Public Policy and Globalization in Hawai‘i

Social Process in Hawai‘i
Volume 40, 2001

Ibrahim G. Aoudé
Guest Editor
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Department of Sociology
University of Hawai'i at Mānoa
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Foreword

Kiyoshi Ikeda
Executive Editor

This third volume on the political economy of Hawai'i in Social Process in Hawai'i provides a critical reflection of processes that affect people's lives in response to the flow of external and local influences into the 21st century. The invitation to involve scholars and students from a wide range of disciplines within an open framework to share their views and insights continues a commitment among the founders of this journal.

The examination of local matters in a global context has always been a central focus of this journal with a view to what local developments indicate about and what implications develop for the larger setting. The global context is made up of a diverse range of local settings also, and the comparative experience may reveal tendencies and apparent exceptions, which portend future changes and developments. These stories are not only of larger forces overpowering and dominating local settings, but of ways of resisting and transforming these forces in diverse ways in the short and the long term. This volume contributes to this ongoing transformation.↑
Preface

Ibrahim G. Aoudé

Public Policy and Globalization in Hawai‘i, volume 40 of Social Process in Hawai‘i (SPH) offers a look at public policy from a political economy perspective. Two previous volumes of SPH which I edited were also dedicated to political economy. Volume 35 (1994), The Political Economy of Hawai‘i, examined important topics relating to foreign investment and the economic development paradigm adopted by the ruling power structure in the islands. Volume 39 (1999) entitled, The Ethnic Studies Story: Politics and Social Movements in Hawai‘i, discussed issues that showed the integral connection between the political economy, on the one hand, and the ascendancy of social movements, on the other.

All three volumes separately and collectively demonstrate the wide range in which the political economy framework and methodology can be applied. The island’s social, political, and economic processes can be best understood through a holistic theoretical framework that pulls together various patent societal dimensions. Volume 40 continues the contribution started in volumes 35 and 39 in developing a rigorous alternative analysis of social reality to mainstream social theories which claim to understand the world in an “objective” manner. The meta-theoretical commitment of this volume understands “objectivity” as an interpretation steeped in the value system to which those analysts subscribe. The articles in all these volumes demonstrate that analysis must be grounded in social reality if the object is to better understand that reality.

Since its inception, Social Process in Hawai‘i had the same cover design. A departure from that tradition began with volume 38. This editor also changed the cover design for volumes 39 and 40. Discretionary markings are included in the name of the journal, a decision that was made by the editor of volume 38, and continued by this editor for volumes 39 and 40.

Hawaiian words are italicized (and defined) on first mention only. Discretionary markings are used with Hawaiian words except in cases where the author’s reference does not use them.

I am grateful to Professor Kiyoshi Ikeda, Executive Editor of SPH, for his support in publishing this volume. My thanks also go to Michael Weinstein,
Policy of Globalization and Globalization of Policy

Ibrahim G. Aoudé

The New Economy is here. Yet not too many individuals in the Islands know this. As a society, we are stuck doing things the old way even though the halcyon days of a tourism-based economy are over. The New Economy is an integral part of the thing called "globalization" that some think cannot be pinpointed or even shown as real. After all, Hawaii has been the object of international influences at least since Captain Cook's arrival in 1778. Perhaps from this view, there is nothing new about "globalization" or, by extension, this New Economy. The above represents the general outlook about the global processes that the Islands have been going through.

However, policy makers and many people agree that business as usual is no option, especially when Hawaii's economy has been in the doldrums since 1990. Virtually no economic growth occurred between 1990 and 1995. The Gross State Product (GSP) grew at a compound annual rate of 0.3 percent. The growth rate was 0.9 and 1.5 percent in 1996 and 1997 respectively; it moved up to 2.2 percent in 1998 and 2.5 percent in 1999. The growth rate for 2000 is expected to reach 3 percent at a time when the national Gross Domestic Product (GDP) grew at an average rate of 4 percent (BOH 1999:6-7).

As tourism plummeted in the early 1990s, calls for creating a high-technology sector grew louder, and discussions about diversification became more prevalent. All these activities extolled the virtues of diversification and its purported benefits to Hawaii's people. All that is required, from this view, is a state government dedicated to taking the lead in creating a political and social climate empowering private initiatives to transform the Islands into a new (post)modernity. The object of the government is then to devise public policies for the New Economy to take off and the Islands to "catch up" with the rest of the United States and other successful countries.

The integral relationship between public policy and "globalization," as a structural change in the organization of capital, is therefore quite obvious. It is merely another way of stating the relationship between the two components of the term "political economy." A question arises: What public policies should
Hawaii devise for it to at least derive some benefits from “globalization”? At first, the question seems straightforward and non-problematical. Further investigation, however, proves this not to be the case. As shall be shown later, a political economy approach could help to disentangle and decipher the web of values laden in this question.

However, it is important first to put a handle on what “globalization” might mean and whether it is a novel development in the life cycle of capitalism. Such a discussion would better equip us to demystify the New Economy. This approach would also allow us to examine the nature of public policy as it relates to the New Economy.

Globalization

The process of globalization involves the transnationalization of production and capital, which gives rise to global trade (Burbach and Robinson 1999). This transformation from international to transnational capital and production signifies an “epochal shift” in capitalism, the groundwork for which had begun after World War II (ibid.). In an earlier epoch, national capital in the dominant countries penetrated world markets with the help of the national states in the country of origin. United States hegemony after World War II created the conditions for national and international corporations to interpenetrate various countries and world regions. Multinational corporations (MNCs) in the core countries dominated world production and trade (Barnet and Mueller 1974).

The revolution in high technology organized around the microchip and the computer intensified the process so much so that this “epochal shift” to “globalization” has penetrated almost every corner of the earth. In retrospect, the age of the multinational corporations may be regarded as a transitional phase in this process. We are now in the age of transnational corporations (TNCs) in which production is decentralized across the globe but concentrated in those corporations. Furthermore, finance is transnationalized through foreign direct investment (FDI) and foreign portfolio equity investment (FPEI). The difference between FDI and FPEI is that in the former, investors exercise direct management control over operations while in the latter, they are mainly interested in realizing a good return on investment. FPEI capital flows are inevitably undertaken by several investors across the globe. These activities are central to “the dramatic and growing integration of world capital markets through the commodification of financial instruments” (Burbach and Robinson 1999:21).

The integration of production, capital, and commodity markets on a world scale has given rise to two critical and directly related phenomena: (1) a developing transnational capitalist class (TCC); and (2) a transnational state apparatus in the making (Robinson and Harris 2000). In this case, and if an international capitalist class (ICC) and nation-states still exist, it is important to explore the relationship between these new phenomena and old capitalist formations.

However, it is instructive to note that each “epochal shift” in capitalism produced a corresponding shift in class structure. In the stage of national capitalism, a national capitalist class and a national working class existed. In the age of the multinational corporations, a full-fledged international capitalist class and an international working class existed. Under “globalization,” we now have a transnational capitalist class and a transnational working class.

The nation-state is no longer the organizing principle of capitalism and the institutional “container” of class development and social life [...]. Global class formation has involved the accelerated division of the world into a global bourgeoisie and a global proletariat, and has brought changes in the relationship between dominant and subordinate classes, with consequential implications as well for world politics (Robinson and Harris 2000:17).

To explore the relationship between internationalism and transnationalism, it is essential to note that global capitalism, “globalization,” is not the aggregate of the national economies. The movement of commodities and finance across national borders is identified with internationalization (Robinson and Harris 2000:18). Transnationalization, on the other hand, is identified with the “globalization” of production, i.e., production that is decentralized (across the globe) and concentrated in the transnational corporations. Concomitant with transnational production is the transnationalization of finance and the global commodity market. All these activities are controlled by a transnational capitalist class, a reality that renders transnationalization different from internationalization. At this point, we can delete the quotation marks that encompass globalization since we can safely assume that it is a reality.
Transnationalism and the Nation-State

What then is the relationship between the two phenomena integral to globalization (a developing transnational capitalist class and a transnational state apparatus) and the two corresponding phenomena of international capitalism (an international capitalist class and its concomitant international working class; and the nation-state)?

It is obvious that nation-states still exist and constantly interact with global financial and trade organizations such as the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO). It stands to reason then that nation-states are still relevant in a globalized world. Ellen Meiksins Wood (1997:12) argues this point. Burbach and Robinson (1999) and Robinson and Harris (2000) concur with Wood. But their agreement stops there. Wood contends that,

It isn't just that nation-states have stubbornly held on through the universalization of capitalism. If anything, the universalization of capitalism has also meant, or at least been accompanied by, the universalization of the nation-state. Global capitalism is more than ever a global system of national states, and the universalization of capitalism is presided over by nation-states, especially one hegemonic superpower (Wood 1999:12).

As seen earlier, Robinson and Harris (2000:18) disagree with the characterization of global capitalism as "a global system of national states." Burbach and Robinson (1999:36) maintain that "global capitalism is organized in a set of institutions," including transnational corporations, the IMF, the World Bank, and the WTO. Robinson and Harris (2000) also agree that these institutions, except for transnational corporations, are part of a transnational state apparatus in the making.

Wood's description that "we still have national economies, national states, nationally based capital, even nationally based transnationals [...] that international agencies of capital [...] are above all agents of specific national capitals, and derive whatever powers of enforcement they have from national states" (1999:8) is true on the level of phenomena. But it does not follow that a qualitative shift has not occurred in the function of the state apparatus.

To understand how nation-states can continue to exist under an emerging transnational state apparatus, it is important to discuss the development of the capitalist class in a globalized world. Wood's analysis is devoid of any discussion relating to the development of this capitalist class.

Robinson and Harris argue that the transnational capitalist class "is the segment of the world bourgeoisie that represents transnational capital. The old international alliance of national bourgeoisies has mutated into a transnational bourgeoisie in the new epoch, and this transnational bourgeoisie has become the hegemonic class fraction globally" (2000:22). To determine this new class formation, one has to look at both the structural and subjective (agency) levels of analysis. Classes are determined on the basis of production relations, which, in this instance, the global economy defines. The transnational capitalist class dominates in the ownership or control of both the productive forces and transnational capital.

Furthermore, the transnational capitalist class pushes the globalization process ahead as a consequence of being conscious of its interests as the dominant capitalist fraction. Given its dominance, the transnational capitalist class has developed global financial, trade, and military institutions to better serve the interests of transnational capital. As an example, the General Agreement on Tariffs and Trade (GATT) was transformed into the World Trade Organization. Burbach and Robinson also contend that the United Nations (UN) and the North Atlantic Treaty Organization (NATO) have developed to better serve the interests of the transnational bourgeoisie (1999:36).

The slow building of a transnational state (TNS) apparatus by the transnational capitalist class demonstrates that it is conscious of the importance of building a power center in which it remains dominant as the ruling class. "This TNS apparatus is an emerging network that comprises transformed and externally integrated national states, together with supra-national economic and political forums; it has not yet acquired any centralized institutional form" (Robinson and Harris 2000:27). In other words, the transnational capitalist class and its transnational state are still in a transitional phase to supplant the international capitalist class and the nation-state.

The nation-state at this point is a site for power struggles between the international capitalist class and the transnational capitalist class. Given the
developments occurring in the global economy from the revolution in science and technology, it becomes apparent that the material basis of the international capitalist class is eroding rather quickly. Finance capital is becoming increasingly "deterioralized" (ibid.:24); production is becoming increasingly decentralized and concentrated; and the transnational capitalist class is challenging the international capitalist class in its own power center, the nation-state.

Clearly, the nation-state's function has thus changed to accommodate the needs of the transnational capitalist class faction. The weakness in Wood's analysis resides in this: not much attention is paid to the reality that even though nation-states still exist, the international capitalist class is a descending fraction while the transnational capitalist class ascends. Consequently, the nation-state works increasingly in the service of globalization at the expense of the international capitalist class.

**Capitalists, Political Power and the Transnational Working Class**

Another important consideration in class formation in the new epoch of globalization is the rise of the transnational working class. Robinson and Harris (2000:22-23) allude to a worldwide proletariat in the making, which, unlike the transnational capitalist class, is not yet conscious of itself as a class. One could see, for instance, divisions among the workers on the basis of nationality, ethnicity, race, and gender. The workers furthermore have been thoroughly socialized in the culture of capitalism, which emphasizes individualism, competition, and the profit motive. In a way, this reality is convenient to the capitalist class as a whole: it keeps the workers divided and unaware of their common interests vis-à-vis the capitalists. However, this ignorance on the part of the workers could play in the hands of the international capitalist class and the ideologues of a defunct national capitalism (such as Pat Buchanan) in their fight against the transnational capitalist class. The opposition by Buchanan to the North American Free Trade Agreement (NAFTA) is a case in point. NAFTA is crucial to global capitalism. It has opened borders to the free flow of goods and facilitated the movement of production plants to Mexico, where labor power is much cheaper than it is in the United States. NAFTA has been a boon to the transnational corporations and to transnational capital, which also can move freely across borders.

It is important to note that the United States' labor movement represented by the AFL-CIO has been against NAFTA since it was implemented in 1994. In fact, the labor movement testified against NAFTA before it was ratified. The opposition to NAFTA was not one against capitalism by a revolutionary AFL-CIO. Instead, it was conducted to prevent further erosion in the membership of the labor movement. The AFL-CIO found allies in the international capitalist class of the United States.

The above example also demonstrates that the state apparatus is, indeed, a major site of struggle between the two general factions of the capitalist class. This struggle will intensify if the wave of globalization roars unabated. In this case, the descending fraction of the international capitalist class fights tooth and nail for control and it seeks a power base in the labor movement. At a time when the infrastructure of national and international economies are overrun by the transnational corporations in their race to consolidate and expand the infrastructure supports of globalization, alliances between a waning capitalist fraction and workers become politically dangerous for both the transnational capitalist class and for revolutionary social movements.

The danger of political reaction (abridgement of freedoms or a full-blown police state) could also come from the transnational capitalist class itself, oddly enough, with support from the international capitalist class. A plausible scenario might be the occurrence of events in which unemployed and poor workers take to the streets to protest their living conditions similar to the Los Angeles rebellion of April 1992. Under these circumstances, calls by the capitalist class for "law and order" could become vociferous and legislation could be introduced on the federal level to strengthen the hand of the capitalists against a rising tide of opposition.

It is significant to recall that the recent history of the United States is a further indication that the capitalist class is not beyond instituting coercive measures to reign in the unemployed and the poor working class. One need only to recall the House Un-American Activities Committee of the 1950s, and more recently, the Racketeer Influenced and Corrupt Organizations (RICO)
laws, ostensibly designed to combat organized crime but applied in cases involving labor. The list of measures could be easily expanded to include anti-immigrant laws already implemented. Immigrants have been detained without charges being leveled against them and their lawyers were not given access to the “secret evidence” on which the Immigration and Naturalization Service presumably acted (Washington Post 2000).

The conditions of unemployed workers in the United States have changed structurally. In the 1950s, for instance, unemployed workers could find work rather quickly. In the age of globalization, however, those workers have a harder time finding work and when they do, most often it is for a lower wage or part-time. It is logical that in the age of high technology, the structure of the labor force has changed dramatically to include a permanent army of unemployed and underemployed people. The number of this army is growing, and its members often have to face the state apparatus in their fight for their own interests (Peery 1993).

While Wood (1997:17) talks about workers fighting at the local level and Burbach and Robinson (1999:37) talk about the important role of the “popular classes around the world” in the fight against capitalism, neither discuss the possible emergence of a new lower class or working class fraction that confronts the state each time it struggles in its own interests. What needs to be discussed are the effects of the high-technology revolution on the working class and the way in which the revolution in production displaces workers (and managers) with robots and computers. Rifkin (1995), argues that point. A growing segment of the population in the United States, for instance, is underemployed, employed part-time, or unemployed. The bulk of this new class is formed from the blue- and white-collar working class. It is also formed from professionals, small capitalists, and other members of the middle class.

A study of the relationship between this new class and the state apparatus could reveal much about the nature of the capitalist state in the era of globalization (Peery 1993). In this manner, our understanding of globalization could develop to become less abstract. But this analysis cannot be undertaken without also looking at the relationship of the capitalist class to the state apparatus as well as the relationship of these classes to one another. These complex relationships are best discerned by an examination of public policy, which reflects the shift in the function of the state apparatus in the era of globalization.

The transnational capitalist class has been implementing its policy of globalization (open borders for production, capital investment, and trade), and concurrently utilizing the state apparatus to globalize national policy. In other words, the transnational capitalist class has been trying, quite successfully, to mesh national policy with globalization.

**Regulation Theory and Capitalist Development**

One of the most prominent theories that attempt to analyze the changing structures of capitalism is Regulation Theory (RT), a product of France in the mid-1970s. RT attempts to comprehend the relationship between capitalist accumulation on the one hand and the distribution of the social surplus between workers and capitalists, on the other. Two concepts indicate the focus of RT, the Regime of Accumulation (RoA) and the Mode of Regulation (MoR) (Mavroutas 1999:313).

To examine public policy via RT the focus would be on the way in which “[t]he MoR designates the necessary institutional forms and social compromises for the reproduction of the RoA” (Mavroutas 1999:313). The RoA constitutes the laws and institutions required to carry out accumulation of capital. However, an examination of public policy requires an understanding of the state’s relationship to the various classes trying to influence decisions, especially in a crisis situation. In this regard, RT is deficient because it lacks: (1) a coherent theory of the state; (2) a coherent theory of crisis; and (3) a coherent theory of international relations and the relationship between the national and international dimensions (ibid.:334-35).

These problems of RT are closely associated or even derived from the essence of RT as a middle-range theory based on empirical observations about inter-war and post-war periods. The “middle-range” nature of RT helps explain its deficiencies and the reasons why it has no general theory of the longer historical development of capitalism despite its periodization of capitalist development. Mavroutas (1999) demonstrates this point. One of the periods of capitalism that RT identifies is post-Fordism. Presumably that occurred in the 1970s, when Fordism (assembly line mass production and
consumption) entered a crisis and post-Fordism (associated with flexible production, the service economy, and the information age) began to displace it. Under post-Fordism, "[t]he forces of production are no longer mediated by the material means of production but constitute issues of discourse and communication between management and workers" (ibid.:319).

The postmodernist influences on RT and its close association with post-Fordism (Lash 1990; Amin 1994) render the RoA a regime of signification where cultural influences rather than economic relations of production are in the saddle. RT becomes eclectic and therefore incoherent and bordering on the chaotic as it attempts to resolve material issues whose understanding requires a coherent general theory. Having placed itself in the corner of middle-range theory, RT is incapable of bridging the gap between intermediate concepts (such as RoA and MoR) and a general theory (such as historical materialism). Given these serious shortcomings, it is not productive to employ RT in the study of capitalist development in the age of globalization. Instead, it would be very useful to utilize actual examples of capitalist development to better understand globalization.

The Hawai‘i Experience

Hawai‘i makes an interesting concrete example of the globalization of public policy. Such a study can help determine whether the nature of the state apparatus has shifted, or is shifting, in this new capitalist epoch. Ostensibly, attempts at globalization of policy are a consequence of the crisis the Islands experienced since the early 1990s. Since then, public policy has pursued a goal of playing catch-up with the global economy. Policy makers in both the public and private sector want the state to be an active participant in the New Economy rather than become (or remain) a victim of globalization. The main way to do that, therefore, is to “kick-start” the economy.

The manner in which the ruling circles in the state depict the problem and its solution is rather illuminating. It betrays a historicist understanding of social development, wherein solutions become essentially technical in nature and emanate from a capitalist world view, which, in Hawai‘i’s case, is responsible for the disaster that has befallen the indigenous Hawaiians (Kelly 1994). More recently, this perspective has been the source of economic and social ills in the Islands as it has in the rest of the planet (Aoudé 1998; Kent 1999).

Perhaps a clear statement about what the state should do and has done to become an active participant in globalization (and the New Economy) has come from Seiji Naya, director of the Hawai‘i Department of Business, Economic Development and Tourism (DBEDT). According to Naya, in the past several years, the Islands took bold steps to begin changing economic structures to move from a tourist-based economy to the New Economy. The state apparatus (the Executive Branch and the Legislature), business (small and big), and consumers work together to diversify the economy. The state’s comparative advantages in areas such as biotechnology, information technology, communication services, health services, and medical research allows the state apparatus and business to direct economic development into those growth markets (Naya 2000:B4). A series of public policy initiatives were taken in support of this new direction in economic development, including deregulation, tax cuts for business, and an increase in the budget of the Hawai‘i Tourism Authority’s marketing budget (ibid.). Other initiatives included: (1) the Convention Center, which affected some diversification in tourism; (2) tax and other incentives for research and technology companies; (3) a special adviser for technology development to facilitate partnership between business and government for high-technology growth; (4) autonomy for the University of Hawai‘i, so it could pursue efforts in high-technology research and computer education; and (5) a work force initiative to ensure the availability and training of high-skilled workers for jobs in the New Economy (ibid.).

It is clear that cooperation between the private and public sectors to diversify the economy has intensified. The state apparatus, especially Governor Cayetano, has held the line against wage and other demands by the public sector unions. The state’s claim that it cannot afford funding those demands is in part due to the loss of revenues experienced because of the tax break package it has granted to the business sector. The state’s commitment to fund initiatives that help business (such as those mentioned above), also do not allow Cayetano to meet the demands of public sector unions.

Business in the New Economy requires all the flexibility that it can muster to become competitive. It also needs new opportunities opened to it. The state apparatus plays a major part in this endeavor. First, it spends funds on infrastructure support, including the training of workers, an undertaking that private enterprise says it can ill afford. Second, privatization of public sector
functions would create new opportunities for business to make a profit. Third, as a consequence, fewer public sector jobs would remain and public funds would go towards additional support for business.

As shown earlier, the state apparatus has already implemented several initiatives along the lines described above, well on its way to responding further to the demands of business at the expense of public sector workers. Furthermore, erosion of wages and benefits in the public sector would ease the high-wage pressure on business.

The Hawai‘i example provides incontrovertible evidence of the state apparatus changing its function to become more responsive to globalization. In fact, as the last gubernatorial as well as the 2000 elections have demonstrated, the Democratic and Republican parties compete over who can serve business interests better to bring private enterprise in line with the requirements of the global economy.

Is the capitalist class in the Islands transnational? Given that the Hawaiian economy has always been under the control of outside forces and that overseas (including continental United States) investment built the tourism-based economy (Aoudé 1998; Kent 1993), it is apparent that the capitalist class was once part of the international capitalist class. But in the context of a globalized world and in the absence of a self-sufficient economy, the capitalist class at this point is transnational. In fact, much of small business clamors to participate more in the global economy. For the capitalists in the Islands, there is no other option, as the globalization of policy clearly demonstrates.

Transnationalism Divided

Our discussion thus far appears to depict globalization as unstoppable and inevitable. However, George Soros, for instance, believes that the capitalist system "is deeply flawed. As long as capitalism remains triumphant, the pursuit of money overrides all other social considerations. Economic and political arrangements are out of kilter" (1998:102). Discussing the "Global Financial Crisis" that began in Thailand in July of 1997, Soros contends, "that the global crisis is caused by pathologies inherent in the global financial system itself" (ibid.:137-38).

As an international financier, Soros, belongs to the transnational capitalist class. He is also aware of the fragile nature of the capitalist system and attributes that primarily to the global financial system, which he believes is in dire need of reform.

The transnational capitalist class bloc is comprised of three main groups: free market conservatives, structuralists, and regulationists. In spite of the "Washington Consensus" of the early 1980s, an agreement on a neoliberal agenda, which seeks to restructure capitalist economic institutions to guarantee the free flow of capital worldwide (Robinson and Harris 2000:41), transnational capitalists do not all agree on how to proceed in the development of globalization. Their squabbles are primarily about "strategic political issues of class rule" (ibid.:43).

Free marketeers are ideologically united around a program of "free enterprise" along the lines of the "Washington Consensus." Structuralists, like Soros, want a restructuring of the financial system to bring stability to global finance. They call for adjusting the "Washington Consensus" to achieve this goal. Regulationists call for a regulation regime with which to reform the financial system and at the same time to assuage the most glaring social contradictions, to maintain political stability. They have called for a post-Washington consensus that would not, however, institute controls on transnational capital.

Currently, the free marketeers are in decline, and a rapprochement between the other two groups is developing around what is termed the "Third Way" (ibid.:48). The United States under Clinton (and probably under George W. Bush, who with Clinton belong to the structuralist group), the United Kingdom under Tony Blair, and Germany under Gerhard Schroeder are trying to consolidate global capitalism around the "Third Way" (ibid.). The "Third Way" continues the dismantling of the welfare state but its discourse includes equality of opportunity, market individualism, political decentralization, and programs such as health and education that would benefit the New Economy in terms of a healthy, literate work force (ibid.:50).

Given the enormous pressures on the global capitalist system and the impending crises that almost certainly will engulf it, it remains to be seen
whether the transnational capitalist class bloc can bring stability through organizing a social base in support of the system. Crises could also compel the transnational capitalist class bloc to establish a repressive regime to contain revolutionary social movements.

**Summary of Articles**

The articles in this volume discuss globalization and public policy in a variety of ways. The first three articles deal with the macro level of globalization and show how the majority of Hawai‘i’s population has been adversely affected by it.

Lī‘ana Petranek’s article engages local and national public policy in reference to globalization by looking at it as a symptomatic response to capital reproductive dynamics. For this reason, she enlarges the discussion to provide a political economic analysis of the capitalist system’s contradictions and why it moves in the direction of recessions, depressions, and stagnation. She also challenges the role of the state in maintaining homeostasis within capitalism’s contradictory dynamics and its absolute conditions for valorization and accumulation. Her conclusion champions historical materialism, which shows the workers as the creators of a truly new economy that serves an overwhelming majority in society.

John Witeck’s article analyzes how public policies in the Islands support a neoliberal agenda to the detriment of the majority of Hawai‘i’s people. Governor Cayetano’s agenda has been the epitome of globalizing public policy. Witeck calls for a challenge to these policies by a grassroots social movement that comprises labor, churches, and other sectors and institutions in local society.

Jim Brewer also writes about the effects of Cayetano’s policies on the local political economy. He opposes globalization with “full democracy” and argues that the latter strategy would be more beneficial to the majority of the people in the state. To arrive at a “global-village democracy,” people in the Islands must establish a political party that is truly democratic as in the case in other societies.

Robert H. Stauffer’s article relates the University of Hawai‘i’s recent developments to what he terms “the modern political machine.” He argues that education has not been a priority of the machine in recent times. Stauffer furthermore explores the manner in which this relationship plays out in the globalization era. He contends that the machine opted for a dependency relationship, which he calls “wholesale economics,” instead of a policy of “retail economics,” where there could have been more local control of economic assets.

The next two articles deal with resistance to globalization on the local level. They demonstrate that it is possible to develop a social movement to encounter at least some effects of globalization in the Islands.

Ira Rohter delves into the relationship between local politics and a transnational corporation, Oj Paper Company Ltd., which wanted to lease land in Hāmākua on Hawai‘i Island. The residents won a significant battle against major politicians because of a number of factors having to do with grassroots political activism during the past two decades. The result was an effective social movement wedded to a new style of democratic politics that reject politics-as-usual for a future vision rooted in a model of sustainable development.

Luciano Minerbi takes a different approach by looking at the response of local communities to the forces of globalization through locally based planning. To do so, the community must assert itself in the face of government centralization. The projects discussed in Minerbi’s article point out the possibility of a global economy where people’s needs, not profits, are the main concern.

Jon Matsuoka and Elliot Higa show how the small island of Lānai has been severely impacted by globalization, which changed the island’s mono-crop economy from pineapple to tourism. The article measures changes in the quality of life on the island. The authors call for strategies in community building that oppose big development projects controlled by outside forces and promote community-based planning.

Ulla Hasager and Marlon Kelly look at the land history of Hawai‘i in the context of local and global social and economic processes. The focus is eventually on the ultimate form of localization represented in homesteading efforts, especially for agricultural purposes. The system of land ownership and
control in the Islands is still highly concentrated, and the present state
government has no strong policy supporting small-scale land ownership
and farming. Whatever meager efforts to remedy this situation there have been, at
least for native Hawaiians, are currently under attack.

Finally, three appendices are included. The first describes Employees Today,
a TV program that airs on O‘ahu’s cable channel 54. The program discusses
political economy issues in the Islands. The second offers a description of
elements essential to grassroots organizing efforts against unpopular public
policies and economic development projects. The third lists resources on
globalization at the University of Hawai‘i at Mānoa.

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Public Policy and Globalization in Hawai‘i
Will the Task Masters of the New Economy Please Stand Up!
Li'anal M. Petranek

Who is in charge of this New Economy? I ask this question since it appears that political parties and high-level politicians are claiming responsibility as the task masters of the economy. President Clinton proclaimed that the Republicans had run Americans into a ditch by 1992, and that "it was going to take some real thought" (Associated Press 2000c) to get us out. Clinton said he did everything he could "in seven and a half years to turn the country around" (ibid.). At the Democratic convention in Los Angeles in August 2000, Clinton and the Democrats claimed the laurels for the longest period of prosperity in recent economic history (Walczyk et al. 2000:42). In speeches in the two weeks after the Democratic convention, Democratic vice presidential candidate Joe Lieberman said that the Democrats had "created more than 22 million new jobs, the lowest inflation in a generation, the lowest African-American and Hispanic unemployment rate in history and the strongest economy in the 224-year history of the United States of America" (Broder 2000).

In a Honolulu Weekly article, Governor Ben Cayetano expressed his interest in reinventing the government and economy. What was needed, he stated, was a "fundamental change in the way Hawaii's government thinks about itself and about economics" (Rees 2000:5). One of his first steps during his second term of office was to get the ball rolling on Executive Order 99-04 (civil service reforms). Through his appointed director of the Hawai'i Human Resources Development Office, former Senator Mike McCartney, Cayetano set out to modify what McCartney characterized as a "petrified and paralyzed Soviet empire" (ibid.). In a July 2000 chat with the editors and reporters of the Honolulu Advertiser (2000c), Cayetano confided that "basically, what I'm trying to do is accomplish as much as I can but create the momentum for the next governor to keep on going" (ibid.). The initiatives that he felt did something to "pump the economy" were cuts from 30% to 50% in workers' compensation, civil service and collective bargaining "reforms," tax credits for the film industry, and tax credits for the hotel industry.
There was numerous other pro-business legislation adopted by the 2000 Hawaii State Legislature. Among them:

- tax credits for the airline industry
- regulatory "reform"
- exemptions from general excise and public service company taxes for call centers
- tax credits for qualified improvements for resort and hotel facilities
- a capital access program to provide loan guarantees to financial institutions and to make loans to businesses and non-profit organizations
- an amendment to the Hawaii Revised Statutes (HRS) that authorizes the High Technology Development Corporation to issue special purpose revenue and special facility revenue bonds for technology companies and associated activities
- the New Economy omnibus bill.

The New Economy omnibus bill is a wholesale welfare package for businesses that provides an opportunity for high technology to sell at least 75% of their unused net operating loss carryover (but no more than $500,000) to another business taxpayer, who can cash in on this tax break. It also sells business investment tax credits at 10% to a maximum of $500,000 for the taxable year, and allows high technology firms to use credits against future income tax liability until December 31, 2005. The omnibus bill furthermore expands the income tax exclusion for royalties and other income from high technology and amends certain State Internal Revenue Code provisions to allow partnership investors flexibility in allocating high technology business investment tax credits amongst themselves (Hawaii New Economy Project 2000a,b). "We have gone full blast in trying to improve the telecommunications infrastructure," says Cayetano. (Honolulu Advertiser 2000c). This statement resonates with others in the private and public sector who believe that Hawaii’s economic future lies in the New Economy and that the collective mission of state policy is to change the framework of Hawaii’s public policy "to accelerate rather than constrain the New Economy’s fruition" (Hawaii New Economy Project 2000a,b).

As a counter note, it should be pointed out that besides disregarding and working against the interests of workers in this state with civil service reforms, workers’ compensation reforms, and collective bargaining reforms, the 2000 legislative session also failed to pass any minimum wage hike that could ameliorate the current state of poverty for many hard-working people employed by the same businesses that have been showered with these voluminous tax breaks, tax credits, loan guarantees, and grants. It seems as though the legislative session was more influenced and determined by the business community that claims it "can’t afford it." (Zimmerman 2000a:47) than by concern for working people who really cannot afford it. "Cayetano had beeninnacle to hike in the minimum wage (currently $6.25 an hour) to 50 cents an hour above the federal minimum wage (currently at $5.15). The house version of the bill would have increased the state minimum wage from $5.25 an hour to $5.75 effective January 1, 2003. The senate version would have increased the minimum to $5.50 on January 1, 2001, and to $6.75 the following year (Honolulu Advertiser 2000a,b). Neither of these insufficient minimum wage bill versions passed. California already has a minimum wage of $5.75, and Oregon has a minimum wage of $6.50 (Kendberg 2000). Both states have a lower cost of living than Hawaii. A recent study (July 2000) by the American Friends Service Committee pointed out that in order to make it in this economy, a single mother with one infant living in Pahoa or Kauai needs at least $15.21 as a minimum wage to meet her basic expenses. If she were living in Lihue, Kauai, she would need a minimum wage of $17.34, and if she were living in Kahului, Maui, she would need a minimum wage of $18.34 to meet basic expenses (American Friends Service Committee 2000:Appendix III:1). This amounts to more than twice as much as the governor and legislature had even contemplated as a reasonable minimum wage for Hawaii’s workers.

Despite the Ragnostically pro-business posture that the governor and the Hawaii 2000 legislature has taken, the governor is still under fire by the business community, who claims he has not done enough." Cayetano responds to this criticism with a ready reply, "That’s the name of the game: whether it’s business or labor, same thing. Never satisfied" (Honolulu Advertiser 2000c:84). Cayetano then points his finger to the "thing" about the economy in today’s world, "the thing about the economy in today’s world, even on the Mainland, is you have people falling by the wayside because they..."
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Despite the flagrantly pro-business posture that the governor and the Hawai‘i 2000 legislature has taken, the governor is still under fire by the business community, who claims he has not done enough. Cayetano responds to this criticism with a ready reply, “That’s the name of the game: whether it’s business or labor, same thing, Never satisfied” (Honolulu Advertiser 2000c:84). Cayetano then points his finger to the “thing” about the economy in today’s world, “[I]t’s the thing about the economy in today’s world, even on the Mainland, is you have people falling by the wayside because they
are not efficient enough. They are not creating their own markets when old markets have eroded or died" (ibid.).

The Thing about the Economy

It may be appropriate at this time to deviate and explore the "thing" about the economy that Cayetano is pointing to. There is a thing about this economy that goes beyond the valiant heroics of the great entrepreneurs whose praises Cayetano sings. There is a thing about the economy that also works outside of public policy and actors who make inflated claims about their influence. This thing drives ahead of the clever wheeling and dealing of even the most resourceful business entrepreneurs or politicians. That thing, of course, is the accumulation factor in the problematic dynamics of capital reproduction.

Although business revenues, employment, and profits have improved, and forecasters are becoming more hopeful for Hawai'i's future (Pacific Business Index 2000), the state is still recovering from its longest and worst economic slump since statehood. From the mid-1980s until 1990, Japanese investment and tourism fueled Hawai'i's economic growth. In 1991, Hawai'i reeled when Japan's economy (the dominant force in Hawai'i's economy at that point in time) slowed and annual Japanese investment dropped from $2.3 billion in 1991 to $633 million in 1992. During 1996, Japanese visitor spending dropped from a peak of $4.1 billion to $3.5 billion (Hernandez 2000:G1). It has taken Hawai'i almost a decade to recover from the economic dislocations triggered by the slowdown in Japan's economy. Compounding this troubling dependency relationship that Hawai'i had with the Japanese economy, were the reverberations felt around the globe from the Asian economic crisis of 1997.

In order to understand the economic problems that confronted Hawai'i, one must realize that Hawai'i is not an autonomous entity, an economy unto itself. As the impact of Japan's economic recession and the Asian economic crisis in 1997 reveal, Hawai'i is part and parcel of a complex, highly interrelated world of capital reproduction and exchange where economic setbacks by a major player in one country will inevitably leave its mark on others around the globe. As Hawai'i, an aspiring actor in the New Economy, attempts to carve out a niche for itself in the world of "globalization," the ties it has to the rest of the world also lock in its relation to the vagaries of capital reproduction and exchange. State policy, its expression and its modus operandi, are concrete forms of logic that attempt to concur with the unity of a structure in dominance (the capitalist system). Hawai'i's relationship to the rest of the global economy is an articulation of the differences and contradictions that are, in actuality, part of the essential structure of globalization. In order to understand how the mechanics of capital reproduction affect the economy in Hawai'i, it may be useful to have a deeper discussion about the "thing" in the economy that Governor Cayetano referred to above.

Accumulation and the Entrepreneurs

Cayetano's complaint that people are falling by the wayside because they are not efficient enough, that "[t]hey're not creating their own markets when old markets have eroded or died" (Honolulu Advertiser 2000c:B4) speaks to a larger issue within the economy -- the problematic of competition and survival under the rules of the economics of capitalism. With the development of technology and electronics, we have seen a restructuring of the capitalist world economy on a qualitatively new basis. Along with these technological developments, consolidation and centralization within the economy, downsizing and reengineering among the players within this economy, and the concomitant concessions and euphemistic "reforms" implemented in the public and private sector since the early 1980s, have all done their job in creating a leaner, meaner, and more productive economy for the 21st century. This displacement and fusion along the lines of the new electronic technology and globalization have recrystallized the capitalist world economy into what people now refer to as the "New Economy."

The New Economy is a term used to describe the basic structural transformation of the world economy over the last decade (Hawaii New Economy Project 2000a). It is spoken of as an economy where the old rules no longer apply. The new winners in this economy are those who can access information and change quickly and continuously to maintain their niche (Imi Loa 2000:24). The New Economy is knowledge- and idea-based, an economy where organizational forms are network-oriented rather than hierarchical and bureaucratic. The New Economy is an economy where uncertainty, risk, and change rule (McClain 2000).
The new technologies and globalization have made markets more dynamic and production and exchange more flexible and customized. However, the New Economy is still the same old capitalist economy, albeit with a qualitative change in competition, production, and exchange. This is important to point out; although qualitative changes have obviously occurred given our current level of development, the same old fundamental laws of capital reproduction also rule. These structural constraints determine production, exchange, and competition, which point the economy in the direction of the business cycle, crisis, and the demise of those entrepreneurs who cannot keep up with the rules of the game.

**Capitalist Mode of Production**

The capitalist system is appropriately described as "a system based on a peculiar illogic, one which makes accumulation an end in itself" (Wallerstein et al. 1982:12). Accumulation is a "motor force" and a defining characteristic of capitalism (ibid.:9). It is predicated upon the expropriation of surplus value (roughly, profit). Profit (if it is not a speculated value as we now see on the stock market) is derived from the quotient of unpaid labor procured and privately appropriated by capitalists. Accumulation allows a capitalist to expand beyond simple reproduction. Capitalists realize accumulation by converting a major portion of surplus value into more capital for expansion. Capital expansion is necessary to keep up with or beat the competition. Accumulation, however, is not only dependent upon the extraction of surplus value. As pointed out above, it is also dependent upon consumption (the realization of profit).

As an economy, the capitalist system is a valorization process, meaning capitalists must sell their products to realize a profit and maintain a place in the market. Herein lies the problematic of capitalist production. This "free enterprise" system compels all entrepreneurs to lower their cost of production to compete and sell their products. The cost of production is lowered by reducing or eliminating the cost of variable capital (labor) and developing the means of production (technology). These imperatives are carried out in an environment of competitors with the same pressures put upon them.

Within this environment of competition, there are built-in limitations to the process of renewal (Wallerstein et al. 1982:22). Fundamental recuperative mechanisms available to capitalists (commodification and geographical expansion) also have built-in limits (ibid.). Capitalists must operate in a field of commodification, where what neoclassical economists call "the free flow of factors of production" take place (ibid.:23). This means that in such an environment of production and exchange, the "law of value" (Marx 1967:38-39) rules.

The law of value is an illustration of how commodities exchange according to their value, their value being the amount of socially necessary abstract labor it takes to produce that commodity at that point in time (given the development of the forces and relations of production). The law of value is a law of motion for capitalist commodity production (Leontiev n.d.:76-77). It illustrates the dynamic equilibrium within a "closed" (supply and demand as an internal condition) system of capitalist production (Amin 1978:29). These internal (law of value) and external (limitations that are geographic and hegemonic) structural constraints determine the survivability of all entrepreneurs within the market. They also push the economy in the direction of cyclical crisis, or what is commonly referred to as "the business cycle."

Accumulation is determined by the expansion of the forces of production relative to labor power, which occurs on the basis of the law of value (Grossmann 1992:32,60-61). For accumulation within a capitalist system to occur, capital must continue to secure a profit, even as the rate of surplus value diminishes, as constant and variable capital are valorized on the basis of the law of value and in accordance with the law of the progressive increase of constant capital in relation to variable capital. This is the "driving force" within a capitalist economy.

Accumulation, therefore, is an important dynamic in the tendency towards breakdown within the capitalist economy. In fact, according to Grossmann (1992:60-61,28), capital accumulation "forms the decisive element in Marx's theory of crises," since the valorization of this expanded capital becomes progressively more difficult under the conditions of capital reproduction.

Despite the periodic interruptions that repeatedly defuse the tendency towards breakdown, the mechanism as a whole tends relentlessly towards its final end with the general process of accumulation. As the
accumulation of capital grows absolutely, the valorization of this expanded capital becomes progressively more difficult. Once these counter tendencies are themselves defused or simply cease to operate, the breakdown tendency gains the upper hand and asserts itself in the absolute form as the final crisis (Grossmann 1992:85).

**An Inclination toward Crisis**

Soon after it came into existence in the 16th century, capitalism manifested cyclical crises (recessions, depressions, and stagnation). The contradictory interactions within the framework of capitalist production described above present critical tendencies, barriers, and the possibility of numerous sites of crisis (Laibman 1999-2000:482). As the editors of *Monthly Review* (March 1996 inside cover page) point out, “in the roughly two centuries since the U.S. economy began functioning according to the laws and principles of capitalism, recession and/or depressions have occurred at least every decade and often more frequently.”

Capitalism is prone to cyclical crises (the contradiction between production and consumption) especially so, when its economic imperative is supposedly a “free” enterprise system with no external regulators except for demand. Cyclical crises occur when expansion within the capitalist system “cannot continue on the same basis” (Frank 1984:209). These periodic episodes of crisis are structural contradictions on the path of accumulation. They express the “unavoidable need for periodic restructuring” within the capitalist system and are continuing resolutions of the real crisis within capitalism (Laibman 1999-2000:479-80). They can also be described as “a healing process of the system,” where equilibrium is reestablished, sometimes forcibly and with huge losses, but which nonetheless enables capital accumulation to resume and expand within certain limits (Grossmann 1992:84-85). Marx referred to such dislocations within capital as crises of “purification” (in Grossmann op. cit.).

As Grossmann (1992:61) points out, the capitalist process of production has a dual character. It is a labor process to produce commodities, and it is a valorization process to obtain profits. The difficulty of maintaining a profit within the contradictory dynamics of a capitalist economy is apparent in corporate strategies that moved to ensure the reproduction of capital (accumulation). This was accomplished in the early 1980s in the private sector through concessions bargaining, downsizing, reengineering and restructuring, cross-utilization, outsourcing, and other labor compromises with capital. This trend continued into the 1990s. Even with the early 1990s recession, “officially” over by 1993, we still saw an increase in the workload of workers in the public and private sectors, a continuing two-tier wage system for many industries, more losses in worker benefits, the emergence of a contingent work force, and the relaxation of work rules negotiated by unions, governments, and companies. Only half of job openings today pay living wages (Los Angeles Times 1999), more full time workers are poor (Koretz 2000b), and 64% of the jobs in Hawai‘i pay “barely making it on your own” wages (American Friends Service Committee 2000:10).

The difficulties in maintaining a profit with capital dynamics at work are also apparent in the Employee Stock Ownership Programs (ESOPs) which gained ground in the 1980s and were used primarily as accumulation ploys to procure an infusion of capital that would not ordinarily be available (by banks or outside investors) to companies with unstable profit histories or poor profit potential. They are further apparent in the monopolistic maneuvers of corporations like Microsoft, the mergers occurring within companies like AOL and Netscape, BankAmerica of San Francisco and Nations Bank of Charlotte, North Carolina, Exxon and Mobil, MCI and WorldCom Inc., Honolulu Cellular and AT&T, and GTE Hawaiian Tel and Bell Atlantic into Verizon. Witness also the forces pushing for further deregulation and liberalization of the market at the local, national, and international levels (where the European Union and single currency sparked a wave of mergers, restructuring, and acquisitions) in order to expand the hegemonic and geographic topography of markets.

