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ISLANDS UNDER THE INFLUENCE: HAWAII AND TWO CENTURIES OF DEPENDENT DEVELOPMENT.

UNIVERSITY OF HAWAII, PH.D., 1979
ISLANDS UNDER THE INFLUENCE
HAWAII AND TWO CENTURIES OFDEPENDENT DEVELOPMENT

A DISSERTATION SUBMITTED TO THE GRADUATE DIVISION OF THE
UNIVERSITY OF HAWAII IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY
IN POLITICAL SCIENCE
May 1979

By

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ABSTRACT

My intention in writing Islands Under the Influence: Hawaii and Two Centuries of Dependent Development was to open a new perspective upon the economic, political and social development of the Hawaiian Islands. In this time of crisis on every level of Island life, this is a study directed at analyzing the roots and meaning of this crisis.

My approach toward critiquing Hawaiian developing is based upon applying dependency theory to the Hawaiian case. In brief, dependency theorists believe that over the course of a number of centuries, the metropole or advanced capitalist nations have largely shaped the development of the peripheral or lesser developed societies in conformity with their own needs and developmental patterns. Thus the periphery finds its development directed and manipulated by agents from the metropole, its resources drained to serve the metropole and its capacity to achieve genuine development severely restricted. Dependency theory argues that structures of inequality and exploitation are built into the international system and that an international division of labor exists which perpetuates the domination of the metropoles.

This study is focused upon the relationship between Hawaii's historic development and the development of the global capitalist system. If we consider Hawaii to be a peripheral area subject to the dictates of an overseas metropole (in the 18th century - Great Britain, today - the United States and Japan), we can evaluate the impact of Hawaii's dependency upon the metropole by examining each stage in the Islands' development.
The objective of Part One is to introduce and examine the concept that Hawaii has been a peripheral society since the late eighteenth century and also to set the historical background for a principle theme of the study -- the transition from a plantation to a tourism-land development society in Hawaii and the significance of the "New Hawaii" economic model. The dominant events in Hawaiian history are all analyzed as part of a situation in which Hawaii's freedom to develop autonomously was being ever more restricted.

Part Two is divided into two sections. The first area here deals with the immense expansion of the global capitalist system during the mid-twentieth century and the general dynamics of corporate expansion overseas. It examines the role of the multinational corporation, as the primary agent of the metropole, in confirming dependency relationships. The impact of multinational corporate strategies in the Pacific Rim is also discussed.

The second section of Part Two applies the general theory of the first section to the development of Hawaii. The emphasis here is upon the transition from a plantation economy-society to one based upon tourism-land development. There are three points of concentration. The first is upon the decline of radical, militant trade unionism in the Islands, once a force for local, grassroots decision-making. Secondly, there is an analysis of how the post-World War Two political elite in Hawaii was coopted and absorbed into the tourism-land development complex and developed vested interests in placing the state apparatus at the disposal of international capital. Finally, there is the role played
by old plantation companies as they abandoned agriculture and became multinational and overseas-controlled.

The Epilogue sums up the consequences of the implementation of the "New Hawaii" developmental model: Hawaii has become a dependent tourism society, much like some other Caribbean or Pacific destinations, but with some special characteristics of its own. I discuss the implications of this kind of development upon Hawaii's people and economic and social structures. The Conclusion develops the idea that tourism-land development in Hawaii is an element of continuity with the Islands' historic role as a dependency of overseas metropoles, but that it also represents a much higher degree of dependency than during the plantation era.
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INTRODUCTION

In terms of sheer quantity, the amount of materials written about the Hawaiian Islands is quite impressive. Since James Cook and one of his shipmates, John Ledyard, set down some thoughts in their diaries two centuries ago while their ships lay at anchor in Kealekekua Bay, these relatively small and seemingly insignificant Pacific islands have achieved eminence as one of the world's most intensively described places per square mile of land mass. This represents a powerful testimony to the enduring ability of what Mark Twain once called "the loveliest fleet of islands that lies anchored in any ocean" to evoke a literary response from so many. Indeed, a cascade of literature has materialized around a host of Hawaiian themes.

Certainly, there exists an abundance of chatty travelogues of eighteenth and nineteenth century Hawaiian "adventures" told in at least four languages, along with the usual plethora of missionary memorials recounting the conversion of the "benighted" to the faith and a goodly number of portraits and self-portraits (some extremely revealing) of the kamaaina elite which ruled Hawaii as its own for nearly a century. These comprise the bulk of the tomes that overflow the shelves of Hawaiian research collections.
And yet, despite this prodigious outpouring of literature, the serious student of Hawaiian society looks in vain for scholarship which can provide a comprehensive and incisive analysis of the dynamics of past and contemporary social, political and economic development. In our own time, a key juncture in Hawaiian history when a series of sharply etched structural and environmental crises have brought the euphoric "celebration of Hawaii" so popular in the 1950s and 1960s to a rather abrupt end, the absence of a literature in the social sciences and the humanities specifically addressed to the most critical questions of Hawaiian development is both distressing and unacceptable.

The dominant studies in the field of Hawaiian history reflect these limitations. Kuykendall, whose importance stems from his influence on later studies, in his massive three-volume *The Hawaiian Kingdom* (1938, 1953, 1967), remained content to provide the reader with innumerable facts of varying import, while refusing to examine issues in depth or to explore the possibility that a variety of interpretations might exist. By treating watershed issues in Hawaiian history as "straight, factual history" needing little inputs of creative analysis, his work served merely to reinforce existing stereotypes of Island development (which viewed that development as both inevitable and beneficial to Hawaii's people and as a triumph of progress and civilization); in other words, the viewpoint of the plantation elite which controlled the society in which he lived and the university at which he taught.

Unlike Kuykendall, who did not care to venture beyond 1893 and
the dismantling of the Hawaiian monarchy, the two most widely read and influential histories of Hawaii (Hawai‘i Pono‘i--1960--by Lawrence Fuchs and Shoal of Time--1968--by Gavan Daws) brought the reader into contact with contemporary Hawaii and took positions strongly critical of the societal despotism that so characterized the old plantation social structure. Of crucial importance to understanding the limitations of the Fuchs-Daws paradigm is the period in which these books were written; the hallucinatory years around the passage of statehood, the "celebration of Hawaii era," a brief, but euphoric time that saw hotels sprouting over Waikiki rooftops, a rampage of tourist and land development that promised the advent of an endless boom, land values doubling fortnightly and the sons and daughters of immigrant plantation workers entering mass consumption North American society as fully enfranchised citizens and consumers. Fuchs (and to a lesser degree Daws) had etched the vignette of a society about to be confronted by a series of dilemmas which neither had foreseen.

Fuchs was particularly enthusiastic in his approval of the emerging Hawaiian model of societal development. He maintained that the "Americanization" of the Islands in the sense of their full integration with the mainland had finally broken the stranglehold of the plantation oligarchy on social life; that the rise to ascendency of a liberal corporate power structure in Hawaii (whom he identified as progressive labor unions, liberal mainland capital interests, a new generation of "enlightened" Big Five managers and local Asian capitalist entrepreneurs; all interested in sponsoring liberal, efficient government) meant a fundamental break with the old society.
More than anything else, *Hawai'i Pono* provided the intellectual rationale for the liberal-corporate developmental model that was being consolidated even as the book appeared in 1961. Fuchs, in fact, spoke confidently of a society that had finally overcome its major obstacles to full maturity and might now provide a shining example (and perhaps even leadership) for others not nearly so advanced along the same road.

Hawaii illustrates the nation's revolutionary message of equality of opportunity for all regardless of background, color or religion. This is the promise of Hawaii, a promise for the entire nation and indeed, the world, that peoples of different races and creeds can live together, enriching each other in harmony and democracy.

Gavan Daws, with the advantage of some years of hindsight on Fuchs, expressed some dismay at the consequences of the two-century long assault on old Hawaiian society and even some ambivalence about contemporary trends (the fissures in the fragile tapestry of the "New Hawaii" were already becoming too pervasive to be ignored by as perceptive an observer as Daws), but he concluded that "the future seemed open and the present was enjoyable enough." And local historian Theon Wright would hail the implementation of the "peaceful revolution" in Hawaii. "It is an aggressive, highly industrialized and economically flourishing society, quite peaceful and wholly

* Daws later sharply repudiated this view calling *Shoal of Time* "a period piece ... One of those tedious stories with no redeeming social significance." He advocated new scholarship that "would put Hawaii in a national and world context to show the kinds of relationships and interdependencies that actually and increasingly determine how life is lived here."

(*Hawai'i Observer* March 24, 1977, p.32)
American. What happened to the racial tensions and the bomb?"

Others like Big Five executives Edward Joesting and Frederick Simpich, Jr. are also well within this framework, scornful of what Joesting referred to as the days when Hawaii was "paradise for the few," but fulsome in praise of the "New Hawaii."

This then is the dominant paradigm of Hawaiian historiography. That one can critique this model of Island development on the basis of its tendency toward a simple reductionism of complex social and historical questions, its reluctance to discuss some of the very nasty dilemmas generated by the very "success" of the model itself. These failures are intimately bound up with the paradigm's world view and the inner logic of the assumptions it makes. Indeed, the lack of self awareness of the kinds of values always middle-class, mid-twentieth century, North American) that inform the paradigm, the lack of awareness of the scholar's class allegiances (which remain unstated and yet are terribly important) and the lack of theoretical grounding in the scholarship; all of this makes this body of work unacceptable as a point of departure for the study of Hawaii's development. We would do almost as well to read earlier works with few scholarly pretensions like Alexander MacDonald's Revolt in Paradise or Joseph Barber's Hawaii Restless Rampart, or more to the point, the genuine and humble scholarship on plantation labor struggles by John Reinecke (which is informed by a vital theoretical perspective). For unlike the Reinecke studies (as limited as they
they are in time and focus), the scholars of the dominant paradigm tell us nothing about the most crucial dynamics of a society in transition. They remain satisfied with a limited and superficial analysis of the evolution of Hawaiian development, content to castigate the pre-World War Two plantation oligarchy and exhalt the liberal-corporate solution (basically the New Deal-post-New Deal national strategies of organized labor-Big Business collaboration with a massive governmental role in rationalizing the economy—as transferred to the Islands). Examination of the weaknesses of this paradigm reminds one of C. Wright Mill's succinct comment:

_As a set of theories - or better, of assumptions about man, society, history - liberalism today is at a dead end ... The most grievous charge today against liberalism and its conservative varieties is that they are so utterly _provincial_ and thus irrelevant toward major problems._

One emphasizes the historical scholarship of the Hawaiian experience since it is in a real sense _all_ that is available to us. A political-economy of Hawaii does not yet exist; an authentic political-economy which investigates the developmental dynamics of Hawaiian society and is informed by a profound historical analysis of the forces that have shaped the institutions and structures of contemporary Hawaii. We do not yet possess a holistic, theoretically integrated literature capable of providing an understanding of the nature of the transformation of Hawaiian subsistence economy to a plantation monoculture capitalism, or the transformation from plantation to tourism-centered development. Critical to any understanding of the Hawaiian developmental process is an examination of the ongoing dialectic between global capitalist
development and local development, the creation of intersystemic linkages and the special role of the state in relationship to capital. In short, the guts of political-economy—who benefits and who sacrifices in the process of development and the question of whether or not what is occurring really is "development" (informed by the concepts of "power," "class," "transformation of the mode of production," etc.)—are absent.

The existing body of Hawaiian scholarship (with the notable exception of Theodore Morgan's work) is rather narrowly focused upon internal development in Hawaii to the exclusion of the dynamic interaction between the Islands and the developing world capitalist economy, the interplay and systemic linkages binding local and overseas elites and the intertwining of the local political process with national and international politics. The dominant paradigm carries the basic assumption that the "New Hawaii" is an integrated, core component of the national metropolis with a modern, sophisticated economy and set of institutions. A further assumption is that the presence of an advanced capitalist, profit oriented system is both positive and beneficial for the welfare of the society as a whole; that the corporation functions as the most logical and rational unit of economic enterprise. Harmony and consensus are viewed as the most significant elements of historical continuity in the Hawaiian pattern; "the peaceful revolution" (to use Wright's phrase), as the final culmination of two centuries of Island development toward a just and livable social order.

The dominant scholarship denies that Hawaii as a state retains
important structural characteristics of the oppressive plantation society that was the Territory of Hawaii. And despite the ever increasing evidence of widespread and virtually insoluble social crisis (joblessness and meaningless work, housing shortages, severe inflation, state fiscal crisis, high crime, local outmigration, unbalanced economic development, environmental degradation and personal disintegration), this perspective has not yet lost its authority among many. For in the absence of a new and viable paradigm of Hawaiian development which can mount a strong critique of the liberal corporate perspective and offer a cogent alternative analysis, this paradigm will continue to retain its de facto supremacy in the academy and elsewhere.

The inadequacies of the dominant tradition of scholarship in Hawaiian development are a mirror image of the inadequacies of the greater tradition of North American developmental analysis to which Island scholarship has (consciously or unconsciously) attached itself. For the dominant social science development paradigm, diffusionism has powerfully influenced the dominant intellectual tradition in Hawaii also.

The diffusionist model promises us (in the words of the Chilcote and Edelstein critique): "Progress will come about through the spread of modernism to backward, archaic and traditional areas."
Through the diffusion of capital and technology these areas will inescapably evolve from a traditional toward a modern state."^6 According to the diffusionist scenario, the infusion of advanced technology and large scale inputs of foreign capital and expertise from the developed world (Western Europe, United States, Japan) will effectively integrate the traditional area with the advanced metropolis. This process is to be mediated by the middle and upper classes of the underdeveloped area in collaboration with multi-national corporations and in theory will provide the basis for rapid economic growth, modernization of economic and political institutions and lay the foundations for longterm economic development and political stability.

Clearly while pre-World War Two Hawaii was not a classical traditional society in the sense of the underdeveloped world (toward which diffusionist studies are mainly directed), Fuchs and others were correct in asserting that plantation Hawaii did possess some familiar structural characteristics shared by many Third World colonial societies; principally, a political-economy dominated by a two-crop export economy; a strongly defined cultural division of labor, a lack of representative political institutions, the absence of organizations that could effectively defend workers' interests, a feudal concentration of landholding and a strong component of violence and repression used to undermine the political and economic claims of the proletariat. The "New Hawaii" finds its justification, in the eyes of Fuchs-Daws-Joesting et al., precisely to the degree that it is perceived as a radical break
with the most restrictive and obnoxious aspects of the old society and the achievement of a democratic and pluralistic society (in the *bourgeois* sense) which can represent a variety of claims in the economic and political marketplace. It is justified to the degree that it facilitates Hawaii's emergence as a first class *core* area of North American society with modern, self-sustaining institutions.

If the old Hawaii was essentially a remote, mid-Pacific backwater—a quasi-colonial maze of sugar cane and pineapple fields directed by an inbred power structure (which thrived on capitalist labor and market relations, but maintained aristocratic pretensions)—then the dominant scholarship of Hawaii came to celebrate its liquidation and the introduction of a modern and "enlightened capitalist order." The new order carried with it a sophisticated and diversified economy and a mass consumption standard of living similar to North America. This claim becomes the cornerstone of contemporary Hawaiian historiography's celebration (rather than analysis) of the Island experience.

This is not the place to analyze the methodology, nor the perspectives of diffusionism and structural functionalism in any real depth. Undeniably, the paradigm does carry some strengths; it has rigorous definitions of terminology which are closely interrelated and contains the systematic consideration of many different variables. Yet, despite its often elegant formulations (or maybe because of them), many profound weaknesses also arise. The most obvious is perhaps its difficulties in operationalizing
concepts. The great vulnerability of diffusionism-structural functionalism-modernization theories, however, lies less in their methodological techniques or even their tendency toward simplistic reductionism of complex phenomena into tight (but often unreal) categories, than in the general narrowness of perspective informing the paradigm which makes it incapable of transcending its class origins, commitments and outlook to investigate the totality of a society's relations.

The ahistoricity of the paradigm, whether in Rostow's misreading of English history to "prove" that today's developed nations were once underdeveloped in the sense of the underdeveloped of today (despite a mountain of evidence to the contrary), or Organski's assertion that strong parallels exist between seventeenth and eighteenth century Western European development and contemporary Third World development; Pye, ascribing the failures of Burmese development to the "interrelations among personality, culture and polity," while managing to ignore the ravages of a century of colonialism; these assessments all lend credence to the critical comment of Keith Griffin: "Theorists from the West are ignorant of the economic histories of the countries about which they are theorizing and have a basic lack of knowledge about the broad historical forces associated with development." Moreover, diffusionists like Rostow frequently enunciate sweeping statements about development while failing to elaborate any mechanism for economic evolution or to provide a coherent argument relating to the inner structure of the economic development process.
Ironically, it has been precisely those who have monopolized the study of the development of the Hawaiian society, none other than the historians themselves, who have been ahistorical in their analysis--glossing over ongoing class and cultural conflicts and contradictions and ignoring the powerful structural forces which have limited and distorted the development of Hawaii for two centuries. Island historians' ecstatic celebration of contemporary Hawaii's integration into the North American colossus is the local parallel to the diffusionist celebration (on an international scale) of the underdeveloped world's absorption of these same institutions and values.

Thus there is much that mitigates against the suitability of diffusionism as a proper instrument of development analysis. Its basic ahistoricity, its isolation from an understanding of concrete developmental problems and processes, its tendency toward reductionism; its remarkably un-selfconscious ethnocentric values (what Stauffer refers to scathingly as "the witless transfer of a parochial social science from its empirical base to radically different environments"); remain critical problems. Its dependence upon equilibrium models, what Amin calls "the monstrous tautology ... the ideology of universal harmonies," all of these make its approach to analysis too fragmented to comprehend the holistic reality of developmental patterns.

The easy promises of diffusionist development belie what is a basic indifference to the welfare of the general population in developing countries whose sacrifices--in terms of unemployment,
inadequate housing, bad nutrition and health, declining living standards, etc.—are programmed to pay for "development." Since the diffusionist model relies upon foreign corporations and indigenous elites as the transmission belts of "progress," far too often these are the real beneficiaries of the process. Raymond Pratt charges that the diffusionists and structural functionalists have "little concern with the human dimension of development" and with the terribly important "feelings of dignity and competence and real self-fulfillment." He finds the paradigm to be in essential ignorance "of the processes of appropriation, allocation and distribution of valued goods and services, the distribution of wealth, the meeting of human needs and wants with political goods." Pratt also points to the misplaced focus of political science development theory which fails "to recognize that the politics of development at the base involves power and wealth, who controls it and how it is used." Finally, Pratt demands a discussion of development in its broadest context: "The political and purely economic as well as the international and national are inextricably intertwined. Central to any discussion must first be some recognition of the international context of underdevelopment." 

