maintenance of an expanded landfill to a private company, Waste Management, one of the largest US waste disposal companies. The Hawai‘i county government, backed by the state government, fought the labor board’s determination that the county violated the union’s bargaining rights in contracting out the building and staffing of the landfill. *Konno vs. the County of Hawai‘i* eventually went to the Hawai‘i Supreme Court. In a landmark decision in the union’s favor, the Court referred to the merit principles found in the Civil Service section of the state constitution. Therefore, it deemed the private contracting out of work normally done by civil service employees a violation of the state’s constitution, not only a union contractual violation.

Cayetano immediately assailed the decision, urging legislative action to undo what was depicted as an infringement of management’s right to operate in the most efficient manner. His administration saw privatization as a key tool toward this end, even though it is often used to eliminate union representation, lower the general wages of the affected workforce, and lead to layoffs and unemployment for public employees displaced by privatization actions. The 1997 and 1998 legislative sessions became heated over the issue of privatization, and what subsequently emerged – a provision for “managed competition,” with a panel to review the relative advantages of privatization proposals – seems unclear and has not been implemented.

**Cayetano’s Economic Revitalization Task Force**

The “managed competition” proposal emerged from another vehicle of change that Cayetano instituted with the support of the leaders of the two largest public employee
unions, Gary Rodrigues of the UPW and Russell Okata of the Hawai‘i Government Employees Association (HGEA). In July 1997, Governor Cayetano appointed an Economic Revitalization Task Force (ERTF) which, in addition to himself, included union leaders Okata and Rodrigues, twenty business and corporate leaders, the Speaker of the House, the Senate President, and the University of Hawai‘i President. Small business was left totally unrepresented and labor’s representation was minimal, especially after the International Longshore and Warehouse Union’s leader quit the Task Force, viewing it as unrepresentative of the community. But Rodrigues stayed on the Governor’s Task Force, as did HGEA leader Okata.

The Task Force held its first meeting in August 1997, and its final meeting on October 21 of that year. When its recommendations were announced on October 22, 1997, the results demonstrated the Cayetano administration’s full embrace of neoliberalism, and the colluding role of the two public sector union leaders. The anti-worker, anti-people, pro-corporate content of the recommendations was evident from the outset, and opposition began to mount early on. The Task Force, sensing the unpopularity of several key recommendations, also agreed to mount a major public relations campaign, designating substantial funds for a significant amount of advertising on television and in the print media. Task Force members, including the union leaders, appeared on talk shows and special broadcasts touting the work and proposals of the Task Force.

The most significant, and revealing, proposals were as follows:

1) Reduce personal income taxes for people in the top tax bracket from 10% to 7% in the first year, and to 6% after three years. This would benefit higher-income residents disproportionately. The Task Force recommended tax credits for lower-income folks, credits which many poor residents never claim, since they do not file tax returns at all.

2) Immediately cut corporate income taxes by 50%, giving businesses a windfall of $40 million. The media and business lobby is currently pushing for the elimination of all corporate income taxes, shifting the tax burden even more onto the backs of working people and other residents.

3) Hike the General Excise Tax from 4% to 5.35%. This regressive tax, which affects low- and middle-income people disproportionately more than the wealthy, would bring $260 million more into state coffers, and again shift the tax burden away from business, onto residents and consumers.

4) Add substantial tourist and hotel room taxes and augment state subsidies for tourism promotion by dedicating a larger portion of the Transient Accommodation Tax (3%) for tourism marketing.

5) Eliminate the State Land Use Commission, which has at times provided for citizen and organizational input against rampant development by mandating more uniform planning with environmental and economic factors fully considered. The elimination of this state agency, coupled with the inadequacy of some local governmental review procedures, would give a green light to more high-priced luxury developments.

6) Eliminate worker’s compensation for stress claims when work-related stress arises from “disciplinary” situations.