Even with all of these structural adjustments in relation to the rate of surplus value, the capabilities of the electronics revolution in transforming this system into a "just-in-time" (inventory, hiring, and firing) economy and the machinations on the part of the ruling class to eliminate their corporate tax burden since the Reagan era, the competitive pressures within a new and globalized economy continue to compel capitalists to be ever more resource-
ful and vigilant in shoring up their surplus value and maintaining an edge in the New Economy of the 21st century. The productivity initiatives discussed above and the implementation of corporate strategies of system maintenance that played out in the consolidation and centralization of capital (mergers and acquisitions) continue to be temporary, stop-gap measures that are consistently challenged. The problematic inherent within capital reproduction described above is that critical pressures and tensions continually interact within the terrain of capitalist production in the workplace, the market, the technological environment, the productivity of labor, and finance (Leibman 1999-2000:484-95). These critical tendencies and sites of crisis also occur on local, national, international and transnational, or supranational levels. Interaction between these various sites and levels of engagement also tests the capitalist system and constantly puts it in jeopardy. Leibman (Ibid.:480) points out that the Achilles heel of capitalism is "its tendency to raise productivity and therefore make possible steady increase in the real wage rate." However, this increasing productivity and (consequently) the imperative for a rise in the real wages of workers are ultimately problematic for a system based on anarchic, irresponsible control over accumulation by private centers of power and wealth" (Ibid.). An increase in the real wage rate is also problematic for a capitalist who has to lower the cost of production in order to maintain an edge over the competition. On the other hand, in the larger arena of capital circulation and exchange, the products that are produced must be consumed, so it is important to the capitalist system that workers be able to consume this rising productivity with an affordable wage. These countering tendencies (systemic contradictions) create tremendous pressure on the capitalist system and make it increasingly difficult for the system to stay ahead of itself as it develops into higher orders of competition.

The "bottlenecks of accumulation" (Wallerstein et al. 1982:21) have so far been overcome by the capitalist system through the creative displacement of crisis pressure. Crisis management has come in many forms, from the lowest (work site reforms to increase the productivity of labor, i.e. Taylorism) to the highest levels (supranational public policy engineering through transnational apparatuses such as the International Monetary Fund, the World Bank, the World Trade Organization, the European Union, the Group of 7 (G-7), and the Organization of Economic Cooperation and Development (OECD)). It also comes in the form of public policy at the national and local levels (managing interest rates and inflation, Keynesian economics, the Washington Consensus and its liberalization agenda, and government initiatives such as deregulation, privatization, regulatory reforms, and tax reforms). Crisis is further managed through the creation of new markets and the expansion of the geographic hegemony of markets (part of the impetus behind the dismantling of the Berlin Wall and the economic forces moving for "democratizing" in the world of socialism). The transformation potential within capitalism has so far postponed the convergence of a general crisis. However, Grossmann (1992:32) asks an important question, "Is a process of this sort possible in the long run?"

Markets are not only limited geographically. As mentioned earlier, when people are displaced from the production process through the development of technology and a more efficient use of labor (through practices like downsizing, reengineering, and concessions), it handicaps and curtails their capabilities as "consumers." An economy with many of its workers unemployed, underemployed, and contingent will have potential buyers limited in their ability to participate in the consumption of commodities. As pointed out in the valorization process of capital dynamics, commodities must not only be produced, they must also be consumed, for capitalists to reproduce themselves as capitalists as well as to reproduce the capitalist system.

Although they may appear as independent cycles, cyclical crises are the "form" through which the breakdown tendency within capital reproductive dynamics is contained, restrained, or interrupted from realizing itself completely (Grossmann 1992:85). As such, these episodes of crises manifest themselves as constant periodic reassertions of a growing general tendency toward breakdown. This tendency of capitalist cyclical crisis (overproduction/valorization problem) since the early 1600s has been interrupted and constrained by various modifying and countering tendencies (government expenditures to stimulate demand, Keynesian economics, installment plans, extensions of credit, and what was discussed above as "crisis management"). However, it is this problematic valorization of accumulated capital, what Marx appropriately perceived to be a "decisive phenomenon that destroys the capitalist mechanism from the inside" (Grossmann 1992:60-61,88), that some feel will inevitably lead to "the undoing of the capitalist system" (Wallerstein et al. 1982:24).
"... but capitalist production begets, with the inexorability of a law of Nature, its own negation."

Karl Marx (1967:1763)

Crisis Dynamics at Work

From 1965 to 1980, net profits in the manufacturing sector of the US economy dropped from 25% to 12% (Harrison 1994:125-26). At the beginning of the 1970s, the US went into what is described as "the long downturn" (Brenner 1998:3). In an effort to reverse that trend, the US devalued its currency in 1971 (Nixon’s initiative to offset the balance of trade and undercut the US’s main economic rivals, Japan and Germany), and employers began a strategy to undercut the US working class. During the 1970s and 1980s, employers unleashed an offensive to reduce wages and other costs. What is characterized as the economic boom of the 1990s is aptly described as predicated on "a repression of wages without precedent during the last century, and perhaps since the Civil War" (ibid.). During the period of stagflation in the early to mid 1970s, important structural adjustments were being implemented in the economy, starting with the deregulation of the airline and transportation industries. This was followed by the disempowerment of the unions during the Reagan era (beginning with PATCO). During the early 1980s, concessions bargaining (initially in the airline industry and then proliferating throughout the business and industrial sector), became an ubiquitous company negotiating strategy which still continues. The new management practices introduced during the mid 1980s (downsizing, streamlining, outsourcing, restructuring, and reengineering) were strategic maneuvers to lower the cost of production and make business and industry more efficient competitors in an age of globalization.

What we have witnessed since the early 1980s with regard to the economy in general is not only a rise in the rate of productivity and the rate of profit, but also a cheapening of the value of labor power. This situation is consistent with what Marx (1967:1622) calls the "law of the progressive increase in constant capital, in proportion to the variable [wage labor]" and is but another illustration of the contradictory dynamics within capital reproduction which makes it ever more difficult for capitalism to sustain the producers of capital (workers), who are at the same time the buyers of their commodities (with diminished wages), when costs of production must be lowered in order to compete in a landscape that becomes ever more competitive.

Progressive accumulation enables the development of productive forces (technology and the present electronics revolution) but lessens the relative magnitude of variable capital. Therefore, there is a corresponding diminution of the variable part of capital in relation to constant capital (buildings, machinery, equipment, raw materials, fuel, and auxiliary material). Increased productivity due to the development of technology, concessions bargaining, and the restructuring and reengineering of the productive environment will have an inverse effect on the value of labor power in relationship to the mass of production. Therefore, although the value of labor power may rise absolutely, it does not rise in relative proportion to the production process. In fact, the value of labor power diminishes compared with the mass of production. As productive forces develop, the ratio of dead labor (machinery, technology, robotics, and electronics) in the organic composition of capital increases. This development, along with competition and the absolute general law of capital accumulation (the industrial reserve army and labor power at the disposal of the capitalist system), actually decreases the value of labor power.

This is clearly illustrated by economic figures provided by the US Bureau of Labor Statistics. Between 1977 and 1994, average hourly wages for workers in the US dropped from $15.40 to $13.39. Between 1979 and 1995, weekly earnings for the average worker dropped by $54.00 (from $438.00 to $384.00). Keep in mind that buying power is also less because inflation since 1973 has eroded the purchasing power of a dollar by nearly 20% (Voice of the ILWU 1996:4-5). In 1999, it was being reported that median household income had been flat for 20 years, and workers' real weekly wages had dropped $23 since 1979 (Roberts 1996:44). Even though GDP growth was averaging about 2% between 1990 and 1998, the real compensation for the median worker was actually 3% lower in 1997 than in 1989 (Tyson 1998:22). According to a study done by economist Linda Barrington, since 1986, the US economy has expanded by 30%. However, the poverty rate for full-time workers has actually grown by 40%. This contrasts with the 1960s economic boom where the poverty rate for full-time workers actually plummeted 56% from 4.8% to 2.1% (Koretz 2000b).
Capital recuperation strategies discussed above, and public policy initiatives such as the 1971 and 1985 Plaza Accord currency devaluations, have somewhat succeeded in countering what was earlier described (Brenner 1998) as the "long downturn" in the US economy. Since the early 1990s, business has been reaping the benefits of the structural adjustments implemented in the previous decade with higher productivity rates and record profits. Between 1992 and 1996, companies in the S&P 500 had increased their earnings by 20% in each of those four years (Gergen 1996). In the manufacturing sector of the US economy, where the work force declined by 15% between 1979 and 1992, productivity increased by 35% (Rifkin 1995:8). Since 1990, non-farm productivity has risen by 2.2%. This is twice the rate of the past two decades (Farrell 1995:135).

There are other salient examples of productivity growth in relation to the diminution of labor power: between 1985 and 1995, Chase Manhattan Bank's assets grew by 38% while its work force shrank by 28%, and in the period 1994-1996, McDonnell Douglas and Boeing (the two largest aerospace manufacturers in the country) laid off 16% of their St. Louis work force while the company earned record profits of $2.2 billion in 1995. The five-year growth rate in the US economy has doubled since 1995 to 2.8% per year (the best showing since the 1960s). Alan Greenspan, Federal Reserve Board chairman, attributes this growth to structural changes driven by advances in technology and its applications. However, in this five-year period, job growth only amounted to 1% (Cooper and Madigan 2000a).

US manufacturers are now 10-20% more productive than their German or Japanese competitors. The service sector of the US economy is now 30-50% more productive (Farrell 1995:136-37). However, although workers’ real wages have dropped since 1979 (Yates 1994:20), it is ironic as well as important to note that because of the development of productive technology between 1987 and 1995, the cost of labor has tripled relative to the cost of capital equipment (Rifkin 1995:6). There is an interesting dynamic at work here. Although the cost of labor relative to the cost of capital tripled, real wages actually declined and the value of labor power in relationship to the mass of production diminished even though its cost, relative to capital equipment, tripled.

This tendency will eventually have a negative effect on capitalists’ capacity for accumulation, given the inherent relationship (discussed earlier) that capitalists have with the producers of surplus value (who are also the consumers of the commodities being produced).

This decade of economic growth is being reported as the longest economic expansion on record (Cassidy 2000:33) and an economic miracle (Krugman 2000). Business Week reports that the economic expansion that began in March of 1991 raised the US GDP by more than a third, and that other countries are looking at America "with awe, envy, and sometimes, fear" (Miller et al. 2000:100). Although this period of economic expansion since 1991 may be longer than the period of economic expansion between 1961 and 1969, the average annual growth rate of productivity between 1991 and 1995 was only 1.8% and between 1996 and 1999 it was 2.6% (ibid.). Henwood (1999:121) thus points out that to call this period of economic expansion a "boom" (see Business Week 2000) is "a bit of a stretch." Actually, real GDP growth in the 1990s was the slowest of the last nine periods of expansion within the US economy, as Henwood reports it, "by a considerable margin." Growth rates in this current "boom" period are about half the historical expansion averages (compared with growth spurts in the 1950s through the 1980s of rates of 8-10%). The GDP grew by more than 52% between 1961 and 1969 compared to half that amount between 1991 and 1999 (McNally 1999b:136). Growth of productivity for the economy as a whole fell to its lowest level in US history between 1973 and 1996. During that period, the growth of GDP per hour worked averaged 0.9% which was below half of the historic average for the previous century (Brenner 1998:3). Although there was some real wage growth between 1996 and 1999 (a reversal in the real wage decline that prevailed from 1973 through 1995), the longer view on this is that real wages have been declining for more than 20 years. Therefore, the 5.6% real wage growth in 1999 was actually a return to 1987's real wage level "which itself was below 1967's" (Henwood 1999:124).

The rise in the organic composition of capital (due to the development of technology) is a qualitative increase in productivity, which in turn cheapens the value of labor power. This is the irony within capital reproductive dynamics — absolute poverty becomes the condition for absolute wealth (Peery 1993:42). This is seen in the rising poverty figures within the US economy — 12.8% of the
US population in 1989, compared to 13.3% in 1997 (Henwood 1999:129). If we were to measure poverty relative to average incomes, the poverty rate would be at 20% for 1999 (ibid.:133). This contrasts with the increases in net worth for the top 1% of US households which rose from 30.1% in 1992 to 34% in 1998 (Koretz 2000a).

Although 1997 was a banner year for the US economy, after the Asian economic crisis in 1997, manufacturing output growth slowed from a high of 7% to 2% for all of 1998. Oil prices for 1999 were up to nearly $25 a barrel, twice what it was at the close of 1998. The value of imported goods and services for most of 1999 was 30% greater than exports, widening the trade deficit between the US and its competitors (Cooper and Madigan 1999). Fixed investment by non-finance firms was lower in the 1990s than in any other modern decade. The "boom" in the US economy since the 1990s has been "consumption-intensive" expansion rather than "investment-driven" expansion (Henwood 1999:125-26). Since Americans are saving less and spending beyond their means, in order to fund investment, the US is importing huge amounts of foreign capital, which not only enlarges the record trade deficits within the US economy, but also puts the economy on shaky ground. If foreign investment wanes, or pulls out en masse, the value of the dollar would plummet (Cassidy 2000:34) and we could be looking at a financial crisis similar in scope to the Asian crisis of 1997. Those untenable financial practices precipitated the deepest recession in that region since the 1930s. Declining exports, declining business investment, and the fact that US households are spending more than their after-tax income making the US saving rate negative (which affects the availability of funds for further business investment since banks loan businesses the money that it gets from savers) are all indications that point in the direction of a recession (Moseley 1999:10-21).

Public Policy and the Role of the State

The information highlighted above reflects capital dynamics at work in the larger economy. They are important illustrations of the law of value (discussed earlier), the equalization of the general rate of profit through competition, and the law of the tendency of the rate of profit to fall (Marx 1967 III:173-99,211-60). These pressures manifest themselves in the arena of competition where the levels of engagement become more intensified, resulting in, among other things, mergers, acquisitions, price wars, the globalization of the economy, and the demise of capitalists who cannot keep up with the competition. At the other end, they also illustrate how capital reproductive dynamics undermine the value of labor power as a commodity. This is manifest in the prices of commodities that have become more affordable (e.g. computers, electronics, airline tickets, household goods, and apparel). It is also manifest in the increase in poverty in the Hawai'i and US economies and in the expansion of the contingent labor force.

While Governor Cayetano and all capitalists in the economy may very well have to be wary of "the thing" about the economy (capital reproductive dynamics discussed at the beginning of this article), the task masters of public policy must also be aware of, and comply with, their relationship to that "thing." Capitalism is a process that produces commodities. However, it is also a social relation of production and a social system based on the private appropriation of surplus value (profit). Capitalism depends on profit and endless accumulation for its survival. In its quest for profit, capitalism produces new and distinctive imperatives of expansion that operate on various levels. Every extension of its laws of motion changes its conditions of development thereafter, and every local context shapes these processes of change (Wood 1999:6-7).

In this age of the New Economy, people sometimes think of global capitalism as something beyond their control, out there, out-of-reach, a huge economic mechanism with a life of its own, ubiquitously directing the economic life of its subjects with the absolute power that no ruler or head of state could even begin to approximate or imagine. Some people say that capitalism in the age of globalization is something beyond society's control, beyond the state's control, and even beyond national and international control. With over $25 trillion rocketing through the currency markets every day (Robinson and Harris 2000:24), the totality of a one capitalist world economy seems impervious to, and out of reach of, human intervention. This is so, however, if the capitalist system is seen only as an empty abstraction. True, the modern world system is a one capitalist world economy (Wallerstein 1989) and as Burbach and Robinson point out "[t]here is no longer anything external to the system of global capitalism" (1999:30). However, even if we are to take for our economic unit of analysis the globalized world system, we have to keep in
mind that the capitalist system is a unified totality that can only exist in and through its effects. These effects manifest themselves universally and particularly. You cannot speak of the global economy without reference to its national and local constituent parts. To reference global economic processes is to reference "relations among national economies and states" (Wood 1999:10). The effects of capitalism are not only manifested and managed universally. They are also manifested and managed particularly in national public policy and through the initiatives of governors of states and their respective legislative bodies. These are the forms on the higher and lower levels through which the interests of capital accumulation are secured.

Since capitalism is not only a method of production, but more importantly, it is a social system of production, capitalism cannot work without a "collective authority representing capital as a whole" (Amin 1995:13). As Aglietta poignantly points out, "to speak of reproduction is to show the processes which permit what exists to go on existing" (1979:12). As capitalists are divided by the changing forms of competition, they are compelled to seek unity, protection, and support within the framework of the state. This leads to economic and ideological practices of state intervention which show that the regulation of capital is "a social creation" (ibid.:19).

As Aglietta describes, a social system constitutes a morphology, "a space structured by relationships subject to the principles of qualitative difference and unequal influence." Such a space will also develop reproducing "a basic invariant element" that is a determinant relationship which assures the system "its integrity and cohesion" (ibid.). The antagonisms of the wage relation and the competition between capitals cannot simply be regulated by the laws of exchange. An organization of the capitalist class, the development of its structural forms in the state, and the supranational apparatuses that have come into existence with the globalization of capital "are indispensable for the expanded reproduction of capital" (1979:22).

Rather than erasing national boundaries, capitalism spreads by reproducing its national organization in national economies and nation-states (Wood 1999:1-12). States have always been central to class development. In the age of globalization, they have been indispensable to the development of the transnational bourgeoisie who use national state apparatuses "to create the conditions for global capital accumulation" (Burbach and Robinson 1999:29-35). The social and political expression of the economics of capitalism are represented in state practices that negotiate the rules and spaces of competition. Under the charade of "laissez faire" and "liberalization" vested capitalist interests employ government intervention to set the mechanisms of security, codify the rules, secure markets, and facilitate the free flow of capital. It is for this reason that some view the role of the state as even more important (as facilitator of transnational industrial and finance capital) in the age of globalization. The very existence of multinational firms would be impossible "without a system of states maintaining stable relations of unequal influence," it "provides the structural conditions thanks to which the logic of accumulation of the transnational firms produces the economic effect that are now so well known" (Aglietta 1979:32). Aglietta was discussing the role of the state in these terms in 1976, years before the economy was spoken of in terms of "globalization," but his perception still rings true. Especially in this day and age (the Clinton Aviation Initiative in 1993, GATT, NAFTA and the multilateral agreements being negotiated among competing blocks of capital interests), industrial and finance capital would not be able to carry out their enterprises without the state's intervention and facilitation of state power. In the age of globalization, the state has been the principal restructuring agent in the economy. The level of integration we see on the global level has made the state "more important to capital than ever" (Wood 1997:15). Rather than displacing the nation state, the new multinational institutions that emerged in the age of globalization have assigned new roles to the nation states and given them new instruments and powers (Wood 1999:8-9).

**Crisis Management**

As discussed earlier, the glitches within capital reproductive dynamics that point the system in the direction of crisis are a consequence of inherent and systematic processes rooted in capitalism's basic laws of motion. The fact that the capitalist system is integrated on a global level also means that economic crisis in any one nation/state will have far reaching repercussions.

It was only in October 1998 at the annual assemblage of governments for the International Monetary Fund (IMF), that it was reported that the
risks have escalated for a “deeper, wider and more prolonged downturn within the global economy” (Greenwald 1998:47). Coming off the heels of the Asian crisis which began in October 1997, the economic downturn seemed more ominous in scope than the economic slowdown in July 1990, or the past recessions of 1981, 1973, or 1969. It was discussed and reported as “the gravest challenge to global capitalism since the Great Depression” (ibid.), and even people like George Soros (1998a) were jumping into the arena in an effort to save the ailing behemoth.

At that point in time, mainstream media tossed around the possibilities of a “crash” in 1999 (Samuelson 1998b:26). It was widely recognized that the financial crisis in October 1998 was not only an Asian crisis, a Japanese crisis, a Russian crisis, or a Brazilian or Latin American crisis. People were even speaking in terms of a “world meltdown” (Samuelson 1998a:38; Soros 1998b).

It is interesting to see how this global financial crisis was being interpreted by the free enterprise champions and the mainstream media. As the story went, the crisis was initiated with some “little noticed rumblings in a distant corner of the globe” (Samuelson 1998b:27). When Thailand devalued their currency in July 1997, its neighbors soon caught the “Asian flu,” devaluing their currencies as well and prompting investors to pull out their capital en masse. This caused even the hardest of Asian economies (like Japan) to fall back into further recession. The situation reverberated in the US, with the Dow taking its biggest one-day point plunge in history on October 27, 1997. The Dow recovered, but in August 1998, Russia, heavily indebted to the US, also devalued its currency and defaulted on its loans from the Long-Term Capital Markets Hedge Fund. In September 1998, in an attempt to prevent a global financial collapse, the US federal government stepped in to rescue the fund.

Meanwhile, since June 1997, countries around the world had been devaluing their currencies in an effort to keep their exports competitive. In October 1998, Thailand’s baht was down 52.5%, Malaysia’s ringgit down 50.5%, the Japanese yen down 17.7%, Russia’s ruble down 194.7%, Canada’s dollar down 12.5%, Mexico’s peso down 29.5%, Brazil’s real down 9.9%, and the list goes on (Greenwald 1998:47).

In response to a declining global market and a slowing US economy, the federal government cut interest rates, but not enough. In October 1998, the Dow dropped 17% from its mid-July 1998 peak. In the meantime, grain was being stockpiled in Washington State since its Asian market had evaporated. Ford, General Motors, and other US companies were also encountering the debilitating effects of a declining global market. With Brazil on the verge of collapse with its $28 billion in loans from US banks (four times more than what was lent to Russia) and with 2,000 US companies with investments in that country, the prospects of global financial stability were precarious indeed.

According to Soros, “[u]ntil the Thai crisis in 1997, the center was both sucking and pumping out money vigorously” (Soros 1998b:78). It seemed as though everyone we heard about was pointing and wagging his/her finger at the “Asian crisis.” If it was interesting to see how the global economic crisis was being interpreted, it was even more intriguing to see how the free enterprise ghostbusters attempted to resolve a crisis that rocked the foundations of capitalism at its core.

To carry out the capitalist rescue mission operation, the “free” world championed its IMF. Bailouts in the billions of dollars were on its monetary agenda and, with it, the austerity plans to procure its payback. President Clinton was speaking of a New Global Financial Architecture that preserves the free flow of capital and reduces the volatility of world finance. This would entail providing speedier loans to countries in financial crisis and a more honest and transparent public record-keeping by governments so that investors would know where to put their money (Greenwald 1998:47). At the other end of the spectrum was Malaysia's head of state, Mahathir Mohamad, who, in an attempt to provide some relief for his country, shut Malaysia off from international capital markets and implemented a ban on all currency trading. Naturally, these events created tension between forces dependent upon the financial openness and free flow of capital (laissez faire) and those who advocated capital controls and currency controls that countries such as Malaysia would assume in an effort to salvage their devastated economies.

The IMF and the World Bank were also at odds on how to cure the “Asian flu.” The World Bank’s annual study for 1998 suggested that the IMF put too much emphasis on hiking interest rates and not enough attention on unemployment and the other costs of fiscal austerity. It suggested that IMF policy
tended to destabilize domestic situations in those countries even further and scared off investors even more (Wildavsky 1998:43).

The above sentiments were also echoed by some of the more "enlightened" champions of the free enterprise system (such as billionaire George Soros). In his testimony to the US congress and in his book, *The Crisis of Global Capitalism* (1998a), Soros criticized the role of the financial markets that in his opinion, behaved more like a wrecking ball than a pendulum "swinging from country to country, knocking over the weaker ones" (Soros 1998b:80). Soros seemed to believe that it was the international financial system that was "the main culprit in the meltdown process" (op.cit.:82). He contrasted the policies of the IMF in relationship to the periphery (countries outside of the core or center of capitalism) with the sober response of the Federal Reserve that lowered interest rates in an attempt to ward off economic instability in the US.

Soros points out that there is an urgent need to "rethink and reform the global capitalist system," and that the capitalist system "is certainly endangered" by global crisis. He and many other earnest capitalists are afraid that the political developments triggered by a crisis such as the "Asian flu" could "eventually sweep away the global capitalist system itself" (1998b:80).

These proposed solutions to the crisis of global capitalism are bolder, broader, and more comprehensive than the picayune solutions that policymakers like Clinton or Cayetano could implement. Soros points out that the global capitalist system is a "distorted form of open society" (Soros 1998a:223), a state of affairs with no regime or "global political system" that corresponds to the global capitalist system, and no consensus that a global political system is necessary and possible (ibid.:217). He flat out proclaims, "what is lacking is the rule of international law" (ibid.:225); "crisis prevention requires some degree of external interference" (ibid.:223). Soros calls for a "change of mentality" from our laissez-faire traditions. What we need, he says, is a "global society to support our global economy" (Soros 1998b:84). He does not advocate the abolishment of states, but maintains that the sovereignty of states should be subordinated to international institutions and international law: "Financial markets are inherently unstable; they need supervision and regulation" (ibid.). To maintain and stabilize the global capitalist system, he advocates international public policy that: (1) implements market discipline and stability through the regulation of the global financial markets; (2) creates a regulated international central bank; and (3) puts together a vehicle that can pump liquidity into the periphery and arrest the reverse flow of capital, i.e., a more generous, benevolent, and responsive international welfare system for capitalists than the IMF (such as his proposal for an "International Credit Insurance Corporation" or some similar welfare system for capitalists in dire straits).

The gist of what was proposed as methodology to "solve" the international economic crisis in 1997 was pretty much summarized in a "Special Report" run by *Time* magazine in September 1998 (Gwynne 1998). The proposed solutions are noteworthy, since the methodology of managing capitalist economic crisis seems universal. In defense of capital accumulation and in the interest of the capitalist class, this sort of public policy is promoted as an approach to "solving" the inherent contradictions within capitalism. It is seen (in one way or another) in the international institutions that manage capitalist interests and in the Clinton and Cayetano public policy initiatives discussed earlier. As summarized below, they comprise a series of stop-gap measures and reforms that are being promoted on the international, national and local levels.

(1) Accelerate labor "reforms" to permit easier hiring and firing of workers.
(2) Equalize tax rates so that the very rich can pay as little as the very poor.
(3) Give more tax cuts to the very rich to "stimulate growth."
(4) Restructure banks and companies.
(5) Lower interest rates to relieve the pressure on banks and to encourage and enable consumers to become more indebted.
(6) Improve job skills.
(7) Use taxes to revitalize banks instead of providing for human welfare measures thus enabling these banks to issue even more credit to the millions of consumers who are going bankrupt.  
(8) Promote domestic stability by expanding the police force and building more prisons.
(9) Privatize government services and government owned companies to "free" resources and "increase productivity" (translated: to break the backs of the unionized government workers who are making and getting more than the workers in the private sector of the economy).
(10) Overhaul Social Security so that the stock market, among other things, can ravish this new source of revenue.
(11) Cut government spending to lower government deficits.
(12) Have the central bank maintain a tight monetary policy to support a country's currency.
(13) Stop the crooks.
(14) Collect back taxes.
(15) Stay committed to free and open markets.
(16) Keep devaluing currency to keep exports competitive.
(17) Foreign countries should end their currency peg to the dollar.
(18) Promote a level playing field in the economy.
(19) Implement austerity plans.
(20) Change your leadership and try being more optimistic.

**Don't Worry, Be Happy, Be a Revolutionary**

The specter of economic catastrophe hovers menacingly amidst the up and down dalliances of the US stock market. When a key economic report showed rising inflation in April 2000, it sent the stock market into a tailspin and the blue-chip index plunged by 363 points (Associated Press 2000a). Already in the fourth quarter of 2000, economic indicators are pointing to a slowdown (Cooper and Madigian 2000b), and economists are expressing concern about the potential rise in oil prices to $35 a barrel (CNN 2000). At $34 a barrel (9/10/00), oil was near its highest level since the eve of the Persian Gulf War in 1990, sparking fears of rising inflation and slow growth (Coy et al. 2000:38-41). Along with the "Boom Special Report" that Business Week came out with in February of 2000 was a feature article by Michael J. Mandel enumerating the danger signals that can turn the boom into a bust: unbalanced growth between the technology sector and the rest of the economy, rising household debt, increased reliance on a contingent work force, an overvalued stock market, soaring margin debt, and a bulging trade deficit. Mandel points out that economists see "alarming parallels" between the boom in the late 1920s (ending in the Great Depression) and today's economy (Mandel 2000).

Can Soros' solutions, or any of the stop-gap problem-solving measures being thrown around by President Clinton or Governor Cayetano, really resolve the inherent contradictions within capitalism that manifest themselves on the local, national, and international levels? As discussed earlier, the fundamental problem of the capitalist economy is relatively expressed in basic contradictions that are systemic. Even though the rate of surplus value (which makes possible the reproduction of capital, as well as accumulation) increased with concessions bargaining, downsizing, and reengineering, companies are still going bankrupt, more workers are contingently employed, the rate of poverty within the economy is creeping upwards, and capitalists locally, nationally, and internationally are compelled in the direction of consolidation and centralization (mergers and acquisitions) in order to compete at higher levels in a globalized economy.

These contradictions go beyond the optimism or pessimism of investors, the reluctance or erroneous policies of the IMF and other supranational institutions, or the failure of international governments to provide capital insurance policies when investment calamities strike (one of Soros' proffered solutions). They also go beyond the shortcomings of local and national public policies in supervising or regulating capital, liberalizing the world economy, and providing capital accumulation opportunities, tax credits, and tax holidays (as we see with Cayetano's 2000 New Economy Package, the Washington Consensus, and the Clinton economic initiatives).

A major contradiction within capitalism is that it compels the systematic deletion of a necessary and vital component of capitalism. That vital component is wage labor. This may sound like a curious statement to make, given the potential scenario for a labor-less society with the New Economy. However, it is wage labor that defines capitalism, since wages are the currency that circulates this economy: "It is this sort of exchange between capital and labour upon which capitalist production, or the wages system, is founded, and which must constantly result in reproducing the working man as a working man and the capitalist as a capitalist" (Marx and Engels 1970:212). Wage labor circulates and rationalizes the reproduction of capital. But it must also be devalued and eliminated in order for capitalists to reproduce their capitalist
system. This suicidal compulsion is the undoing of capitalist relations of production.

As the forces of production take a qualitative leap forward in the "crystalization of the world system" (Wallerstein et al. 1982:235), we should also have been contemplating a "change of mentality" that goes beyond the "revolutionary" capitalist reforms (the old socialism for capitalists only, more appropriately known as fascism) that "free" enterprise champions like George Soros are promoting. Instead of public policy that consistently comes up with tired, uncreative solutions that amount to welfare packages for big and small business, we should set out to do as Clinton said a few years back. That is, to "reform welfare as we know it."

That means we have to challenge the property relations and government policy that limit and confine the distribution of prosperity. We should interrogate the private appropriation of socially produced wealth, and get to work implementing a vision of society that coincides with the distribution capabilities of a highly developed, supranational mode of production. So don't worry, be happy. But most of all, be a revolutionary, so you too will be able to partake in the gift of historical materialism.

Notes

1. Some important points that Rees brings out in this article are that this downsizing and reengineering mission that Governor Cayetano is hell-bent on pursuing has not really studied what the backlash of such public policy reforms would be for a Keynesian-based economy like Hawai'i's (federal spending per person in Hawai'i is $155, compared to $19 per person on a national basis). Also, Cayetano, although quick to use the government to initiate reforms, has not really considered how the government would use funds saved by downsizing and the reduction of worker benefits. Rees points out that Cayetano has not presented a vision of what government should be as an instrument of fairness and justice (Rees 2000).

2. On that note, Cayetano relays a story about Tim Moore, a "good guy" and a "staunch Republican" who told him that his workers' compensation was cut from $90,000 to $30,000. Cayetano notes, "That's $60,000 being put into the economy" (Honolulu Advertiser 2000c). This is the same line of reasoning put out by the Bush campaign and the Republicans whose latest effort at tax "reform" (repealing the inheritance tax and reducing the taxes for working seniors who make more than $34,000 as a single taxpayer, or more than $44,000 as a couple) was vetoed by Clinton (Los Angeles Times 2000). Knowing the psychology and agenda of the Republican camp and the legacy of the Reagan era (with its "voodoo" economics and trickle-down rationalizations for the restructuring of the tax system in the interest of big business and the wealthy), we expect these sorts of policy statements coming from the right. The Democrats claim to represent the interests of the working man and woman. In practice, however, the public policy reforms promulgated by both parties have leaned heavily in the direction of business at the expense of the working class. This is obviously so, both on the local and national levels.

3. The business community was aided and abetted in killing this meager increase in the minimum wage by the efforts of two Democrats in the legislature - Representatives Bob Herkes and Senator Lorraine Inouye, who proudly shared their stories of triumph as champions of business with reporter, Malia Zimmerman in the Pacific Business News (Zimmerman 2000b).

4. Small business advocates were also disappointed with the outcome of the Hawai'i 2000 legislature, claiming that "virtually none" of their key concerns (identified in Pacific Business News' legislative preview) were addressed (Zimmerman 2000a:1).

5. Globalization is a term utilized to describe the international integration of money, technology, labor, and ideas (Griffin 2000:54). It is also described as an "epochal shift" in the world capitalist system (Burbach and Robinson 1999) that redefines the relationship between production and territoriality, nation-states, economic institutions, and social structures (Robinson and Harris 2000:16-17). Globalization decentralizes and fragments the production process. It is redefining the accumulation of capital and the integration of national productive structures on a supranational level. It is also redefining the ruling class in terms of what is referred to as a "transnational capitalist class" (ibid.).

6. Constant capital is the value of material inputs transferred to the product, including deprecation of equipment, while variable capital is the value of labor power which is paid to the worker in the form of wages (Sweezy 1981:50).

7. This perception is a terrific misnomer since, as Wallerstein points out, it is absolutely "central" to the functioning of the capitalist world economy that only a "partial" realization of the free flow of capital and the factors of production, "the partial realization of the law of value" (tariffs and the GATT (General Agreement on Tariffs and Trade) and domestic antitrust and antimonopoly regulation), is implemented to protect the economic hegemony of commodity production among individual capitalists and states. Ironically, the nature of capitalist production pushes toward the fuller realization of this end (deregulation, the liberalization of the market, and the consolidation and centralization of capital - global partnerships, the North American Free Trade Agreement (NAFTA), mergers, leveraged buyouts and acquisitions). It is this tendency or, as Wallerstein describes it, this "success" that is "the undoing of the capitalist system" (Wallerstein et al. 1982:24).

6. ESOPs attempt to delude employees into thinking that they "own" their company. In reality, employee ownership in companies rarely amounts to any decisive or controlling share, and in those situations where a controlling share was achieved (as in the case of the United Airlines' ESOP), it was done at a huge cost in the form of concessions that
also limited employee "owners" in the jurisdiction of decision making. ESOPs were introduced to the work site as a means of duping and motivating workers to produce willingly and gladly more surplus value for the capitalists. Other productivity incentives and accumulation ploys being used by capitalists are "stock options" (since PepsiCo Inc. pioneered this strategy in 1989, more than 2,000 companies have followed suit) and "rights offering." For example, in August of 1996, Hawaiian Airlines Inc. announced a rights offering to its employees and other shareholders as a tactic to procure an estimated minimum of $25 million. This capital would not ordinarily be available to a company with a bankruptcy history such as Hawaiian Airlines.

9. See a Special Report in Business Week (Fairlamb and Edmondson 2000) for more on the consolidation and centralization happening in Europe with the emergence of the New Economy and the pressures brought to bear with this higher level of competition.

10. The process of production and the circuit of capital that extend trade and finance across national borders is described as "international." The globalization of the production process that liberates capital from spatial barriers and acts as a unifying trend in the development of world capitalism is viewed as "transnational" or "supranational" (Robinson and Harris 2000:16-18).

11. Although I appreciate Laidman’s presentation of the taxonomy of crisis within capitalism (Laidman 1999-2000), I submit that the real Achilles heel of capitalism is in the labor theory of value (see discussion in Petrovsk 2000:60-77). Laidman’s analysis of crisis within capitalism provides a multidimensional picture of five sites that he sees as critical to the accumulation process (workplace, central or production, consumption, technology, and finance). He shows the relationship and interaction between these sites and the likely solutions that are employed (by capitalists and/or the state) when encountering ultimate barriers at certain sites. These barriers lead to a variety of crises (incentive, legitimacy, financial, demand/ stagnation). His presentation illustrates how the ultimate determinacy of capitalist contradiction is reinforced in a combination of variety and contingency in actual accumulation experiences that act in concert with the systematicity and determinacy of the general process of accumulation” (Laidman 1999-2000: 40).

12. The Washington Consensus is a political ideology guiding US government policy that acts in the interest of US finance and corporate capital. It articulates a global economic and political restructuring program that is centered around market liberalization (Robinson and Harris 2000:28-29).

13. As with "deregulation" in the late 1970s, "liberalization" is a policy imperative that became a rallying call in the late 1980s and early 1990s, since existing government protection and regulation in the global economy was a hindrance to the free flow and penetration of transnational capitalist interests.


15. In all sectors of the G-7 economies (US, United Kingdom, France, Japan, Canada, Germany, and Italy) net profits dropped from 17% to 11% between 1965 and 1980 (Harrison 1994:125-26).

16. Although Brenner’s analysis (1998) of the US economy is an important contribution to understanding the long downturn within the US economy since 1970, it is equally important to point out that Brenner’s presentation is premised on the limitations on competition, or what some critics on the left refer to as a “horizontal” analysis of capitalism (see, for instance, Foster 1999; McNally 1999a). Foster states that it is tempting perhaps to attribute all the problems of capitalism to excessive competition, yet, “the short answer to this is that competition is not the essence of capitalism but merely the means by which the basic laws of capitalism, generated within production, are executed. To focus on competition or over-competition as the problem is then to miss the essential point — the accumulation of capital” (1999:28-30). McNally also provides a useful criticism of Brenner: “Competition-centered theories thus elide the questions of wage-labor, exploitation, fixed capital, and so on. That’s why Marx introduces competition into his analysis only after he has derived basic laws of motion from capital in general. This enables him to foreground the capital-wage relation and the dynamics that flow from it before turning to competition between capitals” (1999a:43). The “vertical” analysis that we see coming from such Marxist theorists as Sweezy (1970, 1981a,b), Baran and Sweezy (1966), Foster (1986, 1999), Foster and Szulc (1984), McNally (1999a,b), Braverman (1974) and Magdoff and Sweezy (1987) stresses the relationship between capital and labor and focuses on production, the rate of exploitation, and class struggle. Foster (1999:36) further points out that the essential nature of capitalism is to be understood by analyzing the relations of capital and labor within production, the place where the law of value of capitalism arose (the self-regulating mechanisms of the system itself, as described by Sweezy; 1981a,32), and not by focusing on competition at the level of the market.

17. PATCO (Professional Air Traffic Controllers Organization) was the air traffic controllers’ union.

18. The organic composition of capital is the ratio of constant capital to variable capital (Sweezy 1981a:50), see also note 6, above.

19. Another example of downsizing for profit increases in the aerospace industry is illustrated in what happened at Lockheed Martin, the fourth largest aerospace manufacturer in the country. In April 1996, machinists at Lockheed Martin went on strike over the problem of outsourcing (subcontracting work to cheaper workers). Their resistance was able to save 67 custodial jobs at the Georgia plant that the company intended to outsource. Unfortunately, however, the language in their contract agreement failed to address future outsourcing contingencies. In just eleven days after the ratification of their contract, Lockheed announced that they were laying off 1,200 to 1,500 workers in that plant (Butzbaugh 1996:2). This, at a time when Lockheed Martin was
claiming profits of over one billion in the Business Week Global 1000 for the fiscal year 1995 (ibid.).


21. From 1992 to 1998, credit card issuers raised the ceiling from $770 billion to $2.5 trillion for potential borrowings (Coy 1999). In 1999, margin debt for American households rose by 62% (nearly $360 billion), and mortgage debt equaled 43% of the value of owner-occupied housing compared with 30% in 1985 (Mandel 2000:122). US households consumed 103% of their after-tax income between 1991 and 1998 compared to 80% in earlier periods of expansion (Henwood 1999:126). As Henwood points out, this all means that "the US economy is powered by people regularly living beyond their means" (ibid.).

22. It is important not to confuse the falling rate of profit with the decline in the amount of profit. As pointed out by Marx with regard to this law, although the rate of profit may have a tendency to fall, there still may be absolute increases in the number of laborers employed and the mass of profit produced (Swozy 1981a:46-54).

23. When speaking of a "totality," I am not thinking of it as a Hegelian or accepting it as an Essentiaits (i.e. as something given or immutabile). I think we have to look at this notion of totality as "a developing activity" (Sartre, in Martin 1998-99:519), or as dialectics materialized, as something that exists, as I point out above, in and through its effects. In this way, totality can be perceived as "virtual" space (a Deleuzian concept, see Stolze 1998:59), similar in apprehension to Althusser's interpretation of the relations of production as an "absent exteriority" (Montag 1998:72). As Deleuze (in Stolze 1998:59) points out, "Marx's originality (his anti-Hegelianism) resides in the way in which the social system is defined by a coexistence of economic elements and relations, without one being able to engender them successively according to the illusion of a false dialectic [Hegel's]." Deleuze further points out that every structure is "a multiplicity of virtual coexistence" and therefore the problem of actualization in time is one of the relationship between differentiation (structure as virtuality actualized—an "event" in material reality, aleatory materialism, or "parole" in semiotics) and differentiation (virtual coexistence or "speech" in semiotics)—the double aspect in which a totality (any absent exteriority) is represented materially or symbolically.

24. The notion of laissez-faire is a misnomer since the implementation of this principle of non-government intervention requires the devising of forms of regulation (mechanisms and modes of state intervention), which act to facilitate natural regulation (Gordon 1991:19). It also requires the devising of security mechanisms that assure those intrinsic and economic processes that become the basic objective of governmental rationality (Foucault in Gordon op.cit.).

25. The call for liberalization in the global market, especially by US transnational corporations intent on fixing a matrix of market order which allow their products to move freely and efficiently, is another doublespeak euphemism that employs government intervention to frame the mechanisms of security under the charade of democracy. Liberalism is a political practice and a problematic that exists within the unifying framework of legal regulations of a state. At the same time, its "natural reality," attempts to remain inaccessible to centralized power. It begins with the recognition of the heterogeneity and incompatibility of the principles that regulate the "non-totalizable multiplicity of economic subjects." Those economic subjects, however, operate in a "totalizing unity of legal-political sovereignty" (Burchell 1991:137, 141). As Scarranpi aptly puts it, "the neoclassical metanarrative, which was developed as an attempt to found 'scientifically' the laissez-faire stance of liberal thought, turned out to be incompatible with one of the most fundamental tenets of liberal thought—i.e., the attribution of rights to individuals" (2000:94).

26. George Soros is a billionaire financier who is playing a leading and important role in an effort to influence and direct public policy on a transnational level to stave off a capitalist crisis. He is sometimes referred to as "the man who broke the bank of England" and is a leading proponent of government intervention in the interest of capital accumulation, or as he puts it, some world order as opposed to "no world order" (Soros 1998a:217) to prevent the breakdown of "the gigantic circulatory system" (Soros 1998b:82).

27. Personal bankruptcy filings in 1997 in the US amounted to 1,350,116. As of the 3rd quarter of 1998 they were at 1,054,475 (Gannett News Service 2000). In Hawai'i, bankruptcies peaked to 5,813 in 1998 (Honolulu Advertiser 2000:31). Although bankruptcy filings have gone down, they are still more than triple the level of 1994 (Duchemin 2000).

28. For an insightful illustration and expansion on how the rate of surplus value increased between 1947 and 1994 and its relationship to the rate of profit see Moseley (2000).

References


Public Policy in Hawai‘i: Globalism’s Neoliberal Embrace

John Witeck

“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 globalization 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 gravely weakened socialist theory and alternative analyses, proclaiming that humanity had arrived at “the end of history” — capitalim 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 overarching, pro-corporate enforcement, 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 globalization 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 neolibera
dor concerted, capital-ordained, and militarily pro-
tected 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, envi-
ronmentalists, women and minority group representatives, came to Wash-
ington, D.C., to protest the policies of the World Bank and the Interna-
tional 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
alterative social and economic systems, is seriously challenged by constitu-
cencies 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 meas-
ures further destituted Hawaiians and caused further declines in their
population.