Camilleri speaks to yet another major defect of diffusionism when he complains that it suffers from "intellectual ethno-centrism, excessive emphasis on the role of the elites as the agents of development, selective treatment of historical reality..." When Tibbs says that "the nature of modernization theory reflects a particular phase in the development of a single society," he is
reminding us of the manifold pitfalls inherent in any paradigm which holds up for universal emulation an idealized conception of middle class North American life during one brief point in time. No wonder then, as Stauffer comments, "the old development paradigms, once safely immune from challenge, today face attack not only from the outside, but from formerly uncritical supporters."¹³

It is significant that when diffusionist-style developmental strategies failed miserably to deliver on their lavish promises—as they did with increasing regularity in the sixties and seventies—the leading paradigm theorists explained this in terms of *internal* deficiencies. They explained how it amounted to the lack of "achievement orientation," the absence of "innovative personalities and creative leadership." And as the Alliance for Progress disintegrated in Latin America (along with similar developmental strategies in Asia and Africa) and United States-sponsored military dictatorships took power from Brazil to Indonesia (in response to socialist and nationalist challenges), many leading diffusionist scholars became increasingly enamoured of law and order-authoritarian government. That law and order became a dominant paradigm concern is succinctly put by Mark Kesselman: "Order is not considered a prerequisite for achieving the highest political good, but itself becomes the highest political good."¹⁴

Thus when critics like Dudley Sears began examining the validity of existing developmental theory in the nineteen-sixties, they soon came to challenge even the basic assumptions upon which the paradigm
was formulated. "I believe that we have misconceived the nature of the main challenge of the second half of the twentieth century," said Sears, and then he posed a fundamental question: "What are the necessary conditions for the universally acceptable aim—the realization of the potential of the human personality?" Others like James Weaver reacted even more sharply to diffusionist objectives arguing that "the nation which chooses to increase the Gross National Product as its primary goal is choosing to systematically destroy those aspects of human life which enhance human welfare." 

Ultimately, it was recognized by those working toward creating a more relevant and meaningful developmental framework that a return to historical inquiry and a more holistic conception of development were indispensable. One of the foremost protagonists here was the quite conventionally trained University of Chicago social scientist, Andre Gunder Frank. His thinking was radically transformed by what he had witnessed first-hand in Latin America. Making the case for a more incisive analysis of history as intrinsic to sound theoretical work, he wrote: "We cannot hope to formulate adequate development theory and policy for the majority of the world's population who suffer from underdevelopment without first learning how their past economic and social history gave rise to their present underdevelopment." 

Certainly, by the mid-sixties, it was clear to many scholars in the field that fresh theoretical approaches and models were necessary. In the words of one such theorist: "Thus a total approach is needed that takes a sweeping historical and comparative look at the mechanics and ideas that seem to be responsible for the development
A literature of dependency theory arose in the 1960s and 1970s as a response to the theoretical and empirical inadequacies and to the desperate need for viable explanations of underdevelopment. The workings of a generation of diffusionism in the Third World had left its most ardent advocates hard put to defend its efficacy. The advanced capitalist societies had become the major beneficiaries of tight economic linkages with the underdeveloped world—controlling the most productive (and profitable) sectors of Third World economies, while altering the international terms of trade ever more perceptively in their own favor. Growing inequalities in the international economic structure were paralleled by increasing inequalities within the poor nations themselves as domestic elites concentrated more and more resources under their control and excluded numerically growing sectors of impoverished peasants, marginal workers and the ever larger urban subproletariat from meaningful economic and political participation. Finally, it had become apparent that this model could survive only by denying the claims of the masses to decent lives; a denial that meant in practice the outright destruction of open politics and the maintenance of a powerful apparatus of repression.

The intellectual climate in the Americas and Western Europe during the middle and late sixties was quite conducive to the forging of new perspectives. Years of military and political frustration, in Indo-China in particular, led to widespread
disillusionment and successfully undermined the consensus that had
governed the conduct of United States foreign policy since the
beginning of the Cold War twenty years before. This period revealed
not only the existence of powerful indigenous Third World forces
determined to resist the expansion of United States hegemony, but also
the extent to which defense of the empire had overextended and
overcommitted United States resources. The American role in Indo-
China thus supported the emergence of a radical critique of
capitalist development strategies. A significant minority of analysts
came to echo the sentiments of Goulet, when he demanded that
"development needs to be redefined, demystified and thrust into the
area of moral debate."¹⁹

It was in Latin America, fittingly enough, a place with four and
one-half centuries experience of exploitation by external powers and
the focus of a strong tradition of local and national resistance to
imperialism (since the early conquest period), that dependency studies
first began to make significant inroads. The dependencia model in
Latin America takes as its point of departure the work of the
Prebisch or Economic Commission for Latin America (ECLA) group (most
active in the late 1940s and early and middle 1950s) which formulated
a number of innovative theoretical constructs as part of their grand
objective of laying the basis for a reformed and genuinely Latin
American developmental model.

The ECLA social scientists, disturbed at the continuing
stagnation of Latin American economic and social development during
the post-World War Two period and the failure to evolve autonomous and
diversified national economies with their own internally generated dynamic, traced these deficiencies to two outstanding phenomena: the stultifying influence of an internal Latin American social structure dominated by feudal agricultural interests and the considerable economic control exercised by foreigners over strategic Latin American economic sectors and resources.

Viewing the middle class in combination with elements of the national bourgeoisie as the key class elements of the Latin American developmental process, the ECLA group advocated a series of coordinated policies (agrarian reform, income redistribution, import substitution industrialization and regional economic integration) aimed at undercutting the domestic power base of the traditional landholding oligarchies, while strengthening those national capitalists who would assume control over the industrialization process and gradually capture local markets from North American manufacturers. Their plans envisioned a fairly brief and temporary period in which foreign capital would (of necessity) continue to be imported from external sources. This would be however replaced by local financing as soon as possible.

Primary objectives of the ECLA strategy were to produce modernized political and economic institutions under the leadership of those class forces with the potential to break with dependencia, precisely the progressive middle class and bourgeoisie, and to launch the continent on the road to authentic development. This meant the construction of balanced, diversified economic structures and autonomous, self-sustaining, inner-directed economies. In short, the ECLA position
was based upon the proposition that well-designed internal reforms could effectively undermine imperialism and create thriving national capitalist economies.

By the early sixties, disillusionment was deepening. The advent of externally focused North American corporate strategies after World War Two, with their emphasis upon capturing overseas markets and production centers, had brought large new sectors of the Latin American economies under foreign control (utilities, electronics, consumer goods, textiles, chemicals, etc.) with the expected results: a large net outflow of capital, the decapitalization of already capital-poor economies and intensified dependency. Import substitution industrialization did not materialize; the local bourgeoisie remained incapable of discarding their historic role of subservience to outside capital. Land reform was sabotaged by a coalition of the landed elite and the national bourgeoisie; the plight of the poor peasantry and marginal population in the cities grew steadily more acute. ECLA strategists had mistakenly assumed that the identical classes which had implemented the bourgeois industrial revolution in Western Europe could duplicate the process in Latin America. Perhaps their most critical failure lay in the area of misunderstanding precisely how deeply rooted (and hard to overcome) were the institutions and patterns of Latin American subservience to external forces. As one European commentator noted of the entire Third World: "The decisions were already made long ago, centuries ago, and built into the structure which Western Europe built around the
world."^{20}

In the wake of the ECLA and its discredited developmental models appeared more explicitly class-based and anti-imperialist theories drawing their initial inspiration from some of the more radical kernels of ECLA thought, alongside a reinvigorated Marxist critique of imperialism. The older Marxist approach to imperialism, one primarily set forth by Lenin in *Imperialism, The Highest Stage of Capitalism*, had emphasized the export of capital as the crucial distinguishing feature of an early twentieth century monopoly capitalism for whom colonialism was the natural outgrowth of the desperate need to find new outlets for investments of massive concentrations of capital. This orthodox Marxist critique, centered as it was upon Western Europe, had as its focus the impact of the struggle for access to colonies upon *inter-European* rivalries and largely ignored the consequences of imperialism for the colonized areas. During those occasional intervals when Marxists did turn their attention to the colonial world, they assumed quite simplistically that bourgeois revolution, industrialization and progress toward a modern capitalist economy replete with European-style social formations and conflicts were all natural and inevitable items on non-European agendas.

It was in the scholarship of economist Paul Baran that the great value of Marxist dialectical inquiry directed toward discovering the origins, nature and development of the whole structure of a social system, and the subsequent use of that whole as a basis to analyze
its parts, became manifest as a powerful instrument for clarifying the dynamics of underdeveloped societies. Writing for the most part in the fifties and early sixties, Baran concluded that underdevelopment as a historical phenomenon had evolved as a consequence of the penetration of foreign interests into overseas areas. These foreign interests had erected "enclave economies" (kept segregated from the rest of the economy) within mineraly or agriculturally rich regions leading to the absence of an integrated domestic economy with positive internal linkages or mechanisms to spinoff growth throughout the economy. For Baran: "It is the economic strangulation of the colonial and dependent countries by the imperialist powers that stymied development of indigenous industrial capacity thus preventing the overthrow of the feudal-mercantile order and assuring the rule of comprador administrators." 21 He defined "the main task of imperialism in our time" as "to prevent, or if that is impossible, to slow down and to control the economic development of underdeveloped countries."22

Baran laid special emphasis upon the large and continuing appropriation by foreign corporations of the "potential surplus" generated by Third World countries, an appropriation which placed severe constraints on the ability of the underdeveloped to mobilize resources in implementing positive development policies. Of great significance for future dependency scholarship was his argument that the mis-allocation of this "potential surplus" (from a prime potential natural resource for economic and social revitalization) into both unproductive and wasteful consumption by domestic elites engaged in conspicuous consumption and huge profits drained out of the country by
foreign corporations was a consequence of two interrelated factors. These are the nature of the internal class structure within the underdeveloped nations, and their close integration into the international capitalist system.

Although Baran's death in 1964 ended his scholarly contributions all too prematurely, his work as it stands constitutes one of the major foundations of dependency theory. The political-economy enunciated by Baran (and also by his longtime associates at the Monthly Review, Huberman, Sweezy, Magdoff, et al.) amounts to a lucid indictment of an integrated world capitalism which produces blocked, distorted development at its peripheries and results in misery for untold millions of people. Confronting the crisis of underdevelopment, they explicitly espoused revolutionary change as a prerequisite for authentic development. "Economic development has historically always meant a far-reaching transformation of society's economic, social and political structure."23

Latin America was a geographic focal point in the design of the new dependency models. At the Third Meeting of the Faculties and Schools of Economics of Latin America, it was Andre Gunder Frank, playing his accustomed role as innovator and catalyst, who attacked "the stagnation of Latin America and its distorted development," and demanded a new and relevant social science. "The fundamental task of this conference," he stated, "must be to devise the basis which will permit the structuring of a specifically Latin American Theory of Development." He called for a new developmental paradigm
based upon "the historical experience and present day reality of a Latin America which, ever since the conquest, has been incorporated into the world expansion of the capitalist system." 24

Thus from its origins, historical analysis conducted in depth and carrying a strong awareness of the dialectical qualities of historical forces informed the dependency paradigm. In their work dependency theorists placed the underdevelopment of the nations of Latin America within the context of a complex historical process originating in Western Europe hundreds of years before. At that time a world metropole (also known as the core or center) had arisen composed of advanced capitalist nations (initially England and the Netherlands, later most of the rest of Western Europe, later still, the United States, and much later, Japan) whose own development had been markedly reinforced by its ability to draw off substantial resources from Latin America, Africa and Asia. In this process they manipulated the developmental patterns of these areas to their own advantage. Thus, a naturally rich and productive area like Latin America had been reduced to a secondary and subservient economic status in the global order, in short, it became a periphery with the capacity to achieve (in Frank's controversial phase) only "the development of underdevelopment."

The dependency paradigm locates the cause of underdevelopment specifically in historically conditioned structures and external political-economic-social linkages imposed upon underdeveloped areas in the distant (or more recent) past, a relationship continuously reinforced through various mechanisms at the disposal of the metropole
(and those who benefit at the periphery). Placing himself squarely within what is one of the most critical indices of Marxist thinking, the demand for a total societal critique, Frank challenged social scientists "to analyze and explain the origin, nature and development of the entire social system and its structure as a whole and then use the understanding of the whole thus gained as the necessary basis for the analysis and understanding of its parts." 25

The conceptual framework of dependency recognizes the existence of a global capitalist system which originated in inter-European commercial relationships in the sixteenth and seventeenth centuries and then expanded to encompass most of the world. Exploitation of Eastern European timber and agricultural resources by a more economically advanced Western Europe established an initial core-periphery situation right in Europe itself. A hierarchical structure of international division of labor was later transferred to the world beyond Europe as the systemic needs of an embryonic capitalism (in conjunction with the military power of the West) provided the motivation (and capability) for expansion. Mercantilism became a powerful eighteenth century tool for extracting large amounts of surplus from India, the Caribbean, the East Indies and North America. The metropole, whether in the form of Spain and Portugal in Latin America, England in India, France in North Africa, etc., took on the role of what Furtado labels "poles of command" orienting local economic activities to its own needs. Wallerstein tells us that "the creation of vast new areas as the periphery of the world economy made possible a shift in the role of some other areas." 26
The success of the metropolitan countries in building strong, diversified home economies, with ample capital for widespread industrialization and mutually reinforcing economic institutions (capable of providing their citizens with a fairly consistent rise in living standards) was in stark contrast to the situation of the peripheries. The latter were burdened with monoculture export economies, a lack of domestic industry and financial resources, the absence of linkages between various economic sectors and a miserable and declining standard of living. Bodenheimer, for instance, considers Guatemalan underdevelopment to be "a product of a four-hundred and fifty year process, beginning with the Spanish conquest." Her assessment of Guatemalan dependency could be applied to a score of similar countries with equal validity:

The basic new fact of Guatemalan life after 1524 was that economic, social and political priorities were henceforth determined by needs and interests of a foreign power - more specifically, of the dominant classes in Spain, which in turn were shaped by Spain's subordinate position in the expanding capitalism of Europe.

So history assumes prime responsibility for explaining the dynamics of development. A basic hypothesis here is that development and underdevelopment are interwoven threads of the same cloth, interdependent structures mediated through historical power relationships. "Underdevelopment is a product of history ... is part of a process, indeed, it is a part of the same process which produced development."28

O'Brien finds that "what is new in the theory of development is the attempt to start from the world economic structure to the
development of the laws of motion of the dependent economies." 29

Much of dependency theory argues that these "laws of motion" are largely molded by what Galtung refers to as "the vertical division of labor." This presumes the existence of an international division of production (and distribution, consumption and resource allocation which accompany production) as well as a tightly structured international hierarchy through which the accumulated advantages of half a millenium provide the core countries with the means to impose certain economic roles upon the lesser developed. "With a five hundred year lead in science and research over the peoples dominated by her, it lies in the European Community power to establish economic cycles around the world with a division of labor as favorable to the European Community countries as in any colonial period." 30 Thus, within Asia, Africa and Latin America emerge peripheral societies attuned to the economic needs of others and dependent upon others for technology, capital, commercial and technical knowledge and forms of organization. They are integrated within the international division of labor as suppliers of raw materials rather than manufacturers of machine tools; as recipients of hand-me-down technology rather than producers of useful local technology; as providers of cheap land for commercial export crops and still cheaper labor; as recipients of the initiatives of others rather than as initiators.

Loss of control at the peripheral level is a cardinal theme of dependency thinking. This involves a matrix of historical conditioning including economic, social, political and psychological
processes through which the Center manipulates and shapes the Periphery. Galtung provides a graphic illustration of this process in his discussion of the European Economic Community's relations with Africa:

The structure of dominance is precisely the way of making other countries susceptible to one's own power. The basic point is to leave the dominated nations with no alternative... hanging from the end of the rope extended from the center in the Center to the center in the Periphery, trying to make this rope look like an umbilical cord. The basic key to the structure of dominance and its operation is dependency. Center supplies something that the periphery thinks indispensable because it has been taught to think so.

The sense of what Schmidt calls "restricted participation" also finds its way into the most commonly accepted definitions of dependency. For Bodenheimer: "Dependency means then that the developmental alternatives open to the dependent nation are defined and limited by its integration into and functions within the world market."

In the words of Dos Santos, "By dependency we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected." In attempting to respond to the question of what characterizes a dependent area, Ryeymama uses an identical construction. He states that "this system is a dependent one because it reproduces a productive system whose development is limited by those world economic relations which necessarily lead to the development of only certain economic alternatives."

While for the core, the major consequence of its hegemonic position in the world economic structure is its ability to accumulate
capital and resources (and thus reinforce its hold over the peripheries and pacify its own population as well), at the periphery there is grossly uneven development. To quote Amin: "Whereas at the center growth is development, that is, it has an integrating effect - in the periphery growth is not development ... for its effect is to disarticulate ... Growth in the periphery, based on integration in the world market, is development of underdevelopment."

Thus, some of the most salient characteristics of the peripheral economies define their underdevelopment; a distorted emphasis upon primary export production (to the exclusion of a soundly diversified industrial-agricultural-commercial economy), an unintegrated economic structure in which growth in one sector does not provide impetus for growth in other areas; strategic economic sectors under foreign domination; a comprador bourgeoisie under direction of outside interests; a sharply differentiated class structure with large numbers of truly marginal people and above all, loss of control over the present and the future.

What is valuable and unique about dependency models are their commitment to developing a coherent analysis of the global economic structure, its mechanisms and dynamics, and toward developing a theory regarding the significance of the world economic hierarchy. An understanding of the general system informs the analysis of the individual parts. As Camilleri writes: "The great value of the various dependency models is that they eliminate the artificial boundaries not only between the national and international processes
but also between the political, economic, military and ideological dimensions of social interaction.\textsuperscript{36} Indeed, the real value of dependency models as analytical tools derives precisely from their orientation toward dynamism; their concern with assembling patterns of intersystemic and international linkages.