7) Allow for privatization via managed competition, i.e. private businesses bidding against current public agencies for providing state or county services. This
process could lead to privatization schemes in which non-union contractors provide services formerly done by public employees. The contractors’ employees would receive lower wages and fewer benefits than accorded the public employees, creating a de-unionization effect, especially for state and county blue-collar custodians or food service workers, who could be replaced by workers from non-unionized private sector companies or employment services. This system of privatization could work to lower wage levels generally in the community, to eliminate union protection and job security, and to displace public sector workers.

8) Eliminate the current system of electing the State Board of Education and allow the Governor to appoint all the Board of Education members as well as the Superintendent, currently appointed by the elected Board. This Task Force proposal, advanced in the name of greater accountability, is a de-democratizing concept; it gives the state’s chief executive much greater power to tailor the public schools, their curriculum, and teaching staff to the requirements of the neoliberal agenda. There was also a general recommendation to “instill a world-class focus on the Pacific Rim.” This most likely refers to the perceived need to make public education better serve the needs of businesses and employers in the Pacific basin, rather than the needs of local students and communities.

Kent (1999:281) observed that the total Task Force package was designed to make Hawai‘i “more attractive for a new round of globalization” by:

1. transferring the tax burden and impact of the State’s revenue crisis onto the backs of local working- and lower-middle-class people and small business.
2. eviscerating the State regulatory environment to reduce the socially responsible costs of old and new capital.
3. radically increasing State expenditures to support tourism promotion.

Despite the ERTF’s substantial expenditures for ads on TV and in the newspapers, rallies at the legislature organized primarily by business with help from a few public sector unions, and televised “panel discussions” featuring Task Force members, the state legislature failed to buy into the proposals. The excise tax increase was the most widely opposed Task Force measure. Cayetano and the legislature did enact general tax cuts in the 1998 legislative session – but at a time of proclaimed budget shortfalls and austerity. The HGEA and UPW supported these tax cuts in 1998 at a time when their members’ negotiated and arbitrated pay raises were put on hold at the legislature – and consequently delayed a whole extra year until the summer of 1999. For UPW members, this meant going an extra year – five years in all – without a pay raise.

Other ERTF proposals, such as autonomy for the University, were implemented. However, its major proposals faced considerable public opposition and so they were defeated in 1998 and were largely not resuscitated in 1999.

“Civil Service Reform” – Revamped Neoliberal Campaign

Blocked in his Economic Revitalization Task Force effort, Cayetano, after his narrow re-
election in November 1998 (amazingly endorsed again for reelection by all major, statewide, public employee unions except for the college professors’ union, proceeded to campaign for “Civil Service Reform.” The packet of legal changes proposed by Cayetano surprised even some in his administration, including Mike McCartney, the Director of the State Department of Human Resource Development (DHRD). McCartney, a popular former state senator, was assigned to carry the ball for Cayetano with the unions and the legislature.

Despite the high level of public spending on the infrastructure necessary for tourism and business, Cayetano and the corporate media have been pushing to abolish all corporate income taxes. This proposal comes after the federal government cut corporations’ share of tax revenues from 35% of the budget in the 1950s to 9% today. All the while, the pay of CEOs employed by the Fortune 500 companies increased 925% between 1980 and 1995.

Through the Economic Revitalization Task Force proposals, Cayetano also engineered a reduction in the income tax (a measure supposedly intended to spur economic growth), at a time of diminished state revenues. Taxes could drop by as much as 23% over the next few years due to the cuts approved in 1998 – and although the 2000 legislature considered reducing these cuts due to current budgetary tightness, Cayetano strongly opposed this, so no decrease in cuts was legislated. As for the tax cuts’ “positive” impact on the economy, in January 2000, economists Paul Brewbaker and Michael Sklarz told legislators that the cuts had had no discernible effect, citing the recovery of the Asian economy as perhaps the most important factor in Hawai’i’s own economic recovery (Dayton and Arakawa 2000).