Hawai‘i’s integration into global capitalism also brought the importation of
laborers from other lands in the late 1860s 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 govern-
ment 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 govern-
ment (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 satelitte 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 Hawai‘i” 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 Hawai‘i (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 1980s 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 Hawaiʻi should get “a bigger piece of the action.”

Enthusiasm for a US Pacific Rim strategy modeled on Hawaiʻi’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 Waikikas.” This model saw Hawaiʻi 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 Hawaiʻi as their “corner” of the world.

“Hub” Model Goes Flat!

Hawaiʻi’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 Hawaiʻi, 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 Hawaiʻi’s workers declined by 22.3% between 1970 and 1982, with public employees losing 26% of their wage values in this period of profit extraction, 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 Hawaiʻi 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 Hawaiʻi was $28,356 (DBEDT 1999:371). Since 1969, real wages in Hawaiʻi have declined by 5.5%; median money income for households declined 10% between 1984 and 1997 (DBEDT 1999:371,399). The Hawaiʻi promotion slogan “Lucky you live Hawaiʻi” (coined in the 1980s) has become, more aptly, “Lucky if you can live in Hawaiʻi”

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, on 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 Hawaiʻi, 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 ascendancy of the Democratic Party in Hawaiʻi 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 Hawaii’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 working 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 Hawaii 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, Hawaii’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 Hawaii 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 Hawaii was friendly to business, making Hawaii “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: Hawaii must “prove” that it wants businesses to invest and provide “incentives” to entice them. The “selling” of Hawaii 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 Hawaii.

What more equitable, humane alternatives to this model exist? It would be better if Hawaii’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 Hawaii’s human resource assets and attractiveness. This might also attract companies to do business with, or set up operations in, Hawaii – if only these conditions existed! Other non-bottom-line enticements are Hawaii’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 shrunk, 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 Waihe’i cabinet discussions and the state of the state’s finances, when Cayetano assumed office in January 1996, 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, consequentially 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 Belle 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. The cost of living in the islands is in fact 27.1% higher than in other US cities (DBEDT 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 36% 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 decision 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 "install 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 Depart-
ment 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 1960s to 9% today. All the while, the pay of CEOs employed by the Fortune 500 companies increased 925% between 1980 and 1996.

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 Hawaii'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, HMUSA, 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 HMUSA 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.16

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—trutted as a "civil service reform" or "government reform bill" by the media and a "public employment reform bill" by McCarney 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 unit's 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 Rodriguez 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.

Conclusion

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 of 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 Hawaii’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 Hawaii 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 hegonomy in general, augur a new turning point in Hawaii-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 continuance 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, conglomeratized, 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 reprieve, 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. Postmodernism’s dismissal of the validity of any “grand narrative,” especially in this age of globalization, 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 academe 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 Hawaii, Vol. 39, an issue focusing on the Ethnic Studies Story and on social and political movements in Hawaii. 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 Hawaii and who has taught at Ethnic Studies for three decades.

4. Noel Kent, in his classic Hawaii: 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 Zeitburg’s A Spark Is Struck (1979).

6. Kanaha’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 Interculture 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 issuance of injunctions against those workers’ absconding 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 incremental adjustments. This occurred primarily though 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 letter 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


Hawai‘i: From Globalization to Full Democracy

Jim Brewer

This article’s objective is to look at “globalization” (corporate-driven global economic integration) and the roles that residual anarchism, strong-but-waning corporatism, and insurgent democracy play in the larger globalization. It furthermore looks at the role that neoconservatism and neoliberalism play in globalization and how these paradigms affect Hawai‘i’s contemporary politics.

A fundamental argument here is that “full democracy” is the real answer to the central problem of global integration in the twenty-first century (Parenti 1996). This struggle for democracy pulls together those who fight for labor rights, the environment, indigenous and “local” rights, and many other people-issues, against the antidemocratic forces of corporate-driven globalization.

Beginnings of Globalization

It is difficult to agree on when “globalization” began. Some would say it has always existed; how is today’s “globalization,” for instance, different from the long-term processes involving Viking pillagers and plunderers, Spanish conquistadors, marauding Mongol hordes, Teddy Roosevelt’s Rough Riders charging up San Juan Hill, and “humanitarian intervention” by NATO stealth bombers and fighter planes over Kosovo and Serbia (Burkholder 1999)? And how about British, Dutch, US and other forms of imperialism (Parenti 1995)?

Globalization’s corporate-driven contemporary form, for the purposes of this article has its roots in the linking of “Reaganism” (Dugger 1983) in the 1980s with Great Britain’s “Thatcherism” (Graves 1999). It then became “Morroneyism” in Canada and finally ricocheted to Hawai‘i, most noticeably during the Cayetano administration in the last half of the 1990s. This was a period of major change in international relations involving socialism versus capitalism and the full political spectrum of “isms” in-between, East-West and North-South relations, the Cold War, nonaligned nations, and decolonization and national liberation. Led by US foreign policy, “Reaganism,” the stage or step immediately preceding globalization, was critical in building up the
present push by transnational corporate traders and financiers for political-economic preeminence in the world – called "globalization."

There was more than just a struggle among libertarian (individual "liberty" at all costs), corporatist, and democratic interests going on in the US during the two-decade period, 1980-2000. Major intensification and "extensification" of economic productivity also occurred due to revolutionary developments in science and technology – the "sci-tech revolution." Major productivity gains resulted from momentous advances in bio-technology and information, communication, computer technologies, and more. And globalization is to the globalizers, as much as anything, the struggle over expanding the utilization and the distribution of the fruits of this increased productivity. To the globalized, it is about the accompanying global and local changes in politics, social relations, culture, and the environment.

Upon taking office after the 1980 election, President Ronald Reagan used the presidential bully-pulpit to continue an incessant seemingly (but actually even more rightwing) libertarian rant, begun at least as early as the Goldwater-for-President campaign (Reagan n.d., 1964). This political trend continues today against: (1) government (public works and services) and government workers (public employees); (2) unions and employee rights; (3) social safety nets for the poor and the human service programs that arose from Franklin Delano Roosevelt's "New Deal" (FERI 2000) and President Lyndon Johnson's "Great Society" programs (Johnson 2000a, b, 1964, 1965); (4) the environment; and (5) the civil rights movement and affirmative action (see Kangas 1996a, b, c).

Neoconservative Reagan began a two-decades-long intense offensive against all the gains made by the US working class in the twentieth century. Reaganism was a very active, vocal, and well-financed, big-spending alliance between libertarians (anarchists), conservative, small-business "free-enterprisers," and big corporate interests. Ultra-conservatives and radical rightwingers like President Ronald Reagan (Dugger 1983:453-56) and then-former US Speaker of the House, Newt Gingrich, took the lead. But the libertarian "laissez-faire" capitalism rant was just rhetoric, because the Reagan-turned-Gingrich-"Contract with America" (Fallows 1994) package was not to benefit America's small businesses and family farmers. Actually, it was designed to benefit corporate America.

As a result, many small businesses, including family farmers, increasingly aligned themselves with employees, workers' unions, environmentalists, and other democratic forces as they saw the fruits of the Reagan-Gingrich alliance mainly accruing to benefit corporate interests, professionals, and small and medium businesses whose activities are tied to big business. Trickledown (Dugger 1983) was one side of the coin called "Reaganomics." The other side was takeaways, as noted throughout this article.

Reaganism/Reaganomics was an agenda to create a "new economy" of low-wages, long work hours with minimal benefits, unfair tax burdens, and stripped-down government services for employees, the unemployed, and retired employees. To this end, Reaganism/Reaganomics initiated a vigorous push against unions and employees in general, and for privatization, deregulation, tax cuts, and big government subsidies to the wealthy (Dugger 1983). Its general strategy was to weaken the position of employees relative to their employers. It supported strengthening the corporate private sector and weakening the public sector – government – insofar as government requires taxes from the corporations and the wealthy to support the quality-of-life needs of the people, and insofar as government-of-by-and-for-the-people requires regulations that impose environmental protection, consumer protection, and other cost-incurring requirements on corporate employers (see Kangas 1996b).

On the flip-side of that agenda were high interest payments to bankers, fabulous returns on investment for stock market investors, super profits for owners/employers, mega-salaries and golden parachutes for CEOs (Minow 2000; Welchner 2000), and corporate welfare (Corporate Welfare Information Center 1999) from a government co-opted by big-money campaign contributions and highly paid lobbyists, expensive think-tanks and public relations campaigns – aided and abetted by a corporate-subsidized news (Parenti 1993) and entertainment media (Puette 1993). All this was ripped from downsizing and merging small- and medium-sized corporations into large corporations, and large corporations and super-corporations into mega-corporations. It also meant outsourcing to subcontractors and moving factories and headquarters to low-wage, union-free, or weak-union localities (Short n.d.; Gibbs 1996). The main buzzwords of this onslaught against the people and democracy were "dereglution" and "privatization." Then later, as post-Cold War
globalization began to emerge, “free trade” was added to the list of neoliberal/neoconservative buzzwords.

Deregulation led to increased profits. Privatization threw public assets and services into the hands of private businesses. This two-pronged attack resulted in an overall strategic redistribution of wealth from the working class and from small businesses and family farms to corporate interests, and the widening of the rich-poor gap – the widest it has ever been.

For instance, the deregulation of the savings and loan industry and the resultant government bail-out cost the US taxpayer between a quarter to half a trillion dollars. The privatization of the US Social Security insurance and pension system has been a constant objective of the “conservative” agenda since Reagan – although it would re-impoverish millions of elderly – mostly elderly women. Over a decade or two, this would possibly yield trillions of dollars to Wall Street interests. These class struggles over the distribution of daily wealth will always be part of a global neoconservative/neoconservative agenda; today, they are the main components of globalization. But thus far, there has been a strong fight-back against the onslaught on Social Security by, for instance, the newly energized US labor movement (AFL-CIO 2000) and by senior citizen organizations (Labor Party 1996a; National Council of Senior Citizens 2000).

However, the ultra-conservative ingredients of Thatcherism/Reaganism – taken in the aggregate – are not enough to adequately describe the full-blown, corporate-driven “globalization” that we know today. The so-called “end of the Cold War” (Longworth 1999) and the so-called “end of history” ( Fukuyama 1992) where capitalism has allegedly defeated socialism, were the precipitating factors causing “globalization” to occur. That period from “the end of the Cold War” to the present is roughly the period of “globalization” (as the term is presently used). Let us now digress to discuss the theoretical aspects of this transformation.

**Which Golden Rule Shall Rule**

There are three “golden rules.” One version says: “Do unto others before they do unto you.” The second colloquial golden rule is: “He who has the gold, rules.” And the third “golden rule” is: “Do unto others as you would have them do to you.” In a very real sense, these represent three old and fundamental coping or survival strategies.

The first golden rule promote chaotic and individualistic “might is right” anarchism – where everybody is “free” to cannibalize even their own members in the pursuit of their individual economic survival. Then, fast-forwarding to early man, we see the second corporatist “might-is-right” version of the golden rule developing. Economic survival then became social, with our early ancestors fragmented into hunting and gathering, competing “corporate” bands. After that, with the further development of the human brain and the concomitant social accumulation of knowledge to produce greater material and economic surplus, came the development of “political economy.” Thus, today, we see greater possibilities for democratic, community-minded cooperation – as opposed to individualistic “might-is-right” competition (anarchism) or group-related, “might-is-right” competition (corporatism).

This now brings us to something we hear a lot of today, “community.” The problem is that the quest for “community,” so far, has had a nostalgic, atavistic, edge to it. We look for answers in the not so good, “good ol’ days,” when community meant pulling individuals together into exclusive groupings of peoples based on race, nation, region, tribe, or clan. Looking backwards to the old ways instead of forward to an everywhere-is-in, inclusive, full democracy, in which – no matter where you go in the human universe – you will be welcome, and have equal democratic rights to one equal voice, to one equal vote, and to equal responsibility of everybody, including oneself. In the coming, fully developed, democratic global village, democracy will represent “the highest form of human community” (Brewer 2000a).

From what we see in contemporary economic politics, we can conclude that corporate Hawai‘i – and by extension, multinational transnational corporations, as well as those small-business persons who prescribe to “libertarian” anarchistic “laissez-faire capitalism” – share the premise that economics is primary. They say that private enterprises are the economy, and that anything that benefit them is “good for the economy.” Thus, everything that employees need and demand must be put on hold “for the good of the economy.” During a time of unprecedented productivity gains from the sci-tech revolution and its consequent wealth production, the widest ever gap between rich and poor is occurring. In the United States today, employees and their families are held
hostage to "the economy," because those who have the gold do rule. Along with corporate economic hostage-holding comes wedge-issue politics; together, these are called "racing to the bottom," where globalization's mobile factories, for instance, pit local workers and communities in competition against other workers and communities everywhere.

Coming back to the present day: persistent residual anarchism, strong-waning factional corporatism and developing insurgent democracy play powerful roles in the ongoing integrative process called "globalism." This is the essence of class struggle today; it is the struggle to determine which of the three golden rules will finally triumph in human society.

"Globalization" is the contemporary political-economic restructuring of the planet – from the local to the global. This restructuring is done according to the interests of multinational, transnational free traders and exporters of investment-capital. In the case of the United States, this restructuring is supported by two anti-people, antidemocratic pillars – "one-dollar, one-vote" pseudo "democracy" and militarization for globalization.

The systematic breakup of Yugoslavia and the extension and role-change of NATO are prime examples of the phenomenon of "militarization for globalization" (Burkholder 1999). Two underlying fundamental premises of this article are that "under globalization, all roads lead to war," and that under democracy-driven globalism, "all roads lead to peace." Due to the heavy presence of the military in Hawai`i, there are many ramifications here for Hawai`i's future as globalism plays itself out.

**Class Analysis as an Alternative**

Put into useful local, national, international, and socioeconomic perspectives, "globalization" seems driven by two versions of the same basic ideology working in tandem. Internationally, one version – neoliberalism – is about liberating global free traders and international big bankers from any cross-border constraints. In asserting corporate dominance in today's global integration, this source of globalization runs afoul of employees and trade unions, environmentalists, and others negatively impacted by "free trade." These democratic forces perceive that they have been, and will continue to be, adversely affected by globalization policies that seek to free international traders, bankers, and other capital investors from any and all environmental, social, and cultural constraints, globally. That was what the multinational gathering of 50,000 demonstrators against the World Trade Organization in Seattle in December of 1999 was about. The main slogan of the big march was "Fair Trade not Free Trade" (Labor Party 1996b). This struggle between "global village" and "global pillage" epitomizes the struggle between democracy and plutocratic and autocratic "globalization."

The national and local half of the ideology of globalization – neoconservatism – is generally about big money maintaining dominance within a particular country through economic policy, political power, social status, ideology, and culture. Here, globalization runs into resistance from national, provincial, state, county, and local unionized workforces, community organizations, environmentalists, consumer protectionists, "local" and ethnic traditionalists, etc. These are much the same faces that we see protesting "free trade." This shows the international identity of interests held by these democratic forces calling for "fair trade." Theirs are the faces of the developing, democracy-driven "global village."

People must be empowered with an alternative analytical perspective to further develop and extend democracy. Underlying the overall struggle between the two ongoing, parallel processes of global integration – one, corporate/big-bank capitalism-driven, and the other, democracy-driven – is the innate, centuries-old struggle between employer and employee over the relative allocation of wealth produced by their joint economic endeavors. This is simply classic economic "class struggle." Inextricably intertwined with this economic struggle are the political struggles over which class of people will control politics and exercise ideological and cultural dominance. The democracy side of this struggle involves the environmental, labor, indigenous, civil rights, and women's movements as well as the G-77 nations in a struggle against transnational, multinational, corporate economic interests (Group of 77 2000).

Another population to consider, complicating socio-political-economic analyses of the ongoing struggle between employees and employers, are people caught in between, or lying outside, these two main classes – the "people in-between" and "the loners." These strata of people in the layers lying
between workers and owners (for instance, some small farmers, businessmen, and professionals), identify in some ways and in varying degrees with both the neoconservatives/neoliberals on one side, and with the everybody-is-in, democracy-minded people on the other. Then there are those who identify with neither – the anarchists. Anarchists’ identification with others is strictly situational and can change from moment to moment, depending on which suits their narrow self-interests. Rightwing anarchists have values similar to those of the microscopic pond predators. Left anarchists are often alienated people who think in terms of nonsocial, Robinson Crusoe solutions to problems. Many of them eventually become frustrated and cynical when their individualistic coping solutions do not solve problems which are social in nature. Mix this group with a bunch of identity-searching teenagers and young adults, regardless of class – for instance in the Seattle demonstrations against the WTO – and democratic-minded activist organizers can have real public relations problems in their attempts to win the hearts and minds of the public at large.

Full Democracy: The Alternative with Hope

The hope lies in more democracy. Democracy, among many other things, is a number game. Neoliberal/neoliberal forces simply cannot muster the necessary ballot-box numbers to win out against democratic forces. Not where there is a politics of one-person, one-vote, and one-person, one-vote – where each person has full access to complete information about the issues, and is willing to stand up for the policies and the political personalities selected by their votes. Neoliberal/neoliberal forces simply cannot win on the issues in a true "full democracy," because corporate-profits-driven "globalization" runs counter to the objective interests of the employee-family 80%-plus majority, and of their allies concerned with, among other things, the environment, indigenous peoples, and nonaligned nations. This bodes well for the international forces of democracy and for the emerging "global village." It also foretells the eventual winning of "fair trade" over "free trade," of the coming victory of the global village over global pillage, and of the eventual triumph of peace over war. Hawai`i is already deeply entangled with globalization. Let us now look at recent local public policies implemented within the ideological dynamics of "globalization."

Whither Hawai`i – Alignment with Corporate Globalism, or with Democratic Global Integration?

In November, 1994, Ben Cayetano was elected governor of the state of Hawai`i. To him fell the task of politically guiding Hawai`i through a period of economic downturn precipitated by a combination of things associated with "globalization." Governor Cayetano was immediately confronted by a political-economic traffic interchange. One choice was the on-ramp to join the traffic flow of corporate-driven "globalization." Another on-ramp led back onto the renewal of the spirit of a great tradition in Hawai`i, the spirit of the great "democratic revolution of 1954" (CLEAR 2000).

In 1954, the corporate, colonial forces dominated by Hawai`i’s "Big-Five" corporations (Castle and Cooke, Alexander and Baldwin, C. Brewer, American Factors, and Theo H. Davies), and represented politically by the Republican Party, were overthrown at the ballot box by a labor-led people’s movement united under the umbrella of the Democratic Party of Hawai`i. Former Governor John Burns is tied with the myth that gives him and the faction of the Democratic Party of Hawai`i he led credit as the only movers and shakers of the 1954 revolution (Stauffer 2000). But regardless of what political faction gets credit, the revolution was no myth. It actually happened. The real heroes were the people of Hawai`i’s multiethnic working class. Credit must be given to the International Longshore and Warehousemen’s Union (ILWU), which had brought together the working class backbone of the 1954 ballot box revolution (Mast and Mast 1996:313). Out of this came an "ideal" held by Hawai`i’s working class that the hopes, aspirations, and expectations of Hawai`i’s people for a better life for all people will come about in a democracy. At the US federal level, this same democratic high-road has been symbolized by the traditions of the New Deal brought about during the presidency of Franklin Delano Roosevelt, under the banner of the national Democratic Party. To this day greater, or "fuller," democracy of meeting the needs and demands of "the people" is the progressive track of forces for global integration.

Fuller Democracy Was Never an Option in Solving Hawai`i’s Economic Slowdown

Of course, it will never be known what might have been achieved in getting Hawai`i through the economic hard times if the newly elected governor, Ben
Cayetano, had immediately engaged Hawai'i's people in statewide fora to brainstorm over solutions and then mobilized us to carry out those democratically arrived-at solutions. It would have been even better if he had led such an effort during the last year or two of his tenure as lieutenant governor. It is abundantly clear now from the crisis management mode which prevailed during the first half of his administration that Cayetano had not prepared to be governor - even though he had sat directly across from the governor's office on the top floor of the state capitol for eight years. He had at least two years of foreknowledge that the Japanese investment bubble had burst. And that westbound tourism was down, with shorter stays and less money spent per person. He was also aware of the impact of serious cutbacks in sugar and pineapple, the resultant structural unemployment, these cutbacks' effect on the overall economy, the serious economic impacts of both the mobilization of troops from Hawai'i for the Persian Gulf War, and of hurricane 'Iniki on Kaua'i.

He must have been aware that big-box retailers were continuing to come into Hawai'i and paying non-union, low wages, hiring part-timers, giving *manini* (tiny) benefits, driving traditional, local, small businesses out of business and sending big profits out of the local economy overnight.

Surely he was aware that an immediate appointment of a new Tax Review Commission was constitutionally due and in this lay the possibility of developing a tax policy that could raise revenues to really invest in Hawai'i's public schools and state university system, as well as to save human services. At the 1996 Hawai'i Democratic Party convention, a package of revenue-raising tax reform resolutions were introduced by Renee Ing representing Employees Today (see Appendix A). It had an income surtax on high incomes, a progressive general excise tax that would have fallen only on tourists and high-income earners, and a stocks-and-bonds transaction tax for Hawai'i residents doing business on a booming stock market. In the end, the squandering of this opportunity to raise revenues left almost no other option than to commit wholesale slashing and burning of vitally important quality-of-life and aloha-spirit human service programs during the first year or two of Cayetano's attending to the economic downturn.

The forces of "globalization" wreaked havoc in Hawai'i (Kent 1994:183-84). Did Cayetano's solution involve the practice of fuller democracy and protect the people of Hawai'i from globalization? Or did his solution become even more a part of the problem through deeper engagement in "globalization"?

This question was answered for many when in early 1995, Cayetano, shortly after becoming governor and returning from a trip to Washington, D.C., said of his meeting with Newt Gingrich, then the ultra-conservative US Speaker of the House of Representatives, "He has a lot of good ideas."

Given its special history, Hawai'i in the 1990s had the reigns of political power held by the Democratic Party. Therefore, this party was to become the vehicle with which to deliver corporate neoconservative/neoliberal "globalization" to Hawai'i. Cayetano became its lead person.

It is now amply clear from the record that Cayetano chose the on-ramp to profits-before-people "globalization" (Kent 1999). Little diversions along side streets gave lip-service to traditional-liberal-democratic forces within the Democratic Party's political base of support at re-election time. At other times, minimal concessions were made to the direct-action democratic demands of "the people" - through mass lobbying, testimonies at hearings at the state legislature, as well as rallies and demonstrations at the capitol and at the University of Hawai'i.

No analysis of this period can ignore the main neoconservative personalities and organizations around Cayetano, in the Republican Party and, first and foremost, among the power brokers representing Bishop Street and Wall Street, nor the roles these groups played in the struggle for the steering wheel in choosing the road to corporate "globalization," over the road to the people's democracy-driven "global village." The various democratic forces in Hawai'i who fought back and offered alternatives to caving in to globalization need also to be noted (Aoudé 1999).

**Phase I: Crisis Management and "Slash-and-Burn"**

Crisis management is one of the main characteristics of Cayetano's first phase in addressing the economic traffic problem presented by Hawai'i's globalization-induced, sudden, freeway, bottleneck economic slowdown. "Slash and burn" was the other main characteristic. As Cayetano's governorship developed, various people came to the fore as members of his crisis management team. There was Charles Toguchi, his chief-of-staff, a well-
respected former state legislator and superintendent of education, with ties to the traditions of the 1954 democratic revolution. He seemed in charge of the crisis management aspect of Cayetano’s general approach to Hawai’i’s economic problems. There was Earl Anzai, the then-state Director of the Department of Budget and Finance. Cayetano and Anzai played the type of role demanded by the International Monetary Fund/World Bank, at the international level, of elites in countries who run into debt problems and are required to do political-economic “structural adjustment.” Just as those international, neoliberal, structural adjustment programs typically call for severe measures involving cuts in health and human services, education, union and employee rights, employee health and safety regulations which protect the environment, consumers, etc. — so did the neconservative Democrat, Ben Cayetano.

“Slash and burn” austerity measures of Cayetano’s agenda for solving Hawai’i’s economic problems included: (1) tax hikes for families earning less than $30,000 a year in the form of cutting tax credits which were originally enacted into law to compensate lower-income persons and families for the regressive nature of the 4% general excise tax; (2) completely cutting off General Assistance to unemployed, older workers from age 55 until social security retirement age (which amounted to a “get a job or be homeless” law for persons with muscular-skeletal problems and marginal immune systems); (3) cuts in state general assistance to persons with disabilities; (4) elimination of Project Malama, a program to help frail elderly to live at home instead of having to go into nursing homes and to also monitor them against elder abuse; (5) healthcare cuts to lower-income working families, contributing to a general downward spiral of Hawai’i’s reputation as “the health state”; (6) raises in the prices of school lunches; (7) exporting prisoners away from their home state of Hawai’i to private prisons in other states; (8) serious cuts to public library hours and services, including an expensive, failed attempt at privatization; and (9) deep and very damaging cuts at Hawai’i’s state university system and then in Phase II, political abdication in the name of “autonomy.”

Phase II: More Trickledown and Takeaways

In the second phase of Cayetano’s administration, two prominent faces appear: Seiji Naya and Thomas Leppert. It is here that the intertwined connec-
successful campaign for a constitutional convention (Con-Con). This was a
close call with many possible disasters – for Hawaiians, environmentalists,
farmers, affordable housing advocates, employees, unions and other sectors
of the population that the neoconservative agenda always has in its rifle sights
(Adamski 1998).

The austerity measures of Cayetano’s Phase II agenda for solving Hawai’i’s
economic problems – many of which came from the recommendations of his
Economic Revitalization Task Force – included: 1) disabling the 60-40 affordable
housing requirement for the big-estates/developers here in affordable-
housing-poor Hawai’i (the scrapping of 60-40 gives Hawai’i's big landowners
huge windfalls from the up-zoning of agricultural lands to develop residential
housing without having to share anymore that windfall in the public interest);
2) tax reform for the wealthy; 3) implementation of “workfare,” the Republican-
instigated welfare reform to which President Clinton had caved-in; 4) attempts
to destroy government jobs and the important public services that they
provide, and attempts to destroy collective bargaining for Hawai’i’s unionized
workers, all done under the deceptive name, “civil service reform.”

Confusion at the State Capitol

House Speaker Joe Souki and Senate President Norman Mizuguchi were
nominal co-partners with Cayetano in convening the Economic Revitalization
Task Force (ERTF). It is important to note that in the 1990s the Democratic Party
was and continues to be in deep crisis. Souki and Mizuguchi presided over a
legislature of senators and representatives who were falling apart ideologically
and splintering organizationally, and therefore had no unified political
will, nor the ability to do a comprehensive and constructive analysis of what
was happening. For the same reasons, they had no productive guidance from
where leadership had traditionally come – the governor. The most common
statement at the state capitol was: “I’m sorry, but there’s just no money.”

The only guidance came by default from the neoconservative ideology
from the continental US which had reached its apex during this period.
Although numerically weak, Republicans in the Hawai’i state legislature were
able, with some effect, to echo the two-decades-old, rightwing, Republican
rant begun by former President Ronald Reagan against “government,” gov-
ernment workers, employees and unions in general, environmentalists, con-
sumer protectionists, the poor, and the homeless.

The watchword during the formative stages of the ERTF was economic
“recovery.” Then it turned into the more positive and pro-active-sounding
“revitalization.” It was an attempt to get beyond crisis management to develop
an action plan for economic restructuring, which would hopefully lead to
“recovery.” This would have been the right thing to do – if it were done by the
right people for the right reasons. But in the end, the most obvious thing was,
as one observer said: “A bunch of rich guys got together and gave themselves
one whopping big tax break” (Perez 1997).

What’s the Problem?

For a time, few fully understood just what it was that Hawai’i’s economy
was recovering from. People were also confused because Bishop Street big
money came up with a laughably ill-conceived media campaign called
“Thumbs Up!” (Some folks even got to calling the ERTF, “son of thumbs up”).
“Thumbs Up!” may have helped the banks hold up property values for a little
while to secure some of the inflated home loans made during the Japanese
investment bubble. However, it undermined the credibility of the ERTF (Byrne
1997; Daysog 1997). It also undermined the efforts to have a constitutional
convention. People were in no mood to fall for anymore half-baked schemes
from leading light CEOs and professional elites representing Hawai’i’s big-
money interests (Adamski 1998).

After a while, it was the generally shared perception that Hawai’i was
feeling the delayed impact of structural unemployment as a partial after-effect
of the earlier demise of the sugar and pineapple industry. The effects of the job
loss from these industries have been somewhat masked and delayed by the
flood of money from Japanese, direct, foreign investment in Hawai’i real
estate, tourism, insurance, and retail, which was going on at the time.

Then, the huge Japanese investment bubble burst. That, coupled with the
accompanying fall-off of Japanese tourism, and in Asian tourism in general (in
tourist numbers, days stayed, and money spent), was devastating to Hawai’i’s
economy.

These factors plus the long-term residual effects of the mobilization and
deployment of troops to the Persian Gulf War, and the effects of Hurricane
‘Iniki, collected to have significant negative impact on Hawai’i’s economy.
Rise and Fall of the ERTF

Naya provided prestige, and legitimacy, and staff for the ERTF. He also brought an international perspective with concrete connections to the Asian economies which were experiencing serious economic turmoil and recession at that time. Evidently, he either advocated the free-trade ideology of neoliberalism, or simply went with the flow of its seeming "inevitability." The latter seems the case with many Democratic politicians who acquiesced to mainland, Republican, and neoconservative policies instead of rallying to the defense of traditional liberal and working-class values.

Leppert brought enthusiasm and experience to the Task Force and pushed for Reaganesque neoconservative recipes for economic restructuring. Interestingly though, despite all their advantages, Cayaneto's ERTF did not enjoy the overwhelming victory that had been expected.

This was in spite of Tom Leppert's high-energy efforts aided by the hundreds of thousands of publicity dollars, and the expertise and assistance given by Naya's DBEDT staff, along with his international economic credentials. Not even the participation of some of Hawaii's most influential elite on the Task Force gave these people the victory they had been expected.

In fact, there was a tremendous fight-back by democratic forces against this massive offensive against the people, partly through vigorous lobbying and demonstrations, and some through low-key lobbying and behind-the-scenes getting the word out, "local style," generally doing damage control against these intrusive corporate forces for "globalization." One group that did extensive fight-back work as an alternative and advocacy media source was the Employees Today working group and its public-access television program, Employees Today (see Appendix A). One has to wonder, did those ERTF folks not even recognize some older local guys sitting the observation gallery - guys who used to be movers in Hawaii politics during and after the 1954 revolution?

During the ERTF debates, Hawaii advocates for emulating New Zealand's version of Thatcherism were active; a former New Zealand deputy prime minister, for instance, had been a featured speaker at state-sponsored functions. However, a university professor in the social sciences at a New Zealand university, formerly from Hawaii and married to a local person, made

a convincing rebuttal at the ERTF report fora and in letters to the editor. He pointed out, essentially, that neoconservative trickledowns and takeaways resulted in devastating effects upon unions, employees in general, the indigenous Maori people, and the other poor in Aotearoa/New Zealand (Perry 1997a,b; Smyser 1997).

Global-Village Democracy and Hawaiian Sovereignty

For the previously stated reasons, in Hawaii, full democracy is the only stable, and most powerful, basis for uniting the successors to the maka'ainana (people) of the Hawaiian nation. By joining with the multiethnic-employee class of Hawaii and its allies among family business operators, family farmers, family fishermen, women, and professionals, majority support can thus be achieved in order to finally win justice that indigenous Hawaiians - Kānaka Maoli - seek. After that, Hawaii's indigenous and "local" working classes' fullest strength can only be realized through working in solidarity with the workers of the US and the developing democracy-driven "global village." It is within this context that the question of Hawaiian "sovereignty," with authentic "selfdetermination," will finally and justly be accomplished (Aoudé 1999). Recognition of this important consideration will clear up the stalled condition of the sovereignty/selfdetermination movement, and deliver badly needed answers to the "losing home and heritage" problems of the citizens of the Hawaiian Nation and the multiethnic employee class in Hawaii - coming from neoliberal/neoconservative forces of economic, social, and cultural domination mainly from the "mainland," or the "continent," as others correctly prefer.

In order to do this, "We the People" - the people of Hawaii - need to get involved in a new multiethnic, truly democratic, political party (Brewer 2000b) centered around the needs and just demands of the employee eighty percent-plus majority of Hawaii's people, and take the lead ... as other peoples are doing in places all around the globe.
Notes

1. For a definition of globalization, see Hilary 2000. See also Bourdieu 1998; Neoliberalism.Com 2000; Peters 2000; Treaker n.d.

As the writer of this article, I wish to make certain things known. First, I am not an academic as most writers for this journal are. I am self-educated, largely from working full-time all my life and trying to make sense of the world – then for more than twenty-five years, working full-time as an activist, trying to make the world make sense.

Secondly, I am unaccustomed to writing scholarly pieces. The references given are largely websites which I believe will address the issues in ways that will widen the perspectives of readers beyond the conventional wisdom and/or the popular understanding of current events and issues. (For example, I have given a website for “neoliberalism,” where neoliberalists define themselves. You will almost always find links at these sites that take you further. If you want to know how those other than neoliberalists, for instance, define themselves, do a search with any search engine using the topic at hand as the search word).

Thirdly, I do not try to put forward positions and arguments provided by the mainstream corporate/commercial news and entertainment media. Those positions are already out there – in spades. Further, I never try to be the “devil’s advocate.” The devil can be his own advocate.

Fourthly, I am a believer in science and full democracy. There is a definition of democracy, as I see it, in this article. I do not define myself according to left or right; rather I believe that there are two opposing political camps in this world – democratic and non-democratic. I put myself on the side of democracy. The only label I will accept is that of a democrat with a small “d.” Finally, because I refer to the working group EmployeesToday, I disclose here that I am a member of that group. I am the executive producer of the EmployeesToday television program at O’ahu’s public access station. I am also the chairperson of the EmployeesToday Party of Hawai’i. Originating Committee, an effort to build a new majority party that will give representation proportional to the 80% plus of the population in employee families, independent of big-money and corporate influences within our new party. This is not about class warfare; it is a simple matter of demanding and achieving democratic representation. It is, however, about class struggle. We are presently the marginalized majority based on our class, outsiders in our own democracy. We seek to change that. It is not our intention to become a “third party,” or a second party in a “two-party system.” We intend to become the first party in a multiparty system. For more information, see Brewer 2000c and Mast and Mast, 1996.

2. As used here, the term “residual anarchism” refers to a human asocial or antisocial condition that has its origins in the behavior of predatory, pond microorganisms. “Corporatism” refers to something that occurs higher-up the evolutionary ladder, beyond totally self-centered individualistic lives. Here we find social – corporate bodies or groupings of higher organisms living in wolf packs, hunter-gatherer groups, and later, in tribes, clans, and nations. In that vein, strong-but-waning-corporatism refers to the perception by this writer that corporate groupings are still strong, but that they are giving way on the world stage to everybody-is-in, full democracy which will be the highest form of community in the developing global village.

3. The sociopolitical platform for “full” democracy stands on four legs. One leg is “one-person, one-accessor” to full information; but absolutely predicated upon one full liberal education that can turn that full information into the full power of knowledge about contemporary human issues. A second leg is “one-person, one-voice,” as exemplified, for instance, by public-access cable television, where any person can come, stand upon an electronic soapbox, and speak their piece. The third leg is “one-person, one-vote.” The final leg is “one-person, one-responsible participant in a democratic process,” made up of persons who proactively accept the disciplines and duties that flow from democratic decisionmaking, as well as taking for themselves the rights and prerogatives enjoyed before decisions are made through voting. Political anarchists are notorious for taking the rights and prerogatives side of democracy, but balking when it comes to the responsibilities, duties, and discipline side. They therefore often stand in the way of implementing the will of the people. Corporatists, whose most underlying value is “might is right,” behave like the anarchists, just corporately instead of individually.

With everybody’s-in, full democracy, there are no second-class citizens – only first-class ones. Full democracy accords every person full and equal human respect and dignity. That is why full democracy is the highest form of human community. It has often been said, “No justice, no peace.” Full democracy yields justice moment-to-moment, day-to-day, and year-in-year-out. That is why all roads lead to peace with full democracy.

References


The University of Hawai‘i, Public Policy, and the Process of Globalization

Robert H. Stauffer

University of Hawai‘i (UH) President Kenneth Mortimer leaves office in 2001, having served about eight years. During that period, Hawai‘i’s modern political machine took $1.4 billion in State funds originally marked for the University and diverted these funds to serve other purposes. The machine’s pronouncements to the contrary, supporting higher education, has not been its priority for some time. This article discusses the recent evisceration of the UH, the local machine’s relationship to the UH system, and the way these factors relate to the process of globalization.

The Grand Turn Around of 1954

The lynchpin year for viewing twentieth-century Hawai‘i is 1954. Electoral politics changed: 80-90 percent of the then-US Territory’s elections were won by a Republican machine prior to that date; 80-90 percent of elections have been won by Democrats since then.1 The pre-1954 machine was made up mainly of whites, and some wealthy Hawaiians and Portuguese, although Japanese and Chinese were also members; this machine was intertwined with a handful of Big Five economic leaders. From the 1954 revolution’s Democratic factions, a new machine grew by the mid-1960s (Stauffer 2000); this machine was made up mainly of Japanese and Chinese, although some whites, Hawaiians, Portuguese, and Filipinos were also members. This machine became intertwined with economic leaders in the Islands and, reflecting changes in the local economy, this new machine became linked with local representatives of overseas economic leaders.

Economics in Hawai‘i changed from 1954. In the early 1980s, I examined the Islands’ economy and advanced the thesis that the new political machine adopted a public policy of dependency on outside capital that had, in turn, resulted in an unprecedented decline in nearly all social indices in the Islands (Stauffer 1984).
Today, the Islands have become so dependent and accustomed to domination by outside corporations that bleed profits out of state, that it is useful to recall the economic status of local capital before 1954. Surely that pre-1954 capital operated in a wider economic network. But it was relatively autonomous within the national, regional, and world economic systems. It did not report to outside capital, as today's local economic leaders do. The old capital saw to it that its profits stayed primarily in the Islands, in marked contrast with today's economic leaders, who send profits outside Hawai'i.

Capital before 1954 was allied with the local Republican machine. Ethnicity was consistent across the boards; those who controlled the machine and its patronage systems also controlled capital and reaped its profits. This is not to say that all whites, Hawaiians, and Portuguese were bosses of the machine or captains of industry, but rather that the bosses and captains came from these ethnic groups, primarily white.

So ruthless was this oligarchy in politically and economically excluding those outside of its circle that it engendered political activists among the non-elite. This development helps explain why the post-1954 machine embraced outside capital in a successful bid to humble Big Five capital that was viewed as an enemy. Thus the relatively autonomously controlled local economy was turned around and made dependent on outside economic actors, primarily from the United States, who had been trying unsuccessfully to economically take over the Islands for decades.

Does this thesis of tying dependency to the modern machine and its policies of humbling Big Five capital hold up? Although it seems odd even to suggest that Big Five capital was once relatively autonomous, the facts are there. The local elite held more capital outside of the Islands than outside capitalists held here, through the early 1950s. A turnaround then occurred, so that by the 1970s the opposite was true. The turnaround left a hemorrhage of profits flowing out of the Islands by 1980. After all, from capital ownership comes investment profits. More profits had flowed into Hawai'i than out of it, prior to the turnaround.

Capital ownership and profits also influences the balance of trade. Here, again, there was a shift in Hawai'i from a positive balance of trade through the 1950s, to where Hawai'i had a decidedly negative balance of trade by the 1970s (Stauffer 1984:1-2,9,11).

Today most people accept that the local economy is owned by outsiders; that the local "captains" of industry are, for the most part, lieutenants under outside commanders; profits of local labor flow to outsiders, perhaps to trickle down and assist some economy far away; and the Islands' balance of trade is hopelessly negative. My thesis points out that this was not always the case, and helps explain how and why this radical economic turnaround occurred.

My thesis helps explain the woeful economic statistics in Hawai'i over the past generation by pointing to the economic changes of the 1950s. But let us pull this thread further, economic change occurred then because of a shift in political control. In other words, the humbling of Big Five capital and welcoming of a new economic relationship dependent upon outside capital, followed from public policies adopted by new political rulers.

In short, a corollary thesis is that this shift in political control - the first in 70 years - made possible the shift in economic control in Hawai'i. What changed things was the advent of an oppositional political force that had, for the first time since the 1860s, successfully taken political control away from Big Five capital.

The new local political elite, which created the Democratic political machine during the 1960s appeared to do well through their partnership with outside capital. But these new leaders' "successful" strategy, even if unwittingly, was a disaster for most local folks, who saw a precipitous decline in their quality of life (Stauffer 1984).

**Globalization: Dependency and Service Industry**

The effects of global capital on Hawai'i were twofold: first, the new political machine could have maintained a reasonably autonomous role in the global economy by continuing a local policy I call "retail economics." Instead, it chose dependency, or "wholesale economics."

A non-dependency retail economics model would have kept hotels and other economic assets in local hands, selling directly (retail) to customers. Instead, the new machine chose the wholesale approach, generally giving
away the “raw materials” of the tourist industry — local sights, sands, and surf — to overseas owners in exchange for low taxes for these owners who then get to own local assets and pocket the large direct (retail) profits from customers. The second effect of globalization dealt with the local machine’s choice of industry to publicly support. Global capital develops service industries with low wages, on the one hand, but it also develops production or information industries with high wages. The local machine chose the worst of all possible worlds: dependency and the global-capital-directed development of the low-wage service industry.

Previously, the islands enjoyed an industrial-level development of agriculture, with the world’s highest-paid agricultural workers who enjoyed wages far above those seen today in the resort industry. The industrial-style plantations supported high-tech biological research and even skilled labor in steelworks that produced top-rank mechanical equipment for agricultural production locally and for export. All of this infrastructure has been largely dismantled today as the old Big Five relocated to low-wage areas overseas.

Not all economic indicators have gone downhill since the 1970s. A boom in the late 1980s, for example, was fueled mainly by Japanese investment capital. The local machine still led the islands in its continuing and deepening economic dependency, but now Asian (primarily Japanese) economic actors joined their American colleagues in holding leading outsider roles. The boom increased the net worth of the machine’s elite (who owned land or at least their homes) and hurt the 60 percent of local families who did not own homes; these families saw an explosion in both residential and commercial rents (Kent 1994).

With outside capital in economic control, and a local political machine that continues to do well, no oppositional force then or since has threatened the status quo. The effects of following the twin policies of dependency and service-industry development to deal with globalization are far reaching. Social statistics have continued to decline since the 1970s. Below is a handful of quality-of-life facts about the non-elite that stand out for the generational period of the last 25 years.40

Worful social statistics from the Census. Of all the statistics from the US Census Bureau, perhaps the bottom-line one for social-economic quality of life is the composite figure that shows the number of families who are settled, own their own homes and do not have to share the dwelling with other individuals. Nationally, about 65 percent of US families have this type of living arrangement. Locally, these are the figures as of 1990: 67 percent of old immigrants (Japanese Americans and Chinese Americans), but only 41 percent of whites, 29 percent of Hawaiians, and 27 percent of new immigrants (other immigrants, including Filipinos; Census Bureau 1993). These statistics, the worst in the country, reflects the rise in land values here for the elite and the rise in rents for everyone else. For example, the concept of 20 (or 30, or more) people under one roof — including several complete households — is common here for certain ethnic groups, but relatively unknown in the continental United States.11

Downward pressure on wages. With the non-tourism sector of the local economy paying about twice the salaries of the tourism sector, the continued expansion of the tourist economy over the last generation has seriously depressed wages, the economy, government revenues, and the Islands’ economic health and future (CBEDT 1999). The continued public subsidy and support of tourism has also contributed to the non-local ownership of capital assets here, and to a decline in the physical environment and open spaces. Perhaps most significant, this subsidy and support is a direct cause of population increases in Hawai‘i, which again lower the local quality of life and the physical environment (Nordyke 1989:256-57:1.2

Drop in quality of life. A generation ago, Hawai‘i’s prices were 20 percent above the continental United States, but Hawai‘i’s wages were 27 percent higher, putting us two percent ahead. By 1996, however, our wages were eight percent or less above the continent’s, but our prices were about 39 percent higher, leaving us 31 percent behind. Put another way, the financial quality of life here has dropped by a third. Other relevant statistics that list the rate of inflation, the rise in the cost of supporting a moderate-income household of four, and the rise in salaries, also show a drop in local financial health by at least a quarter over the previous generation (CBEDT 1999). Whether it is another or more, the decline is evidently worse than during the Great Depression of the 1930s. The Hawai‘i decline in financial quality of life over the past generation may well be the worst of any significant political subdivision in the developed world.
Uneven price rises. Even before the increases of the last half-dozen years, the cost of attending the University of Hawai‘i at Mānoa had been going up, from 1970 to the late 1980s, 215 percent – faster than inflation. The cost of renting a room during the same period went up 300 percent – faster than inflation. Landlords did well; student renters did not.