The internal logic of the dependency model leads very clearly to the conclusion that authentic development can only begin when the peripheries detach themselves from the clutches of external control. Frank comments on this: "The periphery can develop only if it breaks out of the relationship which has made and kept it underdeveloped ... or if it can break up the system as a whole." Chilcote and Edelstein declare that "Development requires the overthrow of capitalism and imperialism and the creation of a societal context for development."\textsuperscript{37}

I have discussed the dependency paradigm at some length here because it provides the framework within which the dissertation will analyze Hawaiian political-economy over the past two centuries. The focus of this thesis is toward an attempt to locate the contemporary Island developmental model within a continuing history of dependent development. Using an historical approach, the thesis will attempt to critically examine the conception that the course of Hawaiian development since the eighteenth century has been almost completely conditioned by the demands of an ever more ubiquitous and penetrating capitalist system. In making the assumption that the roots and structures of Hawaiian tourism (and the whole complex of political-economy) extend back into
historically-determined linkages, the meaning of the interaction between the development and expansion of Western capitalism and the development of a Hawaiian political-economy becomes a central theme of the work.

This dissertation will be, I hope, a humble beginning towards an authentic political-economy of Hawaii. Authentic political-economy begins in the comprehensive and integrated historical study of Hawaii, focused upon the examination of the structures and linkages imposed upon it by two centuries of steadily increasing interaction with the global capitalist system. If we take the primary Island industry (ies) in each given period in its relation to the international economy as a central pivot around which to place the changing superstructure of political institutions and general societal development, we can study each successive link which bound Hawaii more closely to the world capitalist system. As we move from provisioning to sandalwood to whaling to plantation agriculture, and finally to tourism, there arise a different set of institutions and relations between Hawaii and the metropole overseas.

In this schema, the watershed events of Hawaiian history are largely defined in terms of the dialectical interaction between the metropole and Hawaii with the global and Island elites providing the mediation role here; a dependent development initiated, directed and ultimately transformed (at will) by the core area. Thus a genuine political economy of Hawaii must examine the ongoing transformation of the Islands through successive stages of economic
development conditioned by the impress of overseas forces. Each new stage creates within itself, and in combination with impinging external forces, the impetus for a qualitatively new and different type of penetration, new accumulation of capital and the creation of new institutions.

The most important task of the first part of the dissertation, then, will be to establish a general model of the development of the plantation society in Hawaii as it emerged from the first century of contact between the islands and the global capitalist order. What is of great significance here is the vital role of the provisioning-sandalwood-whaling industries as agents of a Western penetration that undermined traditional subsistence economy and established capitalist economic and political institutions in Hawaii. Their role as industries which promoted the necessary accumulation of capital was crucial for the rising commercial bourgeoisie in Honolulu. The great watershed events of Hawaiian history—the Reciprocity Treaty, the Bayonet Constitution, the overthrow of the monarchy, and finally annexation—will be examined within the general context of core-periphery relationships (particularly the growth of United States economic interests and power in the Pacific). It will be seen how Hawaii assumes the role of an integrated periphery within the sphere of North American control. The plantation model of the 1900-1950 period will be analyzed in terms of class and social dynamics, economic relations between Hawaii and the United States and also the pattern of relationships that developed between the dominant classes in Hawaii and the metropole.
Part Two concerns the transformation of a plantation society to a tourism-oriented society. It poses the fundamental question of "How authentic is the "New Hawaii"?". How, fundamentally, in terms of power relationships, economic and political control, mass participation, etc., has the old system of concentrated power given way? More to the point here, do the changes which have occurred in Hawaiian society result from the continuation of the core-periphery axis described in Part One, or does the advent of the "New Hawaii" mark a break with past developmental mechanisms? Part Two will discuss the break-up of the old plantation system, the dramatic multinationalization of the Big Five and the establishment of new political leadership in Hawaii, all within the context of the core-periphery dynamic.

The Epilogue takes as its point of departure the development of the "New Hawaii" (discussed in Part Two) in order to analyze the tourism model itself and the salient characteristics of the industry: ownership and control over hotels and associated industries, the significance of Hawaii's "comparative advantage" over other areas in the resort business, etc. The conclusion will assess the value of dependency formulations for Hawaiian political-economy as well as compare dependency relationships established during the plantation period with those of the tourism era.

I believe the most cogent approach to developing a political-economy of tourism in Hawaii (and a political-economy in general) is through a dependency critique of Hawaiian history from 1778 to 1978. Dependency-style inquiry is in tune with the spirit and concrete
concerns of my dissertation. In a thesis whose thrust is towards locating tourism within the framework of two centuries of externally manipulated and controlled development, I find in the scholarship of dependency thinkers, like Baran, Frank, Sunkel, Bodenheimer, Chilcote, Pratt, Cockcroft, et al. (occasionally at odds with each other over a variety of different questions) a commitment towards using history as an instrument to reveal the dynamics of social change and transformation. Clearly Hawaii is not Latin America, neither is it West Africa: there are significant qualitative differences in the historical development of these areas. Yet, because of the overriding similarities in the impact of global capitalism upon selected semi-peripheral and peripheral areas, a number of structural commonalities of great importance are evident.

To subject Hawaiian development to a dependency analysis is to open a door which has been closed too long and to provide a new dimension to Island studies. Thinkers within the dependency framework are making contributions in other geographic areas enormously relevant to my own work in Hawaii: they are kindred souls whose ideas and insights are invaluable to me. To sum up briefly, these are some of the salient points of dependency which inform this dissertation project:

A. HISTORY Dependency places great reliance upon a critical analysis of the historic rise and expansion of the capitalist system in an international framework. There is an emphasis here on the dialectic between international and internal spheres; between the outflow of the internally generated surplus, the generation and reproduction of
dependent structures, the integration of peripheral regions into the sphere of the dominant advanced economies, and the international division of labor and specialized exports. Always, the interconnected nature of development and underdevelopment is a major theme. In the course of my thesis, I will attempt to investigate the hypothesis that over the last two centuries the global division of labor has largely determined the configuration of the Hawaiian model. History as used in dependency scholarship is the key element here.

B. CENTER-PERIPHERY MODEL  This is the touchstone of thinking for almost every dependency formulation... And although Hawaii today is not a "conventional" Third World area, the utilization of a scheme which takes Hawaii as a periphery (or semi-periphery)--changing through time in response to initiatives generated from overseas metropoles--is both useful and provocative scholarship. It also has never been done before.

C. ELITE RELATIONSHIPS  Dependency thinkers also focus upon the relationships between peripheral elites and metropolitan elites. They examine the linkages of class and consumption tastes that cross boundaries and cultures and reflect a commonality of interests that transcends national loyalties. Some of these patterns are very much in line with a principle concern of the thesis, i.e., the linkages between the plantation (and later tourism) elite within Hawaii and overseas elites: both provided mutual reinforcement aimed at perpetuating the existing system. I attempt to delineate the identity of interests constantly maintained over the last two hundred
years between metropole and Hawaii-based elites and the impact of this on development as such.

D. MULTINATIONAL CORPORATIONS Dependency theorists devote a great deal of attention to the principle agents of advanced capitalist penetration in the Third World: they minutely examine the role of the multinationals in transforming essential economic and political relationships, in undermining cultural patterns and in manipulating consumption. Multinational corporations, both the "local" and overseas varieties, play a significant role in the dissertation, particularly in the transformation of the economic base from plantation to tourism. Their role in the "New Hawaii is one of the most crucial aspects of any genuine analysis of the contemporary society.

A pair of caveats should be added at this point. For one, although I certainly believe that dependency formulations are of great value for the study of Hawaiian political economy, I do not intend to use them uncritically. This is a paradigm which (for all its substantial output of literature) remains somewhat unrefined. Critics such as Ray and Lall point out that the model(s) need considerably more finesse in terms of questions like how are the "degrees of dependency" to be established and what are the distinctive forms which constitute a dependency relationship. And even if one strongly disagrees with Packenham's assertion that dependency literature has become a "new orthodoxy" which reduces
"all theoretical/intellectual issues to normative, emotional and polemical issues," it is important to be alert to the potential of this occurring. Thus, in utilizing a dependency approach towards analyzing Hawaiian development, I am aware that this is an instrument which is not yet fully articulated or coherent. On various levels, it needs critical reevaluation and a greater degree of finesse. Yet, if used with sensitivity and discernment (and in conjunction with Marxist conceptual tools), dependency provides an eminently viable way of investigating the dynamics of past and contemporary Hawaiian development.

A second caveat should be rendered here as to the context in which this study is written. I make no claims whatsoever that this work is in any sense "definitive." Neither does it constitute a new "history" of the Hawaiian Islands. I believe that the historical analysis at the core of the study is both accurate and clearly argued. However, given the fact that the broad historical sweep of the study has been gained at the expense of an in-depth historical description of such important areas as the taking of the land by the foreign bourgeoisie and plantation paternalism, this cannot be considered a genuine academic history of Hawaii. *Islands Under the Influence* is rather an attempt to show how dependency has applied to the Hawaiian case over the last two centuries. Taken in this context, it can be used to critique the existing historical scholarship about Hawaii and as one foundation of a new political-economy. Indeed, if this study
succeeds in generating a new dialogue around the history and political-economy of post-contact Hawaii, the time and energy expended on it will be well-rewarded.

A NOTE

This dissertation is based upon a project begun some eight years ago as a personal inquiry into the political-economy of Hawaii. During a period when I was unemployed and also deeply depressed about the war in Indo-China, I began researching somewhat systematically areas such as power structure in the Islands, local history and politics, and the role of tourism in the local economy. This research eventually resulted in a number of articles and academic papers and drew me into the Political Science Department, a place where I felt there was ample space for both personal and academic growth.

What my background and experience have made of me is someone committed to the proposition that quite "ordinary" men and women are capable of building a social order that I would define as "rational," democratically accountable, socially just and as ecologically sound as possible: in short, a society that answers real and universal human needs for dignity, self-respect and genuine solidarity with other people. Since the 1960s, I have effectively abandoned any hopes that the workings of the capitalist system (in North America or elsewhere) could indeed create this kind of human society. Theoretically, I regard the dialectical, historical and humanistic currents that inform Marxism to be an indispensable tool of social investigation. If my
academic work has any real validity, I feel that it is as a catalyst to help ignite people to play a creative role in the great social dramas of our age. The touchstone of my frame of reference is always what I conceive to be the real interests and welfare of the great majority of my fellow human beings. Eric Fromm says it well:

The aim of Socialism is man. It is to create a form of production and an organization of society in which man can overcome alienation from his product, from his work, from his fellow man, from himself and nature; in which he can return to himself and grasp the world with his own powers thus becoming one with the world.
PART ONE

THE TIES THAT BIND
CHAPTER ONE.

TO KEALEKUKUA BAY AND BEYOND

We are in the eighteenth century. It was a busy century, in science and speculation and writing, in economic experimentation and war, in building and art; a revolutionary century, far beyond the confines of politics and social relations.

J. C. Beaglehole
The Life of Captain Cook

"In the morning of the 18th, an island made its appearance bearing north by east and soon after, we saw land bearing north and entirely detached from the former. Both had the appearance of high land."¹ So noted one, James Cook, captain in His Britanic Majesty's Navy, in January 1778, his hard-traveling ships a source of awe and mystery to those Hawaiians gazing across from the shore at what they called "the forest that has slid down into the sea."²

On the threshold of that contact which would so indelibly mark the future of Hawaii, we can appreciate this voyage as but one more culmination of almost a millenium of European development. The sudden appearance of British vessels on Hawaii's shores in 1778 was neither an accident, nor as some would have it "an act of fate." Indeed, this voyage may be viewed in retrospect as simply another logical step among so many, another outward thrust of Western European power in a process of expansion that had commenced in the
eleventh century. By Cook's time, Western Europe—that tiny promontory jutting out from the great Eurasian land mass—had already assumed a quite distinctive place among the regions of the world, exhibiting those qualities which, by 1900, would make the Europeans (and their offspring in North America and Oceania) lords of almost all the inhabited earth.

James Cook and the hardy tars who accompanied him were the inheritors of a dynamic tradition stretching back over a score of generations: this was marked by the emergence of Western Europe from the economic and social breakdown of the early feudal age and the rise of an urban civilization with a market economy geared to generating demands for scarce commodities, valuable minerals and far-off lands, where these could be found. That Cook and his companions were British is significant: England had emerged over the previous two centuries as a prominent European and world power. This relatively small, mist-shrouded island kingdom, along the outer margins of what had once been the Roman Empire, had passed through a complex series of economic and political transformations. These furnished the dynamic for its transition from an economically primitive, raw wool exporter for the more sophisticated Flemish textile industry (in the fourteenth and fifteenth centuries) to the nation about to take the unprecedented leap into the industrial revolution.

Even for a Western Europe in the throes of dramatic change, the rise of England was something quite unique. Back as far as the fourteenth century, when the continent was still divided into a
galaxy of petty feudal and ecclesiastical holdings, the English had already developed a national economy with uniform weights and measures and had eliminated internal barriers to commerce, a commerce fortified by the great demand raised by the large and now well-established London market. The Reformation of 1534 removed the last remaining external authority from English soil, allowing the country complete control over its own development free from outside interference. Mercantile activities overseas (a natural consequence of internal development within England) became the foundation for the massive primitive accumulation of capital upon which English commercial and industrial preeminence was later based. Sixteenth century subservience to Spanish maritime power gave way to Dutch supremacy in the early seventeenth century. But by the 1660's, England, with its full complement of skilled shipbuilders, enterprising merchants and seawise sailors, was already moving toward hegemony, not only throughout the waters of the North Sea and the Baltic, but in the North Atlantic and the Indian Ocean as well. British ships home ported in Liverpool and Bristol pleyed the seas carrying African slaves, West Indian rum, Indian cotton and Midlands light goods.

Crucial to this development was the ability of the English bourgeoisie to maintain access to a variety of resource-rich peripheries. By the sixteenth century, English commercial interests had established themselves in a dominant relationship to the more economically underdeveloped lands of Eastern Europe (Poland, Russia), from which they secured needed lumber (for shipbuilding) as well as
foodstuffs and other vital primary products. The English also established something of a similar relationship along the coastal regions of Africa where they obtained slaves for their own West Indian plantations or carried them elsewhere for lucrative remuneration. Profits here were nothing short of stupendous; in the seventeenth century, they averaged 100% to 300% per slaver voyage. Indeed, the slave trade was one of the foundations of English primitive accumulation of capital and, hence, commercial supremacy. North America and India also constituted peripheries of importance. They furnished monopoly markets for English manufactures, being themselves restricted from competing with English goods by tariffs and other prohibitions from London, while sending enormous amounts of raw materials and specie to lubricate the commercial apparatus of the "mother country."

Finally, there is the matter of those old Celtic lands of the British Isles: Wales, Ireland and Scotland. Throughout this entire period of dynamic English economic development, they were deprived of their political sovereignty and right to free economic development by English political hegemony, their resources (Irish timber, cattle, raw wool and grain; Scottish coal, cattle, etc) were oriented toward filling essentially English needs. Celtic movements towards autonomous industrialization or economic development free from English direction were aborted by English tariff legislation and legal restrictions. This was a quite calculated policy, emanating from London, to limit the options available to Celtic development, a policy the English (and others also) would utilize later on a global
basis. Michael Hecter has analyzed this phenomenon of "internal colonialism" in the British Isles. He states that "Political incorporation per se, resulted in profound structural changes in the Celtic lands. The peripheral economies became heavily commercialized and dependent on extra-regional prices and market fluctuations. Development tended to be on specialized lines ..."4

Thus English mercantile interests, free from external constraints and with a formidable array of peripheries to service their needs, were able to accumulate sufficient funds for further commercial expansion. This, in turn, set the stage for England's industrialization beginning in the late eighteenth century and gaining full momentum in the next century. Profits obtained from mercantile trade led to large capitalization of many projects which, in turn, stimulated industrial innovation. Modernization of the English agricultural sector simultaneously played a key role in the same process of capital accumulation. The kind of self-sustaining, internally integrated economic growth that would become the hallmark of advanced capitalist economies in a later stage of history was already on the horizon in England.

The capitalist system, still comparatively primitive in technique, required a new sophistication: prospective investors, needing large sums of money for the mines, salt works, paper mills and copper works being put into operation, formed joint-stock companies and located substantial pools of capital in the City, London's financial district. Banks were springing up throughout
the country. The mode of production* was dramatically changing. New Industries required large outlays of capital, while the merchant-manufacturer was rapidly replacing the old craftsman of the guild in the large cities. The craftsman, in turn, was becoming the new factory proletarian. Throughout the seventeenth, and into the eighteenth, century, a powerful bourgeoisie was in formation in England. It actively destroyed the old feudal-like monopolies of the guilds, assaulted the privileges of the royal trading monopolies and sought a greater access to investment capital. England, more than any other country in the late eighteenth century, had the motivation and the ability to mobilize resources for expansion overseas.

Hence the James Cook who disembarked in Hawaii in 1778 carried a most significant inheritance. He was heir to the initial thrust of the Industrial Revolution; an age of unprecedented, undreamed of change and innovation in which technical miracles were the order of the day. Coking coal was revolutionizing the process of iron smelting. Nine years before the Discovery and the Resolution reached the Hawaiian Islands, Richard Arkwright had patented the water frame and James Watt did likewise for his new invention, the steam engine. A year after Cook's voyage, the first iron bridge would be laced across an English stream.

* The term "mode of production" is here used in the Marxist sense of constituting the particular technique of production, the type of ownership of the means of production and the social relations between classes resulting from the process of production.
Cook, himself a fifty year old Yorkshireman, was the quintessential new Western man. Son of a laborer, his rise from able bodied sailor to officer represented the miniscule, yet nevertheless significant new social mobility which allowed a small minority of men of ability to occupy positions that in a more tightly caste structured Asia or Africa would have been unthinkable. Adept mathematically, a brilliant navigator and meticulous explorer and cartographer, his was the curiosity of an analytic, probing mind, never comfortable with traditional modes of thought, fascinated with moving beyond existing frontiers of human knowledge.