Cayetano and his administration continue their assault on public employees’ benefits. The February 2000 issue of the Governor’s newsletter, Governor’s Report featured an article, that was alarmist in nature, on the “skyrocketing costs” of Health Fund benefits for public employees and retirees, claiming that $44 million in 1988 premiums was paid, while the anticipated 2013 premiums would reach $1 billion. Current annual health premium costs (in the year 2000) are approximately $240 million. The state government in the early years of the Cayetano administration (1996 and 1997) hardly blinked when the largest health insurance carrier, HMSA, with whom the state insured the health benefit plans for most of its employees, announced a premium hike of more than 22%. (This occurred at a time when HMSA was realizing substantial surpluses).

Yet the state at the same time sought to prevent its employees from enjoying any pay increases and also refused to allow the Health Fund to become self-insured for the provision of health benefits to employees and retirees. The Public Employees Health Fund sought legislative approval to use surpluses to establish its own insurance reserves and act as the insurer of benefit; it would then not need to retain for-profit or non-profit health insurance companies to take the risk and pay for benefits. Other large employers, such as Queen’s Medical Center and Straub, are self-insured. Instead, the Cayetano administration (with legislative support) confiscated the so-called employers’ share of the substantial surpluses accumulated by the Health Fund, making self-insurance impossible and continuing to allow health insurance companies to make a profit on insurance contracts on top of servicing fees.14

Cayetano’s proposals for the 2000 legislative session included raising co-
payments of employees and retirees for medical services and prescription drugs, reducing or eliminating health plan coverage for spouses of retirees, and eliminating dependent coverage for employees hired after July 1, 2000 (Perez 2000a,b,c). The Governor also proposed eliminating overtime pay when calculating retirement benefits, allowing counties to have their own personnel systems and negotiate separately with the unions (rather than the current statewide system), and creating more flexible and general job classifications to promote flexibility and “performance-based” pay options.

The vehicle for this assault on public employees and their unions was State House Bill 2518, a bill redefining “merit principles” as covered in the state’s constitution to emphasize “performance” rather than seniority in retaining one’s position as an employee or manager or gaining advancement. The revision of “merit principles” is important to the neoliberal agenda of Cayetano and his backers, since it would undermine the State Supreme Court’s decision preventing unilateral privatization.

HB 2518 also redefined layoff procedures to make it easier for the state to invoke them and to use separation incentives (for instance, early full retirement benefits) rather than the contractual bumping system (which provides for layoffs or transfers of the least senior employees in an organization or work segment), which has proven very unwieldy and ineffective. The major corporate media were strongly supportive of these “reform” measures, saying things such as “the future viability of state and county government is at stake,” and that Cayetano “deserves the support of all citizens concerned with good government in winning enactment of his program” (Honolulu Star-Bulletin 2000).

This bill – touted as a “civil service reform” or “government reform bill” by the media and a “public employment reform bill” by McCartney and the Governor – also substantially reduced sick leave and vacation leave allowances for prospective state and county employees (hired after July 1, 2000) from the current levels (21 days each) to 10 to 14 days. This would introduce a double tier of benefits into the public workforce and violate the equal-pay-for-equal-work provisions of current state law. This inequitable proposal did not win any significant legislative support.

In the bill, the Governor also included a proposal to remove state teachers from the Civil Service System and set up special rules for them in their employer-employee relations with the Department of Education (DOE). The DOE would have its own personnel system, but not be empowered to negotiate its own labor contract with teachers. The public education objective of the Economic Revitalization Task Force’s reforms, thwarted in the 1998 and 1999 legislative sessions, is currently pursued in the 2000 legislature. The DOE Superintendent and the Governor support an “accountability” bill for public education which, in its original form, eliminated many of the protections teachers enjoy via their collective bargaining agreement. This bill contains provisions for consultation and negotiations with the teachers’ union to work out the details of this accountability system, including the provision of compensation and incentives based on the evaluation of teachers and administrators. The current teachers’ pay system, by contrast, relies on union-negotiated pay rates and the level of education the teachers achieve.