Increases in rents. The increase in landholder rents was actively supported by the political machine. The machine dismantled Honolulu’s rent-control in the 1960s, generally refused to build new rental housing projects for working families, and allowed the existing inventory of public housing units to deteriorate and become ghettoized. The machine also supported land-use policies that primarily benefited landowners, consultants, and developers, but that hurt local families who confronted, by the 1990s, some of the highest housing costs in the country. Related costs of living, from services to groceries, were likewise some of the highest in the country because of high commercial rents (DBEDT 1999).

Lack of support for the minimum wage. With minimum wages on the US continent often at $6 (including several cities on the West Coast), and with some continental politicians calling for minimum wages of $11 or more (e.g., the San Francisco mayoral race of 1999), the local machine kept its minimum wage only a bit over $5. The percentage of local workers paid at minimum wage, meanwhile, has been far above those working in similar fields on the continent.13

Uneven wage growth. Local wages, although falling behind expenses from the 1970s through the 1980s did experience some nominal rises. But again, these rises were uneven. Jobs in tourism (Hawai‘i’s top industry) and the related service sector (the second-largest economic sector) have fallen behind further than others (DBEDT 1999). Of the economic declines of a quarter or more, wages of tourism and service workers – making up much of the local workforce – declined most. Indeed, these workers’ quality of financial life fell much faster than that of other workers.

Decreases in social services. Following national trends, but worsened by the high local cost of living and the long-time failure of the political machine to adjust welfare rates, Hawai‘i’s poor saw their purchasing power drop much more than Hawai‘i’s general financial decline. A decline in Hawai‘i’s services from the public sector also occurred, twinned with local increases in the most regressive of taxes, namely governmental fees.

High profit margins. Generally, US productivity meanwhile increased 33 percent between 1970 and 1994 because of increased labor productivity (American Statistics Index). Increased real labor productivity coupled with decreased real wages resulted in a double increase in profit margins to overseas capital.

Increases in corporate welfare. The local machine did nothing to reverse an ominous national trend that rewarded capital over labor. Nationally over the past generation, corporate income tax payments, which through the 1930s and 1940s equaled personal income tax payments, continued to decline in ratio to personal tax payments, placing continued tax pressure on individuals. By the mid-1990s, the ratio of corporate-to-personal income taxation had shifted to one-to-nine at the federal level and one-to-twenty at the state level. Instead of halting or reversing this trend, local political leaders allied themselves with big-capital supporters at the national level in calling for a total elimination of this tax on capital.

Pressure on small business. Small business people (in accounting terms, technically known as sole-proprietors, partnerships, and “S” corporations), all pay their taxes through the personal income tax, so they are lumped in with the labor half of this tax system (i.e., the personal income tax portion of the income tax), that once equaled capital’s half of the system (i.e., the corporate income tax, which falls on big business, technically known as “C” corporations). The increasing tax squeeze is therefore on labor and small business, caused by relatively huge cuts on big business tax rates. Besides the injustices of the machine’s income-tax code, the split between safety-net taxes on big business versus small business creates further unfairness. These levies include such things as unemployment taxes, workers’ compensation insurance mandates, and the like. These taxes are astronomically regressive. A small-business employer of average-wage workers pays up to 20 times the tax rate on these taxes when compared to a big-business employer of a million-dollar executive. There has been no discussion on raising the local corporate income tax to ameliorate the unevenness of the federal safety-net tax burden. Instead of trying to ameliorate this federal burden on small business, the local machine has placed the highest level of local safety-net taxes (insurance mandates,
local unemployment taxes) on small-businesses here of any state in the country.

Regressive personal income tax. Hawai'i's personal income tax is one of the highest in the nation. Because the machine refuses to index personal deductions to inflation, this tax is now much more regressive than even the regressive federal personal income tax system. Beyond this issue of the harshness of the local machine's tax code on the middle class, lies the machine's equally harsh policies on the poor - the machine refuses to follow the federal tax code when it comes to having an earned-income-credit for the working poor.

Downward "development" in jobs. Hawai'i's job types since the 1970s have grown most in being servants for the rich: tour guides for foreign wealthy visitors, limousine drivers, nannies, yard-keepers, maids, tutors, clerks in "financial services" companies helping the rich make their fortunes from speculative schemes, clerks in accounting companies helping the rich get their huge subsidies from not having to pay taxes, etc. These jobs often do not entitle workers to health insurance and other benefits, pensions, or high salaries. Even worse, many of these jobs are temporary.

Education and the Machine

One way to break the cycle of political-economic decline and dependency is education. But having the servant class become educated (as opposed to "trained") is a liability from the point of view of the class of wealth. Likewise, a rise in real educational levels (as opposed to "social promotions" from one grade to the next) eventually means rising aspirations and, ultimately, demands for rising wages and changes in economic policy. Education is therefore not in the best interests of the outside capital that controls the local economy: most tourist jobs require little beyond the skills of an eighth-grade education.

A debate over similar facts concerning education occurred here in the 1920s. Much of Big Five capital, then in economic and political control of the Islands, followed the anti-education line. But the pro-education forces triumphed because of two peculiar facts: (a) a sizeable sector of capital was willing to support education even if it meant eventual class suicide; and, (b) the educational system, although dominated by the ethnic group of the elite (whites), contained large numbers of teachers and other educational workers who were stridently opposed to the status quo and actively working for the downfall of their own ethnic class. Fuchs' social history, which documents these two facts, concludes that it was these things that brought about the old machine's downfall in the 1850s (Fuchs 1983:262-98).

No such debate, however, has gone on recently. In addition, the local machine has first rather successfully hobbled lower education and is now doing the same to higher education. The unspoken, prevailing, public approach of the machine is not just against a well-educated work force, but also against the whole idea of a well-educated citizenry.

The difference between the struggles in the 1920s and today is that in the 1920s perhaps the strongest educational system for disenfranchised agricultural workers anywhere in the world took root and flourished. During the last generation, however, Hawai'i's modern machine has catered to the desires of the anti-education lobby and set a direction that has seriously reduced public support for lower and higher education in the Islands.

Further comparative research should be carried out to examine the machine of the 1920s versus the machine of today to see how they correspond in so many ways, yet ultimately diverge, in this area of public policy regarding education.

Within this context, what are the current public policies of the modern local machine toward the University of Hawai'i? Although the intent of thoughts is to reduce support for the UH in view of creating a less-educated citizenry, the details of the current public policies are less clear and do not exist in writing anywhere. Instead, great obfuscation exists through written statements and speeches, with little media or other review or oversight. Having confiscated $1.4 billion from the UH system over the past six years, the UH administration trumpeted its plans in May 2000 to raise $1 million in donations. Slightly earlier, the state administration crowed over restoring a few million dollars in cuts, while the media allowed itself to be little more than a vehicle of such false self-promotion.

When Fuchs was here in the late 1950s, he arranged for dozens of interviews and hundreds of studies or reviews of data. Yet apparently, he
found no insider willing to completely "spill the beans." A review of the 70 years of control by the pre-1954 local machine found no whistle blower who was willing to critically expose the inner policies of that elite. It is therefore not surprising that no one has stepped forward from the modern machine, to the best of my knowledge, to expose its inner policies.

Since I worked closely with networks within that modern machine for many years, confidences require me to limit the specifics of what I write. Yet what I can lay out below is more than has appeared in the public record. Let me begin by sketching the outlines of six pertinent fundamental, public policies affecting the UH that have been adopted by the local political machine through its control of the political system in Hawai'i:

1. To maintain tight, direct control over the UH.
2. To provide sports teams at the collegiate level, and to allow members of the machine and elite to exert influence over these teams.
3. To use the University’s "Research Corporation" as an end-run for the machine to circumvent normal bidding procedures.
4. To use the University for personnel patronage.
5. To use the University as a dumping ground for construction projects in order to "legally" reap monetary kickbacks and payoffs.
6. To use the University’s budget as a fund that can be slashed in order to help finance other priorities of the machine, including servicing the machine’s debt.

These policies are pursued by the local political machine within what limited local room of maneuver it has. None of these policies go against the interests of global capital. Indeed, cutting public support for the University fits within global capital’s requirement for a non-aspiring work force.

1. Tight Control

The local machine, rising up in the 1960s, felt it had to first establish, and now maintain, tight, direct control over the UH. This degree of "politicization" or "political interference" in the UH is perhaps higher than in any other state and has been commented on extensively.

From an ethnic point of view, not only is Hawai'i perhaps the only political subdivision in the developed world outside of Japan that has an elite of color—Americans of Japanese and Chinese ancestry—but the University of Hawai'i is apparently the only statewide public university system controlled by a board of color that, in turn, reflects the same ethnicities.19 And it is through the Board of Regents that the machine maintains its tight control of the UH.

Beyond ethnicity, there is little difference between Hawai'i and other states in terms of a university that is influenced by a local political machine, or a university run by people who are generally part of the same elite that politically controls the state.

Where difference exists, it is in degree. The extensive comments about the level of control here is because the local control level is relatively high, akin to direct control. A difference also exists in the long tenure of Hawai'i's modern machine. In no other state today has a machine ruled for as long. Therefore, the give-and-take in the halls of government—where one party rules for a while and makes appointments, and then another takes political control and makes its appointments—is less seen in Hawai'i. Appointed boards like the Regents, or other public boards and commissions, take on a membership that reflects the machine more than in other states.

2. Sports

A second public policy of the machine concerns the personal interest by some of its members in UH sports. Although this interest is not particularly different from other states, the degree of direct involvement has sometimes been quite high and appears to exceed the norm. Some stories are quite exceptional, such as allegations against a Regent twenty years ago for his involvement with a scandal-plagued and sanctioned UH basketball team.

3. Slush Fund

A third, relatively unknown policy deals with the obscure topic of procurement and public-bidding systems. The local machine has reacted, over the years, to criticism about its corrupt insider deals by adopting various "open bid" procedures designed to make the general public think that corruption is now cleaned up—"open bid" theoretically opens up public procurement
contracts to a fair and open bid system. Historically, these local "reform" procedures have simply created more red tape, that is then used to stifle competition and keep those not associated with the machine out of the government-bid process.

In most cases, the machine gets around the red tape for insider contracts by using "non-bid" loopholes in the procurement laws. But sometimes, this process is not available. A key pathway for the local circumvention of open procurement rules is then taken: the University of Hawai'i. The UH has, for many years, served as a kind of end-run around the procurement laws for the local machine.

As spelled out in Chapter 307, Hawaii Revised Statutes, the University of Hawai'i, through its research corporation, is given the almost exclusive blanket rights within state statutes to circumvent state procurement procedures, bid laws, and laws dealing with the control and accounting of moneys and the setting up of special accounts. But this right is not available universally; it is not, for example, extended to the rank and file at the UH.

These exemptions have, however, led to all types of odd contracts, strange financial arrangements, and other insider deals being funneled through the University. Such exempted contracts have generally escaped public review - a regrettable fact, as the contracts expose some inside interests and dealings of the machine. Many of these deals have nothing to do with higher education, but because the service is a reasonably vital one to insiders, the UH holds a prominent place among the public policies of the machine.

4. Patronage

A fourth key policy for the University, like many other areas of Hawai'i's government, is for UH to be available for patronage personnel payroll. Friends of the machine get patronage jobs at the University. Following the process of how this policy is implemented can be illuminating.

In one case that has never made it into the public record. An obscure office of the University was mysteriously awarded a new, high-paying personnel position through the budget process at the state legislature. Little, if any, comment was made either in the hearing process, or in the written legislative documentation, that accompanied the state budget. The position, as is often done in such cases, was established as being exempt from the normal civil-service recruitment system. Once the budget passed and the paperwork ended for the new position, the job was quietly filled with the machine appointee to whom it had likely been promised long before.

In another unpublicized case, an existing civil-service-exempt position opened up - a high-paying one with few responsibilities - only to be quietly filled with a machine insider. At other times, the machine established new special offices, such as those for patronizing inventions, and these offices became attached to the University for administrative purposes. Repealing this scheme provides not only patronage positions to fill with rewarders, but also press releases trumpeting how the machine is "helping" the economy and state.

5. "Legal" Kickbacks and Payoffs (AKA Campaign "Contributions")

A fifth key public policy of the machine for the University deals with using it for insider patronage construction jobs. The public-policy-setting level of government has created a whole network of buildings of higher education to serve as a dumping ground for badly designed construction projects. The legal kickbacks ("campaign donations") from these design and construction contracts provide the funds that now, perhaps as much as anything else, keeps the machine in power. Analyses of donations have for years shown the connection between campaign monies and companies doing business with the state - and particularly architects, engineers, and contractors involved with state construction contracts (see Lind 1992, for an example).

This policy helps explain why the new chemistry lab sinks did not at all line up with the chemistry lab faucets (at Windward Community College), or why a new building was so badly designed and constructed that entire floors remain completely empty years after the construction job was done (the Ocean Science building, UH Mānoa). The machine's purpose here is not particularly to build things that work. Instead, it is to build things in such a way as to guarantee maximum kickbacks that will, in turn, keep the machine in power. This also explains the bloated budgets for these construction jobs: the higher the contract, the higher the kickback.
When applied not only to the University but also to the rest of state government, this public policy explains much of how the machine has stayed in power and hurt the state's economy. These construction jobs do not "spur an economy" but rather burden it under ever-increasing debt.

_Piggy Bank Robbing (AKA Debt Financing)._ One reason the state cannot fund the schools or kids' programs today is not because it has hired too many teachers -- we actually have too few. What has hurt, instead, has been the machine's debt that has increased at a rate that is five times the rate of population growth. We used to owe, in 1958, $619.50 per household for the old machine's debt. Now we owe around $20,000 per household for the new machine's debt.

It costs around $650 million a year or more to cover that modern debt, and this amount is rising. That could hire a lot of teachers and professors. It has gotten to the point today where nearly one out of every four taxpayers pays the equivalent of all of their state taxes (sales tax, gas tax, you name it) to cover the machine's debt. The other taxpayers must then handle everything else: the schools, University, prisons, courts, etc. Put another way, all of us pay various state taxes and fees, and nearly a quarter of it essentially gets diverted to cover the machine's debt servicing costs. Yet a further way of putting this: we pay all our different kinds of state taxes through March or so, every year, just to cover the machine's debt.

A sad state of affairs indeed. The machine has set it up so that we will be paying off its debt for a generation or more after the machine is gone. The machine has mortgaged the future of Hawai'i's children, and has robbed them not only of their future taxes, but also, as we shall see below, robbed them of the top-flight education that they will need to compete in the future.

6. _Further Piggy Bank Robbing_

Finally, a sixth major public policy of the machine follows from the fifth. Namely, if the machine needs to bankrupt the state under a growing debt in order to continue to stay in power, then the machine has to figure out where the governmental budget must be cut to accommodate the over-increasing debt-servicing cost of that debt. This is a relatively new major public policy that the machine engages in with regard to the UH: to enforce significant budget cuts on public higher education in order to cover the servicing costs of the machine's debt.

Implementing this policy has been masterfully choreographed and played out over the last several years. This modern play began with installing a new top tier of management at the UH. President Kenneth Mortimer was hired in 1993 amid a chorus of criticism for the secretive method used by the machine to bring about his appointment. His credentials for the job, that begin to expose the machine's strategy in hiring him, include the publication of such works as _The Three "r"s of the Eighties: Reduction, Reallocation, and Retrenchment_ (1979), _Governance in Institutions with Faculty Unions_ (1977), _Faculty Bargaining and the Politics of Retrenchment_ (1977), and _Faculty Bargaining, State Government, and Campus Autonomy_ (1976). All were excellent items on a résumé for the part he had to perform in the drama about to be played out.

The next scene of the tragedy was the passage of Act 161 in 1995 (Session Laws of 1995, now codified primarily within Chapter 304, Hawai'i Revised Statutes). This law changed public policy with regard to UH tuition funds. Previously, tuition payments went into the state's general fund, and then general-fund monies were separately budgeted to the UH. Under this former system, no real incentive existed for the UH -- as opposed to the machine -- to raise tuition, because any increased tuition revenue would simply go back to the general fund instead of the University.

Act 161 changed all this: Tuition revenues would now go to the UH, thus instantly creating an incentive to raise the tax known as "tuition." With some concerned community people and legislators fearing a rip-off of students, a key provision was included in the Act (§4, later codified as §304-7.5, Hawai'i Revised Statutes). This portion of the law guaranteed that general-fund support (i.e., public support) for the UH would remain at least at the existing level, as adjusted upwards each year for inflation. A related clause guaranteed that tuition costs would never rise above 30 percent of the cost of education (§3, later codified as §304-16.5, Hawai'i Revised Statutes). The idea was that a significant amount of public revenues would and should continue to go to higher education in Hawai'i, and any new revenue from raised tuition costs should therefore go to the UH as _added_ revenue, and not just as a substitute for reduced general-fund payments.
The guiding cover-story for this change was spelled out in these two explicit public policies (contained in §3):

Moneys deposited into the [new tuition] fund shall be expended to maintain and improve the university's programs and operations and shall not be:

(1) Used in a justification for reducing any budget request or allotment to the University of Hawaii [...]; and

(3) [Shall additionally not be] Restricted by the governor or the director of finance. [...] Any rule, policy, or action of any agency or individual in contravention of this subsection shall be void as against public policy (§3).  

(Hawaii Revised Statutes §304-16.5)

With elegant choreography, the Regents then acted to essentially double tuition costs, all the while assuring the University community and the broader community that with Act 161, these funds would now go to upgrade the UH. But under the politicized nature of the UH Regents, the machine extends its direct control to at least the level of a majority of the Regents and probably through the top tier of the UH administration. And the state administration, legislature, Regents, and top tier of the UH administration played their roles as the tuition hikes and promises were being made: not one of them, that I know of, publicly spilled the beans over what was going on.

Who were the authors of this show, i.e., the decision to gut the University (as we shall see below) while hiding things behind Act 161? I do not know. But whoever they were, the strategy shows subtle minds capable of great inventiveness and understanding of the art of sleight-of-hand in the public arena. Not to mention a political imagination unchallenged by any deep sense of conscience or morality.

We begin to wonder at the promises made when we notice that the legislature was at the same time drastically cutting the general-fund monies to the UH. The 1993-94 year had, for example, shown a public appropriation of operating funds at the UH Mānoa of $221,198,036. The 1994-95 year, supposedly used as the benchmark by Act 161, pegged operational support for Mānoa at $225,208,669. Now, for the 1995-96 year, the amount should have risen, in theory, to about $239 million to reflect inflation in higher education, according to the terms of Act 161. Instead, the amount was cut to $185 million by the legislature, and then reduced still further to just $174 million by administrative decree, a taking of $65 million (27 percent) from what was promised.

The next year, 1996-97, the legislature allocated a general fund appropriation of $196 million. This was reduced once more by the state administration, this time to under $174 million, when it should have risen for inflation to about $253 million. This represented another $79 million, or 31 percent of what had been promised when tuition was being raised and Act 161 was being shepherded through the legislative process.

The machine could point toward the fine print of the social contract expressed in Act 161. In the two reasonably clear cardinal policies quoted above, the first ellipsis contained the fine print "unless the university requests such a reduction." Here, the compliant top tier of the University administration played its role by requesting such reductions (or, perhaps, in not protesting against requests made in their name by the machine).

The second ellipsis contained in the quoted statutory language allowed for budgetary restrictions to the UH with "the prior approval of the legislature." In fine, choreographed form, the legislature also came through.

Furthermore, Act 161, while permitting the doubling of tuition—a process that was initiated within weeks of the Act's approval—did not mandate its minimal benchmark level of public funds to kick in until the 1997-98 year. Therefore, it could be argued that the takings of 1995-96 and 1996-97 were technically permitted by the Act. Despite such obfuscation, however, the machine's actions of raising tuition while deeply cutting public funding were clearly a violation of the intent of the law and the many public statements of the machine and its cohorts.

Things came to a head with the 1997-98 budget. As now directly mandated by Act 161, the appropriation for operations at UH Mānoa should have been about $268 million. Instead the appropriated amount was under $167 million, a taking of $101 million or 38 percent. (See fig. 1).
In its place, the machine inserted new language (§17 of Act 115) that now tied any public appropriation for the University to the level of tuition being squeezed out of the students. Students from now on would be legally required to be financially squeezed.

Act 115 established that public appropriations for higher education were, for the first time, capped by law as not allowed to rise above a certain multiplier of tuition receipts. This capping had the effect of dampening any hope of increasing the number of tuition-waivers, which increased enrollments but directly cut into tuition receipts. Meanwhile, through the same Act, the machine quietly deleted the requirement that tuition payments never exceed 30 percent of the cost of education (§20 of Act 115). The machine thereby shredded the limits on how high tuition could go, or how low public support could fall.

The proposed appropriation for Mānoa operations for the 1998-99 year had been earlier set by the legislature to be about $166 million. Come 1998, the budget for that year was amended downward; less than $158 million was appropriated. It should have been $284 million according to the original contract proposed by Act 161. So, for 1998-99, the taking was $126 million (44 percent).

The proposal for 1999-2000 was $169 million, instead of $301 million, for a taking of another $132 million (44 percent). And the proposal for 2000-01 was $168 million, instead of $319 million, for a taking of yet another $151 million (47 percent, or nearly half of what should have been allocated).

In all this, the machine got remarkable compliance from its followers in the state administration, legislature, Regents, and UH administration. Students, confronted with a 47 percent cut in funding while having to pay a doubled tuition, clearly were getting it coming and going. Yet, faced with working one or two jobs each while trying to attend school, students found organizing defiance difficult. The calculated risk the machine took of overtly decimating public higher education in Hawai‘i has therefore been successful thus far, the scripted choreography masterful in its vision, implementation, and execution.24

As laid out above, for the six-year period since the start of this tragedy, some $654 million was "legally" confiscated from the UH Mānoa. These
operational monies at only one campus are, of course, just a fraction of the
total, non-construction UH budget. When we look at the whole UH budget, we
see what a layperson would conclude to be a willful violation by the machine
of both the spirit and letter of the law -- there is no way a taking of this size,
accomplished over several years through carefully planned decisions and
documentation, and accounting for a system-wide confiscation of something
like $141.3 million (i.e., $1.4 billion), could be anything other than deliberate. (See fig. 2).

![Figure 2. Amount Confiscated](image)

This public policy of slashing the UH and using its lifeblood to service the
machine's debt has proven to be "successful" for the machine, because it
continues to get re-elected and remain in power.

### Conclusion

The stated mission of a land-grant, sea-grant, space-grant university is to
provide education, research, and community service. At the least, a
strong public university is vital for turning around Hawai‘i's economy. How do
these goals and needs relate to the machine's six public policies listed above?

The answer is that such things as education do not rate among the major
policies set by the machine. Indeed, these policies, when looked at as a whole,
have the (perhaps unintended) result of cumulatively harming the UH system's
education, research, and community-service, to the detriment of most if not all
of Hawai‘i’s people and their future generations.+

### Notes

1. For a review of the pre-1954 machine, see Fuchs 1983. For a review of the post-1954
   machine, see Cooper and Daws 1990.

2. My 1984 thesis that these economic changes occurred due to a local public policy of
dependency is sometimes challenged by two competing theses.

   The first is to point to technological change to explain the above changes. Jet
   transportation is an example of these tech advances. "Because of jet transportation,"
   the saying goes, "the Islands could no longer keep outside economic forces at bay."  
   But technological change had been going on for the previous 75 years that local capital
   ruled the Islands, without overthrowing that rule. Those technological changes that
   occurred about the time of the 1954 revolution, like the earlier ones, were tied to outside
   technical and economic dynamics. The fact that "jet travel" occurred about the same
time as the 1954 revolution and the later shift to a dependency policy was little more
than a coincidence of time -- there is no direct cause-and-effect relationship between
the two. Jet travel may have given indirect pressure to the change, but it did not directly
lead to a breaking of local capital, an export of large amounts of profit away from the
Islands, and a policy of dependency on outside capital.

   Secondly, political structural change (i.e., "statehood" in 1959) is also sometimes
advanced as a competing explanation for the changes we have seen. But political
structural change occurred over the preceding 75 years based on various dynamics. 
Again, there is no direct cause-and-effect relationship between a political change like
"statehood" and the 1954 revolution and the policy of dependency. Indeed, conven-
tional wisdom in Washington, D.C., fully expected "statehood" to bring voting Repub-
lican congressional representatives to the national capital. Statehood, like the tech-
nical advances, was not the direct cause of an imbalance in trade and an export of profits;
the opposite would have been expected with the stronger political powers granted to
the Islands with statehood.
3. Following from the previous note, this corollary in the text shows how technology or “statehood,” per se, would have no more changed the economic or political domination of local capital than the prior broad dissemination of either steamship transportation or radio communication, or the establishment of either the “republic” or the “territory” of Hawai‘i.

4. For additional historical context, see Kent 1993 and McElrath 1999. A review of how local capital had come into control of Hawai‘i will help us understand more clearly the history of the Islands. We often concentrate on historical events like the 1883 overthrow of the monarchy or annexation in 1898-1900. Yet a review of the development of local capital and the pre-1954 political machine requires, in turn, a new look at historical events.

In 1852, the most democratic constitution in the world, and the only one that guaranteed male suffrage regardless of class, was adopted by the Hawaiian kingdom. It was abolished by the coup of 1864, that ushered in a new oligarchic constitution where suffrage was limited to the wealthiest five percent of males, and candidates for public office were limited to the wealthiest half-percent of males. Even with these restrictions, the only elections that were allowed, in the whole nation, were for a minority of seats in a unicameral part-time parliament. The Islands’ electoral democracy died in that year, and an era of corruption was ushered in, centered on the haole-dominated cabinet. Thus, the haole oligarchy came to have local political control.

With the advent of reduced US import duties on Hawaiian sugar after 1876, the wealthiest man in the US West, sugar baron Claus Spreckels, bought up the plutocratic government through tens of millions of dollars in bribes given to the monarch prime minister and on down. From about 1860 through 1886, the government was controlled by Spreckels’ cabinet (half the cabinet for much of that time was his personal employees).

Local capital, brought to heel by Spreckels’ political control, was thereby economically humiliated. At one point, Spreckels gained direct or indirect control of two-thirds of local sugar, while owning the shipping line to the West Coast, the sugar refining and distribution apparatus there, as well as the Hawaiian government apparatus and various corrupt economic sweetheart deals that he was able to secure from that government.

Spreckels fell in a complex series of events in 1886 and 1887. The victor was another political-military force indebted to Big Five capital. Local capital was therefore again triumphant in gaining political control. That Big Five capital then successfully held off all opposition, including both Big Five labor and outside capital, until the mid-1950s.


6. For a discussion of a higher-wage alternative to tourism, see Herbig and Kramer 1994.

7. For more discussion on the local tourism industry, see Kent 1992; Aoudé 1992; and Rohrer 1994.

8. To counteract introduced crop diseases and insect infestations, while continuously seeking and attaining higher-yielding crops, the Islands supported top research institutions that kept local pesticide and fertilizer needs low through crop cross-breeding and searching out counteracting insect species from around the world. One legacy of this research was one of the world’s top insect collections, now housed at Bishop Museum. The highest ratio of successful conversion of renewable solar energy to edible calories ever achieved was within Hawai‘i’s high-tech sugar plantations.

9. While no successful challenge to the status quo has been mounted, this does not mean criticism has not existed. See in particular the two “political economy” issues of Social Process In Hawai‘i (1984 and 1994), and Aoudé 1994a (the introduction in the latter volume). Likewise, it does not mean that opposition did not exist, nor that some battles were not lost by the modern Hawai‘i machine (see Aoudé 1999a, b; Hasager 1999; Nakata 1999; Nïheu 1999; and Witeck 1999).

10. Looking back over a century, the local opposition’s social-democratic “Liberal” Party published its platform in 1891, declaring that “all Government should be founded on the principles of Liberty, Equality and Fraternity;” that all people “are born free and equal before the law and are endowed with inalienable rights to life, liberty, to property, to the pursuit of happiness and to self-protection against arbitrary concentration of power, irresponsible wealth [i.e., wealth is not responsible to public regulation], and unfair competition” (“Platform” 1891:1). The Liberals, the leading political party in the Islands, failed in their attempts to take political and economic control of the Islands from the recently victorious Big Five capitalists and their allies. Opponents today are much less organized and parallel the previous group’s lack of political success.

11. For this and the succeeding paragraphs in the section, I have used relatively complex methods in arriving at my conclusions. Some of the methodologies employed are discussed in my earlier article (Stauffer 1984). Other methodologies are discussed in unpublished manuscripts. For a discussion of the generally woolly policies of the Hawai‘i political machine regarding housing, see Aoudé 1994b.

12. For a review of such declines, including attacks on the quality of the physical environment, see Mineni 1994.

13. A comparison between the local minimum wage and the local cost of living is also illuminating. The local minimum wage was first set in 1942 under the Republican oligarchy machine. The bosses of the old machine presided over the establishment of this minimum wage, and then raised it so that by 1953, the minimum wage had increased at over three times the increase in the cost of living (the wage rose from 25 cents/hour to 65 cents/hour, a rise of 160 percent, while the cost of living rose only 52 percent). The 1954 Democratic revolution initially was quite progressive, with changes reflected in many areas including the minimum wage. Through 1962, the revolutionary increases increased the minimum wage at a similar rate to the previous decade. The wage rose from 65 cents/hour to $1.15/hour, a rise of 77 percent, while the cost of living rose only 23 percent. Over the next decade, however, the revolution was taken over by the new machine, and attention to the minimum wage and average working folks began to
wane, as the minimum wage barely kept up with rises in the cost of living. During this time, the wage rose to $2.40/hour, a rise of 109 percent, while the cost of living rose 72 percent. Once the machine took over, attention to the plight of average folks was abandoned all together. The cost of living rose at a rate twice as fast as rises in the minimum wage: between 1975 and 1989, the wage rose from $2.40/hour to $5.25/hour, a rise of 119 percent, while the cost of living rose 208 percent (DBEDT 1999).

14. For example, look at an average household of three persons, making $37,141 in 1998 - a real-life example - that takes the standard deduction and exemptions. The federal personal income-tax code allows them $14,350 in deductions. But Hawai'i's personal income-tax code allows them less than one-third of that. The size of a household's deductions determines its final "taxable income," and therefore controls the final amount of personal income tax to be paid. How does the state allow a working-class household to get only one-third the deductions allowed by the federal government? This is because, even though the state follows nearly all of the federal tax code, the local political machine has decided to not follow the Feds in increasing these personal deductions for inflation. So the current federal tax code, much criticized for its bias against average folks, is actually three times more lenient on them than the tax code imposed by the local machine. But another way, the real-life example above results in this household paying a federal income tax of just $2,436, which is less than this household's state income tax of $2,574. Yet, following the rules of congress, the state income tax payable by this household should be about $800, or a third of the federal tax.

15. This is not to say that no discussion about education has occurred. The topic is, if anything, quite popular in the local media and among politicians. Some local hotels have, for example, adopted some primary schools here to help ensure that their future low-paid local employees at least know how to spell. But no real dialogue has gone on over the broader issue of giving the schools the public resources and support necessary to bring about real education and a well-educated and informed citizenry.

16. David Yount comments in his insider's history of the UH how, in recent years, a majority of seats on the Board of Regents were always held by old immigrants (1996:118); see also Kamins and Potter 1998:316-17.

17. On review, these special offices seem to exist for patronage but are relatively unproductive otherwise. One expert recently referred to the incumbent "professionals" in the high-paid positions in one such office as little more than "clerks."

18. State/machine debt statistics: in 1958, the debt was $98 million (Schmitt 1977:649, Tax Foundation 1969). In 1999, it had grown quite a bit. Exactly how much depends on what definition for debt is used. "Statement of Total Outstanding Indebtedness of The State of Hawai'i" is in some ways a good definition. It is reported to be $6.9 billion as of mid-1999 (DBF 1999), but this includes "special revenue bonds." These special state bonds (IOUs) totaled zero in 1958, but about $1.4 billion in 1999. The bonds are IOUs issued by private entities such as Queen's Hospital. They are generally private except that, unlike purely private debts, when Queen's or others make interest payments on these bonds to their lenders, those lenders enjoy tax exemption. In other words, these bonds are treated as tax-exempt bonds much like IOUs issued directly by the state. In theory, if Queen's or the others default on these bonds, the state would not be directly liable. No such entity has defaulted that I know of, so whether the state would end up accepting responsibility for any of these special state bonds remains to be seen. I do, however, recall the case of Mānoa Finance and other loan companies who defaulted in the early 1980s. Although likewise not guaranteed by the state, the state had a connection with these earlier entities - just as the state has today with today's entities - and the state ended up accepting responsibility for assisting the creditors of the earlier failed companies.

The increase in state indebtedness from 1958 to 1999 is 70 times if the full state indebtedness is used, or 56 times if the special state revenue bonds are excluded. The inflation factor for 1958 was 30. It is estimated to be 172 in 1999, having increased 5.7 times (DBEDT 1999:416-17). Adjusting the size of the debt by inflation therefore means it increased 12 times (or, if the special state bonds are excluded, the increase was 10 times). The population in 1960 (closest available) was 632,772 people. In 1998 (also closest available), it was 1,193,001 (ibid.:10,12), having increased 1.9 times. Adjusting further the size of the debt by this population increase therefore means the debt increased over six times (or, if the special state bonds are excluded, the increase was 5.2 times). Therefore, even as adjusted for inflation and population growth, the state/machine debt has increased by five times or more.

The debt, as of mid-1999, totaled about $5,784.10 per person (or about $4,635.64 per person if the special state bonds are excluded). Notice, on the other hand, that the machine owes none of this - the machine's debt is, instead, owed by the people. Notice, on the other hand, that the debt is theoretically owed by all the people - not just working adults. Even a newly born infant here comes into the world saddled with this debt. A family of four therefore owes $23,136 as of mid-1999 (or, if we exclude the special state bonds, their debt is $18,543). Therefore, as stated in the text, the per-family share of the debt is about $20,000 as compared to the 1968 debt which was about $155 per person, or $619.50 per household.

Any debt, of course, gets serviced. Every year interest is paid, along with parts of the principal. There are also loan closing costs and refinancing costs. Coming up with all these debt-servicing costs for the machine's debt is rather complex: the total number is not listed by the state. One debt-servicing estimate is $536 million, gotten by cobbling together some interest and principal payments from different sources (DAGS 1999:34,75,77,82,83). But this figure is low, as certain additional servicing amounts are missing. For example, during the 1999-1999 fiscal year, some of the debt was re-financed, and re-financing costs could be considered to be part of the debt-servicing bill. After all, if the debt did not exist, there would have been no re-financing fee needing to be paid. Yet this $39 million re-financing cost (DAGS 1999:34) is not included in the $536 million estimate. Additional examples exist, and other debt-servicing expenses are likely to also exist but are not precisely known, because they have been added in with other expense categories and are thus cloaked in the official financial reports.
Pinning down even the $636 million estimate figure is an interesting exercise: the state keeps its books in different parts, with sometimes different methods of accounting. Different auditors are employed to audit the different parts. One of the accounting books directly lists its cost of debt-servicing, but other parts do not. Even when the cost is listed, it does not include closing or re-financing costs.

The state’s business department (Department of Business, Economic Development, and Tourism; DBEDT) maintains various statistics and reports of business activity for Hawai‘i, including many statistics for the state. It could not locate a total debt-servicing number. DBEDT also publishes the *State of Hawai‘i Data Book*, which has a great amount of data, but essentially nothing on the state’s debt—the 1998 *State of Hawai‘i Data Book*, for example, includes just one debt figure, included within a table on page 273, but it is incomplete (1999).

The state’s budget department (Department of Budget and Finance, DBF) maintains the total indebtedness figure cited above (i.e., $6.9 billion), but admitted in a private communication that it did not yet keep the total debt-servicing figure. The outside audit company who audited part of the state’s books, and had access to the audited on the other parts of the books, agreed, in a private communication, that the figure was not listed, but did note that by going back to the raw figures, it could be calculated.

Two other economics offices, one private and one public, were also helpful. The state’s accounting department (Department of Accounting and General Services, DAGS) gave the greatest assistance. In a private communication, its representative agreed that a single number was not listed; that the above estimate (i.e., $636 million) was a good basic figure; and that any effort to get a more precise number would require going back to raw figures not included in the state’s financial reports. This figure, in turn, does not include the debt-servicing costs of the special state bonds. Even raw figures for these are not known to the state as the debt-servicing is done by Queen’s Hospital and the other businesses that use these state bonds. Thus the cost of servicing the total outstanding indebtedness of the state is unknown and possibly unknowable.

A related figure compares the annual debt-servicing amount to the total amount of state taxes. Total taxes, in the 1996-1997 state fiscal year, were $2.86 billion (DAGS 1999:120). This means that the debt-service, not counting the special state bonds, of that year ate up the equivalent of over 22 percent of all state taxes (i.e., about a quarter of the taxes). Naturally, if all the raw figures were gathered together to get a better handle on the total debt-servicing cost, then this figure would rise. Note that to say that about a quarter of taxes are eaten up by the debt helps us understand the size of the debt, but this statement should not be taken to mean that all debt-servicing costs come directly from tax revenues. In reality, some debt-servicing costs are paid through other arrangements.

In the text, I also noted that the debt was rising. From 1990 through 1999, for example, the state’s general obligation bonded debt rose from $2,026,100,000 to $3,189,296,000, or over 57 percent (DBEDT 1999:299; DAGS 1999:187).

19. See Yount (1996:351). Observers of the University will, with this background on President Mortimer, now sense the probable source of these statements in recent years from the principal personalities of the state administration about the need for the UH to “reallocate” and “restructure” as was done “elsewhere in the 1980s.” Notice as well the hitherto odd association, now prevalent on the part of the political machine, in twinning UH cuts on the one hand (i.e., “restructuring,” “reduction”) with, on the other hand, “autonomy.” Autonomy, when normally applied outside of President Mortimer’s nomenclature, connotes not reductions, but instead increases, as an autonomous public agency is freed from overhead. Private interests, for example, have always insisted on this type of increased autonomy and funding for public boards that they control for public land use, the Aloha Tower complex, spot-development controls in Kaka‘ako, or the Hawaii Visitors’ Bureau. Note also that President Mortimer’s articles on bargaining and faculty unions should not be misunderstood as suggesting that he was particularly supportive of the faculty position in labor negotiations.

To add to the gloom [on campus with Mortimer’s appointment], the last publication [Faculty Bargaining, State Government, and Campus Autonomy] includes a chapter called “Faculty Bargaining at the University of Hawaii,” that Mortimer co-authored with Kenneth K. Lau, Emeritus Professor of Business and Law. Dr. Lau was the University’s chief spokesperson during the early years of collective bargaining (Yount 1996:351).

20. Act 161, although requiring inflationary adjustments to the guaranteed general-fund payments to the UH, did not precisely define how these adjustments should be figured. I have used, in my discussion, the UH administration’s own inflationary figures. In the fall of 1999, when yet another round of tuition increases was announced by the UH leadership, it was claimed by that leadership that academic inflation had been running at 6 percent; this is the inflationary factor I have used.

21. The two ellipses in the quote contain key loopholes, discussed later in the article.

22. As might be expected, the increases in tuition led to a reduction in students.

23. When tuition was doubled, the public was assured that more tuition waivers would be made available to cushion the effect on the less wealthy. This proved another broken promise.

24. The student-faculty “Death of Education” march on the State Capitol some years ago, and the student “civil disobedience” revolt of Spring 2000 are two key exceptions to the general lack of protest over this woeful financial gutting of the University. The revolt was also at least temporarily successful: additional tuition raises were deferred. But note that no real restoration of the missing public funds has yet occurred.

25. As noted in an earlier note, the state of Hawai‘i operates with an accounting system that has separated its financial books into different pieces with different accounting rules applied and with different auditors examining them. The UH system’s accounts are, in turn, only one portion of one of these parts of the total books. Sorting out the UH’s numbers is complex, given the system of accounting. I have therefore relied on

I have focused on non-construction funding for the UH: the capital-improvement budget, as noted in the text, is primarily involved with securing "legal" kickbacks and is often of dubious benefit to the UH. Within non-construction funding, as contained in the budget laws above, the largest portion of the UH system budget is given in what are referred to as the "A" operational funds. These, for Mānoa, are listed in each of the above laws under budget item G-9, except for the last Act, where the figure is listed under budget item G-10.

To see the full UH-system non-construction budget, one must also examine other budget items within the "A" operational class for each of the other UH campuses. System-wide expenses are also listed separately as another budget item, as is an overhead budget item for community-college expenses. The UH-system-wide operational budget therefore includes these other budget items as well as the UH Mānoa budget numbers that are listed in the text. A bit under two-thirds of the full budget goes to UH Mānoa, with the balance going to the other campuses. To give an example of the ratio of UH Mānoa spending to the whole system: In 1995, there was about $225 million appropriated for the UH Mānoa in class-A operational expenses, about $297 million in total operational expenses for Mānoa, and $486 million for total operational expenses for the whole UH system. The estimate in the text of $1.4 billion taken from the UH system is based on this ratio of appropriations between Mānoa and the UH system. The numbers as given in the text, including cuts, may be understated slightly because of small special operational budget items appearing elsewhere in the budget Acts.

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Fruits of Resistance:
Hawai'i Islanders Stop Oji Paper Ltd.

Ira Rofter

In 1997, some ten thousand acres of government-owned, prime agricultural lands became available on the Hāmākua coast of Hawai'i Island. Mayor Stephen Yamashiro wanted to lease the land (at a super cut-rate price) for 55 years to his old business associate - Oji Paper Ltd. of Japan. Also, Governor Benigno Cayetano later met on O'ahu with executives from Oji Paper Company Ltd. and Marubeni Corporation, and enthusiastically agreed to rent them state lands and aggressively push state agencies to approve the project (Gillingham 1997). Though the pulpwood tree project would have actually cost the state more to administer than it would have produced in income, would have created few jobs and benefits for local businesses, and seemed environmentally destructive, everyone thought that because it was supported by two exceedingly powerful politicians, the Hawai'i Island Mayor and the Governor, it was a "done deal."

Surprisingly, in November of 1997, the State Board of Land and Natural Resources, an important component of the bureaucratic system, unanimously rejected the plan to lease 4,400 acres of state lands to Oji Paper Ltd.

This was an extraordinary victory for local residents who had taken on the combined might of the state and county administrations. This article examines the question, "Why did Hāmākua's residents win?" and argues that it portends the emergence of a more democratic politics on Hawai'i Island, and hopefully, in all of Hawai'i.

Dependency and Top-Down Political Control

Although the recent worldwide expansion of global capitalism is a hot topic, the Hawaiian Islands came under the influence of offshore capital interests soon after 1778, when Captain James Cook of the British navy sailed into Hawaiian waters. Since then - from the sandalwood trade in the early 1800s, to the provisioning of traders and whaling fleets in the mid-1800s, to the era of sugar and pineapple plantations, and the growth of the tourism industry after Word War II - Hawai'i's economy has been primarily oriented toward
satisfying foreign markets (Kent 1983). Hawai‘i provides a classic example of dependency:

- Its economy is heavily export-oriented, not self-reliant, balanced, or diversified (today based on tourism and military spending);
- Its major economic sectors are controlled by foreign-owned corporations;
- Its class structure is sharply stratified; and
- Its political institutions and processes disproportionately benefit a ruling elite linked to global capital.

Beginning in the 1830s, the growth of sugar plantations spawned a small group of sugar barons, who dominated all facets of the economy and politics. In 1893, they overthrew the Kingdom and in 1898 annexed Hawai‘i to the United States. Although a Democratic Party-led regime captured political power in the mid-1950s, its officeholders worked closely with large landowners, banks, and construction companies. They all found they could profit greatly by cooperating with major corporations from all over the world who began buying up large chunks of land and businesses to promote international tourism and land development. The top-down, centralized, plantation era political system merely morphed into a quasi-democratic variant.

When Mayor Yamashiro carried out his own private negotiations with Oji Paper (and no other company) to lease county lands, he followed a pattern common among Island elites. For two years, Mayor Yamashiro repeatedly refused to lease former Hāmākua Sugar land to local farmers. It did not vex him that he had a direct business relationship with Oji Paper going back to the 1970s, nor that he out-of-hand rejected a much better proposal by New Zealand forestry company Fletcher-Challenger to create a diversified wood products industry (Christopher 1997).