Cook was also the progenitor of a new kind of professional who has really come into his own in our generation; the technician, the intellectual, the scientist at the service of the wide-ranging schemes and stratagems of designing businessmen and diplomats. He was one of the first of this modern species. The explorer, himself, knew that his presence in Hawaiian waters was the consequence of a mission entrusted to him by the British Admiralty: this was the discovery of what was then believed to be a Northwest Passage across Northern Canada which would provide England, increasingly dependent upon international commerce for economic prosperity, with a shorter, more direct route to Asia and assure its strategic control over the vital trans-Pacific trade with the China coast. As Beaglehole, his foremost biographer, suggests, "international commercial competition" and the "politics of trade" were essential reference points for those who dispatched James Cook on his last voyage. Indeed, the 1745 Act of Parliament authorizing exploration for the Northwest Passage mentions the "great
benefit and advantage to the trade of the kingdom" to be obtained.5

What becomes clear is that James Cook no more simply "stumbled" upon the Hawaiian Islands than he had simply "chanced" upon Australia in an earlier voyage (his orders on that trip specifically mentioned, in fact, the discovery "of the Southern continent ... and its annexation"). His "discoveries" had a certain logic. Above all, Cook did not operate in a vacuum of history. He represented the leading wedge of an official England increasingly influenced by manufacturing-merchant-financial-shipping interests determined to spread commerce (and reap profits) by virtue of a host of overseas strategies, including exploration: Cook's journeys are one aspect of state policy which was "essentially the economic policy of an age of primitive accumulation."6

The Hawaii to which the English came in 1778 was incomparably different from the Great Britain of George III. Traditional economy was based on subsistence agriculture and fishing and life moved in harmonious patterns around the cycles of field and sea. Taro and other crops were cultivated on elaborate terraces, fed by a network of complex irrigation facilities carrying water from high above the valleys, and was exchanged for food from the sea. A traditional system of strict prohibitions, strongly Polynesian in form, guided the daily lives of the people: the kapu system served the essential purpose of regulating the work and distributive mechanisms of the society and investing Hawaiian rulers with the appropriate air of sanctity necessary to maintain the system's legitimacy.

Nowadays, amidst so much contemporary cynicism and despair, it
has become all to easy for many in Hawaii to romanticize the
sterling qualities of pre-contact Hawaii and to ignore evidence of
the sometimes harsh class rule of the ali'i, the rigidity of the
social structure and the brutal punishments meted out to those
considered wrongdoers. Yet, one does sense the presence, in this
quite stable (and on its own terms sophisticated) civilization, of
strong elements of sharing and mutual concern, of communal work
and play and of human solidarity that makes it very attractive to
us today. In view of what happened subsequently to the Hawaiians,
the early post-contact description of them as "certainly the most
industrious people I ever saw" (by the much traveled sailor
Archibald Campbell), is a clue to what they must have been in the
prime of their civilization. It must be stressed that pre-contact
Hawaiian society was (as dependency theorists affirm about Latin
America and Africa also) an underdeveloped society, in terms of
advanced technologies and institutions, but definitely not an
underdeveloped society in the sense of India, of Ecuador or of
Indonesia today.

By 1778, when the dynamic forces of Western expansionism
appeared upon the scene, the two cultures were already irreconcilably
different and the violence which flared between them from literally
their first contact was only a reflection of deeply rooted antagonisms.
What the whole business of life meant to the Hawaiian was clearly a
world away from the values of the Westerner. To James Cook arriving
in the Islands from a vastly different milieu--an aggressive,
commercially-minded England in the throes of the process of primitive
capitalist accumulation leading to industrialization, a society ever more preoccupied with property rights and material wealth—the Hawaiians seemed remarkably nonchalant about their possessions. Cook, himself, seemed somewhat puzzled that, "not only their plantations which are spread all over the country, but also their houses, their clothing were left unguarded without the smallest apprehension."8 The Hawaiian, Samuel Kamakau, later expressed this different world view rather poetically, when he said, "You foreigners regard the winds, the rain, the land and sea as things to make money with; but we look upon them as loving friends with whom we share the universe."9

The immediate impact of the European intrusion was profound. In addition to the act of flaunting the kapus: without retribution, thereby discrediting them in Hawaiian eyes, the foreigners had introduced the previously unknown concept of trade for profit in their dealings with the local fishermen and farmers, as they bartered for pigs, vegetables and firewood. The women quickly learned that their favors would be readily rewarded with the bright calico cloth and trinkets crammed into every sailor's sea chest.

Cook's voyage had broken Hawaii's millennium of isolation from the world beyond Polynesia: within a few years, a varied assortment of Westerners were touching at the Islands across an increasingly travelled Pacific. This was a preindustrial, mercantile age, when European interests were still Atlantic and Mediterranean in nature, and the newly independent United States, still concentrated upon the
Atlantic seaboard, had very little interest in the great ocean lying at the edge of its continent. Therefore, Hawaii's role in the late eighteenth century trans-Pacific trade was confined to being a provisioning station for the handful of American and English fur traders bound for China every year. One merchant wrote with gratitude: "What a happy discovery these islands. What would the American fur trade be without them to winter at and get every refreshment?".10

The provisioning trade soon took on a certain pattern that would be sustained in the future: Island foodstuffs and primary products—pigs, fowls, fruits, vegetables, yams, firewood, etc.—in return for simple manufactured iron objects and tools. In 1795, for example, the going price was one English musket in exchange for nine large hogs, while a chisel would fetch six pigs.11

As early as a decade after the landing of Cook, one discerns the pattern for the next two centuries being established: Hawaii as a resource base for the dominant economic-political interests in the Pacific, repeatedly shifting its economic role in reaction to much greater economic transformations originating at the world economic centers. Global economic patterns superimposed upon trans-Pacific commerce begin creating a peculiar role for Hawaii to play. A peripheral society is already in the process of formation. Hawaiians start to become integrated (in a marginal, yet significant, manner) in the economic grid which led from the fur-trapping camps of the Pacific Northwest to the entrepots of South China. Provisioning would have its day and yet (like all other Hawaiian industries), when
expansion from the Center decreed change--in this case, when food production on the Pacific Coast reached the point where it could adequately supply merchant vessels--the trade quickly expired.

Political cooptation of the Hawaiian elite was the essential prerequisite for integration of the Hawaiian economy within the emerging global economy. Almost from initial contact, many of the chiefs were enamoured of the new commodities and weapons introduced by the foreigners and sought to mobilize them as a new source of status and power against their political rivals. One contemporary wrote:

Many inducements are held out to sailors to remain here. If they conduct themselves with propriety, they rank as chiefs ... at all events they are certain of being maintained by some of the chiefs, who are always anxious to have white men about them. The king has a considerable number in his service, chiefly carpenters, joiners, masons, blacksmiths and bricklayers.

Perhaps the most influential of these foreigners was Captain George Vancouver, one of Cook's junior officers at Kealekekua Bay, a wildly moody and temperamental man who made five trips to Hawaiian waters and enjoyed cruising around the Islands exhorting the chiefs to live "righteous" lives. Vancouver's most ardent protegee, a ruthlessly ambitious Big Island chief, Kamehameha, was deeply engaged in a bitter conflict with the kings of Maui and Kauai at the time of their first meeting. The relationship between these two men was complex and mutually manipulative. Ultimately, in return for military assistance, Kamehameha agreed to cede the Big Island to Great Britain; the Union Jack was duly hoisted to the intonations of Hawaiian chants. Vancouver, always a man ahead of his time, had
envisioned the Hawaiian Islands as a mid-Pacific link between British possessions along the west coast of Canada and the new colony of Australia. He had even landed a bull and cow in Hawaii in anticipation of future needs. However, much to his disappointment, the era of worldwide imperialism had not yet arrived and a Foreign Office in London, more concerned with events closer to home than with an obscure island in a remote part of the world, ignored his unilateral act of annexation. The flag came down.13

Kamehameha utilized his involvement with Vancouver and other Westerners to secure arms and contemporary Western technology and expertise that gave him a decisive superiority over his opponents. Much of the success he had in uniting almost all Hawaii under his rule stemmed from his ability to manipulate this new factor in the Hawaiian power equation—the Western presence. Two European sailors managed the king's guns at the crucial battle of Iao, while late in 1795, the army of Oahu's King Kalaniipule was largely broken by the artillery fire directed by Europeans. "Kamehameha's artillery served by foreigners played an important part in the battle."14

Western guns had shattered the old political divisions of Hawaii and placed Kamehameha upon the throne,* but his successors would pay an

* Kamehameha's rival, Kekuolani, a strongly anti-foreign chief, charged after Kamehameha's death (in the words of the English sailor John Young) that the monarch was a creature of the Europeans: "These were the ones, according to him, who had contributed most to enslave them and to concentrate the sovereignty in the hands of a single individual." (Kuykendall, The Hawaiian Kingdom, Vol. 1, p.65)
extravagant price for that victory. The king's proud
declaration that "I have made my Islands an asylum for all nations,"
would return to haunt later monarchs again and again. Ultimately,
the political consolidation imposed upon the Islands by Kamehameha's
army and Western armaments would prove beneficial primarily to the
outsiders who could now deal with one centralized authority source
(already heavily indebted to, and easily coopted, by them). Indeed,
the immense supplies of sandalwood, so highly valued by Western
merchants for the China trade and being hoisted into the hulls of
American and English schooners to pay for the king's firearms and
accompanying luxuries, were already having a crushing impact upon the
Hawaiian commoners. In unifying the Hawaiian Islands under the
auspices of Western patronage, the new monarch had become their client,
gaining foreign support for his political aspirations (and need for
personal aggrandizement) in return for Hawaiian resources and labor
power. In the process, he forfeited any real degree of
maneuverability. How ironic that the unification of the Hawaiian
Islands can be viewed in historical retrospect as an important step
towards dependency, external control and (ultimately) loss of
sovereignty.
CHAPTER TWO

A TALE OF SANDALWOOD AND WHALING

If a big wave comes in large fishes will come from the dark ocean which you never saw before, and when they see the small fishes they will eat them up. The ships of the white man have come, and smart people have arrived from the great countries which you have never seen before. They know our people are few in number and living in a small country. They will eat us up.

David Malo
1837

Precisely how vulnerable a traditional Polynesian subsistence society is to Western capitalist penetration was revealed by the sandalwood trade which began in earnest in Hawaii around 1810. Regarding its origin as a reflex of global patterns being enacted elsewhere, Shineberg comments that "the sandalwood trade of the Pacific Islands owes its existence to a domestic revolution in England," the replacement of coffee by tea as a mass popular drink. This, in turn, necessitated locating commodities which could be traded profitably to the Chinese suppliers of tea at Canton. An exorbitant horde of gold and silver had been flowing out of English coffers to cover massive tea imports, causing considerable concern in this mercantile age when balance of payments deficits were regarded with something akin to horror.¹

In comparison with provisioning, sandalwood represented a
qualitatively higher degree of Hawaiian integration into the world market. In the first place, traffic to the Islands was increased by the lure of an indigenous Hawaiian product possessing market value in Canton. With Fijian and Marquesan sandalwood exhausted even before the Hawaiian trade began to peak, it is understandable why Hawaii soon became known in the entrepots of South China as "the sandalwood mountains." The considerable volume of the fragrant wood sold in Canton in these years by American ships testifies to the extent of this trade:

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<th>Year</th>
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<td>1817-1818</td>
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<td>1820-1821</td>
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<tr>
<td>1822-1823</td>
<td>1,333</td>
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<tr>
<td>1823-1824</td>
<td>567</td>
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<tr>
<td>1825-1826</td>
<td>200</td>
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One notes that, almost from its inception, the Hawaiian sandalwood trade was American dominated. New Englanders, in particular, figured preeminently in this commerce, with three of the four commercial houses represented in Hawaii being New England based. Each maintained a ship in Hawaii to collect the wood and other vessels scattered throughout the Pacific conducting various trading activities. New England was the most economically diversified and advanced region of the new nation: in the early nineteenth century, it was well along in the initial stages of replacing agriculture with commerce, with whaling and textile manufacture to become its economic mainstay. The West Indies were heavily dependent upon New England for distilled rum and provisions carried from Boston, one of the three centers of international shipping on the Atlantic seaboard. Massachusetts and
Rhode Island, highly urbanized and food deficient, had adopted the road of industrial specialization. Textiles, iron tools, agricultural tools, refined sugar and rum flowed out of these New England ports to the other states and overseas. Amin sums this process up well:

The function fulfilled by New England was a special one from the outset. A model, such as history has rarely provided, of a society based on petty-commodity production, it took England's place as the new center in relation to the periphery constituted by the slave-owning colonies of the South and the West Indies. Having thrown off control by the monopolies of metropolitan merchant capital, New England became a fully developed center.

New Englanders were not strangers to the Pacific. At the time of the sandalwood trade, they could claim an acquaintanceship with the Hawaiian Islands and points further west that had lasted over a generation. Indeed, the first American millionaire, one, Elias Derby of Salem, had reaped his fortune in the China trade, and by 1800, scores of New England-based ships cruised the Pacific-Asian shipping lanes in pursuit of pepper, nutmeg, cinnamon, silk and oriental curios. Profits on these cargoes were enormous, reaching as high as 700% in some cases. The fact that Hawaii now possessed something of value on the international market, a commodity that could be lucratively exchanged at Canton (sandalwood cost 1¢ per pound in Hawaii and brought 34$ per pound in China), provided adequate incentive to bring a host of merchants into the Islands ready to foist off beads, silk hats and handkerchiefs, scissors and even billiard tables upon the gullible chiefs--in return, of course, for sizeable quantities of
sandalwood. From Boston, the owners of the brig Ann advised her captain, "If you can sell the king any articles of your cargo on advantageous terms, to receive your payment in sandalwood when you return from the coast."  

The intense involvement of New England commercial interests in the Hawaiian sandalwood trade had the effect of fortifying American commercial, and ultimately political, influence as well. This brought the first heavyhanded interference with an always fragile Hawaiian sovereignty, since Vancouver's abortive annexationist attempt of a generation before. When both the quality and availability of sandalwood diminished in the mid-twenties, it left the impecunious ali'i with staggering debts to the handful of merchants resident in Honolulu, a group insignificant in numbers, but conscious of their economic interests and prepared to resort to power plays to obtain satisfaction. "Respecting our own debts, I am at a loss what to say, our prospects darken and brighten alternately," is the report of Dixie Wildes to his New England commercial house. He adds ominously, "I hope you and Bryant and Sturgis will make a strong representation to the government. A ship of war here or I fear we shall not get our debts."

Thus gunboat diplomacy became the order of the day. In 1826, Captain Thomas of the United States Navy moored his vessel in Honolulu harbor and pressed the Hawaiian government for repayment of various outstanding debts. Sometime later, the U.S. Vincennes arrived to apply further pressure on the chiefs, an event resulting in the
acknowledgement of $50,000 in debts and the shepherding of the commoners into the mountains to cut some of the last remaining sandalwood in the Islands. Needless to say, the profits from the Hawaiian sandalwood trade contributed in some measure to the process of accumulation of capital by New England merchants and to a deepening of the industrial base and advanced economic development in that region. Unfortunately, the situation in Hawaii was the direct opposite; the capital which might have been mobilized to begin construction of a basic industrial infrastructure was dissipated in a wild orgy of elite consumption of goods that could never be meaningfully integrated into the traditional society or used in the building of a modernized indigenous economic order.

Sandalwood marks the beginning of the transition from British hegemony over the Islands to overwhelming American dominance. This transition was consolidated by subsequent American control of whaling and plantation agriculture, later in the century. As late as 1822, the king of Hawaii, in a letter to George IV, offered to place Hawaii under the British crown; Jarvis also commented upon the fairly widespread Hawaiian "sentiment that England was their protector and exercised a species of guardianship of their country." And yet, as the United States evolved into a commercial and military power, after the early years of the eighteenth century, the penetration of American influence became steadily more noticeable. While very much a second rate power in comparison with Great Britain, the old colonies were developing a definite self-image as the future colossus of the
Western Hemisphere. In 1823, President John Q. Adams dispatched an agent to Columbia and advised: "As navigators and manufacturers, we are already so far advanced in a career which they are yet to enter." 10 The Monroe Doctrine proclaiming Latin America to be essentially a United States sphere of influence was issued a year later.

Another consequence of great importance flowing from the sandalwood commerce is already evident from the discussion above, i.e., its highly disruptive effect on internal social relationships and upon the viability of the Hawaiian subsistence economy. Kamehameha, who held a royal monopoly on the trade until his death, had become a fervent consumer of high priced Western goods such as telescopes, cannons and even ships. He is described in one contemporary account as something of a dandy clad in "a colored shirt, velveteen britches, red waistcoat, large military shoes and worsted socks, a black silk handkerchief around his neck." 11 His fellow chiefs and the kings that followed him indulged themselves in similar manner.

If traditional Hawaiian society was vulnerable to Western intrusion because of its lack of military power and its relatively primitive technology, then the inability of the traditional elite to confront the multifaceted threats posed by external forces to Hawaiian integrity also spelled ruin. The very rigidity of the politico-social hierarchy of old Hawaii (as in sixteenth century Mexico and Peru), the fact that the elite occupied a position of absolute authority monopolizing all channels toward innovation, compounded this failure of leadership. With the passing of Kamehameha (who still had been something of a restraining influence upon the
unbridled exploitation of the Hawaiian commoner and the sandalwood forests), the trade came into the hands of the more rapacious ali'i. "The desire of the nobility for exotic merchandise of the foreigner was great. Their avarice was excited the more by traders competing for increasing business." 12

Soon the old leniency and communally conditioned attitudes of respect for the rights of the commoners gave way to a harsh exploitation (new taxes, new claims to the produce of the soil, etc.) as the chiefs (with the opportunity to "enrich" themselves with fine Chinese silks, English plate and American clocks) ordered the commoners deep into the mountains in search of sources of fresh sandalwood. One might see long lines of Hawaiians returning down the twisting mountain paths, logs strapped by ropes to their shoulders. A contemporary observer reported: "On one occasion, I saw two thousand persons laden with fagots of sandalwood coming down from the mountains to deposit their burdens in the royal storehouse wearied with their unpaid labors." 13 In frustration, embittered commoners tore the ʻiliʻahi out of the ground—roots and all—to destroy the trade.