Other proposals initiated by Cayetano include placing limitations on arbitration for contract negotiation or grievance awards, and permitting employers to make changes in policy without negotiating an agreement with the unions affected.
Very little of the Governor’s anti-worker agenda cleared the 2000 legislature. The most blatant attempts to scale back benefits and collective bargaining rights were rejected. The so-called “accountability” bill affecting teachers did win approval, though in an amended form which met most of the Hawaii State Teachers Association’s (HSTA) concerns. Public school teachers were the most militant in struggling for decent pay raises and criticizing Cayetano, although the HSTA endorsed Cayetano in the last election. State house legislators supported removing binding arbitration from collective bargaining, but the state senate did not go along with this change. (The HGEA had given up its units’ right to strike a few years ago, and was opposed to having this “right” given back to their members).

Public employee unions, supported by many private sector unions, conducted a “Unions Rally” under the banner “We’re All in This Together,” urging union members to come out on the afternoon of April 19, 2000, to “stand together to preserve worker rights and benefits.” Over 3,500 workers attended the rally (the media gave a figure of 5,500), though the turnout from some public employee unions was much less than expected. Given the scale and enormity of the Cayetano administration’s attacks on their union members, the tone and nature of the rally seemed fairly restrained. This may have been so because almost all labor leaders and their unions had endorsed Cayetano for re-election in November 1998. Some union leaders attacked state politicians in general, seldom mentioning any names, and opposed the Governor’s “reform” program publicly (while not naming him). Some public sector union leaders were in the midst of accepting “reforms” in exchange for either modest pay hikes (already won by the HGEA in arbitration) over the four-year period from July 1999 through June 2003, or the dumping of the rest of the “reform” package, which in fact occurred.

In accordance with this modus operandi, UPW leader Gary Rodrigues agreed to a “managed competition” approach to bidding for provision of staffing and services for any new state prison to be built. This legislation was vetoed in mid-May by Governor Cayetano, who assailed the unfairness of the bidding process which allowed the UPW to have the last bid and to meet lower wage and benefit costs. This strange legislation could have led to a union-sanctioned, two-tier wage and benefits system for prison staff, a situation which would have undermined union principles, as well as the state’s own statutory guarantee of equal pay for equal work for public employees in the same or similar classifications.

Despite recent reports that state revenues will be at least $114 million more than expected this year (Dayton 2000a), Cayetano came out strongly against any pay raises for public employees. In reaction to a briefing he received on the likelihood of arbitrated pay raises and step increases in the range of 9 to 14% for 23,000 employees represented by the HGEA for the period of July 1999 through June 30, 2003, Cayetano said he would oppose the legislature’s approval of such raises and would veto any attempt to rescind the tax cuts approved by the legislature in 1998 and 1999 in order to fund these raises (Dayton 2000b).

Cayetano has also said that another argument in favor of his proposal to abolish or revise the current system of binding arbitration for the HGEA bargaining units is that an arbitration panel currently awards such pay hikes. In mid-May, however, the Governor changed his stance and said he would support modest pay raises if state revenues
continued to rise.

Conclusions

As the 2000 legislative session ground to a halt, it was significant to see how much of Cayetano’s neoliberal package failed to pass, and observe the critical role that unions played in the rejection or amendment of the most harmful measures. Although the corporate media tended to give credit to the UPW’s Gary Rodrigues’ behind-the-scenes influence for the defeat of the Governor’s proposals, the mobilizations of rank-and-file teachers, HGEA members, and retirees as lobbyists probably played a greater role. The teachers’ union, the HSTA, organized two-hour, after-school, lobbying sessions at the legislature during much of the session, involving 10 to 15 teachers each day from Honolulu, Central, Leeward, and Windward districts, with appointments made each day with legislators from these respective districts. Over a thousand teachers attended the mass rally, along with many HGEA members. The UPW had a much smaller turnout.

One principal reason for Cayetano’s failure to get his reactionary package approved by the legislature was the disunity among public employers, key players within the Cayetano administration, and the Democratic Party. There was no unity by the elite on a good many of the neoliberal, backward-looking, anti-union proposals that Cayetano lay on the legislative table. Between the Senate and House leaders, there also was no common approach to or agreement on the various, often unrelated, inconsistent proposals for “reform.” The whole campaign was mishandled from on high, and the corporate media never got totally behind the mixed bag of proposals, a fortunate development for Hawai‘i’s workers and people. Little public reaction resulted from the defeat of almost all of Cayetano’s proposals, however except a sense of relief from the public sector workers, unions, and teachers.