That Governor Cayetano would gladly meet with Oji’s executives, while refusing to meet with Hāmākua Community Association representatives, and that he and state agencies had pushed the pulp tree plantation scheme without meaningfully consulting with members of the county council or affected communities, is likewise standard practice in what some have called a “Banana Republic.”

Hawai‘i, though a part of the United States, is struggling to overcome its colonial roots. For generations, Hawai‘i Island has been led by a small political clique. First, there was the Monarchy, whose Hawaiian ali‘i (nobles) were strongly influenced by haole (foreign) missionaries and merchants. During the reign of Big Sugar (from the mid-1850s on), plantation owners ran the Islands in tandem with their Republican political appointees and loyal officeholders. Even after World War II, when the labor unions gained considerable power, labor leaders worked in league with the plantation owners, who sought to keep their taxes low, avoid environmental regulations, and control the local economy.

With the decline of sugar and the advent of tourism, the making-money game switched to resort and urban development.

As the 518-page Land and Power in Hawaii: The Democratic Years documents, the politically well-connected on all the islands worked comfortably together and prospered mutually (Cooper and Daws 1985). On the rural islands especially, a small clique made up of elected officeholders, their appointees to government posts, their close advisors and friends, in tandem with investors, real estate developers, bankers, and construction industry members, virtually ran county governments as their own mini-principalities. Government agencies and commissions (such as the State Land Use Commission and county planning boards) were staffed with loyal appointees willing to approve nearly every project that promised jobs, no matter what their impacts might be on the environment, the local community, or Native Hawaiian rights.

**Seeds of Rebellion**

The present elite retains the mindset of the plantation era and accepts as normal an economy that is dominated by a few large companies. They have consistently sought, with the support of friendly state officials, to attract big offshore investors to build large-scale tourism, urban development, and industrial projects in undeveloped areas (McNaire 1998b). But because of major demographic and economic changes, these kinds of projects have been increasingly challenged by an aroused public.

The plantations have closed, and no strong business leaders have replaced the old sugar bosses. Union membership rolls have dwindled, and labor’s visionary leaders died off. Among locally born residents, the younger...
generation is more educated and assertive than their parents. Newcomers from the US continent have settled in Kona, Hāwī, Waimea, and Ka‘ū and started to stand up for the environment and their rights.

As a result of these changes, a number of anti-development skirmishes were fought all over the island, especially in the Kona resort area. Again and again, community members opposed golf courses, luxury condominiums, homes, hotels and resorts being sited on nearby pristine areas and beaches. Two huge battles erupted in the rural Puna-Ka‘ū area in the late 1980s, lasting for several years. They launched a whole new level of organized citizen activism. The first was over siting of a frequently malfunctioning and health-threatening geothermal energy plant, set right in the midst of a Puna subdivision. The second confrontation was over the state’s efforts to construct a giant missile launching complex – the “Big Island Spaceport” – in Ka‘ū.

**Puna’s Troubled Geothermal Power Plant**

Beginning in the later 1970s, angry residents and Native Hawaiian groups fought against building a geothermal power plant in Puna (Keyser 1999). This battle became a training ground for activists, and even today, still rages; recent events well illustrate the typical dynamics of citizen-led resistance.

Puna Geothermal Venture (PGV) drilled several wells to tap energy for electrical power generation from reservoirs of hot, pressurized brine in Kilauea’s East Rift Zone. But endless problems arose with the wells, in addition to demonstrations, arrests, trials, and contested case hearings, especially in the early 1990s. In April of 1999, between 150 and 200 Puna residents attended a six-hour hearing by the state’s Department of Health and the federal Environmental Protection Agency to review – yet again – permits for the troubled geothermal plant. It was a familiar scene on the Big Island: another angry group of residents testified overwhelmingly against an intrusive project being built next to their homes by an impersonal and distant corporation, with the support of their own government officials.

Over forty spoke at this meeting. Only a handful of people from business and labor organizations, i.e. those with direct financial ties to the company, spoke in favor of Puna Geothermal Venture’s operation. They emphasized that the geothermal plant supplies one-fourth of the island’s electricity and reduces the environmental effects arising from burning millions of barrels of oil normally used to run generators. They repeatedly called PGV’s operation “safe” and “economical.”

The vast majority of speakers bitterly opposed the plant’s operation, contending that it is not safe, and that “they were paying for the island’s electricity with their own damaged lives.”

Several residents, both men and women, were in tears as they testified of being spattered with caustic chemicals, breathing toxic gases, and enduring a twenty-four-hour barrage of airport-level noise. Nursermen testified of plants dying and vegetation coated with caustic dust; homeowners told of being unable even to sell their homes and move away. Most expressed despair that the county or state would ever provide them with any relief, and accused officials of a long litany of broken promises and betrayals. Some openly called for a criminal investigation of some government officials involved (McNarle 1998b).

PGV wells tapping energy from reservoirs of hot, pressurized brine have already suffered two “blowouts,” major explosive releases of steam and volcanic gases, including highly toxic hydrogen sulfide gas. Many “incidents” went officially unnoted.

Numerous residents reported burning eyes, headaches and nausea after smelling noxious fumes from the plant. Many linked those episodes to long-term health problems. [...] State officials previously had dismissed such accounts as anecdotal. But residents are now citing mounting statistical evidence that they’re right. [...] Preliminary findings by a University of Texas study also show positive correlations between exposure to geothermal gases and multiple health problems (McNarle 1998b).

Because the plant is built in a geologically unstable area, residents also fear that the PGV’s reinjection wells will contaminate the island’s underground drinking water. These wells return the hot brine, along with various chemicals added during the generation process, to the underground reservoir. Wells can, and do, breach their protective liners. PGV has admitted to at least one incident of an existing well suffering a perforated liner. Neighbors believe other breaches have occurred, but gone unreported. Residents also worry that their catchment drinking water may be contaminated from sulfur compounds released in geothermal steam, and from caustic soda, used to neutralize acid in the steam.
Most revealing of the political situation was the fact that dozens of Puna residents pleaded with federal Environmental Protection Agency officials to protect them from their own county and state governments. PGV and government officials work in cahoots to subvert health regulations, they claim.

Residents spoke with special bitterness against three government officials: (Department of Health) Bruce Anderson, whom several testifiers accused of "lying" about the safety of the plant and making disparaging remarks about the community; Barry Mizuno, a former health official who left government and immediately became a PGV employee; and Mayor Stephen Yamashiro, PGV's former attorney. When residents had complained that the county was breaking a binding arbitration agreement over the plant, Yamashiro reportedly told them, "So sue me" (McNair 1998b).

Despite all these public appeals and testimonies, Puna Geothermal Venture and the state got their permits as usual from the EPA a few months later.

Ka'ū's Spaceport Mirage

The battle over a proposed missile-launching complex was another training ground for citizen activists in their war against an anti-democratic government. In their hunger for development for the late 1980s, Governor John Waihe'e and a few Big Island corporate executives vigorously promoted building a huge missile facility and theme park in the semi-rural district of Ka'ū, adjacent to the Volcanoes National Park. They spoke glowingly of thousands of jobs being created, though, in fact, virtually all the jobs for residents would be low-paying ones in a nearby Disneyland-type Space Park they said would attract one to two million visitors annually. But the project's economic viability was so highly questionable that not one commercial investor or operator could be enticed to invest in the project. This was despite $7 million spent by the state over six years promoting the Spaceport scheme, with many more millions of economic incentives promised (Davis and Rohter 1993).

The community's widespread hostility to the undertaking was fueled by insurmountable questions about its environmental impact, along with the troubling social impact this huge industrial complex would have had on the semi-rural Ka'ū district (Rohter 1993b). Government officials, as usual, ignored these protests.

Most residents preferred small-scale economic diversification instead. A community planning initiative envisioned a post-sugar era economy based on Ka'ū's natural assets. A new multidimensional economy would emphasize sustainable agriculture and processing cooperatives. It would also have a strong "cultural tourism" component. Visitors interested in the area's historical past would be drawn to a plantation village built around a refurbished Ka'ū Sugar Plantation; they could stay in locally owned, small inns and bed-and-breakfasts. Educationally oriented, Hawaiian cultural sites based on old villages, temples, trails, and agricultural sites found in the Ka'ū and South Point areas -- and crafts, woodworking, and Hawaiian hand arts -- would attract visitors interested in more than surf, sun, and glitzy golf courses.

Anti-development coalitions emerged, and by 1993, an anti-spaceport alliance made up of the Hawai'i Green Party, Life of the Land, Informational Network for the Spaceport, Common Cause Hawai'i, Ka Lāhui Hawai'i, Big Island Sierra Club, and many other community groups, put major pressure on the legislature, county council, and Governor John Waihe'e, to kill it (Rohter 1993a). On this issue, they succeeded.

The old guard still refuses, however, to acknowledge that their pet projects evoke widespread opposition because they benefit a small economic elite much more than average citizens, and that they do grave harm to local communities, the environment, and Hawaiian rights. Better and more feasible economic opportunities are desired, that will better benefit local businesses and average citizens. A large number of citizens want their views heard and respected by decision-makers.

New Office Holders

This activism and changing demographics have been slowly yielding a new politics on Hawai'i Island. Non-machine-connected office holders began being elected. In 1990, the county council contained nine Democrats, eight of whom were loyal to the old guard's agenda that favored land development and tourism facilities built by multinational corporations. In 1992, under a new vote-by-district scheme, a disgruntled liberal Democrat running as a Green was elected councilwoman from the Ka'ū district, along with two Republicans from the Kona area. By 1995, the council consisted of four Democrats, four Republicans, and the Green, who was now chair. In 1996, Green Party
challenger Kelko Bonk lost her bid to upset the incumbent Mayor Stephen Yamashiro by only 3,148 votes. He outspent her four-to-one.

Government began to be more open. In the good old days, decisions were made at the County Office Building without much public notice or debate. The mayor, council members, and state legislators, worked out mutually beneficial land deals with the business community, large landowners, labor leaders, and developers. Today, to the distress of insiders, sunshine laws are being enforced that require more open government. Government information once kept secret is now being released for public scrutiny. Public hearings—some even televised—allow opportunities for questions and critical testimony. Activists are uncovering and publicizing information about decision-makers' conflict of interests as they vote on matters affecting their large campaign contributors or business associates. More than ever, the public is observing first-hand their elected officeholders or commission-appointees making policies.

Community associations and coalitions made up of ordinary citizens are also demanding that their views be taken seriously in making decisions that affect their communities, especially zoning changes and development plans. They have gone to court and won in their demands to have more accessible policymaking processes (Clark 1998).

For example, the now famous Public Access Shoreline Hawai'i (PASH) Hawai'i Supreme Court ruling, was instigated with a suit filed by a Big Island citizens' group against county planning officials, who had refused to consider Native Hawaiian access rights before granting a permit to build an oceanside resort. Again, in December 1996, a citizen suit prompted the Circuit Court to rule that the county council intentionally violated state law when it pushed through revised zoning law changes in 1996 without allowing proper public participation.

**Hāmākua – Organized Opposition**

It was within this context that the residents of the Hāmākua-North Hilo region—the Democratic machine's most stalwart voters—began to challenge the machinations of Mayor Yamashiro's plans to promote more pulp tree plantations on Hawai'i Island. The initiating incidents were the repeated spraying and smoke drifting over adults and children by a company owned by Prudential Insurance Company, which was clearing the former sugar lands by repeatedly spraying herbicides from planes and burning rubbish vegetation. Prudential (doing business as Hamakua Timber) was renting privately owned Hāmākua lands to grow eucalyptus trees for chip wood.

Residents complained of "unprecedented numbers of acute illness, upper respiratory ailments, unusual and unexplained symptoms, and many lost work days." Local physicians verified these charges. As usual, the state's Departments of Health and Agriculture, based in Honolulu, were unresponsive to the complaints. But unusually, people did not shut up. Meetings were organized, and over 1,500 signatures were collected by a grassroots group, Friends of Hāmākua, in March and April 1997, pleading with Prudential-Hamakua Timber to stop its spraying and burning. Popular in a district with many Filipinos, first-term Democratic Councilman Dominic Yagong's support added legitimacy to Friends of Hāmākua's cause. Part-Hawaiian Councilman Curtis Tyler (R) also worked closely with residents from Hāmākua, North Kona, and other localities, of all ethnicities, to bring about open decision-making and the economic alternatives they preferred (Armstrong 1997; Yagong 1997).

Experienced environmental activists joined the growing protests, passing around scientific studies showing that chemicals always "drift" during application. Aerosol, fog-like chemical droplets are affected by even light winds, and Hāmākua is exposed to brisk ocean winds (Cox 1995). Environmental activists came up with data that revealed that Hāmākua's residents, many of whom also have had long exposure to toxic chemicals used on sugar, were displaying abnormally high rates of cancer and respiratory diseases ("Breast Cancer" 1997).

The issue expanded to Oji's pulp tree plantation plans, which if accepted, would add tens of thousands more acres to the areas being sprayed and burned. And if Oji Paper decided to reduce its shipping costs by two-thirds and set up a pulp mill on the Big Island, a substantial amount of additional toxins and environmental pollutants would be released.

**Outside Expertise**

Dr. Jim Anthony, Executive Director of the Hawai'i Lāʻieikawai Association in Honolulu, and a savvy, longtime environmental activist, supplied scientific health-related information, as well as tactical and legal advice to Friends of
Hamakua. He helped add a political-economy dimension to the debate by inviting international forestry activist Larry Lohmann, the author of Pulping the South: Industrial Tree Plantations and the World Paper Economy (Carrere and Lohmann 1996), to stop over on his travels to Thailand. Lohmann spoke in Honolulu before environmental leaders and gave multiple talks on Hawaii island to various community groups. The issue expanded from its initial focus on health to the damaging environmental impact of eucalyptus plantations in general, to the foreign owners exploiting local resources and people. Other community activists added a Green sustainable development dimension to the debate, talking about the enormously greater economic benefits that would result from renting the land to local farmers, ranchers, and foresters.

A University of Hawaii political science professor, I wrote a 22-page white paper, titled “Eucalyptus Tree Plantations Are Not Sustainable Forests: Facts about Eucalyptus Estates that Mayor Yamashiro and DLNR Officials Don’t Tell You” (Rohrer 1997b), to leaders of major environmental groups, Department of Land and Natural Resources (DLNR) board members, Big Island activists, and the media. The report documented how eucalyptus plantations cause serious environmental problems, pose major public health risks to nearby residents, and generate few jobs (while other uses of agriculture land produce much higher revenues). The white paper also noted the insider-friendly decision-making process, the cutout against the pulp industry around the world, the public relations ploys used by the paper industry to win political favors, timber companies’ tendencies to be bad neighbors, and alternatives such as high value forestry and agroforestry (ibid.).

I wrote a similar op-ed piece in Honolulu papers, appeared on radio shows, and talked with reporters and legislators, in order to stimulate public pressure on the board and the Governor (Rohrer 1997a,b, 1998). I asserted that pulpreee plantations had nothing to do with sustainable forestry, despite the propaganda smoke screen by state officials, that the leasing of thousands of acres to Oji Paper Ltd. would neither improve the environment nor create many jobs, nor result in lumber mills, processing plants, retail outlets, craft markets, family farms, nor in economically independent and empowered citizens. I pointed out that, wherever these industrial plantations have been established – in Asia, the United States, Canada, Europe, South America, Australia, and Africa – they have created major environmental, health, economic, and social problems. The pulpreee deal with Oji Paper Ltd., being bulldozed through by Mayor Yamashiro would primarily benefit large multinational corporations and a few locally connected businessmen and politicians, while creating few low paying jobs for local residents and seriously damaging the land.

In the end, local activists drew on important information contained in Pulping the South (Carrere and Lohmann 1996) or obtained from the Japan Tropical Forest Action Network (JATAN), the Dogwood Alliance (North Carolina), the Mobile Register’s special report on forests (“Alabama Forests” 1996), The Northwest Coalition for Alternatives to Pesticides (Oregon State University), and the Native Forest Network (U.S.; see Rohrer 1997b).

The Land Board Showdown

One of the final hurdles Oji had to pass was getting a lease on the 4400 acres owned by the state. This required approval from the Board of Land and Natural Resources, whose members are appointed by the Governor. Because of enormous public pressure, an open hearing for the lease was held in the midst of Hamakua, in Honolulu. On October 24, 1997, Friends of Hamakua filled the gymnasium with people displaying signs in opposition to the project. Over hundred members of the public signed up to give testimony. DLNR staff, Oji Paper Ltd., and Manubeni Corp. representatives spoke first. But they were closely questioned by members of the Board, who had been barraged with critical mail by the public. Because only 15 citizens had addressed the Board when convening time arrived, a noisy crowd got the Board to agree to postpone making a final decision until another meeting was scheduled to hear all the testimony.

Serious faults in the lease agreement were exposed by Board members themselves, and leaders of prominent environmental organizations threatened to file a legal suit challenging DLNR’s claim that a proper environmental impact assessment had been done for this project.

The second hearing, on November 14 of that year, lasted for more than fourteen hours and ended near midnight. More than 75 anti-Oji testifiers spoke. Friends of Hamakua had put together a remarkable coalition made up of groups as diverse as the Farm Bureau and organic farmers, the Sierra Club...
and the Honoka’a Chamber of Commerce, all of whom opposed the project and favored a host of community-centered alternatives. Expert business analyses of the costs and benefits of Oji’s plantation were compared to alternative proposals. Detailed criticisms about health and environmental threats associated with pulp tree plantations were also presented. Several organizations demanded that a contested case hearing be evoked, and laid out powerful legal reasons for their assertions. Native Hawaiian activists raised their voices in strong protest over their lands being rented out to foreigners, instead of being given to their people. Dozens of former sugar workers told the Land Board members that state land should be reserved for small-scale farming, ranching, or forestry, not given away for 55 years at ridiculously cheap rates to a big multinational corporation. As Hamakua Farm Bureau representative Robert Shioji pleaded, when he turned to Oji officials in the audience: “Why are you folks so intent on taking public land? We have a multitude of private land in Hawai‘i. For Pete’s sake, leave the public lands for the people” (Thompson 1997). Tom Young, representing a North Hilo community group, worried about creating a better economy for future generations. “We’re doing it for the kids,” he said (ibid.).

Surprisingly, at midnight, by a vote of 6-0, the State Board of Land and Natural Resource unanimously rejected the Oji Paper plantation scheme.

A New Polity Is Emerging

The Hamakua story marks a turning point in Big Island politics. But political battles still continue between old guard business interests and community activists.

Stopping the Irradiation Plant

Commercial farming interests who want to ship exotic crops off-island have been trying for years to get the county to build a commercial Cobalt-60-powered irradiation food-processing plant. In late 1997, Mayor Yamasiro and state officials pushed a new project through the council, despite the intense opposition of small farmers and many citizens (Jacobson and Rohter 1997). In the summer of 1998, a broad-based coalition got over hundred thousand Big Islanders to sign a ballot initiative petition that would prevent the building of the plant. Despite the pro-irradiation forces outspending the grassroots side seven to one in a heated campaign, the initiative lost by only 437 of the 50,513 votes cast in November 1998.

Bamboozled on the Prison

In the winter of 1998, another district-wide uproar in Ka‘ū was provoked by Governor Cayetano’s sudden announcement that he intended to build a 2,300-bed prison near Pāhala. More than three hundred citizens attended a hastily called senate hearing in Pāhala, with opponents outnumbering pro-prison advocates three to one. “Many of those testifying for the prison represented businesses or business organizations from around the entire island,” reported Alan McNairie. He also noted that:

The roots of the community’s massive reaction, as revealed in testimony, went well beyond questions about the prison itself. Sources of residents’ anger included a history of past neglect and failed development proposals, a secretive corporate campaign, a wealth of conflicting information, a hasty government proposal, and a legislative system that seemed rigid, confusing and out of touch (McNairie 1998a).

Many residents were upset by the semi-secretive promotional process employed by a small coalition of business people and a few former cane workers, spearheaded by an Ohio prison-building company called the V-Group. The V-Group corporation employed Harvey Tajiri, a well-connected former state legislator, as their lobbyist. In private meetings, Tajiri built “local” support with one-sided sales pitches to small, pre-selected groups. What was pitched in these earlier “secret meetings” (as some residents called them) was a much smaller 1,000-bed, medium-security facility, to be built more than ten miles away from town. But in February, Ka‘ū’s residents discovered that a “fast track” bill had suddenly popped up in the legislature to build a prison that would house 2,300 inmates, including several hundred maximum-security beds. They also belatedly found out that Governor Cayetano had made a “stealth visit” to consider three possible prison sites in Ka‘ū. These actions by state officials, reports McNairie, “fueled fears that residents were being cut out of the decision-making. The reaction was public outrage. Hundreds of residents signed counter-petitions against the prison or mailed angry letters to legislators” (1998a).
Opponents also challenged the supposed economic benefits of building and staffing a large prison in Kaʻu. Few accepted the admonishments of the economic elite to build big projects, which especially benefit the construction industry and offshore-owned corporations. "Most Kaʻu residents want more job opportunities while preserving and enhancing the natural beauty of the area, rural character, lifestyle and Hawaiian culture," reported a $75,000 Economic Development Administration (EDA; US Department of Commerce) plan finished in July of this year by Decision Analysts Hawaii, a Honolulu consulting firm (Perry 1986). The plan, based on the visions shared by the Kaʻu community itself, calls for building a $800,000 food processing and visitor center, which promise to provide jobs for 240 displaced sugar workers.

Widespread Discontent with Politics-as-Usual

Two themes reappear throughout all these disputes on Hawai’i Island:

1. Many Big Islanders do not want to be dependent on industrial-style agriculture, or on building prisons, spaceports, and large resorts, which create few well-paying jobs and allow most profits to be siphoned off by multinational corporations. They want instead to control their own economic destiny and have the government help them create a multiplicity of locally-owned businesses.

2. Many average citizens are now unwilling to passively accept orders from the top down. They want instead open and responsive government, with full participation in decisions that affect them. And they want to be treated fairly.

Reporter Alan McNarie, who has closely followed these issues, tells us that a wide range of citizens are challenging business-as-usual politics.

Opponents testify at public hearings on the Hamakua tree plantations, the Kaʻu Prison, the irradiation issue and the Punau Geothermal venture have included local business owners and farmers, many of whom were also involved in civic development projects and in other economic initiatives. [...] At a recent Council hearing in Honokaʻa, the Mayor’s proposal to trade the County’s former cane lands to Bishop Estate for (partial) tree farming garnered virtually no support. Citizen testimony at those hearings represented a broad cross-section of their communities, including teachers, social workers, housewives and high school students as well as small businessmen. Many said they had never been involved in a protest before (McNarie 1986b).

The old guard likes to portray their critics as “anti-development” fanatics. Again they misread (or deliberately demonize) their challengers. Take Ada Lammie, a key leader in organizing the Hamakua community to reject the Oji Paper pulp tree lease scheme. Lammie is a well-known Hawai’i Island business woman who owns Tex’s Drive-In in Honoka’a, with 28 full-time employees. She is a former corporate planner and executive. Lammie asserts: "Most people here are not anti-development [...] We’re working very hard to bring certain industries here [...] I think that should be respected." But it is not. Average citizens feel rejected, ignored, and embittered by the self-serving wheelings-and-dealings of the inside players.

Some opponents said they had initially supported the projects, but were driven into opposition by the heavy-handed tactics of the companies and government officials involved. “The overall picture that I get from our mayor,” one Hawaiian grandmother told the County Council, “is that our people aren’t smart enough to be good. And we are.” Farmers and small entrepreneurs expressed anger at seeing bureaucratic roadblocks piled up before their projects, then reading headlines about huge tax breaks for Hamakua Timber or of a “fast track” bill to build a prison. Parents worried about their children’s safety, citing both factual evidence and personal experiences. They testified of living through prison breaks elsewhere, of breathing smoke they believed came from burning fields previously poisoned by Hamakua Timber, and of being driven from their homes and businesses by geothermal gas leaks and sprayed with cyanic soda from geothermal blowouts, “Being gassed makes you into an activist real fast,” one resident told this writer (McNarie 1986b).

A New Breed of Officeholders

Despite the considerable efforts of the old guard to keep their political friends in power, new grass-roots-supported leadership is emerging on Hawai’i Island. Two newly-elected council members, Curtis Tyler of North Kona and Nancy Pettico of South Kona, have joined with two dissident incumbents to push for major procedural reforms, to end what one calls “the politics that people are sick of” (McNarie 1989). The new minority’s goal is to establish a...
more open government and involve citizens early on in determining policies that affect their districts.

Economic development that encourages locally owned businesses is another agenda being pushed by the reformers. Council members Tyler (R), Piisicho (D), and Jacobson (G) are vigorous proponents of community-centered planning that promotes small businesses appropriate to the natural environment. Councilman Yagong (D) championed his district's small farmers and businesspeople in their fight to obtain leases on publicly owned Hāmākua lands.

Tyler, who now chairs the Committee on Economics and Social Services, intends to end the county's practice of providing lucrative incentives to large projects - such as leasing county lands cheaply and providing large tax breaks to big timber corporations and shopping center developers. Tyler speaks instead of "creating opportunities" by providing support for small businesses, farmers, and entrepreneurs, and letting the county's citizens, rather than government officials, come up with the economic projects they prefer.

Tyler also shares the view held by many Big Island activists, that tourism development should shift from emphasizing large resorts and shopping centers, to fostering an infrastructure attractive to "independent travelers" who plan their own agendas and venture away from the resorts and usual commercial attractions. These visitors are instead seeking "beauty and uniqueness." He argues that:

"We're losing sight of those unique things that have captured the imagination of people from afar. I see a rekindling of this in the Bed & Breakfasts, the ecotourism, the cottage industries. [...] The future lies in free independent travelers who stay longer, circulate more and seem to contribute more to [...] the small town economies. They're not coming for four-lane highways (McNaire 1999).

Tyler also advocates marketing the Islands' unique value added products, such as gourmet foods, arts and traditional crafts, and developing its centuries-old health traditions as a healing center.

State Representative Dwight Takamine, who represents North Hilo, Hāmākua, and North Hawai'i, recently became Chair of the powerful House Finance Committee. Takamine promises to continue to support grassroots efforts by communities creating their own fresh economic visions. "A big lesson that we've learned during this economic transition is that communities need the ability and support to empower themselves" (McNaire 1999).

**Sustainable Development: The New Model**

So, why did the Hāmākua residents win? The Board of Land and Natural Resources rejected the Oji project allegedly because the community "didn't want" it. However, state agencies usually disregard the wishes of ordinary Hawai'i Islanders, and the deeper reason behind the rejection is that the plantation-era system of political control is breaking down on Hawai'i Island. Old attitudes are changing among locally born residents, and new people have moved in who are willing to speak out. Local organizers were helped by experienced activists from their own island, and received information and assistance from environmental activists based in Honolulu, the US continent, and Japan. Also, government decision-making processes are being opened up to public scrutiny, and allow for greater public participation and legal intervention. Finally, a few recently elected Hawai'i County Council members played significant roles in leading Hawai'i Island (or Big Island, as it is popularly called) in a more democratic, Green direction.

Unlike the past, when political apathy reigned, hundreds of Hāmākua and North Hilo residents turned out at a series of public meetings held over nine months to resist the Mayor's and state's plans. Slowly, three themes emerged.

First, many Big Islanders overwhelmingly rejected the idea of recreating another nineteenth-century plantation system, this time owned by one of Japan's largest conglomerates, which intended to grow low-value pulpwood trees and employ only a small number of residents.

Second, residents developed an alternative vision for their future. They wanted the thousands of acres of former Hāmākua Sugar land to be rented out to local businesses and farmers, to create diversified agriculture, family farms, ranches, and high-value hardwood forests that could supply profitable building, furniture, and crafts materials. Instead of growing a cheap export crop, with most profits going to outsiders, Big Islanders wanted to control their own economic destiny.
Third, ordinary citizens showed they no longer would passively accept commands from the top down. They wanted instead more open and responsive government, with more participation in decisions that affect them. Breaking political subservience is thus another important message of the Hāmākua story (see also Appendix B).

This success story ties into profound changes taking place in Hawai‘i itself and, in a world being overrun by global capital institutions and ideology, illustrates how local communities can set their own parameters for economic development. Organizing successful political resistance in a neocolonial state requires a sophisticated analysis of the situation, great political organizing skills and dedication, and a population ready for change. These elements came powerfully together on Hawai‘i Island in 1997.

The emerging new sustainable economy of Hawai‘i Islanders reflects a true diversity of economic opportunities, emphasizes self-reliance, and local ownership, and involves partnerships between private businesses, community organizations, and government. Economic decisions need to incorporate environmental, quality of life, community vitality, and local values, not just bottom-line dollars. Farming should mean family farms that grow many crops for a variety of markets, and value-added processing that captures more of the retail food dollar for the farmer. Forestry should mean growing high-value hardwoods, sawmills that produce lumber and valuable plywood veneers, furniture factories and craft shops. Furthermore, ecotourism should build on natural and historical attractions unique to Hawai‘i (Rohrer 1992).

The community, not well-connected insiders, must decide what to be done. Establishing community-based economic development is a daunting task. Moving from conceptual ideas to concrete programs requires, besides a highly motivated citizenry, bringing together local knowledge of the land with expertise in business planning and financing. Perhaps most important is crafting a process open to, and trusted by, Island residents.

The old guard of Hawai‘i Island spawned a former Democrat legislator and now businessman, running as a Republican, and a former Republican executive, who held state office as a Democrat, as the main Democratic Party contender for the 2000 Hawai‘i mayor election. But the growing support of ex-Council Chair Keiko Bonk, the Green, shows that more and more voters favor a populist agenda based on open and honest government, and locally based economic development that favors businesses that are in harmony with the Big Island’s natural environment and diverse cultures (Blair 2000).

Party labels are becoming less relevant as many union workers, small business owners, Native Hawaiians, and some of the more progressive corporations support a new post-plantation vision for Hawai‘i Island’s future. The liberal Republican challenger in the 1998 Governor’s race actually won on the Big Island. All the elements that are coming together on Hawai‘i Island—changing demographics, new attitudes, and democratically oriented new political leaders—are emerging on the other islands and at the state level as well. Hawai‘i is finally shedding its globally dependent mindset and political-economic structure.

References


Globalization and Social Change on Lāna‘i
A Qualitative Case Study
Jon K. Matsucuka and Elliot Higa

Before the 1990s, Lāna‘i was a rural, plantation-style community of approximately 2,700 people who for many years existed apart from modern-day Hawai‘i. Since the introduction of pineapple in 1900, Lāna‘i has been an extremely stable community with little change in its culture and environment. A unique subculture evolved from a multiethnic, Pacific Islander and Asian American, island population and its one-crop economy, built on the primary production of pineapple. In 1985, however, the transnational, California-based Dole Food Company merged with the island’s owner, Castle & Cooke, and assumed ownership of 98% of the island. Soon after the merger, the global corporation announced its plans to phase out pineapple and develop tourism.

The development of two world-class resorts became part of a large project that includes 650 acres (775 units) of luxury residential development, affordable homes, service facilities, and new commercial areas. The island’s population is projected to increase dramatically in the next decade — with newcomers from markedly different cultural and socioeconomic backgrounds settling on Lāna‘i.

Not long after the announcement that Castle & Cooke (since renamed Dole Foods) planned to proceed with their resort development, agriculture began phasing out and pineapple workers were retrained in hotel operations. The first resort opened in 1988; the second, in late 1993. Golf courses were developed in areas adjacent to the two hotels. The Company received approval to develop approximately 350 luxury housing units in one hotel district and eventually gained approval for an additional 425 luxury housing units in the other.

Although build-out rates have been slow, the potential remains for a substantial increase in the amount of housing and the transformation of the social structure of the entire community. The luxury nature of these housing...
developments has implications for demographic shifts in this predominantly working-class community. A large influx of workers came from off-island, and a majority of menial roles went to individuals from the American continent. Thus, the current situation in Lāna‘i provides an ideal natural laboratory setting to study the global impacts of major development on a rural Pacific community.

This article is based on a study intended to offer a better understanding of the relationship between interdependent social and economic systems. It measures changes in quality of life, which may be determined through a composite examination of economic development, lifestyle change, and subsequent changes in community well-being. In an era where industrialization and globalization impinge upon rural areas at unprecedented rates, it is critical to accurately predict the environmental and human impacts of these activities. This type of knowledge provides a basis for designing preventive strategies and responsible policy decisions regarding the course and rate of future economic development and urbanization.

The Conceptual Framework of Social Change

Tourism

Economic shifts in Hawai‘i primarily convert industries from agribusiness to tourism-related activities. The social impacts typically associated with tourism and related growth include: changes in types of employment, increased incomes, and increased costs of living (Frederick 1993; Liu 1986; Liu and Var 1983; Summers and Branch 1984); changes in the quantity and quality of natural resources and related use patterns (Kammas and Salehi-Esfahani 1992; Matsuoka and McGregor 1994; Matsuoka et al. 1994); a need for increased infrastructure to keep pace with population growth (Matsuoka 1992; Olsborne et al. 1984); changes in the organization of communities and loss of community-based control in decision making (Brown et al. 1989; Cohen 1984; Gill and Shera 1990; Oliver-Smith et al. 1989; Wilkinson 1984); and cultural impacts (Gehrman 1994; Marion 1990). Other less tangible, yet critical, aspects related to quality of life include psychological adjustment (Husaini and Neff 1987; Kamisasa 1983), identity and spirituality (Nason 1984; Olsen et al. 1985).

An aspect of tourism that has received increased attention in decision-making forums is the complex relationship between economic development and community and family cohesion. Although there has been limited research in this area, results from existing Hawai‘i-based studies suggest a correlation between tourism development and an increased incidence of crime in resort communities (Fujii and Mak 1979; Fukunaga 1977), problems in conjugal relationships (e.g., divorce) stemming from changing gender roles such as higher employment rates for women, and increased rates of child abuse and neglect (Abreu 1987).

The disempowered (e.g., economically disadvantaged, ethnic minorities) may be especially vulnerable to stressors generated by such recent economic transformations. Those subjected to changing physical environments, changing interpersonal relationships, changing jobs, etc., are predisposed to stress and must adopt new patterns of coping and adaptation to avoid health and mental health problems (Moos 1976). Persons are exposed to social changes when they move to a new community setting, or when change occurs in the community in which they reside. The latter condition is perhaps more stressful, especially when changes are involuntary, undesirable, and/or based on unilateral decision-making.

Human Ecology

Human ecology represents a way to conceptualize exchange between systems or spheres within which people function (Berry 1979; Germain 1979; Hawley 1966; Schnaiberg 1994). Economic and environmental shifts set in motion changes in existing human ecology systems, including the community, family, and individual levels. We need to determine the scope of issues to be considered and assessed, including the conditions behind the etiology of social and psychological problems, local adaptation processes and coping mechanisms. We can apply a human ecological analysis to understanding the person-environment congruity or goodness-of-fit, and assess how social change impacts people differently, depending on their cultural perspective and psychological constitution. Such an analysis provides an important framework with which to study social change in rural locales.

The ecological model is primarily concerned with the basic interaction between units of people and their physical environmental setting (Berry 1979).
It includes an analysis of factors such as the economic exploitative pattern typically used (e.g., means for sustenance), the settlement pattern of the group (e.g., location and duration of a community throughout the economic cycle), and the demographic distribution of the group (e.g., relative gender, age, and ethnic composition of community through time).

The model suggests that the nature of social organization and stratification vary according to factors such as residence stability and the sedentary nature of the community. People residing in sedentary communities are often characterized as having traits associated with a heightened sensitivity and responsiveness towards community members. These adaptive behavioral traits tend to require sensitivity to, and reconciliation of differences with, long-term neighbors. Conversely, highly transient people are more likely to move away when social interaction becomes problematic, suggesting a lower social sensitivity and responsiveness to this general community. Conflicts arise when these two different means of interacting and problem-solving are present in the same community.

This conceptual framework has been applied to the study of communities to assess the impact of social, economic, and environmental change (Matsuda et al. 1996; Matsuka et al. 1994; Minerbi et al. 1993; Sancar and Koop 1995). It is generally used to assess systemic change that results from shifts that originate in any particular realm in the human ecology. Here the integrity of a sociocultural or community ecosystem is seen as a primary determinant of quality of life. Residential continuity is a measure of cultural continuity, and the persistence of customs and life-ways is associated with a sense of place.

**Communities**

Mobility or rapid social change loosens the bonds of social attachment and feelings of unity within a community (England and Albrecht 1984; Sell and Zube 1986). As new people are drawn into an area and local residents migrate away or die, communities undergo fundamental changes and even dissolution. England and Albrecht (1984) studied the impact of energy development on rural communities experiencing rapid, boomsidence growth. They found that rapid growth disrupted existing social ties of the community, and that as time passed, new ties were eventually established and new residents began to adapt to the community environment. The changes, however, often resulted in new social orders or hierarchies, and created divisions between long-time residents and newcomers.

Sell and Zube (1986) contended that if the past was lost with the proprietors of folklore and tradition, a subsequent loss of community identity and attachment would occur. They also reported in their study that long-time farmers were more sensitive to social change than newcomers, who were unaware of previous community conditions.

**Work Shifts and Family Welfare**

Numerous studies have examined the relationship between parental work schedules and the psychological status of families (e.g., Bronfenbrenner and Crouter 1982; Hoffman 1983; Staines and Pleck 1983). These studies found that irregular patterns in work days have a negative impact on the quality of family life, as reflected in reduced time spent in family activities, higher levels of perceived work-family interference, and problems in family adjustment. Other aspects of work schedules also influence family stress. For example, both the number of hours worked and shift work were associated with more work-family conflict.

Staines and Pleck (1983) found that the degree of control that a person had over his/her work schedule was a critical, moderating factor. Some measure of control over one’s work schedule tended to reduce the negative impact of irregular and excessive working hours. Regarding the joint effects of both parents’ work schedules, a wife’s schedule conflict tended to be exacerbated when her husband worked weekends, whereas his conflicts were enhanced when she worked an irregular shift during the week. The results of this study suggest differential effects of employment according to the type and level of one’s position. In single-industry communities where the majority of workers are employed by one entity, workers are generally confined to particular working-class jobs, with little control over such things as work schedule and pay-rates. Obviously, a low to moderate salary, paired with a high-cost economic environment, encourages dual-worker households. In Hawai‘i, a high cost-of-living, paired with service-oriented occupations, creates an imbalance between work and family time; that is, parents spend a disproportionately high amount of time at work.
A Study of Social Change in Lānaʻi

In our study of the quality of life under social change in the Lānaʻi community, we worked with focus groups. Focus group encounters provide qualitative data that is particularly effective in understanding why people think or feel the way they do (Krueger 1988). The nuances of verbal expression, especially critical in Pacific Asian cultures, can be appreciated by integrating tacit forms of knowledge (intuitive, felt knowledge) into interpretive procedures. Focus groups can help explain how people regard an experience, idea, or event. They provide an opportunity for the participants to discuss, share, and provide information relevant to each person’s perceptions, feelings, and reactions to issues and events.

Approximately eleven focus groups were held during each phase of a longitudinal three-phase study. The groups represented virtually every major constituency on the island and often had a pre-existing association or organization that had already discussed many issues related to the development. Thus, bringing people to the table for discussion did not require a selection of individuals, but a request to each group’s leadership.

Our study consisted of three phases, spread out over three-year periods, over a period of six years. The data analysis was based on identifying theme frequencies over time (the three phases) and across groups. In each study phase, a broad spectrum of groups were identified and recruited.

Participation from a cross-section of constituencies was critical to comparing results across groups, and providing an integrated approach to understanding the themes/issues that emerged from discussions. Groups that participated in at least one phase of the research included the following:

- Native Hawaiian groups
- Filipino Community Association
- Japanese American Hongwanji (Buddhist Church)
- Small Business
- Large Business
- Human Services
- Educators
- Police
- Emergency Services
- High School Youth
- Churches (various Christian denominations)

Focus group participants were guided by a trained facilitator through a series of semi-structured questions. The open-ended questions were designed to allow the focus groups to identify issues and themes on their own. Generally speaking, constraints were not placed on the amount of time spent on any given topic, although efforts were made to keep the discussions relevant to the questions. The criteria for identifying themes were based on discussion points that involved three or more participants, for a duration of three or more minutes.

The focus group discussions generated a multitude of themes pertaining to the social impact of resort development. Some themes remained constant throughout the phases, some themes appeared early and then disappeared, while others appeared only in the later phases. There was generally a lack of issues/themes appearing in the first study phase; some themes were mentioned more frequently in subsequent phases. The theme of loss of community cohesion occurred more frequently as the study progressed. One might assume that as time progressed, there were higher incidences or stronger sentiments related to particular social issues and change, possible due to the delayed effects of development.

Focus Group Themes

The following discussion expounds on the major themes that emerged from the focus groups. Each theme was assigned a number representing its level of significance, which reflected the number of times it was discussed by focus groups over the three phases: (3: high (5 or more times); 2: medium (3 to 4 times); 1: low (2 times)).

Families were at risk and changing (3) – Time-series analysis indicated that concerns about family welfare became more severe during the later phases of research, or as the impacts of development progressed or became more obvious. Of primary concern was how changing work schedules and multiple jobs affected family dynamics, and the degree to which parents could supervise and influence the development of their children. Family time and
activities had declined, weekends and holidays were no longer sacrosanct for family activities and gatherings, older siblings were raising younger siblings, and larger community institutions were not able to reinforce, or compensate, for declining family cohesion.

Loss of community cohesion (3) – There was a general feeling that the sense of closeness between residents was diminishing. Prior to the recent development, residents knew everyone in the community and there was a high degree of predictability that came from growing up together and lifestyle segmentation (e.g., work and leisure). Residents thought that changes in these fundamental aspects of community created a loss of cohesion. The economic shift also meant the loss of critical congregating places (e.g., the labor yard), where locals spent time sharing news, commiserating, and expressing support. The general values of the community were not the same. Feeling powerless in the face of the Castle & Cooke, people adapted by becoming more self-centered and less involved in community affairs.

Increased substance abuse (3) – Initially, the problem was attributed to the increased presence of construction workers on the island. The constant travel between islands and the transient lifestyle was conducive to what was perceived as widespread drug use among construction workers. Illicit drugs were more readily available to Lāna‘i residents who came in contact with the workers. However, some believed that the drug issue/problem on Lāna‘i was there prior to economic development. Even as the number of construction workers declined after hotel construction, a wave of crystal-meth-amphetamine, amine or “ice” use struck the Islands, including Lāna‘i. It was also suggested that the ice epidemic and other substance use was related to greater stress levels in the community.

Increased crime (3) – Depending on the group, crime took on different meanings. The Company expressed strong concerns about the growing incidence of vandalism against property (e.g., fences, burning of hay, Company cars). Other groups were concerned about the increased incidence of theft and burglary. Homes and cars were being burglarized at higher rates since the resort development. Police reported more juvenile and drug-related crimes. Youth were dealing with boredom by getting into more trouble. The unstable economy, unemployment, and increased stress led to higher rates of substance abuse and associated crime. Older people were concerned about personal safety in terms of newcomers with no ties to the island being prone to commit crimes, and with the growing number of reckless drivers.

Increased stress (3) – Increased stress levels were sensed within the community. Many residents reported working two or even three jobs because of sporadic hours at the hotels due to low occupancy and cost-of-living increases (e.g., mortgages, utility costs, college tuition for youth). Stress was associated with scheduling multiple jobs, getting from job to job on time, and having to balance work and family responsibilities. Time at work detracted from family time, and children were becoming more independent. Changing family roles and structure (compounded by work stress) predisposed family members to intergenerational conflict, domestic problems including marital discord, and substance and alcohol abuse as a way of coping with stress.

Company controls Lāna‘i (2) – This theme pertained to major decisions made by top Company officials, with little input from the community. In a single-industry town like Lāna‘i, all major decisions would ultimately affect all residents. The Company was influential in the political arena and capable of swaying the votes of politicians. Constant threats of layoffs and even total closure was critical in leveraging support from labor unions and employees. Employees were reticent about publicly criticizing the Company for fear of losing their jobs. There was also mention of the Company trying to buy support for their proposed luxury home development by meeting with various constituencies and offering financial support in the form of grants in exchange for favorable testimony on this matter.