Eventually, pressure on the commoners to deliver ever-increasing quantities of sandalwood became so intense that the natural subsistence economy began disintegrating as the commoners lacked the time necessary to devote to food production. Famine began to stalk the Islands when it became a common sight to see "men driven by hunger to eat wild and bitter herbs, moss, etc." 14 In the process of their
adoption of external consumption models, the ali`i had assumed the role of agents and accomplices in the destruction of their own culture, a role they would continue to play well during the entire century. Their traditional background of privileges and prerogatives, their attachment to conspicuous consumption as a leading component of status, and their refusal to broaden the base of community decision-making to include new groups from lower classes, all this made them unfit for the role of leadership that inheritance had thrust upon them.

Sandalwood, once among Hawaii's most plentiful upland trees, is probably unrecognizable to at least ninety percent of the people in the Islands today. Yet, ironically, Hawaii may have been spared the greater calamities reserved for those in other lands containing riches far more coveted than sandalwood. Consider the fate of Latin America, where large numbers of human beings were enslaved for generations so that fabulously wealthy gold and silver mines could be pillaged for the ultimate enrichment of merchants, bankers and aristocrats in London, Paris, Amsterdam and Madrid. Only ghosts haunt Potosi, Bolivia, from whose inexhaustible mines legend tells us poured enough silver to form a bridge across the Atlantic to Seville. And Guanajuato and Zacatecas, the fabled Mexican gold mines, now just a desert of slag and gaping craters for miles around with impoverished peasants walking the dusty roads in their huaraches.

The end of the sandalwood trade was only a momentary pause on the road leading to Hawaii's integration within the evolving global capitalist economy; an event which had profound implications for the
internal structure of Hawaiian society. Indeed, the emergence of Hawaii as the principal field base of New England's newly booming Pacific whaling industry, early in the third decade of the nineteenth century, guaranteed that the new class of resident merchants would remain a fixture in the Islands. The exhaustion of North Atlantic whaling grounds, at a time of high prices for whale oil (widely used during this time in lubricants, oil lamps, soaps, paints, varnish, etc.) had diverted hundreds of whalers onto the plentiful hunting grounds of the Central and North Pacific. Hawaii's strategic location at the crossroads of these most lucrative fishing areas made it only a forty day sail to the Japanese coast, fifteen days to the Gulf of California and thirty days to the Kodiak coast. It was a natural stopping point for captains anxious to refit and reprovision their ships and allow their crews some sorely needed relaxation, while they transshipped their accumulated catch of whale bone and oil to swift, graceful clipper ships standing by for the run to the United States. Thus it was a combination of factors exogenous to the Hawaiian Islands---high whale oil prices, the decision by New England whaling interests to transfer their activities to the Pacific and the huge expansion of the United States whaling fleet (aggregate tonnage of whaling vessels increased from 1230 tons in 1815 to 136,927 in 1840) that involved Hawaii in the whaling industry.

Whaling had the kind of impact upon Island economic and social structure that even sandalwood had never achieved. For the first time, the Hawaiian masses were drawn into the cash economy as workers and
producers on a sustained basis. Attracted by the promise of town life, many Hawaiian youth journeyed to the leading whaling towns, Lahaina and Honolulu, to seek work, engage in casual prostitution or even to set their mark to a ship's book for a two or three year voyage. In the years 1845-47, alone, two thousand Hawaiian men signed on as sailors. Hundreds of others crossed the ocean to labor for the Hudson's Bay Company in the Oregon Territory. And a local proletariat appeared amidst the steadily growing port facilities of the two whaling towns. "Among the natives around the port there had already developed a group who, attached to no land, gained their living by their skilled and semi-skilled labor, earning from $50 to $200 a year or more."16

Hawaiian farmers in inland areas started growing food crops expressly for sale, sending vegetables and potatoes to both the town markets and also to the purchasing agents from the ships, thereby taking a large step toward the extinction of the fading subsistence economy. This commerce was orchestrated by the local chiefs who claimed two-thirds of the receipts from these sales as their own.17 The ali'i remained incapable of employing these capital resources in constructive economic ventures; they existed, instead, as a financial sieve to enrich the haole merchants. "Money in the possession of the chiefs was quickly dissipated again into the hands of the traders."18

Honolulu and Lahaina became the geographic foci for the more than seventeen hundred whaling ships that docked in Hawaiian waters between
1829 and 1843, disgorging the first tourist onslaught to the Islands. Some 5,500 visitors came in 1834, this reached 19,700 by 1846. Lahaina's Front Street--the scene of tough, bell-bottomed men wearing checked shirts, who, casting off the rigors and harsh discipline of months at sea, stormed through the town; a many-faced crowd of New England sailors, escaped slaves and footloose Europeans arranging liaisons with their ladies of the night--witnessed a lucrative wholesale and retail trade whose aggregate value amounted to well over $100,000 per year in the forties.

Like the sandalwood trade before it, whaling was overwhelmingly American--between 1845 and 1854, 4,402 ships from the United States docked in Hawaii, as compared to 405 for all other nations combined. This points to a continuing Island dependence upon economic initiative resulting from the expansive qualities of New England commerce. The pattern here would evolve as a permanent feature of the emerging Hawaiian peripheral economy; American commercial dominance over the most dynamic and profitable sectors of the Hawaiian economy and stagnation in the remaining areas.

With the advent of whaling, another permanent facet of Hawaii's incorporation into the world capitalist system appears; uneven economic development characterized by overdependence upon certain sectors linked to the international market economy. In the 1830's, for instance, income from whaling at Honolulu ranged from $69,200 to $129,750 annually, while gross Hawaiian exports for the year 1838 were only $65,850; whaling was thus more significant in dollar volume
than all other export industries taken together. 21 The Hawaiian
crown's longtime foreign minister, R. C. Wyllie, admitted as much:
"The prosperity of these islands depends mainly on the whale ships
that annually flock to their ports. Were the whaling fishing to
fall off, the Islands would relapse into ... insignificance." 22
Meanwhile, the colonial type of trading patterns, which had started
with provisioning, were reinforced by the whaling trade: Hawaii
imported finished manufactured goods like cotton cloth, naval stores,
iron products, furniture, cordage, etc., and paid for it with services
and foodstuffs sold to the whalers.

Honolulu, only fifty years before an obscure fishing village near
the Nuuanu Stream, experienced a meteoric rise in importance under the
impact of whaling and assumed the position of a mid-Pacific entrepot.
Here Chinese tea and silks, specie from Mexico and timber from
California were warehoused and transshipped elsewhere or consumed
locally. It is from this era that one dates the phenomenon which is
another fundamental trait of Hawaii's uneven development (nurtured by
its position in the international system), Honolulu's complete and
utter political, economic and cultural domination over the rest of the
Island chain. Its role is to be a center within the periphery.
Today, of course, the consequence of a long series of historic
episodes, like whaling, is the grossly disproportionate concentration
of industry, governmental facilities and population on Oahu. It
was whaling more than anything else which gave Honolulu the momentum
it has never lost.
The town, in 1810, had been little more than a shabby camp containing some thatched pili-grass cottages and adobe trader shacks lodging the sixty resident foreigners. By the next decade it was a bustling little port, handling the business of a fair number of merchant ships and offering the services of its public houses and taverns (complete with billiard tables and "all kinds of spirits") to entertain the two hundred foreigners now comprising the mercantile establishment. By the thirties, we hear of a town of 10,000 fast becoming an adjunct of New England: Yankee English spoken, Yankee ships in the harbor, doctors, ministers, carpenters and businessmen (four American mercantile houses and two English—worth between $15,000 and $100,000 as well as eleven shopkeepers, mostly American) living in three-storied frame houses with verandas and window shades. Numerous street level shops and warehouses were alive with business, while general merchandising firms prospered through their provisioning and repair work. To be sure, this is not a sophisticated town, even by the standards of the day. However, the six hundred foreigners in Honolulu were increasingly directing their commercial activities toward a grid of what would eventually become downtown Honolulu, Mauna Kea, King, Hotel and Beretania streets intersected by Queen, Merchant and Bishop.

By the 1840's, as the trade reached its apex in the Pacific, six hundred whalers were appearing at Hawaii annually. A number of firmly established business houses were in operation, all fairly prosperous by reports of the period. We know of one merchant, Henry A. Pierce of Pierce and Brewer, amassing $100,000 over a fifteen year period and
yet another, James Hunnewell, a New Englander, who turned an original fund of capital amounting to $5,000 into $67,000 during 1826-30. Their situation was by no means unique among the rising foreign bourgeoisie of Honolulu. To cite one report from the time: "Mercantile business is almost entirely in the hands of the foreigners and they are growing rich rapidly." At least two of the Big Five firms, which later so dominated Island life, had their origins in this era of mercantile-primitive accumulation of capital in Hawaii. Their profits were derived almost totally from wholesale and retail business and services, rather than production of goods. The Pierce and Brewer advertisement of 1840, placed in a local newspaper is illustrative of this: "Having constantly on hand and for sale on liberal terms merchandise imported from the United States, England, Chile and China and adopted to the trade of the North Pacific."25

After 1860, as whales became scarcer and voyages longer and more costly, the whaling industry fell into a gradual, but ultimately fatal, decline; its final death agony occurring in the unnervingly horrible 1871 incident in which the bulk of the whaling fleet was trapped within the massive glacial ice fields of the Arctic, to be swallowed up in an abyss of ice. There were other considerations as well. Petroleum was coming into widespread use, displacing the whale oil market. Moreover, New England shipowners had turned their attention to the more profitable opportunities of functioning as commercial carriers for that region's expanding factories and mills. What whaling
did continue in the Pacific was conducted out of the home port of San Francisco. 26

If whaling had been an unpredictable, sometimes wildly cyclical industry (in 1847 and 1848, for example, the industry temporarily collapsed as a result of some international economic factors), over which the merchants of Hawaii could exercise almost no control whatsoever, and if they were far too overdependent upon it as a source of income, it had nonetheless laid the foundations for a dominant bourgeoisie in Hawaii: this was a stratum of confident New Englanders, Englishmen, Scots, Germans and others who now possessed the capital, commercial acumen and available skills to seize upon whatever seemed most promising a venture. The period of mercantile capitalism, with its service-based industries, was passing: the day of substantial investment in productive assets and agro-industrial capitalism was about to be turned loose in Hawaii. The outcome of this would find the Islands bound immeasureably closer to the world market economy and confirmed in its role as a periphery.
The land is a mother that never dies.

Ancient Polynesian epigram

The capitalist system presupposes the complete separation of the laborers from all property in the means by which they can realize their labor ... the process, therefore, that clears the way for the capitalist system can be none other than the process which takes away from the laborer the possession of his means of production.

Karl Marx
Capital

Dramatic changes that marked the transformation of the Hawaiian economy within the space of three-quarters of a century, from subsistence to mercantilist-based, were accompanied by an increasing sophistication of the governmental apparatus. Although the impetus for this lay with the externally-induced commercial revolution that had rendered obsolete the old forms of Polynesian polity and was making demands for a governmental structure and legal system which could fulfill its responsibilities to a capitalist class of entrepreneurs and merchants, much of the concrete day-to-day work here was carried out by a group of New England missionaries who had first arrived in the Islands in 1820, charged with nothing less than "raising up the whole population to an elevated state of Christian
civilization."\(^1\)

These missionaries conducted the business of proselytizing with much the same strategy as those other New Englanders, the merchants and ship captains, had conducted the business of making profits: they made alliances with the Hawaiian elite and used the hierarchical structure of Island society to secure the allegiance of the lower classes. Cultivating the Hawaiian nobility assiduously, the missionaries used the conversions of some influential individuals at the top of the hierarchy to spread conversions on a mass basis throughout the populace.\(^2\) Utilizing their spiritual influence with royalty, the missionary group was soon approaching the levers of political power. Initially they acted as advisors to the government. Later, as the governmental machinery became more complex, they staffed the upper echelons of the bureaucracy and became the real power behind the throne.

Gradually, the missionary input into the decision-making process succeeded in modifying the autocracy of the monarchy in conformity with the system of constitutional parliamentary government that was the expression of bourgeois political power in Western Europe. Tenacious, strong-willed men like Gerrit Judd and John Riccord wrote a constitution that granted decisive powers to themselves as ministers of the king. One admires their versatility. Former Maine Congressman Elisha Allen, a bespectacled sugar planter, was, in turn, Minister of Finance, Chief Justice and Minister of Foreign Affairs. Richard Armstrong, pastor of Kawaihae Church, played an important role as Minister of Education in consigning the Hawaiian language to obscurity
and Americanizing the school system. By 1842, one Haole observer was commenting: "Much expectations for the new government. Missionaries now have everything in their own hands." Five years later, The Sandwich Islands editorialized:

The king is king in name only, all executive prerogatives and functions of the King have been assumed by individuals constituting themselves a Privy Council. Either Dr. Judd or Mr. Richards presides at the legislative council and explains the law, then raises his hand to vote for final adoption, and they all vote with him.

One cannot (as do some Hawaiians and non-Hawaiians today) attribute base and opportunistic motives to almost every facet of this missionary behavior. Some members of the mission operated from the deepest personal commitment to Hawaiian welfare (as they perceived it), intending to safeguard the territorial integrity of the small island kingdom by modernizing governmental structures and commercial relations as rapidly as possible. In creating a Westernized system of government, in building an infrastructure of harbors and roads to accelerate commerce and in encouraging internal economic expansion, they believed that their attachment to preserving Hawaiian sovereignty was fully compatible with the promotion of a capitalist economy in Hawaii. They agreed basically with the view of William Miller, an English visitor in 1831, who warned the Islanders of the need to expedite commercial relations with the external capitalist powers and streamline the workings of the internal Hawaiian economy as a means of self-preservation: "This therefore being the natural order of things it can barely be supposed that foreign nations will permit so important a source of commerce to be impeded or seriously molested by
caprices and arbitrary measures of the native rulers."

Inheritors of a startlingly bleak perspective of the human condition, deeply pious, often humorless, the missionaries brought with them to Hawaii a harsh Calvinism whose emphasis on the godliness inherent in the accumulation of private property and material blessings ("Seest thou a man diligent in his business. He shall stand before kings.") was in actuality the bedrock principle of a society in the early stages of industrial capitalism. This was the ideological baggage of the neat and prosperous merchants, factory owners, shop owners and bankers who wielded power in New England. The complaints now made about Hawaiian "shiftlessness" and "lack of thrift" were legion. They were horrified at a Hawaiian lifestyle, at once casual and oriented to human gregariousness. The Reverend John Emerson wrote to his brother: "I cannot go on preaching to a lot of people sitting on their haunches with no purpose in life." One of the founders of today's mighty multinational corporation, Castle and Cooke, Samuel N. Castle, spoke in the moralistic homilies so many of the missionaries used, when he advocated the establishment of a new sugar plantation to benefit workless Hawaiians: "As it is true that indolence begets vice, so it is true that industry promotes virtue. All successful efforts taken to produce industry by proper means tend to promote virtue and must be beneficial to that people on whom they are bestowed."

Their knee-jerk response was to expunge those Hawaiian customs that seemed to undermine the grand objective of material accumulation; in effect, most of the indigenous culture—traditional art, language,
dance, sexual mores, nudity, etc. Ultimately, however, their most profound contribution to the destruction of the old society was something for which their capitalist value orientation, personal stake in the new sugar economy and American national loyalties had well prepared them. This was an alliance, and ultimately integration, with the existing mercantile class to guide Hawaii along the next stage of dependent economic development.

During the initial years of missionary activity, certain conflicts had arisen between merchants and clergy. The primary basis of this antagonism lay in early missionary efforts to protect the Hawaiians from undue exploitation and abuse by unscrupulous foreigners. By 1826, there were open confrontations at public meetings; merchants charging that missionary influence was encouraging people to neglect their fields in favor of reading books. These merchants, who depended upon regular deliveries of locally grown foodstuffs and related products for profitable sale to foreign vessels, opposed clerical practices that limited their access to Hawaiian production. Some comments were most unkind. Trader Stephen Reynolds spoke of missionary leader Hiram Bingham as "the most impudent puppy I have seen in many a day ... a blood sucking, cash sucking, lazing, lying wretch."³

By mid-century, however, the interests of both groups were on their way to being reconciled. Even those missionaries who sincerely believed in maintaining Hawaiian independence as a sovereign nation saw implementation of this in the erection of a modern capitalist economy intimately linked with the United States. It was an
identity of interest to be cemented by the mutuality of holdings in the land* and the plantation economy that emerged from the new land tenure system. If Hawaii was to become a modernized nation, whose laws and customs reflected the most highly developed forms of the capitalist metropole in England and the United States, then land legislation and agricultural practices would have to be brought in line with foreign notions. By the late 1830's, foreigners, in and out of government, were pressing the king for basic changes in land tenure arrangements. Among the bourgeoisie there existed a considerable vested interest in making land tenure more secure.

World traveler J. Henshaw Belcher noted, in passing through Hawaii, that "The Americans alone have at least $572,000 worth of property at stake upon Hawaiian grounds. They have two or three sugar mills in successful operation and two extensive silk plantations on Kauai alone."9

In 1836, when the USS Peacock dropped anchor off Oahu, gold-braided Commodore Kennedy paid an official visit to the king, advising him to establish firm property guarantees for foreign landholders and to allow American businessmen the right to do business without interference from the monarchy. The Hawaiians demurred, then insisted upon the validity of their thousand-year-old traditions. This was not

* An 1850 report to the Privy Council reveals ten clergymen holding 3,877 acres in toto. It was the sons of the original mission companies, however, in the next generation, who would become the dominant large plantation owners.
to be an adequate response in a world where Western arms were battering down every barrier to the penetration of commerce. The British, on the eve of the Opium War, which would force China into a role of vassalage for the next century, still regarded Hawaii as something of a sphere of influence and threatened "an end to good understanding between the two governments if British commercial interests were not secured." Next came the French, in the person of the swaggering Captain La Place and his frigate the Artemise, demanding, at gunpoint, and receiving economic privileges for French residents. All of this culminated in an 1839 law protecting building lots from confiscation. "The visits of the American, English and French men-of-war during the last sixteen months established the inviolability of property and person and the natives made to fear the law of nations," reflected merchant Charles Pierce with a measure of contentment. 10

Still dissatisfaction was rife among the new landowners, especially since the California Gold Rush and the recent United States acquisition of the Oregon Territory had stimulated a population influx into the West Coast of North America and vast new opportunities for Hawaiian producers to supply potatoes ($27 a barrel was the going price in California, as compared to $2 in Hawaii), butter, sugar and coffee and reap windfall profits. 11 As early as 1846, Rev. Richard Armstrong (owner of 1979 acres in Maui) was informing a correspondent: "A brisk trade is opening with Oregon and California ... The sugar and molasses of the islands will be in demand in these territories and they will bring lumber, flour, salmon, etc., in exchange." 12
resulting economic boom reached such a level four years later that this same Armstrong was writing that "every bean, onion, potato or squash that we have to spare is at once snatched away to California to feed the hungry multitude there." Exports to United States Pacific Coast ports doubled to over $25,000 from 1848 to 1851. The Rev. William Alexander informed his relatives: "These islands feel more and more the effects of the mighty state that is springing up so near us at California. ... Every lot and garden is planted and the islands will be able to freight a great number of vegetables during the coming year." The merchants in Honolulu were drawing a profitable bounty from supplying California's needs. According to an American Factors company biography: "Supplying whaling fleet and prospectors rushing after gold in California has boomed business. Hackfelds (American Factors) now operates two stores, acts as agents for sugar corporations and the Russian government ..."