This means that Hawai‘i is at a new juncture in public policy formulation. A revitalized social and labor movement is essential to turn the tide against neoliberalism’s encroachments and proponents in government, business and even labor. Perhaps the new popular uprisings against the institutions of neoliberal order, the World Trade Organization, IMF, and the World Bank, and against corporate hegemony in general, augur a new turning point in Hawai‘i-based opposition and challenges to more corporate impositions. The coordinated labor rally – involving both private and public sector unions and their members and supporters – definitely signified a better approach to dealing with the demise of the democratic promise and the assaults against past labor and social gains.

But will union members, particularly in public sector unions, become more active and vocal in continuing to oppose these encroachments and policies? Will these members gain more say over their unions and unions’ political stances? Will union leaders repudiate their previous collusion with the neoliberal, pro-corporate agenda, and their embrace of Cayetano and his policies? Will union leaders conduct and sustain a determined campaign to mobilize their members against these measures? Or will there be a continuation of the behind-the-scenes self-serving wheeling and dealing by a few leaders – which may have warded off some harmful changes, but which also demobilized
workers and enhanced the opportunities of others to scapegoat workers and their unions?

Time – and more importantly, mobilization and engagement – will tell, if there is to be a positive change against the trend of neoliberal public policy and towards popular empowerment and equality. The election victory of challenger Eric Gill last April to the top post in the Hotel and Restaurant Employees Union (Local 5), narrowly defeating a long-entrenched union leader, may signal impending change as well as testify to the efficacy of Gill’s grassroots electoral campaign within the union. Gill and his supporters raised issues of the hotel owners’ contracting out of union jobs and services in order to bolster profits and undermine the union. Such subcontracting has the effect, Gill pointed out, of lowering the wages of the contracted jobs from approximately $12 to $7 per hour. The struggles against subcontracting, and making unions more effective and responsive to members’ needs, are now underway. The mobile demonstration and informational picket line conducted by over 500 members of the union on June 20, 1999, opposing the continuing subcontracting by hotel employers like the Hilton Hawaiian Village, was a positive sign of change, membership participation, and more mobilization to come.

The need for promoting organizational as well as broad-based social change through these issues in contradiction to neoliberal policies and structures, is not hypothetical. Social benefits and living standards are under assault in the developed countries of Europe, Japan, and North America as well. This pattern and its effects are also clearly visible here in Hawai‘i. It will require our will and action to halt its negative impact and reverse its direction. As McChesney concludes:

The current neoliberal order has generated massive political and economic crises. [...] Tremendous upheaval is in the cards for the coming years and decades. There is considerable doubt about the outcome of that upheaval, however, and little reason to think it will lead automatically to a democratic and humane resolution. That will be determined by how we, the people, organize, respond and act (1999:47).

Capitalism has become increasingly monopolized, cartelized, conglomerated, and concentrated. Contrary to the tenets of neoliberalism, the espoused benefits of “free trade” and “free markets” accrue to well-positioned multinational corporations, not to the people. Global monopoly capital increases polarization and marginalization within and between nations, and rekindles the impetus for narratives of mass organization, mobilization, and struggles for a more just and equitable society.

The rising, popular protests in the United States and other countries against the impositions of the IMF, World Bank, and World Trade Organization are becoming more explicitly anti-capitalist. Take, for instance, the June 23, 2000, statement issued via the internet by the International Action Center (a force in the organizing of several recent major protests) in the aftermath of the unjust, widely opposed execution of Shaka Sankofa (aka Gary Graham) in Texas, June 22, 1999: “Build the movement against capitalism [...] because it is beyond reform. We need to build a different type of society based on meeting the real needs of people instead of profit for a few millionaires and billionaires.”