Company broke promise to hire locals for supervisory positions (3) – The Company promised to prepare locals (through community college courses and training) for supervisory and management positions. This program won support of locals, who were concerned about ethnic divisions between management and service personnel. The actual lack of advancement of locals up the employment ladder, however, was discouraging to those who developed expectations regarding employment equity. Most of the top managerial positions were held by personnel transplanted from the American continent (i.e., Caucasians), which led to resentment and poor morale among some workers.
Greater disparity between the rich and the working class (3) - This theme related to concerns about the style and intent of economic development. The resorts were designed to lure society's "upper crust," who could afford to stay at the most expensive hotels in Hawaii (Mauna Loa Hotel and Kolekole Lodge). The luxury homes would encourage this class of people to reside on the island, thus creating a marked contrast between wealthy residents and the general population of working-class locals. Sensitivity to this issue was especially evident among long-time residents, who recalled living under similar circumstances as late as 30 to 40 years ago. Social cleavages separating the rich and working poor were very pronounced during this period. Locals were forbidden to travel beyond prescribed geographic boundaries within the town limits. Long-time residents feared the return of this type of exclusivity that the resorts and luxury homes would bring.

Need more health and social services (3) - This was generally a concern among those who provided public services. The concern was that Lāna'i was already the last in Maui County to receive resources and personnel, because it had the smallest population and the least amount of political leverage. Many services/programs were provided by off-island professionals who lacked commitment to the island. Services also tended to be irregular and insufficient. Some services/professionals were spread thin by their caseload demands, and this led to burn-out among providers. Insufficient services were exacerbated by increased social issues/problems related to increased stress and population growth.

Growing job insecurity/loss of layoffs (3) - These real concerns came from the fact that numerous workers had recently lost their jobs, and there were threats of more layoffs if the Company did not receive approval for more luxury housing developments. The resort economy was not firing well amid an economic recession, and further development in terms of luxury homes was seen by the Company as the only way to recoup its investment. Recent employees were encouraged to support development initiatives as a way of saving their jobs.

Development leads to changing values/behaviors (2) - This concern pertained to overall changes observed including lifestyle and pace, the infusion of newcomers from the continent who espoused different behaviors, a decline in family values, growing significance of peers among children, age segregation, loss of social cohesion, an increase in individuality and materialism, increased anonymity and crime, competition over diminishing resources, and stress and coping mechanisms related to cultural and environmental shifts.

Children were becoming matenafitic (2) - This sentiment stemmed from parents' compensating for their absence by giving their children money. Families and children also had access to more amenities, because income was higher and more variable with the new economy. Children were, furthermore, being exposed to the "upper crust" of society - wealthy people and celebrities visiting their island. Thus, there was a concern that children were being exposed to the wrong values and role models.

Need more programs for youth (2) - This theme came up primarily in comparisons between the prior economy of pineapple and the current resorts. While pineapple, youth found summer employment in the fields. Many believed that this laborious work cultivated a strong work ethic and camaraderie among the island's youth. The lack of employment opportunities, combined with decline in family activities, created an activity void for youth. There were not enough youth-oriented programs on the island to compensate for these changes.

High teacher turnover rate (2) - This concern stemmed from the pattern of temporary placement of junior or inexperienced teachers who, following college, began their teaching careers on Lāna'i, and left after only a few years. The brief nature of their stay implied a lack of commitment to the school and community, left students without consistency in adult models and leaders, and left administrators engaged in an annual search for new teachers. Some obstacles to recruiting teachers included the remote nature of the island and insufficient teacher housing.

School administrators were non-supportive (2) - The general consensus among participants was that the public school administrators had their own agenda, relied on favoritism over a democratic process, and were generally non-supportive of teacher suggestions on how to improve the island's educational system (e.g., curriculum, better utilize resources). A related issue raised was how administrators supported luxury home development (in exchange for Company grants) without consenting teachers.
Developer was insensitive to Hawaiian culture (1) — The Hawaiian group believed that the developer (Company) was exploiting their culture for commercial purposes. The Hawaiians believed that the resort planners and management had a superficial understanding of their culture, yet wanted to integrate Hawaiian themes and symbols into the hotel decor and guest activities. New hotel management from the continent and their spouses had little or no understanding of Hawaiian or local values and behaviors, and were at times offensive. Hawaiians believed that too many questions were asked, and asked inappropriately without regard for the true meaning of the information and the context that it came from.

Youth working in hotels lost interest in school (1) — This concern involved high school students assigned to work evenings, which interfered with their ability to complete homework assignments or study for exams. Gainful employment also meant students had greater purchasing power and were becoming more materialistic. Adults felt that having greater access to materials at this age was instant gratification, which interfered with students' long-range educational goals and preparing for college.

Master plan needed for Lāna'i (1) — This concern was related to piecemeal development, without a general or master plan for the entire island. Problems associated with piecemeal planning were an incomprehensible picture of the social and environmental outcomes, human resource needs and availability, and land-use approvals and redesignations.

Big chain stores would wipe out local businesses (1) — Small-business owners were concerned about the prospect of large, chain-store operations coming to Lāna'i and taking over consumer markets. Larger operations would be able to reduce costs (e.g., reduce shipping, wholesale mark-up costs) and thus present a major threat to existing businesses. The value of a locally owned business sector was seen in terms of money staying in the community, greater sensitivity to employees, and more personalized services to consumers.

Development brought loss of local culture (1) — This concern stemmed from the process of acculturation accelerated by the social changes associated with economic development. New socialization forces were influencing the values of youth (e.g., exposure to rich people, MTV and rap music, declining significance of family). People were less available to help each other, and cultural institutions/organizations were becoming more difficult to maintain. Cultural values which stipulated respect and care for elders, altruism, and collectivity were becoming scarce.

Out-migration of Lāna'i's youth/no jobs (1) — This theme was mentioned by Japanese American participants, most of whom were elderly and had offspring who had moved from Lāna'i. They had encouraged their children to go to college and find jobs that did not involve menial labor. The resort economy did not pose new opportunities for repatriation of their offspring, because most had established themselves professionally and were not poised for work in tourism.

Elderly issues/concerns (1) — This theme was brought up by Japanese Americans. The evolution of the Lāna'i community and other social factors (e.g., out-migration of youth, widowhood) led to varying degrees of social isolation among this cohort. Some salient concerns were health issues and services, and the continuation of cultural traditions and institutions. A critical strength of the Japanese Americans was the high degree of cohesion cultivated over a lifetime of shared experiences, including work, religious worship, and leisure activities.

Need more police protection (1) — Sentiment about more and better police protection seemed to correlate with stronger concerns about crime. Small-business owners were concerned about petty theft stemming from newcomers to Lāna'i who were more anonymous and had little social connection to established residents. In regards to the increasing drug use, residents apparently knew who was using and selling drugs, and could not understand why the police did not intervene. Japanese Americans, who were almost invariably senior citizens, also expressed concerns about crime and inadequate police protection. This is a very common concern among seniors, often the victims of crime.

Hawaiian community was becoming less cohesive (1) — Concerns were expressed about breakdowns in the transmission of cultural values through changes in the family, the pervasive influence of non-Hawaiians and nonlocals, and economic stressors placed on individuals antithetic to community building. Throughout the history of the island, communities were displaced, traditional economies replaced, and the immigration of foreigners left Hawai-
ians in the minority. Community-based efforts were underway to restore Hawaiian culture (e.g., hula, canoe-paddling, archaeological groups) and cultivate greater cohesion and pride in the community.

**Increased traffic (1)** – Resorts brought greater numbers of residents and tourists, more service and construction vehicles, greater prosperity and purchasing power, and a higher need for automobiles on the island (commuting to hotels). The island's existing road system was reaching the limits of its carrying capacity, especially during peak traffic hours. Traffic congestion was a growing concern as well as changing driving habits (e.g., speeding, impolite drivers, driving under the influence), which made roadways less safe.

**Filipino community was close-knit (1)** – Filipinos stated that their community was basically an aggregate of extended families who had immigrated to Hawai‘i at varying points in history. Families sponsored their relatives from the Philippines. Family ties and social bonding stemming from a common heritage contributed to a strong Filipino community. The close-knit quality was especially evident during events such as weddings, birthday and graduation parties, Barrio Fiesta, and other cultural activities. Filipinos pooled their resources and labor in order to accomplish tasks which benefited families and bred a strong sense of community.

**Children were not being supported (1)** – Concerns were expressed about the welfare of children, who were often the forgotten group amid social change. Work schedules and multiple jobs meant a high degree of parent absenteeism. Children were seen as vulnerable, because there was little compensation for general decline in family and community support. Concerns were expressed about the need for greater guidance and support provided by positive adult role models, the transmission of spiritual and moral beliefs, and the provision of basic emotional support to meet the needs of developing children.

**Residents could not speak out/oppose the Company (1)** – There was a belief that residents, especially those who worked for the Company, could not speak out and criticize the Company without some form of reprisal. This sentiment was based on incidences where those who had spoken out in the past placed themselves in jeopardy of losing their jobs, leases, homes, etc. Some believed that all employees were expected to support Company initiatives despite whatever personal beliefs they might have. There was also mention of the practice of individuals who wrote and delivered anonymous testimony to decision-makers in order to avoid any repercussions.

**Small business sales were flat, not improved (1)** – Small business owners anticipated the resort economy would stimulate growth in sales and profits. More workers would be moving to the island, and tourists would shop at their stores and frequent their restaurants. Service-related businesses assumed that as the Company expanded its tourist operations on the island, this would lead to greater demand for services. This type of trickle-down economy, however, was not occurring. The resorts were losing millions of dollars due to low occupancy. The island's overall population had increased, but so had food services for employees at the hotels. The hotels had also opened gift shops and restaurants that detracted from sales for local businesses.

**Concerns about limited water supply (1)** – The primary issue was whether potable water from the island's high level aquifer could sustain the current amount of usage, as well as the planned expansion of the resort district. The Company argued that there was ample water on the island to sustain the resorts, golf courses, planned luxury homes, etc. Others (e.g., the Japanese American group) argued that based on their experience, water was in short supply and there would be problems in the future, especially in the event of a drought.

**Race/ethnic problems between locals and haole (Caucasians) (1)** – There was a general belief that locals held an inherent grudge against haole, because of experiences in the past and cultural differences. This negative sentiment was aggravated by employee rank divisions according to ethnicity (haole had better jobs) and the influx of new residents and visitors from continental United States. Filipinos believed that they were misunderstood by haole managers who were unable to read the subtle behavioral cues of Filipino workers. The Company believed that ethnically related beliefs and conflicts were unjustified in most cases, perhaps justified in others, and that efforts were needed to improve dichotomies between haole and locals. They discussed the need to better orient newcomers to the island.

**Increased repatriation of Lāna‘i people (1)** – There was the belief that former Lāna‘i residents, mainly those who grew up and left as young adults, were coming back to work in the hotels. The new economy was offering better
jobs than the plantation did, and expatriates were lured back by new opportunities and the chance to be reunited with family. The Company had initially tried to recruit former Lanaians to work in the hotels.

Overcrowded beaches (Hulopoe) (1) — There was a feeling that Hulopoe Beach (the island’s primary recreation area) was becoming more crowded and less desirable because of the number of tourists who were frequenting it. In the days prior to the resort, locals felt a sense of ownership over Hulopoe. There were now beach amenities provided for hotel guests, more pollution, and an unspoken line of demarcation separating tourists from locals.

Globalization of Lāna‘i: Impact on Humans and the Environment

Families on Lāna‘i attempt to adapt to external changes spurred by the economy. Moving from a product-oriented, agricultural economy to a service one requiring interaction with customers meant exposure to activities and work schedule changes that created stressors. Virtually every family in this single-industry community was affected by the economic shift.

Children, particularly adolescents, were at risk because of changing family patterns and absentee parents who were preoccupied with working multiple jobs and making ends meet. A decline in family support is usually negatively correlated with an increase in extracurricular activities, antisocial behaviors, and substance abuse among adolescents (Smart et al. 1990; Shilts 1991). During the period under which Lāna‘i was undergoing economic changes, police informants reported an increase in property crime, substance abuse, and gang-like activities by juveniles. A growing number of reports of domestic violence were explained by declines in the quality of conjugal relationships, parents compensating for loss of control over children’s behavior by resorting to corporal punishment, and increased work-related stress paired with a lack of appropriate strategies for stress reduction.

It is important to note that not all families were affected in the same way by economic changes. Against the backdrop of changing family dynamics and roles, close, tight-knit families maintaining their integrity served to buffer members against extenuating circumstances. Cohesive families may also serve other functions that enhance individual coping. For example, Voydanoff and Donnelly (1989) noted that families who are emotionally close serve as a resource for social support, as well as an institution that provides people with appropriate problem-solving skills.

But, because of the degree and multitude of changes, family cohesion was more difficult to maintain, required a stronger commitment (i.e. more time and energy), and was not supported by larger institutional structures such as cultural activities and the church. Parents who were better at time management, who had resources enabling them to provide activities for their children that compensated for reductions in parental involvement, or who were not affected by the changing economy, because they were not employed by the resorts, generally fared better.

Not examined was whether family conditions were exacerbated by economic stressors, thus resulting in negative changes. It is quite possible that pathologies existed in some families well before these socioeconomic changes.

Community Cohesion

The Lāna‘i community had been relatively stable over the past several decades (Office of State Planning 1989). The exceedingly high number of close friendships reported, reflected a strong sense of social cohesion and identity (Matsuoka and Shera 1990). Cohesion was also reflected in the large number of guests invited to weddings, graduation parties, baby lu‘au, baptisms, and other celebrations. Newcomers to Lāna‘i are moving into what is a very stable community, however, the projected increase in population to approximately twice its current size (Office of State Planning 1989) will have a major effect on how individuals view their community.

Resort communities in Hawai‘i have drawn large numbers of people from other places, particularly the North American continent. The infusion of new people may be viewed as a positive means for expanding the cultural base of the community. On the other hand, a large influx of newcomers who possess radically different values will severely affect the established social fabric of the community, causing a considerable degree of polarization. The latter was, in fact, the case on Lāna‘i, as outsiders assumed the best and highest-paying jobs under the new economy, and higher positions of power.
Fewer hours outside of the work place also meant a marked reduction in civic and voluntary activities. Community-based organizations and institutions suffered from reduced participation by members because of conflicts with their work schedules. Churches, the cornerstone of community cohesion, lamented a decline in membership attendance. Over time, a general decline in community participation will bring a loss of identity associated with sharing a common locale, and a sense of mutuality derived from working towards common goals.

**Crime and Substance Abuse**

An important indicator of community adjustment and adaptation to changing socioeconomic conditions is crime (Fujii and Mak 1979; Pizam 1982). The crime rate on Lāna‘i increased substantially between 1991 and 1995 (63% in total offenses; Maui Police Department 1995). With the exception of 1993, relatively constant incremental vises occurred in crime rates each year. In terms of specific types of offenses, the categories of burglary and larceny, assault, vandalism, and disorderly conduct increased significantly. According to Lāna‘i drug counselors, many of these offenses were drug related. The year 1995 was particularly high in reported criminal offenses. Our study’s limited time frame of five years makes it difficult to determine any long-term trends, but the data represent a significant increase in reported crime on Lāna‘i during this period.

It is difficult to determine correlational patterns between population increases and crime rates. The population on Lāna‘i did increase with the arrival of new workers and their dependents, but crime rates appear to be disproportionately higher than the rate at which the community has grown. Increased crime on Lāna‘i is consistent with the experiences of other resort areas, especially those including major problems such as larcenies at beach parks and other visitor attractions, property crimes, drug-related offenses, and assaults (Community Resources 1990). Some increases in crime could be directly attributed to activity surrounding the hotels. The Company voiced concerns about vandalism of Company property and embezzlement of revenues and resources by employees.

A growing community-wide concern is personal safety and security. Reports of larceny or burglary indirectly affect the whole community in terms of residents taking precautionary measures. In a community which historically has had little crime, people were inclined to keep their cars and homes unlocked. Whether real or distorted the threats, residents for the first time have expended energy securing their possessions. The arrival of new people or strangers to the island is likely to enhance feelings of distrust and concern for personal safety. For example, a recent, alleged rape incident has had profound effects on the behaviors and attitudes of women on the island.

**Structure of Unequal Employment**

A frequent, consistent theme derived from focus groups was the hierarchy of employment that favored non-residents over residents in managerial or salaried positions. Residents expressed strong concerns regarding broken promises to hire local residents for supervisory positions. Training programs that were developed (and supported by the Company) to prepare residents for management roles did not amount to much, as graduates did not secure the jobs they had expected. While the Company argued in favor of “meritocracy,” it did little to dispel public mistrust generated by their failure to follow through on these commitments. A dual labor market characterized Lāna‘i’s tourist economy, where a disproportionately large number of relatively well-paying managerial positions were filled by newcomers and the majority of low paying and service positions were occupied by Lāna‘i residents (Native Hawaiian Legal Corporation 1993).

**Conclusion**

Land-use policies based on a clearer understanding of social and cultural impacts are essential to preserving life ways in rural Hawai‘i communities. It is incumbent upon planners and decision-makers to realize the relationship between socioeconomic change, social problems, and environmental degradation – or efforts to address them will chronically lag behind rates of economic development.

There have not been systematic attempts to monitor Lāna‘i’s social conditions since the completion of the last phase of this study. Since 1997, efforts have been made to diversify the economy through the promotion of small-scale, privately operated farms. Such activity, however, is impeded by a diminishing water supply, unstable markets, and logistical issues related to
transporting goods to wholesalers. Attempts to obtain fallow agricultural lands to develop affordable housing under the auspices of Hawaiian Homelands are still being negotiated. While some residents who qualify for leases are content with acquiring residential lots, others wish to obtain large tracts of pastoral lands in order to develop alternative economies. The availability of water is again debated; legal issues over the breaching of a water agreement made during land use hearings continue to rest with the courts. A case is pending before the State Supreme Court over the illegal use of potable water from the high-level aquifer by the Company.

As we have learned from this study, externally driven transnational development of this style and magnitude leads to unanticipated and inadvertent social problems. The history of Lāna‘i illustrates the etiology of social problems induced by global change. Although definite benefits are gained from development (e.g., employment, tax revenues), resultant social problems affect the well-being of family and communal life, problems which cannot be adequately addressed through an ad hoc human service approach. New strategies in community building are needed to counter and replace large scale development, and encourage economic activity that will deter development propositions from the outside. Community-based initiatives in economic development and social planning may serve a critical preventative function while maintaining a preferred island lifestyle.

Land use and economic development policies need to be reexamined in accordance with new knowledge pertaining to the negative social and cultural impacts of globalization. More research in this area is needed to fill an information gap and dispel commonly held notions that employment is synonymous with quality of life in rural communities. Economics and employment are critical variables that need to be considered amid other factors that constitute our notions of quality of life. Public policy with measures that require mitigation to reduce the social impacts of development are essential and in the best interests of corporations. Mandates also need to be monitored and enforced.

Once we are able to identify and understand the significance of the vast array of attributes existing within rural Pacific communities, then we can use this knowledge to empower communities, alter the results of processes of globalization, and engage in responsible, community-based planning for the future. ◊

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**Notes**

1. This research was supported by National Institute of Mental Health grant 5R 24 MH 49387-01-02-03.
2. Each study phase involved focus groups, a community survey, a school survey, and, for phase one only, an alumni survey.
3. The term “haole” refers to Caucasians, generally those from the continent. Sometimes there are distinctions made between haole born in the islands and those who immigrated.
4. At the end of the third phase of the study, the estimated Lāna‘i population was 2,700. The difficulty in estimating population size was due to the number of transient workers on the island (in the construction and hotel industries).

**References**


In the Face of Globalization: Two Decades of Insurgent Localism in Hawai‘i

Luciano Minerbi

Many local communities around the world enjoy some degree of autonomy: a council legislative and taxation power; local service delivery and even local police. Some might not be affluent but have a tradition of local decision making and local planning. Those are chartered villages or towns. Such traditions exist even where the central government has the ultimate power to ratify local master plans. Hawai‘i communities do not have local autonomy because they depend on the county and the state for many services including planning. While local people do exert great leadership, they usually lack a much needed localized planning capacity.

Community visioning, participatory assets mapping, local organization coalition building, stakeholders partnerships, and statutory participatory planning provisions are all ways to rejuvenate planning at the local level and retake possession of the surrounding environment thus improving management and promoting equity. In this quest, the local university, community colleges and schools can serve key functions in technical assistance helping task forces locally based organizations and community groups.

This article reviews examples of neighborhood and community projects in Hawai‘i involving graduate students at the University of Hawai‘i at Manoa faculty and community based organizations (CBOs). These projects, undertaken between the late 1970s and the early 1990s, include resident based microzoning in Mo‘ili‘ili, proposed small scale mixed land use and voluntary land readjustment in central Honolulu, proposed land swaps to protect rural Waianae, community based assets and stressors mapping in Kahalu‘u neighborhood visioning in Kane‘ohe, and Hawaiian subsistence resource use and fishpond restoration on Moloka‘i.

Cultural, religious and subsistence rights justify more locally based planning. There are steps to restructure the Hawai‘i economy in this direction. This is of interest as Hawai‘i faces globalization pressures the examples
Localism and Globalization

The literature on globalization provides elements of a framework to analyze local Hawaiian cases in light of their economic, cultural, and political linkages to globalization.

Globalization is a complex phenomenon characterized by the increase in worldwide reach of the following dimensions: (a) widespread capitalist economy; (b) cross-border trading; (c) globalization and liberalization of financial and consumer markets; (d) international mobility of people; (e) globalization of multinational corporations and deregulation; (f) global consciousness; (g) cross-national social interdependence; and (h) global technological innovation in communications and transportation networks (Hamelink 1999:1-4). However, critics of globalization emphasize that these dimensions do not necessarily operate worldwide to the extent implied, and that the are not necessarily positive because there is concentration of wealth and power in few countries; geographic polarization; domination by few multinationals; and growing disparities and inequalities among rich and poor people (ibid.; Smeets 1999:10-14). Local community planning efforts can then be assessed in relation to the (non-)existence of these dimensions and people's responses of adaptation at the local level.

The global economy is based on the homogenization of cultures and on the exercise of a "politics of difference," according to Vandana Shiva (1999). The result is the domination by a few over the many, disparities of wealth, and marginalization by race, class, and gender. But Shiva adds that there are responses to the unjust, non-sustainable production of globalization. These constitute a "politics of diversity" where "diverse cultures, rooted in diverse ecosystems and supported through diverse livelihood," thrive because of "the kinship between diverse people, the Earth and her species" (1999:29-30).

Richard Falk defines a "second type of globalization," that is, "a product of transnational forces" influencing the environment, human rights, and development promoted by a highly differentiated "global civic society." This movement is people-oriented and constitutes a "globalization from below" in opposition to the neo-liberal "globalization from above" of the large private and public multinational organizations (Falk 1999:147). Michael Haas refers to "ecological epistemic communities" as networks of people who, sharing similar values and knowledge, push an international "green" agenda for ecological sustainable development (Haas 1999:121). Both Buck and Henderson use the term "global common" for the many international treaties dealing with worldwide environmental protection and ecological integrity adopted also because of pressures from environmental groups (Buck 1998; Henderson 1999:25).

Local community efforts can then be evaluated in terms of their kinship and linkages to similar endeavors by other like-minded people; the degree of exchange and communications existing among them; and planning efforts "from below." Community projects should also be seen from a historical perspective and in a time context. Prakash and Hart (1999:4-5) suggest that globalization processes were initiated and encouraged by four factors: technological change, the market system, domestic politics, and inter-state rivalries. Globalization induces changes in governance institutions, and over time these changes impact the pace and extent of globalization. In other words, these authors see globalization affecting and being affected by governance.

What could be a community approach for Hawai'i in an era of globalization? If globalization means viewing the world as one, trade across national boundaries, merchants operating in international settings, and international migration of labor, then Hawai'i has already seen all these international activities with the geographical exploration of the European and American scientific expeditions in the Pacific in search of the Northwest Passage and the Antarctic continent, with the fur and the sandalwood traders, with the sugar cane plantations and their foreign indentured laborers, and more recently, with the presence of the military, international mass tourism, and resort development. Thus it is possible to tease out of the Islands' history the gradually developing policies toward globalization, institutional takeover, and
economic change, on the one hand, and on the other, see how people cope with, adapt to, and resist the contemporary aspects of globalization.

**Limited Local Autonomy and Government Centralization**

The limited local autonomy and decision-making in Hawai‘i today is the legacy of external influences that supported a centralized form of government in the past. The unified Hawaiian Kingdom of 1810 was made possible by the relationship that King Kamehameha had with whites who reached the Hawaiian Islands after 1778 because of global exploration and world trade. These Westerners exerted their influence and helped the King defeat other chiefs with arms, technology, money, and administrative knowledge. Thus the international forces that spurred modern globalization already impacted the Hawaiian Islands two centuries ago.

Meller (1968) describes the centralization of government in Territorial Hawai‘i as rooted in the monarchy and the chief system of the Kingdom of Hawai‘i in 1800; the authoritarian pattern of influence by the Protestant mission; and the authoritative private control of plantation managers in rural areas. These centripetal forces carried over into the Provisional Government of the annexationists that overthrew the Kingdom of Hawai‘i in 1893; into the Republic of Hawai‘i of 1894; and — after annexation to the US in 1898 — into the Territory of Hawai‘i. Centralization was pursued for converging reasons by a white oligarchy made up of missionaries who desired a new moral order, and plantation owners who sought world recognition for international treaties for marketing sugar, and to secure waves of plantation laborers from China, Japan, and the Philippines. The result was a centralized territorial government with appointed positions from the top, a government responsive to the Republican Party and the American corporate interests concentrated in the “Big Five” – the companies that controlled plantation, shipping, infrastructure, and finance in the Hawaiian Islands.

The Organic Act of 1900 spelled out the form of government for Hawai‘i with a governor appointed from Washington DC who controlled education, welfare, safety, sanitation, health, highways, and public works. Counties had limited scope and a small degree of fiscal authority, with no school districts or special districts, no towns or townships, and no municipal government for Honolulu (Kamins 1952:6,97). Foreign-born Asians did not obtain voting rights until 1952 (Menton and Tamura 1991:126-31). While the expanding Democratic electorate pressured for more home rule, when the Democrats themselves came to power, they too retained a high degree of government centralization even after obtaining statehood in 1959 (Meller 1968:105).

Today, the counties have attained a greater level of autonomy in local planning in the urban district and joint authority with the state in the agricultural districts, but still there is no “home rule” below that level. Even if there are so-called “community plans” on Maui, Community Councils in the County of Hawai‘i, and advisory “neighborhood boards” on O‘ahu, only the counties and the state can do regulatory planning.

Currently at the county level, appointed citizens have limited input on boards, commissions, and committees advisory to the mayor and the county councils in areas such as ethics, civil service, cost control, pensions, status of women, persons with disabilities, affirmative action, public safety, civil defense, police, fire, liquor licenses, planning, zoning, historic preservation, transportation, and water supply (Mau 2000).

In sum, from the 1880s, a centralized Hawai‘i government operated under the influence of an incipient world capitalist economy. Foreign investment and population growth (originating in immigration from the continental US and the Asia-Pacific region) were key components of the post-contact colonization of the islands for the sugar economy then, and of the recent urbanization and development pressure for the tourism economy now (Minerbi 1996:190-93). It is within this history of external influences and centralized control at the state and county levels that the lack of resources and authority at the local level and efforts of bottom-up community planning can be understood in Hawai‘i.

**Community Mapping, Visioning, and Participatory Planning**

While in Hawai‘i local planning is mainly undertaken at the county level, in reality, private consultants, hired by foreign corporations or large landowners, end up doing most of the actual planning for resort and housing projects. These projects are often proposed in inappropriate locations, such as sensitive coastal sites and agricultural and conservation lands, and not in already-zoned urban lands — where they should be. The state and county then
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accommodate these private development proposals by approving ad hoc development plan and re-zoning changes. This explains many community conflicts (Minehart 1994a,b).

This system of centralized bureaucratic or privatized top-down planning is responsible for most of what is wrong with local land planning in Hawai‘i. However, things do not have to stay that way. What follows are precautions to recent efforts in participatory mapping, visioning, and community planning in the 1990s.3

"Participatory mapping" encourages residents to plot by themselves, with the assistance of a planner, the important resources and assets, stressors, and issues of the area in which they live.2

"Visioning" is a facilitated process for community members to state desirable goals and objectives that form a unified vision for their own community.4

"Community planning" or participatory planning is the involvement of residents in planning their own community through the following steps of the planning process: involvement of leaders, local area assessment, identification of values and visions; development and selection of alternatives to achieve the visions; impact assessment of the selected alternatives; and plan documentation, implementation, monitoring, and evaluation (Neighborhood Reinvestment Corporation 1985).

Community planning thus is a process within which participatory mapping and visioning of a preferred future take place. Participation mapping can be undertaken in the three stages of data collection, visioning, and design of alternatives. These methods are described below in a number of examples of public policy in Hawai‘i from the last fifteen years.

The Urban Setting

Microzoning at the Neighborhood Level in McCully-Mō‘ili‘ili, 1977-84

McCully-Mō‘ili‘ili is an old, ethnic, working-class neighborhood that has experienced ethnic and class diversification due to high-rise construction and a moderate shift in neighborhood character from renter- to owner-occupied units. Through community meetings, residents helped generate a community issues map in 1977-79 depicting both site-specific and neighborhood-wide issues and concerns. This map was useful to identify a neighborhood strategy for retention building between residents and small businesses (Minehart 1981).

The McCully-Mō‘ili‘ili map proved valuable in envisioning what would be a community-based zoning plan for the neighborhood: microzoning for a greater variety of mixed uses, and low-rise typology for moderate density. This is a departure from the County General Plan and the old Comprehensive Zone Code (now the Land Use Ordinance) of 1960, which simplistically, with a wide brush, brown color, skated the entire neighborhood for high-rise, high-density redevelopment dictated by the City and County of Honolulu (C&C) and developers’ interests.

The neighborhood board circulated this community-based, microzoning map to all residents in the district in 1979 (McCully-Mō‘ili‘ili Neighborhood Board 1979), which helped residents solidify their zoning vision for the neighborhood. The development plan eventually adopted by the C&C for the area in the early 1980s was a compromise between this low-density microzoning proposed by the residents and the high-density zoning imposed by the C&C. However, the community activists did not forget their community-based plan. When a developer proposed a high-rise abutting the Mānoa stream across the Ali‘i Drive Canal in 1984, opposition to the project came not only from the residents of the parcel and the city block affected, but from a much broader, neighborhood-resident constituency that spread city-wide. The result was that the Save Date Lā‘au Initiative petition (citizen-initiated legislation) succeeded in stopping the project and required that the public be formally informed when developers want to change zoning (Save Date Lā‘au Coalition 1994). The lesson here is that the planning officials should acknowledge the mental map that interprets a community’s vision, and community organizers should help residents visualize their visions and concerns using maps.

Small-scale, Mixed Land Use and Land Readjustment

In Central Honolulu, 1979-85

In 1979, the C&C embarked on the preparation of new development plans for nine regions of the island of O‘ahu. This planning process included a people’s participation component so that three representatives of each neighborhood board would sit in an advisory group to the city for that development plan area. The Primary Urban Center East (PUC-East) included
27 representatives from nine neighborhood boards from Diamond Head to Kaka'ako. A group of University of Hawai‘i (UH) graduate planning students acted as a technical assistance team by tackling the hottest issue hidden in the development plan: determining where the additional population assigned to the district should go. The C&C representative was not willing to address such a volatile topic, perhaps afraid that this might trigger opposition to the whole development plan process. The students instead addressed the question head-on by developing alternative distribution options, depicting

**Figure 1.**
Stages in participatory mapping: (a) mapping of issues, concerns and suggestions that emerge from community meeting discussions and from the official agenda of the neighborhood board; (b) study of planning information leading to a scenario that meets community desires for a downzoning to current uses; and (c) the neighborhood board proposes a zoning map for the neighborhood that essentially consists in a downzoning to current uses, and circulate that information in the neighborhood newsletter.

**Figure 1.a.** Mapping the community agenda in the McCully-Mō'ili'i neighborhood. (Source: Minerbi 1980:14).

**Figure 1.b.** Downzoning scenario to current use in the McCully-Mō'ili'i neighborhood. (Source: Architecture 402 1978:64).

**Figure 1.c.** Downzoning proposed by the McCully-Mō'ili'i Neighborhood Board No. 8, February 1980. (Source: McCully-Mō'ili'i Neighborhood Board 1980:4).
these distributions on a map and providing information in a table to compare these population distribution alternatives using the following criteria: (a) neighborhood self-sufficiency; (b) impact on infrastructure costs; and (c) transit link possibility (Department of Architecture and Urban and Regional Planning Program 1979). The alternative design schemes were: (1) "Neighborhood Center" (locate the population in central of the neighborhood); (2) "Available Non-Residential Space" (locate the additional population in the Ala Way Golf course and in Kāaliakai); (3) "Infrastructural Spine" (locate the population in a linear way by filling the commercial space along the South King and Beretania Street corridors and along Ala Moana Boulevard); (4) "Laissez Faire" (allow the additional population to locate throughout the district by redeveloping older, single-family housing too).

The members of the PUC-East, assembled by the students in small groups of five to six people, discussed this information and came up with their choices: a combination of alternative 1 and 3 in a temporal sequence so that the initial population would be distributed equitably in the core of each neighborhood where some commercial use already existed, without encroaching on the established residential areas. In time, the additional population would locate along the two corridors, thereby linking the neighborhood and facilitating mass transit patronage.

In other words, the residents — in their wisdom — envisioned something quite new: a mixed-use approach (residential with commercial and businesses) to land-use intensification. The old Comprehensive Zone Code of the C&C did not provide for vertical mixed-use zoning (except in the Downtown area), but the 1985 Land Use Ordinance provided for it. This case demonstrates that neighborhood residents, when given the information and a chance, engage in good planning and arrive at innovative solutions by subordinating their own interest to the broader public interest.

Two UH planning students conducted a small-scale, mixed-use study for Young Street in Honolulu in 1982, demonstrating the possibilities of mixed-use, pedestrian-oriented "high-density and low-rise" mixed-use development of the Kāaliakai district (DURP 1982). This solution of a more human-scale mixed use, while still a possibility and sporadically implemented in the city, was stifled by the Japanese real-estate wave of corporate investment of the late 1980s and early 1990s in Honolulu. The unfortunate result was big developers' redevelopment and residents and small business' displacement (super block development), particularly in the districts of Kāaliakai, Waiʻalae and Kahala.

In the 1980s, UH students and some faculty attempted to study legislation that would have provided an opportunity for small landowners and small developers to participate in the urban development planning process through the formation of voluntary associations as an alternative to the government's inherited eminent domain. This would have achieved the objectives of limiting urban sprawl on Oahu by fostering inner-city redevelopment in Honolulu and realizing a compact, human-scale urban form while avoiding mega-development. Interestingly, the missing tool would have been borrowed from the Japanese Kukaku Seiri, land readjustment system. But the lack of a strong supporting coalition, and the lack of interest of the landed elite and the C&C government, lead to the costly and inefficient suburbanization of Oahu we have today (Minerbi 1987; Urban and Regional Planning Program 1982; Minerbi et al. 1986).

The Rural and Suburban Setting

Land Swap to Keep "Waimānalo Waimānalo," 1987

Another example of a local situation inspired by the Japanese land-redistribution system is Waimānalo. By listening to the Waimānalo community in the late 1980s, a group of UH graduate planning students managed to identify many land-use issues such as the desire to keep "Waimānalo Waimānalo." Residents desired to retain the rural character for the valley, while meeting modest growth needs. Some farmers wanted to subdivided their private land to build homes for themselves and their children, creating pressure for a conversion from agricultural to urban land use and scattered sprawl.

By mapping these community issues in Waimānalo against zoning information and ownership data in 1987, it became apparent to the students that a "land swap" between the private farmers and Department of Land and Natural Resources (DLNR) at the fringe of the town could achieve both
objectives. DLNR could obtain good agricultural land for people who wanted to farm by extending the existing agricultural park. The farmers in turn could obtain house lots at the outskirts of the town on land owned by the state. The land swap could minimize infrastructure costs and retain a more compact small town pattern.

This idea remains a viable one even now to meet the need of Waimanalo residents to house themselves and retain the rural character of farming. This case illustrates that careful analysis of land use options can lead to conflict minimization among residents by allowing diverse legitimate objectives to be met simultaneously—if the government takes a supportive role in implementing the residents' suggestions (DURP 1987).

**Participatory Assets/Stressors Mapping in Kahalu'u 1992**

In Windward Oahu the neighborhood board and the Kahalu'u Key Project, a social service agency, wanted to initiate community mapping and a survey. Without any funding, a class of UH graduate planning students linked up with community groups and earned their trust for interviewing visiting farmers working in the loi (taro pond fields) and adapting their class schedule to the community calendar by participating with a booth in the community hoʻolaulea (celebration fair) at the Key Project. Students conducted a mini survey and a participatory mapping exercise. The mini survey, while not a substitute for a proper random sample telephone or mail survey of residents, was sufficient to show how to sense the pulse of the community and to learn what to ask regarding quality of life. The survey encompassed rural (read local) lifestyle Hawaiian (read indigenous) lifestyle population growth and density, shared community values and visions, basic needs (food and shelter, etc.) access to the mountains and to the sea, development and land use, transportation and traffic, security of residency and leases, and other concerns.

The one-page survey form asked respondents to describe what is working well and what is not working well for the above quality of life categories stressing people and places. Visitors to the fair were asked to identify on a map what they consider assets and stressors in the community. Visitors also asked to identify the location of sites on the map. This map was then digitized into the state Geographic Information System (GIS).

To make the point that bottom up data from the community could very well be a consideration in state planning, a small group mapping session with community leaders verified the information generated from the respondents. Assets were then tabulated with the quality of life indices and major community concerns were ranked.

Even children participated in a cultural and environmental awareness game at the hoʻolaulea. One student typed the name and the description of cultural sites in the valley attaching these paper strips to pins and asking children to identify each place on the map by attaching the proper name to its locality. This was an opportunity to talk about legends, lore, and use of the area with the kids and their mothers. The respondents received small gifts such as rulers to measure fish and posters of endangered species donated by DLNR. A cultural map depicting ancient sites was drawn up. The final report described in detail what residents of the area thought about the problems and opportunities to plan their own community.

This report generated interest within other neighborhood boards and service organizations on the Windward Coast and established the methodology for participatory community mapping and ethnographic quality of life studies used later in other communities. It was referred to by the State Department of Health and the US Environmental Protection Agency as a cutting edge example (DURP 1993a).

**Community Visioning and Planning in Kāneʻohe 1994**

Forming a group called Vision 2020 in 1994, the Kāneʻohe Neighborhood Board was probably the first to come up with a community-based consensus plan for the future of the district. The group started out by identifying landmarks throughout the area and planned a telephone survey that senior citizens would administer. The board sought to replicate the Kahalu‘u study in Kāne‘ohe. Thus, a UH graduate planning class assisted the Vision 2020 group in the following joint tasks: (a) community visioning and planning for a one-year-long timetable (b) extending the Landscape Landmarks list with a participatory mapping exercise involving kupuna (elders old-timers) to designate cultural areas to protect (c) linking up with the Kāne‘ohe Business Association to study their concerns regarding the viability of the central business district (CBD) (d) developing a bike plan and...
alternative traffic access improvement in the CBD (e) studying historical 
socioeconomic land use and environmental information as a basis for 
neighborhood plan (f) linking with the C&C planning department to access 
data sources and expertise (g) participating in the Kane ohe ho'olaulea to 
advertise the 2020 visioning process by involving visitors in participatory 
 mapping exercises and (h) setting up an exhibit at Windward Mall during 
Thanksgiving week to display all the maps generated by the project to obtain 
additional input from residents and to involve children in drawing visions of 
Kane ohe

The product was a report and an exhibit that are models for local communi- 
ty analysis and planning dealing with visioning and participatory mapping 
leading to cultural resource planning alternative transportation improvements 
and intergenerational linkages (DURP 1994) The challenge then was for the 
Kane ohe Vision 2020 group to expand its activities to involve business 
residents and service organizations in Kane ohe and to find alternative tech- 
nical assistance close to home through the Windward Community College and 
the local high schools to carry further what they and the UH students did in 
1994 This report was a key resource for the American Institute of Architects 
participatory design exercise held the following year in Honolulu with C&C 
support and successfully involving architects planners and many Kane ohe residents including some of the students themselves

Hawaiian Fishponds and Subsistence on Moloka'i 1994

For many years people on Moloka'i wanted to restore the Hawaiian 
fishponds of the south shore and protect and restock hunting fishing and 
gathering subsistence resources of that island Moloka'i residents recently 
succeeded in drawing government attention by setting up two Governor's task 
forces in 1993 94 for fishpond restoration and for subsistence protection. The 
Governor's Task Force for Fishpond Restoration held a conference and 
produced a report making recommendations for fishpond restoration. Few 
fishponds were restored as demonstration projects. Many political regula- 
tory and technical concerns remain to be addressed to make the restoration 
of several fishponds a reality. One idea was to ignore government regulations 
and have Hawaiian groups go ahead and restore and use the fishponds in the 
name of Hawaiian sovereignty. Another idea was to work within the govern-

ment and obtain a Master Conservation District Use Application (MCDUA) 
from the DLNR that would allow several fishponds to obtain conservation use 
permits through one master permit application because of the similarity of the 
restoration work. The MCDUA would simplify government approval. The first 
idea generated pressure for the second one

A UH planning graduate practicum undertook the following (a) collected 
field information (b) obtained consent from the private owners of some 
fishponds to participate in the MCDUA (c) conducted a community meeting 
to establish which fishponds should be part of the MCDUA application and (d) 
documented this process in a report (DURP 1993b) The students surveyed 
the ponds and analyzed and ranked the fishponds in groups according to 
relative degrees of restoration feasibility and prepared posters for each pond 
illustrating its conditions and characteristics all the while providing for 
people's write-in input. Eventually DLNR approved the MCDUA but many 
tasks remain (a) to facilitate ohana (family) group formation for the restoration 
of the fishponds within each ahupua'a (ancient land division stretching from 
the mountain tops out into the sea including the reef Minerbi 1999) (b) to 
secure agreements with the landowners and (c) to come up with a plan for 
each pond that deals with federal state county and community concerns 
specific to the locality and to resolve technical restoration problems. Recent 
legislation is attempting to address some of these concerns

Work for the Moloka'i Subsistence Task Force was done by three UH 
faculty involved in a multi-method research and planning approach (a) 
acting as staff to the Task Force in their meetings and deliberations (b) 
conducting a telephone survey of Moloka'i residents opinion about subsis- 
tence (c) conducting focus group meetings with subsistence practitioners in 
each community on Moloka'i and meeting with la au lapa'au (traditional 
medicine) practitioners and commercial fishermen (d) conducting participa-
tory mapping in the focus group meetings to identify the spatial location of 
fishing hunting ocean and forest gathering gardening and raising animals 
(e) presenting these findings at a community meeting and (f) writing a report 
for review and approval by the task force

The faculty subcontracted a local community based organization to 
assist in identifying subsistence practitioners calling the focus groups and 
hiring Moloka'i college students for the telephone interviews. The task force's
recommendations were to protect subsistence resources to promote education restoration and restocking to train people in proper traditional gathering and fishing practices to establish ohana kupuna and kapu based (traditional laws) management practices to decentralize at the local homestead level some DLNR conservation functions to create a pilot sanctuary project in Molomomi Bay and to offer suggestions for traditional Hawaiian trail access on Moloka'i Ranch lands (Matsuoka et al 1994 14 72 88 1998 40 41)

The Moloka'i experiences inspired community groups on Maui and Hawaii to conduct similar studies and establish similar Hawaiian sanctuaries in their respective islands

**Linkages to Globalization and to Recent Local Developments**

What are the linkages—if any—of these local island community planning examples to the globalization phenomenon and to current community planning efforts? There is a somewhat paradoxical and contradictory answer—some and a little—depending on how globalization is defined and local global linkages are understood. The above examples have been in response to and in solidarity with neighborhood communities and local and Hawaiian people. The work facilitated the documentation of people's voices views wisdom and knowledge through surveys participatory mapping and elaborating solutions proposed by residents.

These studies were done within the existing governmental planning system. They indicate that with proper support residents can engage in remarkably good planning. Decentralization and home rule is achievable when the community already engages in local planning shows that it can do it and legally obtains planning powers from the state and the county. As more decentralization takes place from the federal government to the states through block grants it would be wise to reassign with funding support certain tasks from the state and from county to local communities.

Here the successful communities and neighborhood plans under study were few because local communities did not have the resources and the jurisdictional power to plan for themselves. But the above examples document constructive steps toward community based visioning and planning.