To a bourgeoisie demanding land as a transferrable commodity, reinforced by laws which protected their ownership rights and facilitated large-scale investments, the existing land arrangements seemed vague and murky, too crippling in their restrictions and too subject to the irrational whim of chief or king. The new West Coast-linked prosperity had afforded the entrepreneurial elite of

* It should be noted that Hawaii's role as an exporter of basic foodstuffs to California ended rather abruptly after the Civil War when agricultural production on the West Coast was expanded. Related commercial products also lost their West Coast markets. Cotton, for instance, a major Island export in the sixties, was finished by 1875.
foreigners—now comprising the older mercantile bourgeoisie, ambitious newcomers like Charles Bishop who were attracted to Hawaii as a new commercial frontier and some of the clergy as well—a vision of what role Hawaii might play in an integrated trans-Pacific economic system. The first sugar plantation, established at Koloa, Kauai in 1836 had achieved definite financial success. This acted as a spur to other investors in sugar who doubled sugar production between 1837 and 1847. Planter William Ladd predicted confidently: "That this will become a sugar country is quite evident, if we may judge from the varieties of sugar cane now existing here, its adaptation to the soil; the price of labor and a ready market."16

"By 1845," writes Levy, the land tenure system could neither maintain itself in the face of a hostile foreign world nor accommodate itself to the wishes of that world."16a Thus from various quarters arose a clamour aimed at the radical revision of Hawaiian land tenure policy in the interest of establishing capitalist agriculture. Fuchs tells us that "pressure for the Great Mahele now came from sugar planters as much as from any other group. They wished security on border rights."17 Under intense pressure to act, the government finally appointed a land commission under the leadership of Minister Judd (also a sugar planter of some holdings): The Great Mahele, or Division of Lands, was to be the outcome of their labors.

Under the provisions of the Great Mahele, sixty per cent of the land in the Hawaiian archipelago was allocated to the crown and
government (2,479,000 acres), thirty-nine percent to two-hundred and eight chiefs (1,619,000 acres), and less than one percent to eleven thousand commoners. Subsequently, rights of ownership were permitted foreigners and fee simple land sales legalized. The bourgeoisie hailed the new arrangement as a momentous watershed of liberation for the Hawaiian commoner: "I thank God that these things are now at an end, and that the poor kanaka may now stand on the border of his kalo patch and holding his fee simple patent in his hand, bid defiance to the world." However, almost in the same breath, they attempted to blame the inevitable consequences of the new land policy on the failings of those destined to be its victims. In the words of one important government official who had played a significant role in the new land legislation, Judge Lee, "We shall advise the Hawaiians to keep their lands but if they fail to, on them the responsibility."  

And the "inevitable" did happen: the Hawaiians were severed from the land that had been the basis of the Polynesian subsistence economy. In theory afforded the opportunity to secure small freeholds by the 1850 Kuleana Act, the commoner found his path to becoming the solid yeoman farmer, popularly advertised as his future, blocked by a series of frustrating and often unintelligible rules and obstacles: A land tenure system derived from an utterly different cultural and economic context from the one he knew; a system requiring personal applications for land deeds, proof of occupancy and a relatively sizeable (cash) fee for surveying and registration of the land title. Levy emphasizes the stipulation in the Kuleana Act that
required the commoners to prove that they had "really cultivated" the land applied for as a particularly serious obstacle here in securing title.\textsuperscript{19a} There is evidence that some Hawaiian commoners simply ignored the new legislation as of no concern and tried to continue the old ways. Western concepts, such as "land title" and "land tax and the conception of land as a marketable commodity, lay outside the realm of ordinary Hawaiian experience.

Of 1,000,000 acres theoretically allotted to the commoners, only 28,000 were ultimately awarded and even many of these were subsequently alienated for non-payment of taxes or non-compliance with some facet of the law. "Once obtained, the kuleanas passed rapidly into the hands of the rising sugar plantation operators, or to land speculators."\textsuperscript{20} Indeed, a host of opportunistic, upstart "men on the spot" loitered around tax and land offices eagerly snapping up lands declared to have been legally vacated. Land baronies were instantaneous creations. This was the germination time for a number of Ho\'ole families who would eventually rise to prominence in Hawaii. The ali\'i, incurably addicted to Western luxuries, sold off vast landholdings for a fraction of their real worth. In 1856, only 209 of 15,514 land claims were held by foreigners; thirty years later, two-thirds of all government allotted lands were in the possession of foreigners. By 1896, they owned 57\% of all taxable land, while the Hawaiians owned but 14\%.\textsuperscript{21}

The ouster of the Hawaiian people from the land was an irreparable blow which doomed them to cultural debasement, economic destitution and a third-rate status in their own homeland. The
continuing policy of appropriating Hawaiian resources to further the ends of capitalist accumulation had the ultimate impact of undermining, for once and for all, the viability of The Hawaiian Way. In the words of Bodley's broad indictment of widespread Western practices that led to similar results elsewhere, "The significance of these policies is that they create conditions under which a tribal lifestyle can no longer be a viable alternative for those wishing to pursue it."22

For the rising foreign bourgeoisie, however, the dispossession of the Hawaiians was an essential precondition for the flourishing of capitalist export agriculture in Hawaii. Marx speaks of this as a general tendency of capitalist development (which was also exhibited in world areas far removed from the Hawaiian Islands):

The transformation of the individualized and scattered means of production into socially concentrated ones, of the pigmy property of the many into the huge property of the few, the expropriation of the great mass of people from the soil, from the means of subsistence and from the means of labor, this fearful and painful expropriation of the mass of the people forms the prelude to the history of capitalism.23

The Great Mahele and the onset of the plantation economy are a culmination, at one certain point in time, of a complex, interconnected series of events whose beginnings may be dated from January 1778 (or to be more accurate, perhaps centuries before in Europe). The Hawaiians, themselves, after an initial, short-lived enchantment with the curious strangers from across the sea, had abandoned any illusions about the place they would occupy in a
capitalist, economically rationalized Hawaii at the service of more economically developed areas. The smouldering discontent against foreign political domination, the destructive nature of the cash, market-oriented economy on those more accustomed to subsistence modes of production, the land-grabbing and speculation of the day, found expression, in the mid-1840's, in a spate of petitions and memorials addressed to the throne. "If the nation is ours, what good can result from filling the land with foreigners," pleaded one petition from Lahaina. "The Hawaiian people will be trodden underfoot by the foreigners. Perhaps not now or perhaps it will not be long before we shall see it... Another thing the dollar has become the government for the commoner and for the destitute. It will become a dish of relish and the foreign agents will suck it up."24 From Lahaina, a center of this agitation, Dr. Dwight Baldwin reported, "Something seems to have stirred the natives to the bottom. I do not know what was done at the meeting, but I am told the object is to bring about no Haole rulers."25

There were other responses from the grassroots as well. These were drunkenness--"In rural districts, natives are commonly drunk at all hours of the day, a thing almost unheard of years ago," noted one missionary--suicide and apathy. Most revealing are the appearance of a number of eclectic messianic cults similar to those arising in places from Zululand to Central Luzon, Wyoming to Burma, as age-old cultures crumbled under the Western intrusion. During the forties in black, volcanic Puna, a cult of the new "trinity," Jesus,
Jehovah and Hapu arose, promising refuge for believers in a world about to be destroyed. We know of a Kamuela woman, calling herself Lono, who spearheaded a revivalist movement on Oahu's North Shore in 1845 and attracted a following. On Kauai and Oahu, hundreds of Hawaiians engaged in never-before-seen rituals under the direction of persons claiming divine sanction. Two decades later, prophets still appeared on the Big Island whispering of ancient mysteries and a world to be reborn. One perceptive observer, the itinerant sailor-novelist, Herman Melville, paused to make this notation while wandering around Honolulu, "Are these, alas! the fruits of twenty-five years of enlightenment?"
CHAPTER FOUR

THE RISE OF KING SUGAR

We must cultivate entirely for a foreign market to pay for our importations. We import all our building material and all our clothing and drinks. We can't go back to the times of Kamehameha I and live on poi and wear a malo.

Charles Bishop
1874

(The bourgeoisie) compels all nations, on pain of extinction, to adopt the bourgeois mode of production; and compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image.

Karl Marx
Capital

When the Great Mahele had taken from the Hawaiian people was used in laying the foundations of the sugar plantation economy that would form the base of the rising Haole elite's economic and political power for the next century. Morgan, for one, stresses the significance of the Mahele and new capitalist land tenure arrangements. "Capital could now be invested with security; the road was clear for the rise of the sugar industry which has chiefly dominated the course of Hawaiian economy since." The forced alienation of thousands of Hawaiians from access to the soil not only provided the bourgeoisie with a vast acreage of fertile lands for cultivation, but also with a
ready-made labor force. Hawaiian landlessness thus fulfilled another basic precondition for efficient capitalist production. In stripping the Hawaiians of their lands, the planters also guaranteed themselves control over a proletarianized labor force which furnished the great bulk of plantation workers until the mid-1870's. R. C. Wyllie, a planter and the kingdom's foreign minister, had defined the ingredients of commercial success for the new sugar industry: "Three fundamental elements essential to our progress are cheap land, cheap money and cheap labor." The Mahele and new land policies delivered at least two of these.

Since the international market in which Hawaiian sugar sought to establish a firm position defined the economics of sugar production, Island sugar planters adopted many of the same strategies for profitable operations as had their fellow planters (and possible competitors) in other sugar producing areas. In practice, whether in the Caribbean, the American South or elsewhere, this meant a very substantial concentration of land, labor and capital aimed at producing a cost-efficient crop. These strict imperatives for the maintenance of profitable production resulted, in turn, in a massive socio-economic impact upon the societies playing host to "King Sugar."

To quote Davis' description of the dynamics involved in the Caribbean sugar industry:

Sugar transformed society in every area it touched, because of the economies of scale that large productive units offered ... The sugar plantation changed colonial societies in much the same way that the factory for a time changed English society. The efficient scale of operations required a large concentration of fixed capital and the owner of the
capital wanted a completely subordinated and rigidly disciplined labor force. 3

Sugar societies, in general, thus came to be characterized by a series of interlinked phenomena: a heavy concentration of political and economic power in the hands of those in control of the sugar production apparatus, a sharply stratified class structure with a strong racial or cultural component, and a monoculture export economy linked to the metropolitan areas of North America and Western Europe. The relationships between the sugar societies and the advanced capitalist world became classical examples of dependency.

When discussing any facet of Hawaiian development after 1778, one can never stray too far from the external influences at work here. It was the steady march of the United States across the Great Plains, over the Rockies and to the Pacific Coast that had set the stage for a sugar plantation economy in Hawaii. Manifest destiny strategies of continental domination, directed from urban centers in the northeastern United States, along with high world market values for gold and other Western products, had created a highly enticing market for Island sugar. This was recognized by the newly formed Royal Hawaiian Agricultural Society in an 1850 statement:

The extension of the territory and government of the United States to the borders of the Pacific, the wonderful discoveries in California and the consequent creation of the mighty state on the western front of the American continent, has as it were, with the wand of a magician drawn this little group into the very focus of civilization and prosperity. 4

The Reverend and Minister of Education Richard Armstrong noted, 'There are sugar farms here now worth $30,000 and $40,000 ... Our
sugar farmers are prospering admirably. Most of them began with nothing and now they are rich men."\(^5\) By 1855, the Collector-General of Customs valued American participation in the local economy at $5,000,000 in permanent investments. And Laura Judd, one of the original missionary compact to arrive in the Islands, wrote of the situation as it existed in the mid-fifties: "All the commerce and nearly every honorable and lucrative position were already in the hands of foreigners as well as large tracts of land."\(^6\)

The composition of the new plantation-centered bourgeoisie was diverse. Some were experienced in Island commerce, old hands in the whaling trade like Charles Pierce; others were opportuning newcomers like Charles Bishop, who stepped off an Oregon-bound packet for a brief stay and within three years was the king's Collector of Customs. Within twelve years he was a prominent merchant, banker and planter mixing as an equal with the newly ensconced social elite of Alexanders, Baldwins, Richards, Castles, etc. Other such newcomers were Benjamin Dillingham, the Massachusetts sailor who founded a commercial dynasty, and a onetime Maui carpenter named James Campbell, who accumulated 15,000 acres in Kahuku and 40,000 more in Ewa, Oahu, in addition to 25,000 choice Big Island acres. Released from their obligations by the American Board in 1850, members of the mission such as Henry Diamond, E. O. Hall, S. N. Castle, Walter Rice and Amos Starr Cooke immediately launched business enterprises. Their status as missionaries aided them immensely, for they were the beneficiaries of a government policy of selling land to mission members at a fraction of
its customary price.

As sugar sales to the United States increased, those older commercial houses, whose retail-wholesale-mercantile business had dwindled because of the sharp decline in whaling (while still possessing a considerable fund of both capital and commercial expertise) assumed the role of agents for the rapidly expanding plantations. They performed such essential functions as banking, floating loans, making contacts with shippers and purchasers, and warehousing, and gradually gained control over almost every aspect of the Hawaiian sugar industry in the process. Henry Hackfeld, proprietor of a small fleet of vessels running between Bremen and Honolulu, early realized the latent possibilities presented by the new industry and became the factor for Koloa and East Maui Plantations. C. Brewer, a relatively venerable merchant house, made the transition from whaling provisioner to sugar factor fairly easily. A shrewd Englishman, Theophilius Davies, owner of a well-known Honolulu emporium, also began to dabble in the "White Gold" trade, while two former members of the mission party, Messrs. Castle and Cooke, operating out of their general merchandise store at King and Fort Streets, handled an increasingly lucrative sideline in sugar marketing and loans.

The 1840's and 50's were a critical early period for Hawaiian sugar. The familiar scene here (so typical of the early, pre-monopolistic stage of capitalist industrial development) was of numerous small enterprises, lacking adequate capital, going bankrupt, while the industry consolidated itself into larger and larger
productive units. By 1847, only five plantations had survived this vigorous "weeding out" process. 

An ocean and a continent away, in the United States, an unsolvable political crisis escalated into military hostilities and closed off Southern sugar production for Northern and Western markets. The Civil War provided the first great stimulus for the Hawaiian sugar industry. Sugar prices were raised from the rather mediocre level of the fifties (6.95¢ per pound) to a highly profitable 17.19¢ by 1864. War also meant a consistently high demand for Hawaiian sugar. According to a San Francisco Bulletin correspondent, sugar in Hawaii had "surmounted all difficulties and is now in the full tide of success." 

High profits stimulated a number of years of rapid expansion marked by the introduction of newly engineered irrigation systems, modern fertilizers and ultra modern machinery. Indeed, the complex of personnel at the apex of the sugar industry, the financiers and their managers and engineers, were meeting the challenge of bringing water to Oahu's central plain or to Wailuku with the same painstaking thoroughness their contemporaries were applying to the design of the Suez Canal and the inter-continental railroads, to the construction of massive new armaments and steel bridges, and to the penetration of remotest equatorial Africa. In this mid-Victorian age of streamlined technical miracles, it seemed that no force could stand before determined men armed with powerful new technology. What was happening in Hawaii, in California, in New England, in the English Midlands and in many other places had a common cause, i.e., the inner
logic of a capitalist system (faced with the dilemma of a falling rate of profit) toward technological change and innovation. Marx described this compelling move toward mechanization in The Communist Manifesto. "The Bourgeoisie cannot exist without incessantly revolutionizing the means of production."\textsuperscript{10}

Honolulu, in the 1860's, numbering thirteen or fourteen thousand souls, had become the focal point of the new plantation economy. Called in the extravagant words of one observer, "The metropolis of the North Pacific,"\textsuperscript{11} with dusty roads and three story wooden-frame houses, where merchants sitting in large comfortable armchairs entertained friends around handsomely finished walnut tables, it seemed to epitomize the western boom-time town of the same vintage. Elsewhere, one might wander across a scattering of Hawaiians, not yet overtaken by the age, living their time out in pili-grass houses in isolated valleys or remote fishing villages, clinging to the ancient ways in a Hawaii long since passed from their hands.

Almost from the outset of large-scale sugar production, it had become apparent that the Hawaiian could provide neither an adequate (disease had reduced their population to one-sixth of the pre-contact era), nor dependable source of labor. Hot tempered William Hooper, manager of the Koloa Plantation, who was driven to the heights of frustration by the casual attitudes of the three to four hundred Hawaiian plantation workers under his employ, was convinced that the Islanders were completely "worthless" as plantation wage labor. "It requires the concentrated patience of a hundred Jobs to get along
with these natives," Hooper muttered in disgust."

Thus, lacking what was regarded as an adequate, disciplined, domestic workforce--an essential component for the survival of the sugar industry and the class that controlled it--the planters soon began the systematic importation of foreign labor. Here is the origin of what would later (erroneously) be labelled "the melting pot of the Pacific," in reality, a phenomenon rooted in the demands of an expanding capitalist economy. In retrospect, it seems only natural that in their quest for workers the plantation interests would reach across the ocean to East Asia.