Kent makes this same basic point about Hawai‘i’s economy:

Rather than the endless quest for more economic “growth” and more tourists, the focus
needs to be on community-based and innovative economic development, and on utilizing a grass-roots, democratic, regulatory regime which advantages public over private goods, to make Hawai`i-based and overseas corporations instruments of our development. None of this will happen without the painstaking, issue-by-issue building of a broad based political coalition of citizens devoted to transforming Hawai`i (Kent 1999:283).

Many voices challenge the neoliberal “free market” theories used to rationalize the rapacious corporate plundering of the world, its people, and the environment. Now we need more alliances of kindred groups and constituencies (labor with environmentalists, Hawaiians with non-Hawaiians, women and minority groups, gays and straights, employed and unemployed, young and old), a greater sense of shared purpose, and more organizations capable of changing the status quo. Aoudé makes the related point that organizational forms beyond alliances, single-issue organizations, and ad hoc campaigns are needed: “Class politics, which takes other social dimensions into account, make it imperative to build a multi-ethnic, multi-national political organization of revolutionaries in the various grassroots organizations that would comprise a developing social movement” (1999:295).

Whether such an organization can be forged within the US or Hawai`i context remains to be seen. Other models provided by the Zapatistas of Mexico, or from the past example of the banding together of revolutionary groups in El Salvador, may also be instructive. Such revolutionary movements need to be inclusive, not elitist, and require openness and democracy, as well as full discussion of activating theories, principles, and goals.

New democratic and anti-capitalist narratives and strategies need to be forged, and the old narratives and socialist theories reexamined, critiqued, refurbished, and where possible, reinvented or restored, with a recognition of past deficiencies. This includes a revisiting of theories of organization and mobilization toward building less elitist, more inclusive and participatory, forms of organization, using the technology and devices of these times for liberation and cooperative social forms, rather than augmenting corporate control over all social, cultural, and economic life. The vision and framework of a new social order must be found and developed in the organs and mobilizing methods of struggles against the current order.

Labor organizations, to be relevant and important to social change, must become an ever-greater part of the overall social movement, and play a leading role. This necessitates the unions’ return to, or embrace of, a more socialist, cooperative, and egalitarian vision of society, coupled with a more democratic structure, greater use of mobilizing tactics, and an abandonment of liberal or neoliberal (primarily electoral) politics as usual. The Labor Party (established in 1996) may play an important role toward this end in the United States, especially if the Democratic Party continues to advocate neoliberal policies and support neoliberal politicians such as Bill Clinton and Ben Cayetano.

Progressive churches can also be major allies in this process of social mobilizing for basic change, and are beginning to partner with forward-thinking labor organizations in local alliances and campaigns. A recent, successful, union organizing campaign by the ILWU at Straub Hospital and Clinic in Honolulu was supported by active church
members and clergy. The national AFL-CIO encourages these types of alliances with churches.

The electoral game of choosing between candidates of two “parties” which are essentially the same must be brought to an end. Labor and its allies can play a major role in accomplishing this, especially as it forges alliances with other forces in contesting the corporate and banking institutions of global exploitation. It is time to break out of the shell imposed by neoliberal approaches and conservative politics, and to reclaim society for those who comprise it, those whose labor built and continues to sustain it, for the sake of our future generations.

Notes

1. One alternative theory in the interpretive tradition, known generally as postmodernism (named sequentially by what it follows – modernity – which it calls into question), is fashionable in academia, offering respite, perhaps, in its dismissal of the entwined, interactive, modernist notions of “progress” as well as reformist or revolutionary concepts found in “grand narratives” and comprehensive theories of social change. Postmodernisms’ dismissal of the validity of any “grand narrative,” especially in this age of globalism, corporate hegemony, and capitalist encroachments everywhere, tends to make it profoundly apolitical. Postmodernism often appears distant from the concerns and politics of everyday people in the community. While putting forward a more intricate, nuanced view of society and embracing a “politics of difference,” postmodernism seems barren of action and unable to coalesce any social movements. Furthermore, it appears firmly ensconced in the ivory tower of academia and inclined toward indifference, passivity, and, at times, even cynicism and nihilism. Such theorization offers little hope for countering neoliberalism and other reactionary social perspectives influencing social policy today.