All these urban and rural island examples may have existed even if the modern globalization phenomenon had not taken off as it did in the 1970s. These examples deal with local issues, local involvement, local resources and local solutions that can be seen as de linked from globalization to an extent. In fact microzoning small scale mixed uses land exchanges land readjustment participatory mapping neighborhood visioning Hawaiian fish pond restoration and subsistence protection stand in their own right as local realities concerns and solutions. Yet one could say that these are responses to the development and population pressures of globalization. The pressures of population growth and distribution induced by a sustained national and international immigration in Hawaii are precisely the forces that the microzoning small scale mixed use and land readjustment approaches tried to address in urban Honolulu (Minehira 1994b 147 51)

It is possible to see the projects on Moloka'i for fishpond restoration and Hawaiian subsistence protection as examples of local strategies to deal with globalization because they are based on indigenous and local cultural practices and the protection of island ecology. Legislation was introduced and enacted to establish Molomomi as a pilot project for five years. It was touted as a model project by many, but the new state administration and legislature apparently did not extend the project.

These Hawaii examples proposing human scale culturally compatible land uses and sensitivity to the island ecology may be part of the so-called second type of globalization. We can say so because these local initiatives have not been conceived in isolation but are based on some exchange and networking with epistemic communities around the globe faced with similar concerns.

The 1994 visioning exercise in Kaneohe must have reassured the C&C of the replicability and value of such participatory efforts such that the C&C has embarked on in the 1999 2000 C&C of Honolulu Shared Vision for the Future. This innovative program gave the opportunities to nineteen neighborhood boards throughout the island of Oahu through volunteer efforts and with the support by Mayor Harris to engage in a visioning exercise to identify desirable community projects.

The Mayor's promise was that up to 2 million of the Capital Improvement Program (CIP) money for the fiscal year 2000 would be set aside in each
community to fund these selected and very reasonable projects. Yet criticism
has been raised that this effort may have been guided— in some instances—
by some C&C officials and volunteers bypassing the planning subcommittees
made up by elected representatives of neighborhood boards. Regardless of
the merit of this criticism, the admonition here is that volunteer visioning efforts
be harmonized with the established decision-making process of the neighbor-
hood boards.

The Kane ohe and Kahalu u experiences indicate that their visions and
goals and the proposed Town Plan are consistent with the 1994 Kane ohe
2020 study CIP appropriations have been made for further planning and
design (Kane ohe Kahalu u Community Vision Team 1999 7 14).

In Waimanalo, the DLNR is the single largest landowner because it has
inherited the ceded lands of the centralized governments of the Hawaiian
Kingdom and the Territory of Hawaii. Land exchanges of the extent needed
to protect agricultural land and promote compact rural town development are
possible precisely when the government is a large landowner. The 1999 vision
statement for Waimanalo reiterates the goal that Waimanalo should remain
rural in character by stating that although there is a need for housing,
development should not convert agricultural lots into large residential neigh-
borhoods (Waimanalo Community 1999).

The Vision Summary of Team 10 for Central Honolulu still supports the
notion of promoting appropriate mixed uses in neighborhoods somewhat
similar to the mixed use idea suggested in the 1970s and the 1980s (Team 10
1999 3). The 1999 C&C Draft Development Plan for the Primary Urban Center
ignoring the voluntary land readjustment proposal of the 1980s introduced
the county’s notion of creating a city development authority with conde-
mandation power of private property for redevelopment. It was only because the
concern of alternatives and opposition of neighborhood residents that the C&C in March 2000 promised to drop altogether this idea from the plan (Department of Planning and Permitting 2000).

To make headway, Hawaii’s centralized government bureaucracies and
multinational landed elite could give up some of their excessive control of
resources by decentralizing planning and management responsibility and
entering into partnerships with local communities.

One opportunity to foster a search for a better community understand-
ing of globalization and localism is the recent use of distance education course
workshop Countering Globalization initiated in September 2000 to respond
to the Hawaiian government’s official decision to host the Asian Development
Bank’s (ADB) annual meeting in May 2001 in Honolulu (Kahea 2000). The
agenda explores how ADB aid projects increase poverty, strengthen multi-
national corporations, desecrate the environment, suppress human rights,
dermine indigenous rights and weaken local governments. In particular
the effort by local groups is to better understand how globalization affects
island people and the fragile island environment and what can be done to
ameliorate its negative effects.

In conclusion, while the examples presented may emerge autonomously
from local needs, they are also a response to outside forces that stem from the
global economy. They have a meaning not only in addressing local concerns
but also in a quest for a more sustainable and more human global economy
to the extent that they are advocated and shared by other communities outside
Hawaii and vice versa. These community efforts can be sustained through
education across generations as sometime positive results are achieved only
in the long term.

Notes

1 An earlier version of this paper entitled Community Visioning: Participatory Mapping
and Neighborhood Planning in Hawaii was presented at the May 20 21 1995 Ethnic
Studies Conference on Community Politics and Socioeconomic Issues in
Hawaii. Ethnic Studies Program, University of Hawaii at Manoa, Honolulu, Hawaii.
Thank you to the two anonymous reviewers and the editor for their comments on the
latest version of this paper.

2 Successful examples of citizen coalitions and community visioning have been
recognized at national planning conventions in the 1990s generating interest and in
turn greater acceptance by metropolitan jurisdictions (Jones 1990).

3 Community mapping is not a new endeavor. The famous map of cultivated fields
stovetop walls pathways and streams carved three to four thousand years ago at Bedolina
in the Valsimonica Valley of the Italian Alps is a powerful and enduring image of ancient
people consciously charting their planned environment (Anati 1982). We can only
speculate on the real purpose of this petroglyph map, it is on a very large flat rock
located on a ridge panoramically overlooking the valley below that even now have cultivated fields. Conceivably one could point to a field in the valley and at the same time locate its representation on the rock. Neolithic or Bronze Age people could readily discuss, identify, locate and assign tasks to families tending their fields. The map was an information tool linking people to their surrounding resources and places. The metaphor of the Bedolina map is that communities have carved their visions and plans since the midst of time. We can do that today. In fact, the Mo ilili issue map was inspired by the Bedolina map.

4 Visioning – we believe imprecisely – sometimes is used to describe the overall planning effort at the community level rather than one of its steps (Oregon Vision Project, 1993). Visioning is a concept that Native Hawaiian elderly and cultural practitioners associate with dreams and visions such as akau (vision) hii o (dream) uialele (supernatural voices or sounds) (Pukui et al., 1972:11:22). Thus with Hawaiians the term goals and objective setting would be preferable.

5 The projects funded in fiscal year 2000 can be grouped in the following categories: neighborhood betterment, community master planning, design and construction studies, infrastructure and traffic improvement and beautification (including streets, roads, drainage and flood control), sidewalks, bikeways, trails and access community facilities and furniture improvements in parks, recreation, landscaping and signage, cultural centers, anti-crime measures, ambulance stations, clinics, land and easement acquisition, open markets, utilities relocation and undergrounding of overhead utilities, lighting improvements, bus stops and transportation assistance.

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Public Policy of Land and Homesteading in Hawai‘i

Ulla Hasager and Marion Kelly

Today a small group of large landowners, together with the state and the federal governments, control the majority of the lands of Hawai‘i (Juvik and Juvik 1998:227). This situation repeats a pattern that developed more than 150 years ago from the privatization of land during the Mahele or land division, which rendered 70 percent of the original inhabitants of the Hawaiian Islands landless. Under different forms of governments, some based on ideologies in opposition to this practical reality, the pattern persisted throughout the years of increasing involvement in global social and economic processes. Even today, where several of the largest landowners are incorporated within transnational companies, this picture persists.

Attempts to break up the large estates have come through legislation supporting homesteading, perhaps the most localized form of land public policy. In spite of the celebrated importance of small-scale farming and residential home ownership to the process of creating a democratic society, those attempts have not been successful.

This article gives a brief history of land use and control in Hawai‘i in a global context while focusing on various homesteading attempts as examples of public policy of land use. Because of Hawai‘i’s colonial history and the close association of the fate of the land and the fate of its indigenous people, this approach naturally leads to a discussion of Kanaka Maoli (Native Hawaiian) land issues today.

The Fish of Piliwale Are Stranded

From ancient times, Kanaka Maoli culture supported a belief in the power of environmental gods. It was generally believed that all the resources on the land of these islands and in the sea around them were gifts to the Kanaka Maoli from their gods. These gifts carried responsibilities the people had to care for them. The gods would thus be satisfied that their resources were respected; otherwise disaster would strike. Droughts parch the land and there would be nothing to eat.

These natural resources were gifts for all the people to use; they were not owned by individuals, not even ali‘i (chiefs). The ali‘i nui (high chief) in a sense held the lands in trust for the gods and had the responsibility to create conditions under which the maka‘aina, who were the fishermen, the cultivators, the artisans, took proper care of the land and the sea, which provided food and other resources for everyone generation after generation. The guiding policy for land and sea usage was enhancement of these resources through the creation of gardens on the land and fishponds on the shore to become a source of nourishment for all people. Thus, the phrase malama ‘aina malama kai (care for the land, care for the sea) reflects a basic social commitment of life in Kanaka Maoli culture.

This system of land tenure characterized by a general use right was changed in the mid-19th century. Pressures from people who came to the islands from North America and Europe (first as traders and later as settlers) resulted in changes in Kanaka Maoli land laws designed to accommodate the demands of a culture of exploitation of resources for private profit.

“Difficulties in dealing with foreigners made the Kanaka Maoli leaders aware that they needed help in dealing with them and their governments. Several missionaries had by then left the mission and taken government positions without changing their ethnocentric understanding of Kanaka Maoli culture. Reverend William Richards, who had come to Hawai‘i from Massachusetts in 1823, became the Chaplain, Teacher, and Translator for the king and the ali‘i. He translated into Hawaiian and taught political economy from the textbook *Elements of Political Economy* by Francis Wayland (1837) who was a strong supporter of free trade and capitalism. These studies resulted in the democratic liberal Declaration of Rights and Laws of 1839 and the Constitution of 1840, which transformed Hawai‘i into a constitutional monarchy but at the same time emphasized the need to protect the maka‘aina. The latter declared that the land belonged to the chiefs and the people in common with the king as trustee. It could not be sold, or in other ways disposed of.

Another former missionary Dr. Gerrit P. Judd, who had much power in the government, also taught political economy. Both Richards and Judd were influential in changing land laws, and Judd had a fellow American, John Ricord, appointed attorney general in 1844 after only ten days in the islands.
Ricord wrote a series of organic acts which completely revised the government. His work was completed by another American lawyer, William Little Lee, who, still an American citizen, was given the right of a Hawaiian subject. Lee was made Supreme Justice and became author of the land laws and various other laws securing laborers for the prospective sugar industry which he himself had interests in.

Missionaries and other Westerners—some of them themselves the source of difficulties—stressed the need for adopted foreigners to administer the kingdom in its involvement with the world system. Many Kanaka Maoli on the contrary had a clear idea of the sources of trouble and petitioned their government not to allow foreigners in the government and also not to allow them to own land (petitions of 1845 reprinted in Kame eleihiwa 1992 331 38).

Primary among the problems with which the King and chiefs were concerned was that of land and in particular land that had been permitted to be occupied by foreigners. When foreigners began to establish themselves more firmly in the islands, growing food crops and trading provisions they started pushing for private ownership of the lands that the ali'i had given them permission to use. At times these foreigners sold a parcel of land to other foreigners without permission of the chief who was its designated manager.

In spite of demonstrations of power supported by foreign warships anchored in Honolulu Harbor foreigners did not immediately succeed in changing the official Hawaiian land policy. In 1841 a proclamation allowed foreigners to secure leases for a maximum of 50 years but still the soil belonged to the king (quoted in Kelly 1956 128). In 1843 the Privy Council passed a law unanimously declaring that until the state of relations with foreign powers had been settled we will neither give away or sell any lands in the future to foreigners nor shall such gift or sale by any native be valid (quoted from Kuykendall 1938 277). By 1846 at the beginning of the Mahelé the traditional system of land tenure was still basically intact.

During the 1840s, problems with foreigners intensified. The presence of warships from foreign countries in Hawaiian waters threatened takeover of the islands, just as the French had taken over the Marquesas and Tahiti as French Protectorates in 1842 (Kuykendall 1938 188 n 33) and England had annexed New Zealand by 1840 (Ibid 187). Furthermore, the Hawaiian Kingdom itself experienced a five month forced cession to the British in 1843 initiated by problems with the British consul Richard Charlton who insisted that he had been given land in Honolulu in 1827. Kauakeaoili feared that his people would find themselves without land if a foreign government occupied and took control over the islands. The missionaries suggested that the way to avoid this was to privatize ownership of the land because parcels owned by individuals would not be confiscated by a foreign power and they offered to develop a plan that would protect the Kanaka Maoli against loss of their land.

Their plan, the Mahelé, however, accomplished the exact opposite. It did not give people land but concentrated ownership in a few hands. By the end of the division process a small group of approximately 250 chiefs had control over 1.6 million acres. The king’s lands (later crown lands) comprised one million acres and the government had 1.5 million acres. The lesser chiefs and the maka anana ended up with less than 1 percent of the land, leaving the majority of the Kanaka Maoli landless.

Private ownership of land by foreigners living in the Hawaiian Islands was legalized by a law passed in July 1850. However, the maka anana had to wait until the Kuleana Act of August 1850 before rules and procedures were established to allow the government to start dealing with their land claims. The Kuleana Act (kuleana has the double meaning of plot of land and responsibility) specified that the native tenants had the rights to their cultivated grounds or kalo lands [but only] what they really cultivated and which lie in the form of cultivated lands (Territory of Hawaii 1925 2142). They also had the rights to be granted their house lots in fee simple.

The Kuleana Act has been called the first homestead effort of the Hawaiian government. The homesteading feature of the act was section 4 which opened for sale of government lands to natives in lots of from one to fifty acres in fee simple to such natives as may not be otherwise furnished with sufficient land at a minimum price of fifty cents per acre (Ibid).

While the alleged attempt to secure the maka anana a small bit of good land (Armstrong in Wylie 1848 92) resulted in their loss of land the missionaries and other foreigners secured land for themselves and their capitalist development of sugar plantations. The missionaries were about to lose their support from the American Board of Commissioners for Foreign Missions that
had decided that it was time for them to move on to new, less attractive fields in Micronesia and Melanesia, but most missionaries wanted to stay in Hawaii and they found new ways to support their large families comfortably.

The majority of the lands that the makaainana did receive has since passed out of the hands of the families of the original kuleana holders (Lind 1938; see also Lam 1994) in several ways. Some were forced to leave the countryside and go to town to work for money in order to pay their money taxes on the land) to the government, and in the meantime others took possession of their lands. From 1871, it was legal to adverse possess lands by fulfilling the requirement of occupying the lands for 10 or 20 years in a visible, notorious, continuous, exclusive and hostile manner (Lee 1991:119).

Summarizing the land situation, Samuel Kamakau wrote in 1869 that some people wanted to remain on the lands under their chiefs, and when the trading days came and the chiefs leased their lands to the foreigners, they learned their mistake and were left to wander in tears on the highway. The fish of Piilani are stranded; the sea has left them high and dry. The foreigners who had waited a long time to take the land for themselves were all ready, and when the door was thrown open for natives and strangers alike, they could well laugh, and then was what they wanted. It would have been better, moreover, if the law made the sale of government lands available; these could have been sold so reasonably to the descendants of Kamehameha alone that his toil and blood might not have been spent in vain (Kamakau 1992:407; originally printed in Ke Au Okoa 7/29/1869).

In order to survive, Kanaka Maoli had to become contract laborers and serve people like slaves (Kamakau 1992:403). And this was precisely what the planters needed. They were anxious to obtain cheap labor to transform thousands of acres of land into sugarcane fields to secure their profits and a landless Hawaiian population were driven to labor for the plantations. A law against vagrancy, the imposition of money taxes, and a system of punishment which included forced plantation labor also created laborers. These and similar laws were part of the Penal Code (Kingdom of Hawaii 1850) which furthermore created a slave-like contract labor system for imported foreign labor.

This pattern of land concentration persisted even though land quickly shifted hands. Already in 1862, three-fourths of Oahu was under control of the foreign element according to Blackman (1899:161).

Several researchers consider the changes in the land laws of the 1840s and 1850s the first homesteading attempts (Luter 1961; Spitz 1964; Horwitz et al. 1969). The idea of homesteading as a means to resolve social problems has been present in Hawaii for as long as there have been Americans and other Westerners in the Islands. The principle of rights to the land you live on and cultivate (squatters rights in American law) was present in traditional law and acknowledged from the first written laws (Hasager 1999).

Around the time of the Mahele, a frequently heard argument for the introduction of private ownership to land was that the common people needed the fee simple relationship to land in order to prosper. Influential foreigners generally believed that the makaainana had lost their will to prosper and live because of their ancient oppressive feudal system where they were exploited by multiple layers of ali`i and konohiki (land managers) who extracted services and taxes from them (Dole 1892:10; Wylie 1848; see also Alexander 1891). This in combination with certain characteristics supposedly inherent in primitive people according to aole understanding led to a catastrophic situation where Kanaka Maoli were dying off rapidly.

For more than 70 years, Kanaka Maoli had witnessed how their family and friends were dying around them and how the demands on their labor were increasing daily. No wonder that few cared to make plans for the future. However, only a few missionaries conceded that the foreign influence had a major impact on this disastrous situation for the people (Wylie 1848:passim) the majority attributed the depopulation to the lifestyle of Kanaka Maoli and the suppression by their own chiefs. The missionaries openly encouraged a consumer culture to curb the twin vices of idleness and indigence. They felt that a change in lifestyle and small plots of privately owned land would save the Kanaka Maoli and make respectable citizens out of them.

The makaainana were oppressed and exploited to a degree they never had before but this situation was brought about by the integration into the global market economy and ensuing conspicuous consumption on behalf of the ali`i (Sahlins 1985; Friedman 1994; Kelly 1994).
According to Dr. Spitz, the missionaries and their descendants embraced the ideology which had developed in the United States during the 19th century (1864-12) based on Jefferson’s idea that a democratic society must rely on a hardy, intelligent, peaceable agricultural population (Dole 1892:2). Of American descent, influential political leaders looked to their homeland for political models for the new society they were trying to establish and control (Spitz 1964:45). The haole advisors to the ali‘i therefore argued that the people needed to own small bits of land in fee simple, which they could live on according to Christian virtues of industry and humility (cf. Weber 1958) to raise themselves out of poverty and degradation.

Homesteading continued to be of central concern for the missionaries from the first push in the 1840s. However, the homesteading policies at the same time secured the best agricultural lands for planters and big corporations, and very little land actually ended under the control of the Kanaka Maoli. Under the implementation of the Hawaiian Homes Commission Act (HHCA) 70 years later, the same scheme was repeated.

**Land Policy of the Late 1800s**

Following the American homestead policy, the government of Hawai‘i made plans to offer ownership of land in relatively small parcels for merely occupying and farming it for a given number of years starting in 1884. Most of these lands were in relatively small parcels with nearby flowing streams.

Homesteading had been practiced in the United States to occupy land seized from Native Americans and to fulfill the political ambitions of invaders from Europe. Similarly, it was hoped that by following the US homesteading plan, Hawai‘i would increase its Caucasian population thus giving the foreigners greater control in the legislature and as a result more economic power. In 1887, the homestead act of 1884 was one of the first things (neglected under the previous government) to which the new government representing the sugar planters paid special attention (Kuykendall 1953:423) after they had forced the Bayonet Constitution upon king Kalakaua. The new constitution disenfranchised most Kanaka Maoli and transferred political power to a small group of haole. Dole was a leading figure in the coup.

Again due in no small part to his own intervention, Dole in 1894 became president of the Republic of Hawai‘i, resulting from the forcible takeover of the Hawaiian government in 1893. He and his legislature combined crown and government lands into a public land domain and introduced new general land laws that supported homesteading of these lands (Horwitz et al. 1969:5). The 1895 Land Act also centralized the power over the lands in a three-member board which was given wide jurisdiction to lease and sell the public lands, including for the first time since 1865, the crown lands which Dole had coveted since his youth (Dole 1892). Agricultural development and productive use of public lands seem to have been a major concern to the leaders of the republic. The Civil Code of 1897 opened for disposal of public lands by the commissioners in such a manner they may deem best for the protection of agriculture and the general welfare of the Republic (Horwitz et al. 1969:6).

When the haole economic and political leaders finally succeeded in having Hawai‘i annexed to the United States in 1898 (ceding all 1.8 million acres of public land to the United States government) they discovered that the democratic ideology of the union did not go very well with the economic and political centralization of land and power in the hands of the missionary/planter oligarchy of Hawai‘i. Ironically, American democratic and liberal ideals which they had called upon in their takeover of the Hawaiian government threatened their businesses and position of power. Congress was not pleased with the situation of concentrated land ownership in Hawai‘i and put restrictions on the maximum size of private land holdings and the size and length of public leases. According to section 55 of the Organic Act which made Hawai‘i a US territory in 1900, no corporation could acquire and hold real estate in Hawai‘i in excess of one thousand acres—subject to existing vested rights. Furthermore, the length of the general leases of government lands was reduced from 21 to five years (Horwitz et al. 1969:21).

Of the efforts to carry out the variety of land settlement experiments that were tried during the days of the provisional government and the republic (1893-1898) and of the early territorial times (1898-1920), nearly all failed. Governor Carter (territorial governor 1903-07) who openly disfavored homesteading concluded that much of the 90,000 acres of public land which had been distributed for homesteading under the 1895 law might as well have
been cast into the ocean as far as real homesteading is concerned (quoted in Lind 1938: 86)

**Homesteading for Kānaka Maoli**

The territorial governors after Dole did not promote homesteading. Neither did they prosecute the planters and sugar factors that worked their way around the thousand acre limit in a variety of ways so this provision completely failed to prevent further concentration of land. From 1900 to 1920 the total acreage in sugar expanded from 128 000 acres to 236 500 acres (Lind 1938) and the average size of the plantations almost doubled from 2 462 to 4 548 acres (McGregor 1989: 44). However, the plantation managers were less inclined to make improvements on lands they might lose at any time (Horwitz et al. 1969: 21 22) and the planters could no longer take out private loans with collateral in the land in order to run the plantations. Therefore there were recurrent attempts to change the land laws but none were successful until 1921 when the planters secured their leases to the major part of the prime agricultural lands of Hawai‘i through a homesteading program seemingly meant to rehabilitate Kānaka Maoli. This final major attempt of homesteading in Hawai‘i was limited to the indigenous people of the Islands and part of an omnibus bill that secured the best agricultural lands under the control of the planters and the Big Five.

By 1920 many Kānaka Maoli were without homes or land to cultivate and feed themselves. Unable to adapt their sharing/subsistence culture which depended on access to the resources of the land and sea to the Western culture based on a foreign money economy and the privatization of land and resources they were dying at a greater rate than other peoples in the Islands. As Blackman wrote on the basis of the 1896 Hawaiian Islands census:

"[T]he full blood Hawaiians own in severity only 0.6 of the soil of the islands. Within three generations they have alienated substantially the whole of their domain or — if one choose to put it so — have been dispossessed by those whom they have welcomed to their ancestral home (1899: 161)."

By the early 1900s a group of concerned Kānaka Maoli proposed that perhaps if Kānaka Maoli were provided with a piece of land on which to re-create their traditional culture their numbers would increase and the people would revive and develop a feeling of self worth in the changing community. Could Kānaka Maoli live as had their ancestors they might again flourish in their homeland. It was also suggested that the former crown lands which had originally been the private lands of King Kamehameha III and long were precluded from being sold could be made available for time limited home steads. However proponents of homestead land for Kānaka Maoli faced an ominous battle with sugar plantation interests — an increasingly powerful tight knit elite who controlled most of the only 10 20% of the lands of the kingdom suitable for agriculture. Since the 1880s some plantations had leased large parcels of former crown lands at extremely low prices. They foresaw in this homestead movement opposition to the renewal of their cheap leases which were due to end in the late 1910s.

As members of the US Congress seemed to respond favorably toward the leasehold plan and as plantation interests realized they could not completely defeat the act they moved to a second contingency plan. They made sure that a blood quantum requirement limited the number of eligible beneficiaries and that the lands selected for homesteading were only lands not already under cultivation. This effectively eliminated sugarcane lands and also excluded lands with available irrigation water. This fact limited the success of any agricultural lands given to homesteaders.

Thus there were three sets of ideologies and interests behind the passage of the HHCA (Hasager 1997a). (1) Delegate to Congress Prince Kūhiō and other Kānaka Maoli members of the community wanted to rehabilitate those Kānaka Maoli whose lands had been alienated. (2) The US Congress generally supported taking care of Kānaka Maoli as wards and other efforts to Americanize (democratize) them such as through homesteading. (3) The haole elite used the HHCA to keep a firm grip on their 85 000 acres of leased public lands 26 000 acres of which were crown lands (Vause 1962: 115). At the same time their support of the act might make a good impression on Kānaka Maoli who under US jurisdiction again were the voting majority.

In 1921 the HHCA was passed by Congress intended to make approximately 200 000 acres of public land available for people with a Hawaiian blood
quantum of 50 / or more. Some of the lands were specifically designated by section 203 of the act and the rest was to be chosen by the Hawaiian Homes Commission (HHC) from lands designated available lands. The original selection of available lands were by ahupua a or ih (traditional land divisions) but from each area thus selected were withdrawn lands in sugarcane cultivation forest reserves and under public uses including previous homestead agreements (OSP 1992 20)

Only about ten percent of the lands selected for future homesteading could at best be classified as first class pastoral land. The rest was either pastoral land requiring irrigation or waste land. None of the land could rightfully be labeled prime agricultural lands (Ka Mana o ka Aina 1989 4). According to the present administrators this explains that only one fifth of the lands are homesteaded after 78 years (DHHL n.d. 1.2).

The limited homestead bill created strong protests and demonstrations in Hawaii as well as in Washington. It was easy to unveil the true purpose of the exemption of the highly cultivated sugar lands but the sugar interests were powerful and the rehabilitation proponents gave in to their demands to secure their own goal.

The Ideology of Rehabilitation and Homesteading

We don't want to make the Hawaiians rich we want to make them work

In 1914 two hundred Kanaka Maoli leaders formed the Ahalui Puuhonua o na Hawaii the Hawaiian Protective Association (McGregor 1989 327ff). They wanted to uplift[ ] the Hawaiian people through education, steady work, sobriety, and commercial enterprise (McGregor 1990 1 2). As a political organization dedicated to social and educational work the ahalui (association) appealed for advice funds and political support from wealthy and educated Kanaka Maoli but also from the haole in power. The wording of their appeal brings the 1850 Penal Code's spirit of capitalism to mind.

IT IS THE PLAN [ ] to bring to the attention of Hawaiians the following. That he must wake up and fully realize that he is nobody and that he has nothing that he must start a new life by going back to the soil and by fishing as his ancestors did. That he must work hard and work hard every day or else he will be a thief stealing to keep his lazy body alive. That he must save and think of his future or else he will slowly starve to death a burden to his fellow men [ ]. That he must be a student and a thinker or else he will be a simpleton unfit to receive the attention of this neighbors. That it is a thousand times better for him to be a laborer on the plantation where he will have good and sanitary quarters than to be a street walker looking for jobs dying in a filthy tenement room. [ ] That his best friends are the Athertons Baldwins Castles Cookes Dillinghams Joneses and the Rices that said old families and their children will always help him when he proves himself deserving and that it is to his advantage to look up to them for they will always have kindly feelings for him. [ ] That his is a subservient Race and it is only by bettering his condition pulling himself up to the standard of the other more enlightened and earlier civilized races that he can ever expect to be their equal and [ ] that in Christian living, and in Christian honesty is his hope (Ahahui Puuhonua o na Hawaii n.d.)

The ahalui wanted to teach the Hawaiian to live in a capitalist economy and would even actively promote and oversee employment with the sugar factors. In a continuation of the Protestant missionaries' ideas from the 1840s they purported to remind him to respect his superiors and to know his place and station in life[ ] to teach the Hawaiians the worth of money and to educate them to understand the worth of time[ ] to impress upon them the necessity of being prompt and diligent – of saving now while they are earning for their old age – of buying their own homes – and of setting the good example and[ ] make the Hawaiians understand the many other things they should do or should not do. [ ] THERE IS NO SUCH THING AS DRAWING THE COLOR LINE WITH THE Business Houses for a Hawaiian who is sincere and conscientious will always receive work from them. We venture to say that it is economy on the part of the merchants to employ good and capable Hawaiians therefore we shall beg the Plantations Railroad Companies, the Honolulu Iron Works, the Rapid Transit Company, the Inter Island Steamship Company and other Business Houses to consider Hawaiians recommended by us. [ ] THERE IS MUCH GOOD IN THE HAWAIIAN Come then let us beg or knock it out of him for his own benefit and for the benefit of the country (Ahahui Puuhonua o na Hawaii n.d.)

Such paternalistic attitudes were indeed reflected in the reality of the political and economic distribution of power in the territory of Hawaii (Fuchs
1961 Kent (1993) The old families were by now not only the Kanaka Maoli's spiritual and educational leaders they were in complete political and economic control of the Islands and the owners and managers of the prospective new work places

Eventually the ahahui decided to seek federal funding In December 1918 they drafted the rehabilitation solution which became the HHCA The draft stressed the fact the Kanaka Maoli had lost their lands and were threatened with extinction if they were not given land to subsist on Rehabilitation which might have been accomplished in various other ways became synonymous with having plots of land to work in an outdoor lifestyle to provide a healthy life

The especially severe conditions for Kanaka Maoli by the end of WWI led the territorial administration and the American Congress to consider the Aahuu's rehabilitation plan favorably The committees of Congress dealing with Hawaiian matters were already very supportive of the idea of homesteading (Vause 1962 20) Like Dole they viewed such legislation as a means of Americanizing the Islands in line with the prevalent ideology prescribing a community of small scale independent farmers as the best basis for a healthy democracy (Tamura 1994 45 69) While the debate in Congress before the passage of the bill focused on the moral consideration of the need to take care of Kanaka Maoli it also purported to solve the question of the oriental peril (Vause 1962 45 47) because the American Congress and the ruling business elite in Hawaii feared that the second generation Japanese would soon become the voting majority and thereby assume political control of the Islands

That in the final act the prime sugar lands were excluded from the lands set aside as available for homesteading leaving only marginal lands to be homesteaded was conveniently rationalized as an educational tool On March 8 1920 Territorial Governor McCarthy wrote to the Secretary of the Interior

Those who contend that native Hawaiians ought to have first choice of the highly cultivated lands completely misunderstood the purpose of rehabilitation We don't want to make the Hawaiians rich we want to make them work Give these same squatters rich cane land and they would sit on the lanai and strum a guitar or tickle a ukulele while some Japanese did the hoehana in the fields That isn't what we want that isn't rehabilitation (Executive Files Charles McCarthy quoted in Vause 1962 72)

High quality lands would destroy the work ethic and therefore according to McCarthy the main object of the measure would be defeated (quoted in Vause 1962 103 04) Koho officially agreed What made the American people great was the work of its pioneers in developing that which was worth nothing he said in an address before the Hawaiian Civic Club in 1920 (quoted from McGregor 1990 25)

The bill in its humanitarian disguise of promoting rehabilitation actually managed to circumvent the general federal policy Had the act not passed Kanaka Maoli would in effect as the crown lands leases expired have had access to some of the most productive lands in the territory (Ka Mana o ka Ana 1969 11)

The Hawaiian Homes Commission Act

The act set aside 203 500 acres of public lands in trust for qualified native Hawaiian beneficiaries (OSP 1992 21 24) Native Hawaiians were defined as any descendant of not less than one half part of the blood of the race inhabiting the Hawaiian Islands previous to 1778 (201) The burden of proof rested with the would be beneficiaries

Under the Hawaiian Homes Commission Act Native Hawaiians were entitled to apply for 99 year leases of land at a dollar a year for residential pastoral or agricultural purposes (208) This has recently been changed to 199 year leases due to growing concerns by the early homesteaders for the future of their families (US Congress 1990 DHHL 1995 2) The leases can neither be transferred without the Hawaiian Homes Commission's permission nor sold (208) The homestead lots were to be either 20 80 acres of agricultural land 100 500 acres of first class pastoral land or 250 1 000 acres of second class pastoral land (207) What became the most sought after form of homesteading namely the residential lease form was soon added to the options

The selected homesteaders (208 209) had to occupy and use the land awarded them within a year and keep doing so in accordance with whatever
rules and regulations the commission set up (206). After a period of five years
(later seven) the lessee was required to pay all taxes (206 210 216 222)
Successors had to fulfill the same requirements as the original lessees (209)
Eligible relatives were later specified (spouses children grandchildren
brothers sisters widows or widowers nieces or nephews) and the 50 percent
blood quantum criteria was recently changed to 25 percent for eligible
successors

Lands not used for homesteading could be turned over to the Commis-
sioner of Public Lands (now Department of Land and Natural Resources
DLNR) for general leases in order to generate income for the commission
(212). The two sources of income – 30 percent of the revenues from the sugar
lands (213) and the general leases – were the primary sources of income for
the commission’s administrative expenses and a revolving fund with a ceiling
of one million dollars (the Hawaiian Homes Loan Fund) established to provide
loans to homesteaders who according to the act are entitled to financial aid.
Section 213 of the original act also provided for the Hawaiian Home Loan Fund
(DHHL 1995 22 25). The homesteaders had problems financing their homes
and agricultural enterprises because of the structure of the program. Since
they did not own the land they did not have collateral to obtain loans and had
to rely on the administrators of the program for loans or later when the loan
potentially opened up to put up equity for them. Over the last 60 years
several other funds were created (Ibid. Kelly 2000).

Even though general leases of the public lands tended to be underpaid
they generated the major part of the commission’s funds for many years
(Loudat et al. 1994 xiv 41 45ff). In 1984 the HHC became authorized to lease
land and issue revocable permits licenses and rights of entry for lands not
in homestead use and DHHL took over the leases as the agreements with the
DLNR gradually expired

Probation and Irrigation

The coastal Kalanianaole Settlement in Kalama ula (1922) and the
Ho‘olehua plains (1924) both on Moloka‘i were the first areas in the territory
to be opened up for agricultural homesteading. They were chosen for a five
year probation period (204) and were to become the only settlements ever
opened by the commission as wholly farming communities

The Kalanianaole homesteaders soon learned the same lesson as the
American Sugar Company had done some 20 years before them. The water
for irrigation turned saline – an outcome that could surely have been fore
seen. 11 The unfortunate homesteaders after the hard work of clearing their
land were offered new agricultural land in the Ho‘olehua area.

The dry windy plains of Ho‘olehua were without water for irrigation of
crops. The relatively large size of the lots in the Ho‘olehua area – 40 acres –
originally had been decreed upon because it was expected that there would
be sufficient rainfall for dry land agriculture. The commission was well aware
that that might not be the case however (Vause 1962 118). 12 Selected skillful
Kanaka Maoli were encouraged to apply for homesteads to secure
the program’s success (HHC 1925 8 Keeling 1936 36 41). Some of the first
families to settle in Ho‘olehua came from Waikapulu on the island of Maui. They
were members (and leaders) of a congregation of the Church of Jesus Christ
of Latter Day Saints and expert farmers and fishermen who brought with them
their own tools and supplies.

At first it looked promising. In 1925 the Hawaiian Homes Commission
celebrated the Moloka‘i Miracle as the rational result of the homesteaders’
willfulness to work. By the end of the probation period an investigator from
the US Department of the Interior was going to come to Moloka‘i to judge
whether the program was a success or failure. However the celebrated hard
work of the homesteaders growing a diversity of crops was not enough to
overcome the water problem and a serious drought threatened to jeopardize
the whole program. Eventually its continuation was secured because at the
last minute the rain came – perhaps as some suggested because the
Mormon elders had assembled and prayed for three days (Bingham Young
University 1981 12 13). The problem of water nevertheless persists to this
day.

The Moloka‘i Miracle prepared the way for amending the act in 1928 extending
the program to the rest of the available lands identified in the original act.
Notwithstanding the declared success at this time the early hope for a thriving
program of diversified subsistence agriculture and ranching had faded. The HHC had other plans.
Plantation Style Homesteading

Reports of the HHC to the legislature disclose that the administrators had pineapple production and not diversified agriculture on their minds for the homesteaders from the beginning. They were discussing agreements with the pineapple companies and involving them in the planning even before the homesteaders started moving on the land.

The lands of Molokai [ ] are well adapted for pineapple culture [ ]. Letters have been sent to every pineapple corporation in the Territory requesting that each submit a statement outlining a method by which to undertake to assist the homesteaders financially and otherwise in the cultivation of their lands [ ]. According to present plans the best scheme would be adopted and put into effect (HHC 1925 15 16).

It was suggested that the homesteaders would work their holdings themselves and receive a daily compensation for their labor. The plans were already very specific concerning devoting 30 to 35 acres of each 40 acres lot for growing pineapples (HHC 1925 16) leaving the house lot and the surrounding area to the homesteader for horticulture to feed the family. These plans were presumably not known to the homesteaders many of whom tried other crops under great hardship.

Difficulties with marketing, the climate, funding, and pests caused homesteaders to give up diversified agriculture and pineapple cultivation provided a welcome alternative for some. In 1927 the pineapple companies started leasing land from the homesteaders on agreements similar to the ones suggested by the Hawaiian Homes Commission in 1925.

Within a decade after the first settlement of Ho’olehua Libby McNeill and Libby and the California Packing Corporation were controlling most of the land. After a few years it became obvious that the system of planting small areas in rotation was ineffective and made it very difficult to control pests. A new system was invented and large blocks were created consisting of several homestead lots. The farmers were no longer responsible for weeding and taking care of their own specific lots (Keesing 1936 71 84). After 1931 the homesteaders hired Korean and Filipino workers to take care of their portion of the crop or they paid plantation work gangs to do it (ibid 76). Strongly encouraged by the commission all but seven out of the 184 Ho’olehua homesteader families eventually leased their lands to one or the other of the two pineapple corporations (Spitz 1964 33 35). The commission was well aware that the lands were not used for pineapple production the problem of irrigating the fertile but dry soil would have to be solved (HHC 1937 19).

All over Hawai’i, the sugar and pineapple industries in general seriously inhibited the use of land for other purposes as pointed out by Coulter as early as 1933 (1933 124). On Moloka’i, as indicated above, the option of growing pineapple killed attempts of diversified farming. Pineapple production also introduced a system of subleasing of the homelands even though the original act states that the lessee shall not sublet his interest in the tract or improvements thereon (208). Nevertheless, so-called third party agreements in many instances allowed non-Kanaka Maoli to operate large scale agricultural businesses on Hawaiian homelands out competing the homesteaders trying to farm individual lots. In 1991 the DHHL stated as its policy that subleases of homesteads was not permitted but the practice of allowing another party to grow crops on the lessee’s land was not illegal (DHHL 1991 8). A 1996 court ruling went against this interpretation.

Under Scrutiny

During the territorial period the Hawaiian homelands existed in relative neglect supposedly self-financed located on marginal lands so that homesteading no longer threatened the sugar lands and to a large degree used for pineapple production — thereby securing the two crops which were the basis for the economy and the ruling elite’s position of power. Over the years presidential and gubernatorial executive orders illegally transferred homelands to other state and federal agencies and homelands were used for airports, high schools, county dumps, some of the lands even sold in fee simple. Homesteading was restricted to a people (and therefore a group of voters) who quickly became a minority, perhaps intentionally (Lam 1993).

With the Democratic Party’s take over of government in 1964 and with the growing importance of tourism and the US military in Hawai’i from the 1940s and 1950s this picture changed. New areas became contested. The history below documented in a series of hearings, investigations and reports produced over the statehood years reveals continuing wrongs, problems, mismanagement, and efforts to improve the program and its administration.
Many reports naturally focus on placing the responsibility for neglect of trust obligations inherent in the HHCA.

**Land Reforms and Assimilation**

When Hawai‘i became the 50th state in the United States of America in 1959, the Admission Act as a requirement for statehood created the Department of Hawaiian Home Lands as an executive agency to manage the program (Murakami 1991:49 DHHL 1995:5). It transferred all Hawaiian homelands to the state but the federal government retained its oversight responsibility.¹ Land exchanges had to be approved by the Secretary of the Interior and the act could not be amended without congressional action. Unless the proposed amendments increased the benefits for Kanaka Maoli or were only related to administration (ibid.) Any right to sue for mismanagement of the administration was kept with the federal government (OSP 1992:33). The department was headed by the HHC which functioned as an executive board. The nine board members were appointed by the governor (DHHL 1995:1).

At that time, the department had jurisdiction over a little less than 185,000 acres. Less than 15% was allocated to Kanaka Maoli. Most of the rest was leased to others. Sixty-nine families lived on ranch size parcels. 365 families lived on farms of around 40 acres and 2,000 families lived on house lots some as small as 7,500 square feet. Thus from 1921 to 1959 a total of 2,434 families were situated on homestead lands.

In connection with the new state’s urge to reform the government’s administrative departments and promised land reforms, the 1960s witnessed a wealth of investigations and reports about the Hawaiian homelands program. According to DHHL’s 1964 report to the legislature, the homesteader fell below the national and state median income and also below the average Kanaka Maoli non-homesteader in most social aspects. Since it appeared that the homesteader had not made appreciable changes in one generation, the question arose about the effectiveness of the Hawaiian homestead program and whether or not it stimulated individual improvement and rehabilitation.

The overall conclusions from the various investigations in the 1960s were that the program had failed to homestead people, especially on agricultural lands that it had failed to modernize or Americanize the Kanaka Maoli that much of the land was rented out for compensations way below their market value and that no accurate land inventory existed. Innumerable stories and testimonies attest to fraud, favoritism, and disappearing waiting lists. Many Kanaka Maoli died without ever catching an award. In effect, agricultural rehabilitation had been supplanted by a residential housing program. The original rationale for the HHC was thus equated with reversed Hawaiian rehabilitation. It came to be seen as an urban problem to be met primarily by aid to home building. Some of the investigators suggested that this fact to its logical consequence if the department wanted to rehabilitate (that is at this time Americanize) Kanaka Maoli it should exchange or sell its lands and use the funding to settle the beneficiaries in houses pepper-potted among regular people following experiences from New Zealand (Dinell et al. 1964).

**Mobilization**

A qualitatively different but also intensive period of studies of the Hawaiian Homes administration occurred from the 1970s through the early 1990s initiated by growing awareness concerning Kanaka Maoli rights inspired by the civil rights movement and global shift away from taking modernization for granted and inevitable (Friedman 1994:nd) has documented how global economic and social processes are accompanied by an increasing fragmentation in the modernist identity. This identity fragmentation is paralleled by a strengthening of immigrant indigenous and other regional identities (ibid.)

The 1970s were characterized by unique political and economic factors the most important of which were the mobilization of native Hawaiians (Loudat et al. 1994:58). Kanaka Maoli were taking an organized active interest in the management and disposition of public trust lands including Hawaiian homelands (Loudat et al. 1994:59 see also DHHL 1971:16). The rapidly increasing residential home costs was another factor that stimulated the interest in the Hawaiian Homes program and that mobilized the Kanaka Maoli (Aoude 1994). One third of the 14,604 families on the DHHL’s waiting list in 1975 wanted house lots primarily on O‘ahu (Hawai‘i Observer 1975). Of the almost 30,000 applications in 1998 more than half were for residential lots, half of these for O‘ahu but also many for Hawai‘i Island (DHHL 1998:11).
The administration of the Hawaiian Homes program underwent major changes. DHHL used professional consultants to create the first complete Hawaiian Homes Commission rules and regulations manual in 1972 and its first land use plan in 1974 as well as a ten-year plan (Loudat et al. 1994: 61). Constitutional amendments following the 1978 Constitutional Convention furthermore resolved that adequate funding for administration and operation of DHHL and for rehabilitation projects should be provided by the state government but not until the 1988 89 fiscal year did the department and program receive financing from the state’s general funds (DHHL 1995: 1). Also beginning in 1978 DHHL could allocate money from a Native Hawaiian Rehabilitation Fund to support programs and projects for the educational, economic, political, social and cultural advancement of native Hawaiians (DHHL 1995-2).

In 1979 the Hawaii Advisory Committee to the United States Commission on Civil Rights (HAC) began receiving complaints regarding administration management and enforcement of the homelands trust. People were complaining that Kanaka Maoli had been on the waiting list for homesteads for more than 30 years and that lands were illegally confiscated by the state. HAC therefore held a public consultation on the administration of the HHCA in August 1979 focusing on the historical relationship of aboriginal Hawaiians to the land and to the state and federal governments under the HHCA. This resulted in the report Breach of Trust? Native Hawaiian Homelands (HAC 1980).