Caught up in the long death throes of the Manchu dynasty, beset by stronger Western intruders and its own internal corruption, burdened with a failing economy and massive regional and national rebellions, mid-nineteenth century China proved to be a lucrative market for labor recruitment. It was not long before pigtailed Chinese coolies, some purchased from mandarins by labor recruiters (financed by the Hawaiian Government), or bought at street auctions, were shipped straight to Hawaiian plantations. The wizened, skillful Foreign Minister of the Hawaiian Government (and owner of the Princeville Plantation), R. C. Wyllie, who had played a major role in the diplomacy of Chinese labor recruitment, wrote to a friend in approval of the recently-arrived workers: "I agree with you fully in regard to the character of the Chinese laborers. Both in industry and morals, they are vastly superior to our Hawaiian Christians."13

By 1868, the planters were scouring the provinces of Hiroshima and Yamaguchi in southern Japan in search of hardy, landless peasants
interested in working for what was presented to them as high wages and good housing. Two hundred thousand Japanese would arrive at Honolulu Harbor during the next half-century in pursuit of this dream of the good life.

Conditions on the plantations are not the subject matter of this study. Other studies have more than adequately documented the sparse wages and benefits, the atmosphere of brutality imposed by callous overseers (Iunas), the authoritarian regime under which the indentured laborers worked (i.e., fines of a month's pay for missing a day's work and imprisonment for absence from work, all legally enforceable under legislation written by the planters), and above all, the fact that the immigrant workers were regarded in the plantation elite mindset as something less than fully human; as interchangeable cogs in the productive apparatus; as a commodity to produce commodities.

In the fields, conditions were harsh enough to exhaust the energies of the most resilient of men. Housed in camps that were abominable, even by the standards of the time, victimized by bosses and foremen who cheated them of part of their wages, forced to carry passbooks in camps (carefully segregated by ethnic group to reinforce inter-ethnic working class animosities) whose regimentation bordered on prison conditions, their general situation was neatly summed up by the San Francisco Chronicle (hardly a friend of working people):

It has been for a good while reported that the labor system of the Islands is little if any more humane toward the laborers than Cuban slavery and certainly much worse than slavery on the Southern cotton and sugar plantations used to be...14
What is particularly relevant for this study, however, is that these degrading plantation conditions were the basis of the substantial accumulation of capital by the Island plantation complex during the course of some three generations. One hundred years of sharply exploitative labor practices resulted in the extraction of huge sums of surplus labor value from the tens of thousands of plantation workers who skimmed the thin margin of economic survival. One can argue that indeed, it was literally on the backs of countless hoe hana men, more than anyone else, that capital accumulation in the Islands, which eventually resulted in the mid-twentieth century Big Five diversification (away from both Hawaii and agriculture), ultimately rested. In the act of producing large profits for the sugar companies, the hoe hana men were ironically contributing to the eventual destruction of commercial agriculture in the Islands.

What was happening in this period was the erection of the type of class hierarchy (based upon relationship to the means of production) which was to dominate in Hawaii for the next century; a hierarchy composed of that minute class which owned and/or managed the apparatus of export agriculture and the numerically much larger class of proletarians, possessing only their labor power to sell in the fields and mills. A capitalist mode of production in Hawaii had produced a capitalist class structure. The thoughts of the Italian Marxist, Gramsci, have relevance here. He states that "the level of development of the material forms of production provides the basis for the emergence of the various social classes, each of which represents a function and has a specific function within production, itself."
If the importation of foreign workers had solved plantation labor problems, the lack of a secure and dependable market for Hawaiian agricultural goods still constituted a deep source of elite concern. North America, birthplace and cultural home of the large majority of foreign businessmen, and nearest point of population concentration to the Islands, had always seemed the natural prime sugar market for Island exports. Beginning in the late eighteen-forties, a series of approaches were made to officials in Washington by Hawaiian planters with a view toward securing a treaty of reciprocity between the two nations. This would guarantee Hawaiian sugar duty free entry into the continental market. These attempts floundered until the removal of Southern sugar from Northern tables (as a consequence of the Civil War) and a correspondingly steep rise in sugar prices opened the continent to a sizeable influx of Hawaiian sugar. Unprecedented prosperity came in its wake. The war's end, however, brought a sharp drop in demand and economic depression to Island growers. Thus, by the seventies, the planters found themselves in desperate need of a trade agreement which would make their product competitive in the American market. Economic necessity was eroding the bourgeoisie's last measure of respect for the integrity of Hawaiian institutions and the independence of the kingdom.

This was not a new game for a vocal section of the commercial class. Their concern with continued economic and political mastery over the increasingly restless Hawaiians, compounded by the difficulties of gaining a guaranteed North American market, had long
made them advocates of outright annexation. As early as 1837, the Pacific Commercial Advertiser, a faithful mouthpiece of their views, was editorializing that immediate annexation meant "national prosperity instead of adversity. It means the glorious life of the people instead of gradual decay and death."16

The 1850's brought annexationist sentiment to a fever pitch. Rumors circulated wildly that armed-to-the-teeth toughs, "fillibusterers," as they were called, recruited from California goldmining camps, were gathering to embark on an expedition to Hawaii, capture the kingdom in gangster fashion à la Cortez, then despoil the Islands, sacking, looting and enslaving the population. This never happened, but there were a number of the king's "loyal" ministers (including the foreign minister, Wyllie) acting in collusion with the United States consul in Honolulu who tried to entice the monarch to accept a treaty of annexation. There was also the offer by New York commercial interests to buy the Islands for five million dollars. This affair found one skeptic observing that "these ambitious gentlemen can then sell their conquest to the United States on their own terms and pocket something by the operation." A statement signed by nineteen prominent merchants and planters in 1853 solemnly advocated an annexation that "would restore prosperity and security." In his description of this party, United States Commissioner Gregg (himself, an ardent annexationist) called them "chiefly a party of foreigners--to a large extent American foreigners ... impelled to favor a new political order by the numerous advantages they may reasonably hope to derive from it."17
It all amounted to nought anyway. The merchants and planters entertained few illusions. A successful seizure of political power from the monarchy in Hawaii (and subsequent incorporation within the United States) would require not only acquiescence, but also full support from a government in Washington still preoccupied with pulverizing Indian tribes west of the Mississippi and grabbing the Southwest and California from Mexico under the cloak of "Manifest Destiny." The definitive transfer of political power to the new elite could come only at the point at which the United States (or rather ruling elements within the United States) believed that expansion overseas constituted a viable counter to internal systemic difficulties. It only could come at the point when the United States had assumed the role of an industrial and military power able to demand parity with Great Britain as an imperial power. These elements would not fall into place yet for another generation.

Still, there was undeniable interest in Hawaii on the part of Americans. This interest would intensify, as the century wore on, in proportion to the geographic consolidation of the United States as an economic and political unit of continental dimensions, and in proportion to the agricultural and industrial development of the country and the burgeoning of American commercial and military power. The great burst of industrialization that occurred in the generation after the end of the Civil War in the United States generated the internal structural crises that led to the rise of an American overseas empire. As the United States moved towards assuming its
position as an international industrial and political power, Hawaii's strategic situation in a projected Pacific Empire would become more explicit.

Even during mid-century, there was evidence of a steadily rising American interest in Hawaiian affairs, particularly from the direction of New England, which had the longest and most extensive linkages with the Islands. This was officially recognized by Daniel Webster, United States Secretary of State in 1842, when, during the course of establishing diplomatic relations with the Hawaiian Government, he enunciated the doctrine of special U.S. interest in the Hawaiian Islands:

The United States ... are more interested in the fate of the Islands and of their government than any other nation can be; and this consideration induces the president to be quite willing to declare that the Government of the Sandwich Islands ought to be respected ... that no power ought to seek for any undue control over the existing government ... or for preferences in matters of commerce. 18

President Tyler issued what was essentially a Monroe Doctrine for Hawaii, justifying this step with the assertion that "the United States possesses so very large a share of the intercourse with those islands." He further threatened a "decided remonstrance" against those who would menace Hawaiian sovereignty. The Tyler Doctrine was issued against a background of growing American self-consciousness as to the country's potential role in Pacific commerce. "Far sighted Americans were increasingly absorbed by the problem of expanding our interests in the Far East. The industrial economy had reached the take off point, by the mid-fifties the domestic market was saturated by its products and the price index was falling at an alarming rate." 19
To a nation concerned with future economic expansion around the Pacific Rim, the question of who controlled the only substantial areas of land at the crossroads of the North Pacific was no longer negotiable. In the late eighteen-thirties and early forties, British and French warships, commanded by swaggeringly aggressive captains, had made sorties in strength into Honolulu (on at least one occasion formally annexing Hawaii to the British crown). These interlopers disturbed United States policymakers. "Americans were also afraid of the growing influence of the French and British governments who were consistently intriguing to gain more than a foothold in the Islands." 20

After issuance of the Tyler Doctrine, however, European intervention (at least in its more overt forms) would gradually subside. The rapidly growing power and influence of the United States served to warn potential rivals away from the Islands. Once it was obvious that Hawaii was an essential steppingstone to Asian and Pacific trade, tolerance of European intruders in Hawaiian waters would not be brooked. This, of course, leads us back to the internal dynamics of capitalist development within the United States, itself, a dynamics that would increasingly dictate imperialist solutions to unsolvable systemic problems. To quote O'Connor on this: "Throughout the nineteenth century, the feeling grew that America must expand or be suffocated. That this thrust us into competition with other and powerful imperialisms was a danger to be borne with equanimity." 21

After the California Gold Rush had once more emphasized Hawaii's strategic geographic position, various politicians and newspapers in
the United States began calling for annexation. California Congressman J. W. McCorkle declared: "It is essential to our Pacific interests that we should have possession of the Hawaiian Islands." That this was voiced by a California politician is significant, for San Francisco, by 1850, had already emerged as a large port city of 100,000 people with a definite Pacific-Asian commercial orientation.

We also begin to hear military voices drumming up support for the taking of Hawaii as a military necessity. Admiral DuPont of the United States Navy in 1851 stated that, "It is impossible to estimate too highly the value and importance of the Hawaiian Islands whether in a commercial or a military sense." He continued, "Should circumstances ever place them in our hands they would prove the most important acquisition connected with our commercial and naval supremacy in those seas." These are, of course, the same years when Captain Perry (ordered by Washington to open Japan to a trade for which "no limits can be assigned to its further expansion") appeared several times at Tokyo Bay. Hawaii, and the increasing American preoccupation over its political status, must be viewed in the greater context of the emergence of the United States as a Pacific power.

As the long arm of United States power slowly traversed the ocean after mid-century, Captain Reynolds, a manifest destiny annexationist who was utterly insensitive to local feelings on the matter, was dispatched by Washington to patrol Hawaiian waters with strict orders to protect American commercial and political interests.
"you will remain among the Sandwich Islands," went his orders, "until otherwise ordered by the Department of the Commanding Officer of the North Pacific Squadron. You will at all times guard the interests of your government faithfully and give proper protection to its citizens abroad."  

United States Secretary of State Seward (who had once issued the biblical-like injunction to American merchant capital "Multiply your ships and send them forth to the East") having already outflanked Great Britain in the North Pacific by purchasing Alaska, was now determined "to build such an empire as the world has never before seen." Seward's vision of global economic strategies anticipated those of the multi-national corporations of a century later:

The nation that draws most from the earth and fabricates most, and sells most to foreign nations must be and will be the greatest power on earth. You want the commerce of the world. This is to be looked for on the Pacific.  

Hawaii was an important pawn in Seward's game of Pacific domination. He sent a blunt message to the United States minister in Hawaii, shortly after the end of the Civil War. It said "It is proper that you should know for your own information that a lawful and peaceful annexation of the Sandwich Islands is deemed desirable."  

By the 1870's, the dependence of Hawaiian sugar upon the North American market (developed during the previous decade) generated an economic crisis when that market proved fickle indeed. Prohibitive continental tariffs limited the access of Island sugar to markets garnered during the Civil War period. Sugar production was not expanding and the lack of confidence in the industry on the part of
investors meant stagnancy. A continental observer writes: "Not more than one-quarter of the area cultivation is at present under cultivation. Large tracts suited to cane are neglected, or devoted only to grazing from want of capital and labor." 

Meanwhile, a number of key figures within the United States Congress, avid annexationists convinced that a reciprocity treaty with Hawaii would only serve to hinder and delay ultimate absorption of the Islands, collaborated with other anti-reciprocity elements in sabotaging passage of a commercial agreement between the two countries. Anxious to secure the enormous profits promised by an open, tariff-free American market, the oligarchy regarded a reciprocity treaty as essential to their interests. Samuel N. Castle, for one, wrote to his son, "I am almost coming to feel that the only door to temporal prosperity is reciprocity with or without annexation to the United States, by either of which sugar would be made to net some 30 to 50 percent more than it now does ... I fear a more or less general failure of our sugar interests." These factors led the plantation-controlling class to assume an openly dictatorial stance within Hawaii. The occasion was the turbulent domestic politics of the early seventies.

For almost half a century, despite the presence of a monarch whose powers were in theory quite extensive, the politics of Hawaii had been the politics of the rising bourgeoisie of Honolulu, anxious to utilize governmental expenditures to further their own capital accumulation. They did this in a myriad of ways. Government
monies were used to subsidize labor recruiters seeking workers for Hawaiian plantations in far-off lands, and governmental coercion to enforce a harsh law-and-order regime on the plantations, government funds to create the infrastructure upon which the merchant-planters depended. In 1854, for example, (fiscally, a relatively poor year for the government), $40,000 was expended upon harbor improvements and $15,000 more for wharves; the following year, $30,000 more for harbors. These are essential infrastructural components of an export commercial crop economy. These allocations were made at a time of great misery and destitution for many landless Hawaiians, legitimately in need of public support.

In late 1872, with the death of the popular Lunalilo, a vigorous contest was waged for succession to the throne. The occasion elicited enthusiastic mass meetings and renewed political interest among the Hawaiian people. Two prime contenders came to the fore. One, David Kalakaua, was descendent of Big Island ali'i. A dapper man about town, well-known for his addiction to all-night poker games and horse racing, he was also a fellow who dabbled occasionally in some anti-elite nationalist rhetoric. The second candidate, Queen Emma, was the Anglophile granddaughter of an English sailor; a strong-willed woman closely attuned to the bitter frustrations of the Hawaiian masses. In speaking out against the land thievery and annexationist intrigues that had characterized a good part of the century, the Queen was sharply eloquent. "There is a feeling of bitterness against those rude people who dwell on our land and have high ideas of giving away someone else's property as if it were theirs." According to novelist
Charles Nordhoff, then traveling in the Islands, Hawaiian nationalism was emerging as a force to be reckoned with. He found people everywhere "very strongly opposed to annexation. They have a strong feeling of nationalism and considerable jealousy of foreign influence."31

Thus, Kalakaua, initially the object of some mistrust by the planter-merchant elite, became their candidate after soliciting their support at a secret meeting with businessman Alfred Castle. Charles Bishop rendered the final stamp of approval when he pronounced Kalakaua to be "reasonable, impartial and careful;" the highest virtues of the bourgeoisie. A brief, but spirited campaign followed, in which Emma demonstrated great popular support. But when the electors gathered at the courthouse at Queen and Fort Streets, in February 1873, the verdict was a foregone conclusion. Through bribery, threats and cajoling, Samuel Wilder and a few others (as it was said) had "fashioned thirty-nine votes for Kalakaua's crown."32

What happened next revealed that the Hawaiians had swallowed one humiliation too many. A large crowd of pro-Emma partisans, enraged by the decision, set upon the three delegates designated to deliver the victory message to the new king. Then the crowd stormed the courthouse, itself, scattering the electors and injuring half a dozen. More ominously for the future of law and order which protected the prevailing economic and social order, the Royal Hawaiian Police, now swept up in the maelstrom of excitement, tore off their badges and joined the demonstrators in what began to seem more like an authentic insurgency.

"The army has disbanded, the police proved ineffectual; the
volunteer troops were divided in their sympathies," wrote a frightened Laura Judd. With any real leadership and organization, the Hawaiians in one bold and decisive blow might have regained at least temporary control over the Islands. But as usual, neither was available.

Threatened as never before, the business oligarchy acted in concert to defend their interests. Vastly outnumbered (90 percent of the population was still Hawaiian), they instinctively turned to outside allies. Banker and plantation owner Charles Bishop, acting in his capacity as Minister of Foreign Affairs, immediately requested the commanders of United States and British warships docked in Honolulu Harbor to land troops to crush what he called "a riotous mob." One hundred and fifty marines were duly landed, in addition to seventy British sailors, and marched up Fort Street, dispersing the demonstrators and arresting key leaders. Government buildings were occupied by marine detachments.

The facade of Hawaiian political sovereignty had been irrevocably shattered. External intervention in Hawaiian affairs had disarmed Hawaiian resistance to imperialism by the same imposing military process that was seizing Hawaii's Pacific neighbours—Fiji, Tahiti and New Caledonia in these years—while annexing Vietnam, annihilating the Modocs of California, elsewhere. The Hawaiian people still smouldered with a sullen hatred. A year after the courthouse incident, Wodehouse, the British Commissioner to Hawaii, privately admitted, "The king is not popular on this island and were Honolulu left without the protection of a ship of war, there would be a
revolution in which he would lose his throne and possibly his life." He also added candidly that "It is fear of foreign intervention which keeps the Hawaiians quiet." 35

Now that a dependable servant of their interests occupied the throne and the populace was properly intimidated, the new oligarchs once again began dealing for reciprocity. Taking the cue from his patrons, the new monarch embarked on an extensive trip across the United States, where the appearance of foreign "royalty" was a public relations triumph of the highest order. Speaking before a joint session of Congress, the king proved a superb representative of those who had sent him: "Today, our country needs the aid of a treaty of Commercial Reciprocity with America in order to insure our material prosperity." 36 Beyond doubt, by bringing notice of Hawaii's importance and its "yearning" for closer ties with the United States to public attention, the king's mission was a factor in hastening passage of the Reciprocity Treaty, albeit, a fairly unimportant factor when compared with the persuasive arguments by representatives of the Hawaiian Government. Charles Harris, for example, offered the opinion that reciprocity was a logical step toward annexation:

The acquisition of the Hawaiian Islands by the United States sooner or later must become a national necessity, to guard the approaches against hostile attempts on the Pacific States. If reciprocity of commerce is established between the two countries there cannot be a doubt that the effect will be to hold these islands with hooks of steel in the interests of the United States, and to result finally in their annexation to the United States. 37 (Italics added)

The passage of a Treaty of Reciprocity by the United States Congress marked the end of one historical period in Hawaii and the
dawn of another. The fact that the simple legislative act of a foreign nation was in itself powerful enough to accomplish this tells us something of the extent to which Hawaii had adopted a dependent mode of development. Morgan succinctly sums up the Hawaiian economic scene after a century of capitalist economic development:

By 1876, the haole merchants and planters and missionaries had reformed the Island economic structure essentially after their own image. Their plantations, stores, steamships, churches and weekly brass band were drowning out the traditions of the past. Hawaii was bound tightly in the existing commercial network of the world; and Hawaii's future was the future of its plantation economy.38
CHAPTER FIVE

THE CLOSING CIRCLE

The social order and moral standards of the coming generations of Hawaii nei whatever their blood, are inevitably to become English in type as well as language. By English, of course, we mean not British but 'The Greater England': and America being our nearest and overshadowing neighbor, it must be Ango-American. Our literature, our art, our manners, our moral and political opinions will be mainly American ... The coming form of government will be that of America.