3. Marion Kelly’s “Testimony at the Hearing on the Name Change for the Social Sciences Building” (1999) provides an eloquent thumbnail account of the alienation of land from Kanaka Maoli control and the impoverishment and decline of the Hawaiian population. It is found in Social Process in Hawai‘i, Vol. 39, an issue focusing on the Ethnic Studies Story and on social and political movements in Hawai‘i. The issue is appropriately dedicated to Marion Kelly, who played a major role in the struggle to win an Ethnic Studies Program at the University of Hawai‘i and who has taught at Ethnic Studies for three decades.

4. Noel Kent, in his classic Hawai‘i: Islands under the Influence (1993), has an excellent discussion of the economic factors which led to the overthrow and annexation. See especially pp. 40-43 and 55-68.

5. For an expansive description of the rise of the ILWU and its significance, read Zalburg’s A Spark Is Struck (1979).

6. Kanahele’s report presented on Hawai‘i and the Pacific Community to the Governor’s Conference on the Year 2000 contains an excellent description of what was then referred to as “US Pacific Rim strategy.” This report is available as part of the printed report of the Governor’s Conference on the Year 2000, from the Honolulu Advertiser, the Governor’s office, or at public libraries. Governor John Burns, in January 1970, at a Pacific Trade and Development Conference held for businessmen at the
East-West Center, asserted much the same: The importance of the Pacific is evident to those of us here [...]. It’s our ocean and we in Hawai‘i are right in the middle of it.” Governor Burns also strove to make Hawai‘i a meeting place for international and Pacific regional conferences, as part of his vision of Hawai‘i as a gathering place or hub for the “Pacific Family of Nations” (Burns 1970).

7. This quote was cited by this author in the 1971 special issue of the Hawai‘i Pono Journal entitled “The East-West Center: An Intercult of Imperialism,” (1971:4). The quote originally appeared in a local newspaper, but that citation has been lost.

8. United Air Lines had a commercial in the late 1960s which said: “Come to our corner of the world [...] United has been flying to Hawai‘i for 23 years, that’s why we call it our corner of the world.”


10. Under the state’s Collective Bargaining Law, workers deemed essential to public health and safety can be prevented from going on strike; this is enforceable through the courts via contempt-of-court proceedings following the issuing of injunctions against these workers’ absenting themselves from work. Nearly one-third of UPW Unit 1 employees have, in the past, been determined essential to public health and safety and thus barred from striking. This makes any Unit 1 strike problematic for the union.

11. The HSTA, the teachers’ union, realized the highest wage settlement for the four years, totaling 17%, nearly double the UPW’s and HGEA’s results. HGEA, representing white-collar, supervisory, technical, and professional employees, won roughly 2% per year for each of the four years, plus some increment adjustments. This occurred primarily through arbitration. The Governor was reluctant to support the legislature’s passage of the pay bill, but this eventually occurred in 1999, but was coupled with a bill freezing pay raises for the following two years. This latter measure was struck down by a state court in March 2000 as unconstitutional, allowing for the HGEA to proceed with arbitration hearings to seek pay raises for the following four years.

12. The lower wages of Hawai‘i’s public employees became an issue in early 2000, when Cayetano assailed the workers’ liberal package of 21 sick leave and 21 vacation leave days plus 13 holidays each year, charging that it was considerably better than the western US states. He, and the major media, failed to note that Hawai‘i’s comparative wage levels are considerably lower while the cost-of-living in Hawai‘i is substantially (27%) higher than in other US cities.

13. The summary of Task Force proposals was contained in its own Fact Sheet of Tax Recommendations, and also from the Task Force’s own summary of its October 22, 1997, decisions on recommendations. These are available from the Governor’s Office.

14. This writer served on the Board of Trustees for the Public Employees Health Fund during this period of time, and was intimately involved in these issues between public employers and the Health Fund. Cayetano now attempts to fix health care costs by appropriating set amounts for health care plans and distributing to the unions via their own plans; the State Health Fund would be abolished and health insurance funneled through union-employer trusts.

References