As of July 1979 a total of 2,997 leases had been awarded to Kanaka Maoli covering only one eighth of the available lands. The HAC found that 20,000 acres were lost or unaccounted for and 24,260 acres had illegally been transferred out of the DHHL trust by state and federal executive orders (HAC 1980: 12). The average rent paid per acre of land in use by government agencies were in 1976 $77.45 cents for the federal government, 12 cents for the state of Hawai’i and 310 cents for the counties (HAC 1980: 16).

A privately funded Native Hawaiian Land Trust Task Force was formed in 1981 to research and make known Kanaka Maoli perspectives on trust issues especially the breach of trust by the State of Hawai’i. This task force presented a report to the US President and Congress in 1983 demonstrating the state’s breach of trust with the intent of convincing the federal government to sue the state on behalf of the homesteaders since they could not do it themselves (HAC 1991b: 5).

In 1982 the federal administration conducted a Review of Hawaiian Homes Commission Programs (US Department of the Interior 1982) to determine whether the DHHL fulfilled its obligations under the HHCA. They found among other things that the accounting system was inauditable and that the land inventory records were not maintained.

In the same year the Hawaii Supreme Court held that the HHC and the DHHL were required to meet the same standards as private trustees (Ahuna v Department of Hawaiian Home Lands 64 Haw 327 1982 see Loudat et al 1994 xi). In the case of the Hawaiian Homes program the purpose of the trust was determined to be to rehabilitate Kanaka Maoli and therefore to fulfill this purpose the primary operational objective should be to develop homesteads (Loudat et al. 1994 xi).

The most extensive, detailed and well-documented examination of the HHC and the program were done by the joint Federal State Task Force also established in 1982 (Federal State Task Force Report on the Hawaiian Homes Commission Act Report to United States Secretary of Interior and the Governor of the State of Hawaii 1983) The report lists 134 specific recommendations. The DHHL through the 1980s tried to follow some of these. However, the creation of the Office of Hawaiian Affairs in 1980 diverted legislative funding and attention away from the DHHL (Loudat et al 1994: 62 63) and thereby weakened those efforts. In 1984 87 for instance the DHHL conducted the so-called acceleration program awarding unimproved lots in order to reduce the waiting list which at this time contained about 8,000 entries (DHHL 1991: 5 6). Due to lack of funding and planning this program was highly unsuccessful but it took almost ten years before DHHL declared its commitment to provide improvements for the existing 3,000 lots awarded under the Acceleration Program (DHHL 1995: 4). This has not yet happened on any substantial scale.

The pressure to evaluate and improve the administration of the homelands was mounting. The state legislature in 1988 passed Act 395 which required the development of a Governor’s action plan (OSP 1991) and gave beneficiaries the right to sue in the state courts for actions occurring after July 1 1988.
Also in 1988, eight years after its initial report *Breach of Trust?* the Hawaiian Advisory Committee reexamined the issues raised in it—and concluded that indeed the trust was broken (A Broken Trust the Hawaiian Homelands Program Seventy Years of Failure of the Federal and State Governments to Protect the Civil Rights of Native Hawaiians HAC 1991b) The examination took place without much cooperation from federal and state authorities. The federal government refused any trust obligations and the state government felt that the timing of the investigation was wrong because corrective measures [already were] underway (Governor Waihee statement to Hawaiian Advisory Committee Aug 2 1990 in HAC 1991a 7). The report was released December 12 1991 and filed with the United Nations Commission of Human Rights in February 1992 (Hasager and Prejean 1992).

HAC concluded that after 70 years in 1991 only 17.5 percent of the trust lands had been homesteaded while over 62 percent of the lands were being used by non-Kanaka Maoli often for minimal compensation (1991b 1). Some of the most suitable lands for development of homes were still used for military and other public purposes with virtually no compensation paid to the trust (HAC 1991a Hasager and Prejean 1992).

In the meantime joint hearings before representatives from the US Senate Select Committee on Indian Affairs and the House Committee on Interior and Insular Affairs were undertaken on each of the major islands in August 1989 on the subject of the Administration of Native Hawaiian Home Lands. This resulted in voluminous testimony from state officials, homesteaders, and community advocates. The extensive transcripts (Administration of Native Hawaiian Home Lands US Congress 1990) provide a valuable record of problems relating to the HHCA. As a result of the conclusions in this report the so-called Purpose Bill (SB 3236) was proposed in May 1990 aiming at inserting the wording of rehabilitation in the HHCA. This was opposed by some Kanaka Maoli groups because it had wide implications for other native Hawaiian rights (HAC 1991b 5 13).

Even though the federal administration in 1979 had acknowledged trust responsibilities for native Hawaiians (HAC 1991b 21) these responsibilities were denied in the late 1980s and early 1990s. Such changing opinions (amplified by general disagreement among federal government agencies as to which department was responsible for the Hawaiian Homes program if any) played a major role in preventing trust beneficiaries from pursuing their rights (HAC 1991b Appendices OSP 1992 passim).

**Righting the Wrongs**

All the above reports agree that there has been considerable mismanagement of the program through the years. But they disagree as to where to place the responsibility and what actions are needed to better the program and correct the wrongs. The trust responsibilities have especially received much attention and asserting these responsibilities is the precondition for placing claims of reparations. Poor financing provisions through most of the program's existence combined with major administrative irregularities and deficits seriously impeded the actual implementation of the act. This was about to change. During the early 1990s both state and federal legislative actions considerably improved DHHL's performance.

In 1991 came the Governor's Action Plan required by Act 395 of 1988 to resolve controversies occurring prior to July 1 1988. The legislature accepted the plan which primarily focused on making the trust whole and stronger (OSP 1991 DHHL 1992 3) through land claims and compensation for public uses of lands set aside by executive orders and proclamations. Building on most of the above mentioned reports and hearings it discussed boundary issues and title disputes some dating from 1921. An Interagency Land Claims Task Force was created to resolve the land claims in creative ways by accelerating the process of clearing title and compensating the Hawaiian Home Lands Trust for illegal and improper withdrawals, transfers, takings, and usings. (Governor Waihee 1991 State of State address quoted from OSP 1992 38). The work of the task force has resulted in Hawaiian Home Lands Trust Resolution proposals to the legislature the first of which (SB 2855) signed by the governor on July 1 1992 included a $12 million back rent compensation from 1959 (DHHL 1992 3 Trask 1994). At this time fewer than 3,800 families actually resided, farmed, or ranched on Hawaiian homelands (Murakami 1991 43).

The right to sue for actions occurring from statehood (August 21 1959) to the enactment of Act 395 (June 30 1988) was laid out in Act 323 of 1991. It established a claims panel (Hawaiian Home Lands Trust Individual Claims Review Panel) and a process to resolve individual claims from beneficiaries.
for actual damages arising out of alleged breaches of trust. Findings of the panel which received and reviewed claims and suggested corrective actions were to be reported to the legislature which then were to take action to correct them. Once the panel had finished its work and the cases raised had been settled all future rights to raise claims concerning this period were supposed to be extinguished.

The majority of the claims received by the panel concerned failing to homestead people on the waiting list. This type of claim has recently been rejected by the legislature. The department explained the exploding waiting lists of the 1970s and 1980s with the Hawaiian rights movement and the acceleration program.

21,000 names [1991] on the waiting list do not represent 21,000 different individuals. There are many duplications because applicants are allowed to apply for more than one type of homestead lease. Also, many individuals from the same household apply for homestead leases (DHHl 1991:5).

However, many applicants have the same address. Does not necessarily mean that they belong to the same family. The hidden homelessness in Hawaii is very high (Aouda 1994). A combination of increased awareness of civil rights and a tremendous increase in land prices were the main reasons for the growing interest in Hawaiian homeland (Loudat et al. 1994).

The claims also included complaints from persons who had received raw lands in the mid 1980s acceleration program. The panel initiated an investigation to answer the question as to whether the state could have provided more homesteads. The hired consultants concluded after their Historical Performance Review of the Hawaiian Home Lands Trust that with the level of resources actually available to it the trust had performed less than optimal in the period from August 21, 1959 to June 30, 1988 (Loudat et al. 1994:112).

Another major area of claims received by the panel were based on complaints over poor quality of housing. The fact that home construction on Hawaiian homelands has been closely supervised by the HHC has until recently limited the choices of the homesteaders considerably. It was suppos edly a matter that the administrators felt that they had to be in control of even though the homesteaders financed the homes. This reflects DHHL's paternalistic preoccupation with creating decent citizens out of the homesteaders (Hasager 1997b) and has a precedence in the concerns of the missionaries in 1846 for minute details in the private lives of the Kanaka Maoli. The centralized control of home building was misused by some contractors who built substandard houses. A 1991 statement by the DHHL denied this but the great number of complaints received by the claims panel belies this assertion (personal communication).

In February 1992 a congressional hearing (conducted before the US Senate Committee on Energy and Natural Resources) denied trust responsibility on the ground of statutory violations of racial classification of beneficiaries even though the HHCA is a federal act. As a consequence, funds under the Department of Housing and Urban Development were delayed because of the Bush administration's assertions that money could not be used to benefit a racial class unless the group in question could be recognized as a tribe with a sovereign government acknowledged by the federal government (OSP 1992:19-20).

This was not a new issue. The question of racial preferences has repeatedly been raised in debates concerning the Hawaiian Homes program. Again, here at the beginning of the 21st century it is threatening the very existence of the program through the Barrett v. Cayetano law suit (see below). Already in 1920 Congress had considered the pitfall of racism but determined that it was not unconstitutional to legislate for Kanaka Maoli as a group. An opinion of the solicitor for the Department of the Interior stated that Kanaka Maoli could be treated as other aboriginal groups and that there was no constitutional difficulty whatever involved in setting aside and developing lands of the territory for native Hawaiians only by referring to numerous congressional precedents for such legislation in previous enactments granting Indians [...] special privileges in obtaining and using the public lands (quoted from NHSC 1983:88).

The State of Hawaii in 1992 already in the process of rectifying some of the wrongs felt according to the governor and his Office of State Planning (OSP) that the federal government should take on its trust responsibility as well and it published Federal Breaches of the Hawaiian Home Lands Trust (OSP 1992) in which it disclosed a series of alleged federal breaches of trust based on the report of the Federal State Task Force (1983) and OSP's own
more recent findings (OSP 1992 12 34 Exhibits A E). The breaches include the issues of permanent reservation of trust lands without compensation and land exchange for federal purposes (ibid 13ff). The most well known example is 1 356 acres of land at Lualualei, one fifth of the available lands on Oahu (DHHL 1995 41) which were set aside for military purposes in 1930 and 1933. It is illegal to set Hawaiian homelands aside by executive orders or proclamations according to both the attorney general and the courts there was and is no authorization under the [HHC] Act for lands to be set aside for public purposes (OSP 1992 13). Nearly all known orders and proclamations were canceled or withdrawn by the end of 1984 (ibid). Recently land exchanges have begun to take place to compensate for loss of the lands of Lualualei which however is ideally situated for residential and agricultural housing and could have accommodated the majority of the applications on the waiting list for Oahu. Federally controlled land at Barber's Point Naval Air Station on Oahu was made eligible for selection by the DHHL in April 1996 under the Recovery Act of 1995 (see below).

Other federal breaches of trust listed by the state are public use of trust lands without compensation which has occurred repeatedly throughout the years for airports, roads, forest and game reserves, reservoirs, school sites, beach parks, public parks and other purposes (OSP 1992 Exhibit A C). Long term nominal leases of one dollar each for the terms of 65 years used for military training grounds and ammunition storage (ibid 16 Exhibit D) and frequent violations of the non-alienation intent of the act as testified by the 130 parcels sold or given to private parties by the territory and the 16 parcels alienated after statehood (ibid 16 17 Exhibit E and F). In addition to these breaches the report mentions questionable actions such as lack of funding limitations on revenues derived from trust assets through imposed ceilings lack of due diligence survey and inventory of lands leading to loss of lands and discriminatory denial of federal dollars on the basis of race (ibid 111 7 20).

During the period of Ho aliku Drake's chairmanship in the early 1990s the department changed its work methods target group and way of selection. It contracted with developers to establish the fashionable Kahanu Estate on 53.6 acres of Lualualei on Oahu with boat parking facilities and a Kamehameha Schools education center (DHHL 1995 17). To qualify as a lessee in the estate certain financial requirements have to be met not of need but of endowments to pay for the houses (personal communication with administrator and prospective beneficiaries).

In 1993 the state legislature passed Act 352 authorizing land exchanges for previously alienated lands. Also, two new forms of home financing were created for homesteaders. To accelerate awards, the DHHL tried new programs involving the beneficiaries (for instance the Kuleana and Lualiama programs) DHHL 1995 17). In November 1994 began the land transfers to make the trust whole 203 500 acres (1995 15).

A Memorandum of Understanding signed on December 1 1994 settled all DHHL's land claims against the state for the period from 1959 to 1988. The ensuing Act 14 signed by Governor Cayetano in 1995 provided for $30 million per year for 20 years to the DHHL and settled a range of other issues (DHHL 1997 8).

By 1995 the DHHL professed in a telling confirmation of ongoing problems with the beneficiaries and the community to better the relationship with the native Hawaiian community governmental agencies individual homestead communities and the community at large (DHHL 1995 3). Plans for finally updating the 1976 general plan therefore as a new thing included beneficiary participation (ibid). In the meantime the still growing waiting list had reached 16 000 names according to the DHHL's estimate (over 27 000 entries) (DHHL 1995 4). In 1999 these figures are 30 383 applications corresponding to estimated 18 662 applicants (DHHL 1999 1).

In November 1995 US President Clinton signed the Hawaiian Homelands Recovery Act which resolves the long standing claim that withdrawal of lands from the Hawaiian homelands trust during the territorial period violated the Hawaiian Homes Commission Act through establishing a process whereby the federal government will convey surplus lands to DHHL that are equal in value to Hawaiian homelands illegally taken by the federal government (DHHL 1997 9). The DHHL in 1999 publicized that it now managed a statewide total of 199 256 752 acres on five different islands. This figure includes lands from an agreed transfer from the Public Land Trust to available lands (DHHL 1995 2).

The political climate of the early 1990s apparently supported the betterment of the situation of Kanaka Maoli and the DHHL. The latter embarked on
cooperation with a range of organizations instituted new ways of using the lands and was suggested by some as the basis for a government for a sovereign Kanaka Maoli nation within a nation in cooperation with the OHA on a land basis consisting of the available Hawaiian homelands (Morrin 1997).

A 1995 report again after many years stresses that the intent of the homesteading program is to provide for the economic self-sufficiency of Kanaka Maoli through the provision of land (DHHL 1995:2). As in 1920 rehabilitation (understood as ‘returning people to the land’) was in focus after the 1960s assimilation efforts and suggestions of pepper potting which disregarded the importance of land and community to Kanaka Maoli.

**Homesteading and Indigenous Rights**

The conditions surrounding the establishment of the Hawaiian Homes program its 70 years of relative neglect from the changing governments in charge of it, the improvements spurred by an indigenous rights movement and recent attacks threatening its very existence all reflect changes in global economic and social processes.

Since the latter half of the 1990s the DHHL and other indigenous programs, institutions and rights have been under attack. This situation is most likely a reaction to the success of the Kanaka Maoli social movement and the ensuing visibility of Kanaka Maoli rights. It has become increasingly clear—and the media frequently exaggerates the point—that Kanaka Maoli were entitled to large sums of money and extensive land areas.

The Hawaiian homelands settlements with the state and federal governments conveyed both land and money to the DHHL. To this comes the ceded lands claims. A Circuit Court ruling in 1996 supported the OHA’s claim that it is owed money from the state for 20% of the proceeds from ceded lands over the years including revenues from airport maintained lands (Omandam 1999a). Different sums have been mentioned because of political reasons and because no complete inventory to base calculations on existed of the ceded lands. By April 1999 the OHA’s claim was $304.6 million (ibid.). Already in 1996 OHA’s claim was considered a serious threat to the state economy and there was talk about increasing landing fees very probably resulting in a reduction of flights with connectivity treacherous effect on tourism and the overall economy as one source put it (National Press Photographers Association 1996). Governor Cayetano at that time was quoted in the Honolulu Star Bulletin as saying, ‘Healey’s ruling would absolutely plunge the state into a fiscal crisis much worse than the islands have endured during the past two years.’

Attempts at negotiations and settlements have followed but the issue has proved difficult to settle (Omandam 1999b).

The PASH/Kohanaiki Supreme Court ruling of 1995 among other things confirmed Kanaka Maoli access and gathering rights on privately owned lands (Hasager 1999 162 et passim). It also added to the general impression of overwhelming and expensive indigenous claims and to the pressure on the government to control and contain Kanaka Maoli rights. The ruling essentially meant that the bundle of rights of private property in Hawai’i do not include the right to exclude others from accessing privately owned property. Judging from the publicity around the case and reactions from lawmakers, lawyers, and realtors the PASH/Kohanaiki ruling is a serious threat to the real estate market. It was the most far reaching of a series of rulings in court cases beginning with the 1982 Kalipi case which confirmed Kanaka Maoli access and gathering rights (ibid.). These rights have been almost verbatim in the written laws of Hawai’i since the 1850 Kuleana Act (Lam 1994).

The PASH/Kohanaiki ruling initiated a series of attempts from public and private parties to limit Kanaka Maoli rights. An example is Senate Bill 8 from 1997 which had provisions going against the Supreme Court ruling. A strong community reaction against the bill politicizing a large portion of the Kanaka Maoli eventually led to its withdrawal (Hasager 1999 164). However, this bill was just one of many attempts to circumvent the Supreme Court ruling.

In February 2000 the US Supreme Court ruled in the Rice v Cayetano case that to restrict voting for Office of Hawaiian Affairs Trustees to Kanaka Maoli was a violation of the 15th Amendment of the US Constitution section 1 of which states that the rights of citizens of the United States to vote shall not be denied or abridged by the United States or by any state on account of race, color. (Lid n.d. Anwar 2000b). The case was filed by Hawaii Island rancher Harold Freddy Rice of the missionary Rice family backed in part by the Campaign for a Color Blind America Legal Defense and Educational
Foundation which is opposed to affirmative action (Donnelly 2000) Rice was represented by lawyer John Goemans who claims that racial tensions in Hawai'i have been escalating during the last 20 years because of race conscious state policies (Campaign for a Color Blind America 1999) After the ruling Goemans stated that it left other publicly funded programs earmarked for Kanaka Maoli vulnerable to constitutional challenges and that the Rice decision is the supreme law of the land [ ] The court has held explicitly that Native Hawaiians is a racial category not a political one And because it is racial all governmental actions specific for Native Hawaiians are presumptively unconstitutional (Anwar 2000a)

Kanaka Maoli present at the court hearings have criticized the quality of the State of Hawai'i defense (personal communication see also Anwar 1999) This ruling reversed Judge Ezra's 1996 Federal District Court ruling that stated that while Native Hawaiians are not now a federally recognized tribe they nevertheless have a special relationship that removes the question of voter eligibility in a special election from heightened constitutional scrutiny (quoted from OHA n d) The Ninth Circuit Court of Appeals had agreed with Judge Ezra and maintained that the OHA's voting restrictions were not primarily racial but legal and political (ibid)

Attorney John Goemans who seems to be the driving force behind these lawsuits also represents Honolulu resident Patrick Barrett (a shy middle aged of modest means and disabled non Hawaiian taxpayer (Anwar 2000a b)) who in October 2000 filed a federal lawsuit against the State of Hawai'i challenging Article XII of the State Constitution

Article XII which was added to the State Constitution after the 1978 Constitutional Convention contains provisions securing key rights of Kanaka Maoli rights to homesteads to revenues from ceded lands and to practice access and gathering It includes the HHCA and section 7 states that the state reaffirms and shall protect all rights customarily and traditionally exercised for subsistence cultural and religious purposes and possessed by ahupua a tenants who are descendants of native Hawaiians who inhabited the Hawaiian Islands prior to 1778 subject to the right of the state to regulate such rights (quoted from Lucas 1991 216) Furthermore Article XII was the basis for creation of the OHA in 1980 as a state agency and public trust ( a semi autonomous self governing body ) with a mandate to better the conditions of both Native Hawaiians and the Hawaiian community in general the former (Hawaiians of at least 50 / blood quantum ) with funds obtained from revenues from the public lands designated as ceded and the latter with funds provided annually by the legislature (OHA n d)

Mr Goemans contends that Article XII violates the 14th Amendment of the US Constitution section 1 of which secures equal protection of the laws for all (Anwar 2000a) The lawsuit contains a motion for a preliminary injunction to stop operations of the OHA and the DHHL The suit states that the US Supreme Court held in the Rice v Cayetano that the definitions of Hawaiian and Native Hawaiian as used in Article XII of the Hawaii Constitution are racial classifications Accordingly this Article in that it provides for governmental benefits services entitle ments and other emoluments to a limited number of Hawaiian citizens based solely upon their race violates the Equal Protection Clause to the United States Constitution (Barrett v State of Hawaii 2000 Sect 8)

Each of the three types of Hawaiian rights is addressed individually Below is quoted part of the section attacking the Hawaiian homelands

THIRD CLAIM FOR RELIEF – HHC is Unconstitutional [ ]

22 The Hawaiian Homes Commission ( HHC ) is a state agency that controls approximately 12 / of the public lands of Hawaii and receives millions of dollars from activities conducted on those lands

23 HHC uses such public lands and funds for the exclusive benefit of two racially defined classes of Hawaiian citizens Native Hawaiians defined as those descendants of the races inhabiting the Hawaiian Islands previous to 1778 of not less than 50 percent of Hawaiian blood and Hawaiians defined as those with any Hawaiian blood Such use of race to provide Hawaiian citizens based solely upon their race violates the Equal Protection Clause unless the state proves a compelling governmental interest in such racial preferences and as well a narrowly tailored program for implementing such defined interest

24 Even though HHC may have been created and maintained by Defendants pursuant to an agreement with or requirement by the United States there was even at the time of adoption of the Hawaiian Homes
Commission Act no compelling governmental interest for the patent racial preferences which the Act provides and requires. Moreover even if such a compelling governmental interest existed at the time the Act and resulting practices are now narrowly tailored and accordingly violative of the Equal Protection Clause of the United States Constitution

25 Because Defendants use of race in this manner cannot survive strict scrutiny even if Article XII of the Hawaii Constitution is not void in its entirety those provisions of Article XII and all State laws regulations and governmental rules creating and implementing HHC are void as a matter of law

26 Pursuant to 42 U.S.C. Secs. 1981 and 1983 Plaintiff is entitled to a declaration that Article XII of the Hawaii Constitution and all State laws regulations and governmental rules creating and implementing HHC are void as violative of the Fourteenth Amendment to the United States Constitution

27 Plaintiff is further entitled to an injunction barring Defendants or any other agent of the State of Hawaii from creating maintaining implement ing or otherwise granting preference to any person or class under the authority of HHC (Barrett v. State of Hawaii 2000 Sect. 22.27)

The Kanaka Maoli community considers the lawsuit a dangerous attack on its existence and several organizations and groups are taking actions to prevent a repetition of the Rice v. Cayetano ruling. The Barrett case once more challenges the existence of the Hawaiian Homes program based on claims of racial preferential treatment which has been refuted several times through the history of the program as mentioned above. However the precedence of the Rice ruling makes the present lawsuit a serious threat to the protection of the indigenous rights of the Kanaka Maoli. Under the Constitution the only option to save Native Hawaiian programs seems to be to follow federal policy and have the Kanaka Maoli people recognized as a Native American tribe for whom the constitution allows special laws and a domestic government status (Moin 1996). The Federal Recognition of Akaka Bill (SB 2899/HB 4704) which already was before Congress when the Barrett suit was filed is primarily trying to create such a status for Kanaka Maoli (US Congress 2000). The majority of the Kanaka Maoli community is therefore supporting the bill - many with regrets - as the only way to protect Kanaka Maoli rights within the current system (CHS 2001). Others stress the importance of preserving the status of Kanaka Maoli as a separate people and nation and not relinquish their inherent right to self determination which was confirmed in the Apology Resolution of 1993 (US Congress 1993) 26

As the rights and claims of Kanaka Maoli over the years were acknowledged they also seem to have become increasingly problematic from a governmental point of view. Huge sums of money and land areas are involved. Not only are Kanaka Maoli entitled to special programs but their rights often have been used to obstruct development projects as documented by the great number of land struggles over the last 30 years (Moini 1994 Cooper and Daws 1985)

In the end the economy of the State of Hawaii and the state's designated role in the global economy as a tourist destination are the issues at stake being threatened by political activity and land and economic claims by the Kanaka Maoli. It is paramount for the continuation of the tourism/land development complex to control this situation (see Kent 1999 and several articles in this volume) and it makes one wonder if it would at all be an advantage for the state to win in the Barrett lawsuit.

As the local Hawaiian elite has become strengthened through involvement with transnational corporations so was the Kanaka Maoli movement for indigenous rights strengthened by becoming increasingly involved with transnational indigenous organizations and institutions (such as the United Nations and its Working Group for Indigenous Peoples Prejean 1994) forming alliances with other indigenous peoples and using the modern electronic means of communication in their struggle. And so is the recent onslaught on established indigenous rights also an integrated part of the pattern of global politics (Friedman 2005)

The involvement of powerful national organizations such as Campaign for a Color Blind America in the public policy of homesteading in Hawaii is akin to the politics of the transnational elite (see Aoudé this issue and Friedman 2005) Are we witnessing the elite's struggle to keep its grip on Hawaiian resources and politics and to protect its economic interest under the guise of protecting democracy and equal rights under the law - which elite at the same time according to recent research (Friedman 2005) is trying to do away with on the level of the working people?
In an increasingly globalized world local survival strategies might be unwanted from the point of view of the national leaders and transnational corporations. A population dependent on importation of food and other necessities is easier to control than a self-sufficient population. Furthermore indigenous peoples worldwide as remnants of colonial politics often have control over or claim rights to vast land areas (Kempf 1993) such as Hawai i s homelands and ceded lands. These lands which typically were left to the original inhabitants by the colonizing settler governments because they were useless are now coveted by the national governments and their transnational partners because modern technology has made it possible to exploit their resources. Indigenous peoples (and environmentalists) who claim rights to these lands and waters and who claim responsibility and compensation for the lands are in the way of such exploitation. Consequently after the initial success of the global indigenous rights movement indigenous peoples are now in many places forced to fend off recurrent attempts to contain or take away their human rights (Hasager 1999) as witnessed in the case of the Kanaka Maoli through the late 1990s.

**Conclusion**

As amply documented by several of the authors in this issue of Social Process in Hawai i the public policies of the recent governments have been to promote the tourism industry. As multinational corporations are increasingly displaced by transnational corporations Hawai i s role in the international division of labor and production is still that of a tourist destination. And the role of the Hawai i state government is still to facilitate this business. Seemingly diversified agriculture and other efforts to diversify the economy as a whole do not change this fact. The implication for administration of the land in Hawai i is a continued focus on the tourism/land development complex which means continued competition and conflict over prime agricultural land and beachfront property.

The actual implementation of the Hawai i state government s policies have neither encouraged homesteading nor small scale farming and the government does not seem to have any particular interest in maintaining either at the present. On the contrary because the Hawaiian Homes program now virtually the only forum for allotment of homesteads in Hawai i constitutes a special form of homesteading closely associated with Kanaka Maoli rights the tourism industry and therefore the government might benefit by limiting (or ending future) Kanaka Maoli claims for land and other rights as the Akaka Bill might do or by dismantling the institution of Hawaiian homelands altogether to free up resources as the Barrett lawsuit threatens to do.

**Notes**

1. This section is based on Marion Kelly s research of Kanaka Maoli culture and land history begun more than 50 years ago. It summarizes findings extensively documented elsewhere (see for instance Kelly 1956 1980 1994 1997 nd Hasager 1997b).

2. Lee had interests in a sugar plantation on Kaua i and was the first president of the Royal Hawaiian Agricultural Society established in 1850. He arrived in Hawai i in 1846 and was the consultant when the United States and the Hawaiian governments discussed annexation in 1854—two years after a major crisis in the sugar market. Almost forty years later deterioration of the sugar market actually led to annexation (Kuykendall 1938 327 28).

3. The comparison with slave conditions is no coincidence. The Penal Code was written by lawyer and planter William Little Lee who looked to Southern slave states for inspiration. I am greatly indebted to the labors of the commissioners appointed to prepare a penal code for Massachusets[ ] and also to those of Mr. Livingston in the penal code for Louisiana. From both of these able works I have borrowed largely (Kingdom of Hawai i 1850 iii iv).

4. A strong argument for not setting aside first class agricultural lands for homesteading was the fiasco of the Waakea homesteading project which became the only experiment of turning a major sugar operation over to homesteaders. Its failure made it a crucial victory for the planters proving that homesteading on prime sugar lands was too costly for the government and would not do the homesteaders any good. However the Waakea project did not fail because the concept of homesteading was wrong or the homesteaders despondent as it was assumed. In 1925 the legislature s Waakea Homestead Commission investigated the project and concluded that it had failed because of the government s lack of oversight and planning and the Mill s bad management and lack of cooperation (McGregor 1989 265).

5. In 1920 only about 20 percent of the lands of the territory was mapped. The original lands set aside were not inventoried for many years (Vause 1962 116).

6. More than 28 000 acres on Maui are undeveloped and without adequate water more than 9 000 acres on Molokai are in the Conservation District suitable only for such use as a game reserve about 49 000 acres are in the remote Humuula area in Hawai i. These three areas alone account for nearly half of the department s total land holdings (DHHI nd 1 2).
7 Influential families most of them originally missionary families and in the second decade of the 20th century members of the Big Five oligarchy The latter family today includes Freddy Rice whose interest in Kanaka Maoli affairs has had serious consequences for them (see below)

8 The natives of the islands [ ] are our wards [ ] for whom in a sense we are trustees said Secretary of Interior Lane quoted from McGregor (1990 22)

9 The information in the following sections is from the original act (HHCA 1921) unless otherwise noted Numbers in parentheses refer to sections of the act

10 The five year probation period gave the ranchers time to negotiate new general leases on lands which were in danger of being homesteaded in this period Much of the ranch land of Hawai 1 Island is still under lease (Faludi 1991 DHHL 1998 35) even though it can be withdrawn and homesteaded whenever [ ] the commission is of the opinion that the lands are required [for homesteading] (212)

11 There is no doubt that the administrators knew about the dangers of salination of the Kulaniana olo Settlement irrigation water Some of them were involved in both ventures (Cooke 1949 2 76f) However this did not stop the commissioners from including this area as the first to be opened up for farming It was a complete failure

12 Under section 221 of the HHCA the homesteaders are entitled to first right to water from government lands for domestic and livestock water uses free of charge (221(b)) and for the additional purpose of adequately irrigating any tract to use free of all charge Government owned water upon the island of Molokai and a few other places From 1990 water for agricultural purposes was included in section 221 which gave the DHHL first priority to water Act 325 from 1991 furthermore requires that the DLNR consults with the DHHL before any water licenses are given State and county agencies must respect present as well as future needs of the homesteaders (Kamau u 1993 3)

13 Murakami (1991 48) finds the Admission Act consistent with the US termination policy in the 1950s in effect denying American Indian peoples their rights as peoples


15 It is not true that many homes built by contractors hired through the department are falling apart or deemed substandard writes the department in a response to a Wall Street Journal article which created nationwide awareness of the situation of the program (DHHL 1991) In 1995 Anahola homesteader Kahale Smith who was protesting the quality of his home killed himself under a forced eviction (Nation of Hawai i n d )

16 Such a status was for a while considered promising by some Kanaka Maoli but after closer affiliation with the American Indians and the indigenous rights movement supplemented with an explosion of research into their own history by the mid 1990s many no longer were in favor of tribal status (Morin 1998)

17 The 130 parcels granted or sold before statehood comprised 744 acres many in Lualualei and Wamanalo The state continued this practice and granted or sold off 15 acres in 16 parcels in Lualualei (Oahu) and Anahola (Kauai) (OSP 1992 Exhibit F)

18 William Burgess Thurston Twigg Smith and 11 other Hawaiian residents followed this with a federal court case challenging the constitutionality of banning non Kanaka Maoli from serving as OHA trustees (Anwar 2000a) They won summary judgment and the 2000 election brought the first elected non Kanaka Maoli Charles Otis an as a trustee

19 The Akaka Bill proposes a Native Hawaiian Government under the US Department of the Interior

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About EmployeesToday

Renee Ing

EmployeesToday has been a low budget think tank for working class people an alternative media source and an advocate for ordinary people- for our point of view and our needs. Articulating this employee friendly perspective the EmployeesToday TV program airs on Oahu's cable channel 54 every Thursday at 8:00 pm and often on Mondays at 4:00 pm.

In 1989 the organization which preceded EmployeesToday the League of Employees for Economic and Democratic Advancement (LEEDA) started. The first campaign LEEDA took up was to fight then Mayor Fasi's proposal of nearly doubling the price of bus passes on Oahu With testimony from a former City Council Chair Patsy Mink private citizens and phone calls from thousands of people the busfare hike was dropped.

LEEDA proposed and lobbied for what became the A+ after school program under the Department of Education Then Governor John Waihee and Lt Governor Ben Cayetano pushed through the A+ program against great private sector resistance with only LEEDA organizing and testifying with the state.

From its earliest days LEEDA worked on affordable housing solutions The League co-organized Hawaii HousingNOW! Coalition rallies with the Waikiki Health Center A 1992 Jim Brewer mayoral bid – essentially a campaign for affordable housing – and other venues publicized the wide need for affordable housing.

In 1993 LEEDA began a public access television show on Olelo Originally called Employees Talk News the show was later renamed EmployeesToday as was the organization. The EmployeesToday show is alternative media which educates about and advocates for employee friendly views and solutions. It seeks to clarify current issues so we ordinary citizens can make sense of the complex events happening around us which are not covered or not covered sufficiently by the mainstream commercial media. For instance the episode about the 1999 big march and demonstration against the World Trade Organization (WTO) in Seattle to where we dispatched a reporter/videographer explained the purposes of the WTO its effect on trade and globalization and its effect on employees working and living conditions everywhere.

EmployeesToday discusses constructive employee friendly ways of handling community problems other than the ways which benefit the corporate world. Corporate solutions are often to the detriment of ordinary people articulating and discussing options ignored by the mainstream media. For instance universal healthcare which exists in all modern industrialized countries except the US has been an ever present topic on EmployeesToday A recent show went from A to Z through the issue of social security and the Republicans continuing attempts to destroy it through privatization.

EmployeesToday spoke out against the Cayetano/Anzai slash and burn agenda and the Gingrich led ultra conservative congress and their so called Contract with America.
Appendix B

Formula for Political Change

Ira Rohter

During my 32 years of living in Hawaii, I have observed many citizen-led struggles challenging the political economic efforts to develop large scale resorts, subdivisions, shopping malls, golf courses, etc., throughout the Islands. Several elements distinguish the few successful challenges from those that failed. An example from Hamakua demonstrates that winners tend to do the following.

Organize around potent issues

Health and cultural issues and people displaced from homes are more powerful than not in my backyard concerns. It was Pladelphia Timbers’ careless aerial spraying of pesticides and smoky field burnings that first prompted a public outcry among Hamakua families. Public meetings to protest these assaults on their health quickly escalated to discussions about larger economic and political issues. Old grievances against the plantation system emerged and for once, little people found their voices heard.

Sell a positive vision, not just a negative one

Offering well thought-out plausible alternatives to elite-instigated projects reframe the debate. The Friends of Hamakua (FOH) and their allies presented counter plans for alternative uses of the public lands that Oji Paper wanted to lock up at cheap rents for 55 years. Ordinary citizens were energized when imagining a better future for themselves and their children if the land could instead be rented to local farmers and ranchers and used to establish a profitable high value forestry industry. Many were further emboldened by the vision of a political process that finally listened to them and their interests. On Oahu promoting the positive vision of an open regional park was a major tactic that the Ka Iwi Coalition used to successfully thwart a big land developer’s efforts to build housing and a golf course on and near the coast line.

Create coalitions, the more widely based, the better

Communities and neighborhoods often try to confront a powerful entity by themselves. They should immediately draw on resources of groups that share similar concerns. The FOH initially got important help from environmental groups on the Big Island and later received valuable assistance from organizations on other islands, the continental US and Japan, in their battle against Oji Paper.

Raise additional issues to broaden and strengthen the coalition

The battle over Hamakua lands expanded so that groups and individuals concerned about health, political corruption, and democratic government, small scale economic development, forestry, organic and regular commercial farming, agriculture, and cooperatives...
Enlist knowledgeable and skillful advisors

This helps organize the community and carry out savvy legal and political strategies. FOH found assistance from experienced island political activists who knew how to mobilize people, get information out to the media, run meetings, and put on demonstrations. US and international forestry and environmental groups provided information damaging to O'hi Paper's arguments. Legal advisors helped FOH and other affected parties build the case for a drawn-out, contested hearing before the Land Use Commission. Professional business analysts criticized the poor economics of the O'hi Paper project and laid out a business plan for alternative uses of the public lands. An orchestrated media blitz—letters to editors, appearances on radio and TV shows, op ed articles—carried the fight to O'ahu where the Governor and many influential legislators reside.

Find support from friendly elected officials

Sympathetic council members were able to delay quick backroom decisions by forcing public hearings to be held and compelling information to be released. They provided legitimacy for opposing the project and served as role models and protectors for groups that were previously politically acquiescent. They can use their office status and political networks to advocate for alternative plans. Establishing the Ka Iwi Park on O'ahu involved a carefully orchestrated strategy combining public mobilization with legal and political maneuvers carried out by several key state and county officeholders.

Resources on Globalization Available at the University of Hawai'i at Mānoa

Ibrahim G. Aoude

A course titled *Globalization in Asia and the Pacific* is offered by Miriam Sharma and Terence Wesley Smith at the School of Hawaiian, Asian, and Pacific Studies (SHAPS). For more details, go to [http://www.mile.hawaii.edu/SP 2000 PACS 492](http://www.mile.hawaii.edu/SP 2000 PACS 492)

Since the Fall 1998 semester, the Matsunaga Institute for Peace and the University of Hawai'i Globalization Research Center have sponsored a series on state wide discussions on globalization. Each semester, 16 programs were produced and broadcast over public access channels across the state. Hour and a half long videotapes of most of these programs are available in the Institute for Peace's Resource Center located in Room 523 in the Social Science Building on the Mānoa campus (telephone 808 956 6433).

Over 80 guests from the community and the University of Hawai'i have participated in the program thus far. The guests discussed general topics of globalization and participated in a special series under the themes of Globalization and Hawai'i, Globalization and Human Rights, and Globalization and Culture. The joint East-West Center/University of Hawai'i Certificate Program in International Cultural Studies participated in the last of these discussions.

As of Spring 2001, the Globalization Research Center has assumed responsibility for continuing the program. The Center may be reached at (808) 956 7984 or via e-mail at global@hawaii.edu.
Contributors

Ibrahim G. Aoudé is Chair of the Department of Ethnic Studies at the University of Hawai‘i at Manoa. He publishes in two research areas: Hawai‘i’s political economy and Middle East politics. He is also the Book Review Editor of Arab Studies Quarterly.

Jim Brewer is the executive producer and host commentator of the cable access TV program Employees Today. He is also the chairperson of the Employees Today Party of Hawai‘i Originating Committee and operates a small on-line bookstore and publishing house called Employee Advocacy Media. He is one of the featured activists in Anne and Robert Mast’s Autobiography of Protest in Hawai‘i. University of Hawai‘i Press 1996.

Ulla Hasager holds a Ph.D. in anthropology from the University of Copenhagen, Denmark, on the subject of land and people of Hawaiian Homesteads. She is teaching at the University of Hawai‘i at Manoa and at Kapi‘olani Community College. Her research areas include theoretical anthropology, human rights and land tenure and use in the Pacific.

Elliot Higa received his masters in social work from the University of Hawai‘i in 1996. He served as a research assistant on the Lanai project. He is currently working as a social worker at Adult Friends for Youth.

Renee Ing, producer, commentator and co-host of the cable access TV program Employees Today, has been active around issues of low income housing, child care, peace and democracy. She is a member of the Employees Today Party of Hawai‘i Originating Committee, which is working to build an alternative to the Democratic Party for Hawai‘i employee families.

Marion Kelly, a recently retired Professor of Ethnic Studies at the University of Hawai‘i at Manoa, she pioneered critical anthropological studies of the history of land use and tenure in Hawai‘i and is continuing her half-century of research and teaching in these areas as well as in other research areas such as indigenous rights and decolonization.

Jon K. Matsuoka is the Interim Dean and Professor at the School of Social Work at the University of Hawai‘i at Manoa. He has focused his scholarship on the sociocultural impacts of economic development in rural Hawai‘i communities and in other Pacific locales. He teaches courses in community organization and human behavior in the social environment.

Luciano Minerbi, Ph.D., AICP, is Professor of Urban and Regional Planning at the University of Hawai‘i at Manoa. His research interests include culturally based planning, community action research and sustainable development. Recent projects address planning by indigenous people, neighborhood planning, environmental and land use planning, contemporary Hawaiian subsistence, ahupua’a planning, and responsible tourism.

Li ana M. Petranek holds a Ph.D. in political science from the University of Hawai‘i at Manoa and is also a flight attendant at Hawaiian Airlines and ex officio of its union local, the Association of Flight Attendants (AFA). She has worked for AFA on the local and national level in public policy negotiations, grievance handling, and organizing. Li ana’s community work includes involvement in housing and labor issues. She writes in the fields of political economy and identity.

Ira Rohter is Associate Professor of Political Science at the University of Hawai‘i at Manoa. He has close links with many of the grassroots groups discussed in his article.
Robert H. Stauffer was born and raised in Hawaii and lives with his family in Kaaawa, Oahu. His 1980 Master's thesis investigated the revolution of the long decade 1839-1850 which set the foundation for subsequent events culminating in 1893 and 1898. His 1990 dissertation focused on how native lands were lost in the 1846-1920 era. Active over the years in community issues, Stauffer teaches and writes on the economic and political events of the past and present and their effects on all of us.

John Witeck is a Training Specialist with the City and County of Honolulu Department of Environmental Services and a Ph.D. student in Political Science at the University of Hawaii at Manoa (UHM). He received a Masters in Political Science (1995) and a Professional Diploma in Secondary Education/Social Studies (1996) from UHM. He worked for 26 years as an editor and union agent with the United Public Workers, serving as Assistant Oahu Division Director up to 1998. He has been active in a wide range of local, national, and international issues for the past 35 years.

Social Process in Hawaii

Social Process in Hawaii is a journal published by the University of Hawaii at Manoa Department of Sociology with the objective of disseminating to scholars, students, and the community the results of outstanding social science research on the people and institutions of Hawaii.

Since this journal's inception, the Department of Sociology has taken the view that the communities in Hawaii offer a rich and varied opportunity for observing the interplay of social processes which maintain stability and provoke social change. It is our hope that the journal might stimulate social research in Hawaii, provide materials for instruction of students, and enhance the understanding of the community among those who live and work here.

With the support of the Andrew W. Lind Social Process in Hawaii Fund, we welcome suggestions and submissions for special issues (thematic edited works, small monographs) in addition to occasional issues of a more general character. Contributions are encouraged from University faculty, graduate and undergraduate students in Sociology and other disciplines as well as other knowledgeable persons in the community. Preference will be given to research based upon sound methodologies and systematic evidence. Articles should employ a mid-level of writing and minimize technical terms. The presentation of complex statistical techniques should be kept to a minimum and where used should be accompanied by a clear textual description of the technique and its results.

Manuscripts are evaluated by the editors and other referees. Editors may occasionally solicit manuscripts, but in general most selections will be from among unsolicited manuscripts.

Authors interested in submitting manuscripts for consideration should send three copies to SOCIAL PROCESS IN HAWAI'i Department of Sociology Social Sciences Building 247 University of Hawaii at Manoa Honolulu HI 96822. The following guidelines should be observed in preparation of the manuscript:

1. Due to space limitations, short articles are preferred. Manuscripts should not exceed 15 double spaced pages. Photographs, charts, and graphs are welcome.

2. Preparation of copy and the format for references should follow the guidelines of the AMERICAN SOCIOLOGICAL REVIEW. In case of unusual problems, consult the Editor.

3. Manuscripts submitted to the journal should be of final draft quality. The editor reserves the right to make minor editorial changes.

4. The University of Hawaii guidelines for allocating credit for research and writing should be observed.