Reverend Sereno
1884

One thinks of the tides of time and destiny and nineteenth century capitalist expansion that had delivered men like Charles Bishop to Hawaii's shores, during a period of unprecedented opportunity, and allowed them to trade impoverished obscurity for wealth and influence within a remarkably brief few years. Of course, Bishop did all the eminently correct things. He married a Hawaiian princess and heir to fabulously vast estates, he established the correct contacts with the men who mattered in the San Francisco and Honolulu financial worlds; he never deviated an iota from promoting the interests of his class or displayed the slightest sensitivity to what was happening to those outside his charmed circle. So his was a story crowned by success, but a success manufactured only by the Reciprocity Treaty of 1876 and by a firmly structured relationship of Hawaiian economic and political
dependency upon the United States. For as Kowleski (in his examination of Latin American dependency patterns) argues:

The only thing guaranteeing commercial capital its dominant position on the periphery is its dependency relationship with the dominant industrial capital in the center of the capitalist system under which the former in turn incorporates the periphery in the form of commercial capitalism.¹

This amounts to an accurate description of the situation of Hawaii's plantation bourgeoisie at the time of the passage of Reciprocity. The transformation of Hawaii, into what Tate calls "the sugar raising slope of the Pacific,"² meant the subordination of all alternative strategies for economic development and the allocation of virtually every available resource (land, water, human labor power, capital and innovation) to sugar production. In the establishment of a monoculture economy, "economic diversification" basically meant the production of a few agricultural export crops, like coffee and rice, for the same markets to which sugar was sent. By reinforcing the high profitability of sugar cane cultivation in the Hawaiian Islands, and making Hawaii a captive market for United States industrial products, Reciprocity effectively precluded Hawaii's possibilities of developing into an autonomous, self-directed, somewhat self-sustaining economic entity. The Chilcote-Edelstein analysis is relevant here:

In dependent societies, each boom strengthened the internal position of the agro-commercial sector of the elite. The temporary prosperity caused by the boom further encouraged monocultural tendencies as the demand for the boom product channeled resources into expansion of production in the limited area.³

For the planters and sugar factors, the advantages of reciprocity were well worth the long struggle to obtain it. Most significantly,
in terms of corporate income, the treaty provisions had resulted in the addition of $50-$60 a ton to the received price of sugar (itself, only $120-$135 a ton). This "bonus" was responsible for an enormous increase in profits, which in turn stimulated a dramatic rise in production. During the first four years of Reciprocity, sugar production doubled, and by 1890, ten times as much sugar was being harvested and exported to North America, as in 1876. The twenty plantations in existence in 1875 expanded to number sixty-three by 1880, as land in sugar was increased by $20,000 acres. Methods of production also underwent transformation to take advantage of new, externally-innovated technologies and the larger economies of scale. New boiling techniques, centrifugal separation of sugar from molasses, deep plowing, and the intensive use of fertilizers were all employed. Efficient large-scale plantation-mill combines replaced the earlier, smaller, more primitively engineered sugar estates. These new combines, requiring large inputs of capital to finance imports of costly machinery—physical capital on plantations rose 227% in the 1870's and 228% between 1880 and 1890— and to irrigate lands being brought under cultivation, merely intensified the already pronounced plantation dependence upon the sugar agencies' (or factors') myriad of services. These included financing, marketing, purchasing, shipping and warehousing.

An entire financial apparatus appeared around the growing plantation economy: (for example) banks arose designed to serve the sugar interests and to handle the impressive holdings and assets amassed. Bishop and Company, a banking house founded in 1870 with
a very "generous" loan from the Hawaiian Government, a quarter of a million dollars at 7% interest (money which the bank president, Charles Bishop, relaunched to planters at 10-12% interest), became an important source of capital for new investments in sugar. Bishop was later joined by the Hawaii National Bank, established by ranch owner Samuel Parker and landowner James Campbell. We see the emergence of a tightly-knit business complex commanding plantations, banking houses, insurance companies, sugar agencies, ranches and shipping. The system operated through the exchange of favors and friendly deals between various businessmen who became steadily more interlinked as the century advanced.  

In the United States, this was the era of singlemindedly ruthless industrial empire-builders like Rockefeller, Carnegie, Vanderbilt, Gould, Fisk. These were ruthless entrepreneurs and organizers in the grand style who employed armed gangs, coercion, price cutting and dumping to drive competition to extinction. Since the Island economic and political situation was rather different, however, this dictated the use of other strategems to achieve capital accumulation and business monopoly. Isolated by 2,500 miles from their compatriots, located in the midst of a large, increasingly hostile non-Caucasian majority (in what was after all still a foreign country), it was quite logical that the small clique of ʻAoʻole businessmen (unable to rely upon American working class elements in the population, or even at times, the non-American bourgeoisie, for support in acute crises) espoused mutual aid and collaboration as indispensable to their survival. Thus, the kind of internecine
warfare and no-holds-barred struggle which so characterized the raucous freewheeling capitalism of the emergent oil, steel and railroad trusts on the continent, never appeared in the Islands. Instead the pattern was one of closely interlocked family and corporate alliances concentrating economic decision-making within a minute circle at the apex of the elite pyramid.

The compactness of the Islands, the limited amount of capital and resources available for expansion, as well as the precarious nature of a sugar industry dependent upon a number of easily destabilized elements, all directed those who might have been fierce commercial competitors in the United States toward competition. We see a remarkable degree of cross-fertilization occurring between landed estates, financial institutions and agricultural interests. For instance, Benjamin Dillingham leased Honouliuli and Kahuku (Oahu) lands from James Campbell, then subsequently subleased Honouliuli to W. R. Castle and promoted the establishment of the Ewa Plantation in conjunction with Castle and Cooke. Later, when the Leeward side of Oahu had become the scene of a thriving plantation economy, James R. Castle, in cooperation with Robert Lewers and John Paty, aided Dillingham in obtaining financing for his Oahu Railway and Land Company project of running a railroad through their sugar fields for commercial and passenger transportation. When Alexander and Baldwin desperately needed credit to expand its sugar production, Bishop and Company were on hand to supply timely infusions of capital. Ultimately, Charles Bishop would become a director of the Hawaiian Sugar Company side by side with such powerful planters as Henry P.
Baldwin and George MacFarlane.  

It is essential to note here that at no time did this agro-mercantile oligarchy permit outsiders to take control over their economic base. Although by 1885, Hawaiian plantations would have about $3,500,000 worth of loans outstanding from San Francisco banks, direct investment was almost completely capitalized by Island sources. Given the high rate of profit accruing to Hawaiian sugar plantations during this period, it was not difficult to finance the lion's share of expansion with existing corporate surpluses. "So great were the profits that all problems of capital scarcity disappeared. The development of the Hawaiian sugar industry after 1875 was largely through capital of its own creation."  

This phenomenon of local ownership of the dominant industry in a dependent, semi-colonial economy defines the unique relationship of the Hawaii plantation elite to the elites within the United States, with whom they would negotiate Hawaii's future. If the form of Hawaiian economic dependency was conditioned by an ongoing reliance upon continued access to the United States market and American sugar technologies, then it was also affected by the fact that the local business elite managed to retain financial control over the basic economic sectors. This gave the bourgeoisie in Hawaii a certain flexibility in dealing with the metropolitan elites, as well as a high level of internal political leverage within the Islands. This was translated into their ability to maintain their system intact for half-a-century after annexation. Certainly, the elite in Hawaii was not simply a typical comprador class, as was (and is) found in Ireland.
or Latin America, functioning primarily as a commercial intermediary for the penetration of foreign capital. This was a class which maintained a real grip on the productive and financial apparatus of their economy. Even as late as the immediate post-World War Two period, the Hawaii elite managed to avoid complete subservience to and peripheralization by overseas elites.

This did not mean that American capital was content to be excluded from the profit bonanza promised by Reciprocity. In fact, the most acute nineteenth century threat to the consolidated power of the new elite in Hawaii was personally carried to Honolulu on the same vessel which brought news of the passage of the Reciprocity Treaty; Claus Spreckels, the Sugar King. In a sense, Spreckels represented an early attempt by the Center in the United States to peripheralize the Island elite; a task which they accomplished in the late twentieth century. Almost instantly, he would become the most controversial man in the Islands; a leading figure in the turbulent politics of the next decade. Spreckels was one of the great Horatio Alger stories of his day. Born in a German village in 1828, of a poor family, he had migrated to the United States in his youth and achieved great financial success, first in the New York grocery business and, later, in sugar refining in the San Francisco Bay area. When Reciprocity was finalized, Spreckels, whose control over the California Sugar Refining Company (which had both a West Coast monopoly and the most modern refining facilities in the world) placed him in a prime situation to profit from the new windfall in
Hawaiian sugar, was determined to establish a vertical monopoly of sugar. He would establish his own sugar production facilities in the Islands, transport the sugar to California aboard his own Oceanic Lines, and thence to his refineries. The complete backward and forward integration of the sugar production process would provide Spreckels with an economically rationalized operation (capable of great cost-efficiency) and also a definite competitive advantage over potential rivals.

Spreckels did possess the financial resources to carry out his plans. His interests extended to far more than simply sugar; banking, railroads, utilities and rubber were among his varied holdings. Like many of his contemporaries, in this age of robber barons, Spreckels was utterly ruthless and relentless in pursuit of his objectives, prepared to resort to any number of tactics or subterfuges to achieve his ends. His venture into Hawaii represented the first substantial challenge from overseas to the local elite's monopolization of the Island economy.

For Spreckels, backward integration meant access to huge supplies of raw sugar. To accomplish this, he acquired in various ways*

* Much of Spreckel's success in securing the land he needed came through his claim to Princess Ruth Keelikolani's half interest in crown lands which he had bought from the Princess for a pittance. Then he bludgeoned (and/or bribed) the legislature into awarding him 24,000 acres in satisfaction of the claim.
extensive tracts of land in Maui, lands which were subsequently welded together to form the largest plantation in Hawaii, complete with the most sophisticated new machinery available (from roller mills to juice extractors). He spent half a million dollars (an immense sum for the time) to build a giant irrigation works to carry water from the flanks of Haleakela down to his fields below. Spreckel's operation was oriented toward economies of scale which meant cheap production costs. When complete, the Sprecklesville complex brought its owners a very substantial annual profit.

The achievements of the man whom the Hawaiians called "ona miliona" (or the multi-millionaire) were as much a consequence of his extraordinary ability to manipulate the Island political process to his advantage as of anything else. In this, he had few peers in Hawaii. The Gazette, organ of the planters who feared his influence and power, expressed their general opinion of the San Francisco financier:

He has found most people with whom he comes into contact with either weak or corrupt and always selfish. He uses them to suit his purposes which is all that they are good for. Those who approach him with hypercritical, heightoned professions get their measure taken every time. They have their price and are either purchased and used, or kicked to one side.8

By the 1880's, Spreckels (who only paid one or two visits to Hawaii annually and entrusted his local affairs to overseers) was being referred to by leading kamaaina elite politicians as "His Majesty Spreckels," a sort of "Dictator of Hawaii" who made and unmade cabinets and held an unshakeable financial grip on the king
Much of Spreckels' success in the political arena was due to his close association with Walter Murray Gibson, certainly one of the most fascinating and enigmatic characters ever to play a prominent role in Hawaii's history. Born on a ship at sea, Gibson seemed to have inherited a great and unending wanderlust. Adventurer, linguist, world traveler, and a man of great personal magnetism, he was also something of a con artist. He came to Hawaii as a representative of the Mormon Church and proceeded quite rapidly to transfer a parcel of Church-owned land into his own title. Gibson's sojourns had taken him to South America and then to Asia, where a Javanese girl had helped him escape the Dutch prison to which he had been sentenced for a twelve year term after being charged with (in vintage Gibson style) attempting to establish himself as an East Indies sultan. "There was an Oriental fragrance breathing through his talk, an odor of the Spice Islands still lingering in his garments," commented someone who knew him well.9

More than anyone else of his time this captivatingly gentle man grasped the essential trauma of the Hawaiian people, and in his newspapers and fiery oratory emerged as their protagonist. "It is folly to suppose that the native population of these Islands will sit down contentedly under an exclusive foreign domination," he editorialized in 1880.10 Despite his immense attractiveness, however, Gibson, as the man of politics, the man of action, remains something of a mystery to us today. His real motivations are
unclear, his alliance with a crass, opportunistic businessman like Spreckels (whose level of cynicism may be judged by his publicly stated thoughts on the annexation of Hawaii: "By and by, sometime, they will be annexed, but not now. I'll guarantee to deliver them at any time.")\textsuperscript{11} and his lack of concrete accomplishment toward restructuring Hawaiian society in the years he held some degree of political authority, both highly suspect.

Kalakaua, the misnamed "Merry Monarch," an unstable, impetuous, weak and spendthrift character, was drawn into the Spreckels-Gibson alliance by his desperate need for the considerable sums of money Spreckels periodically placed at his disposal, and somewhat secondarily by his own growing feelings of nationalistic, anti-elite sentiment. In fact, collusion began as early as 1878, when Spreckels influenced the king to dismiss the governmental cabinet when it had refused to grant him extensive water rights in Maui.

By the mid-eighties, this unlikely triumvirate was riding high. Under the slogan "Equal Rights At Last," and a program based on "the welfare of the people to promote their health and institutions," the blue-eyed, white-bearded Gibson, top vote getter in the Islands, simultaneously occupied the offices of Premier, Minister of Foreign Affairs, Secretary of War and Secretary of the Interior.\textsuperscript{12} Prospering mightily from his Maui investments, and rapidly becoming the dominant sugar producer in the Islands and refiner of Island sugar in San Francisco, "His Majesty Spreckels" had secured an ironclad financial hold on both king and government (for which he had become financial agent and creditor). Two of Spreckels leading associates
occupied cabinet positions in Gibson's government. Sometime later, when asked about foreign corporations holding land in Hawaii, he replied with customary aplomb: "They could not hold real estate then, but a law has been passed in the Hawaiian Islands that a corporation could hold land. I had the law passed myself." 13

To the old missionary and plantation elite, Spreckels appeared as a crudely bombastic and dangerous interloper in their midst. They fought his schemes to give (his own) Oceanic Lines a monopoly on carrying Asian immigrants to Hawaii and to establish a national bank (which they feared would undercut their own financial institutions). Ironically, the opponents of the bank bill (who themselves would overthrow the monarchy within a decade) condemned the national bank proposal as a threat to "national independence." 14 The elite was not monolithic in its antagonism to Spreckels--there were some in high places like Samuel Wilder who made shifting alliances with him on various issues--but the dominant tone was one of hostility to an outsider whose political intrigues and immense economic power threatened the finely-tuned structure they had erected in Hawaii. Gibson, Spreckels' political ally, was regarded as a dangerous radical demagogue who might well ignite Hawaiian passions to the point of armed struggle, and Kalakaua was seen as their easily manipulated marionette, lavish in his wastefulness and increasingly given to anti-elite and anti-foreign utterances and actions.

To a plantation oligarchy fearful of the emergence of a grassroots challenge to their interests, and who still remembered the courthouse incident of 1873 only too well, the imperative was
for direct and violent action. By 1885, they were organizing a counterattack under the leadership of firebrand Maui lawyer, Lorrin Thurston, who demanded of the legislature: "Are we to act for ourselves and make our own laws or are we to be lead around like swine with rings in our noses at the will of a man who cares for nothing but for his own interests?"15

A series of flagrant scandals involving the king set the tempo for the fiercely contested 1886 elections, the oligarchy's last fling at legal constitutional change. A mushrooming Hawaiian national consciousness, and the dangerous slide toward what the elite regarded as chaos, would soon be halted within or without the legal political process. An Independent Party, headed by such notables as J. B. Atherton, Cecil Brown, Benjamin Dillingham, Sanford Dole and A. T. Alexander, in short, a "Who's Who of Finance and Industry in Hawaii," waged a determined fight for legislative control. But they were beaten at the polls and almost from the moment of defeat (charging that the election results had been engineered through fraud and deceit by their enemies), they began to plan for a coup d'etat.16

Throughout 1887, the Hawaiian League, numbering four hundred Haoles (mostly from the petty bourgeois), under the command of planters Dole, Castle, and C. Brewer executive J. O. Castle, organized for the confrontation to come. To arm the League's military adjunct, the Honolulu Rifles, guns and ammunition were imported from San Francisco and Sydney; Castle and Cooke took deliveries as if they were ordinary business orders. One thing was certain; they must
strike swiftly. Trouble was coming from the United States in the form the planters most dreaded—reciprocity was being threatened.17

Complaints had been heard for years in the United States regarding the worthlessness of Hawaiian reciprocity from an American standpoint. Strong charges were being bandied about that the treaty was merely a subsidy to rich planters like Spreckels (who had numerous enemies in Congress and elsewhere). In the face of rising Senate opposition to treaty renewal, anxious planters began promoting the cession of the Pearl River estuary, near Honolulu, to the United States, for use as a naval base. They reasoned that this would have the effect of stifling Congressional opposition to Reciprocity by demonstrating the value of continued association with Hawaii. In the long run, of course, a United States naval presence on Oahu would also mean increased security for the elite and buttress the chances of eventual annexation.

Actually, this was not a terribly new idea. As early as the eighteen forties, American military men had been scouting the Islands for likely sites, and in 1866, the United States Minister to Hawaii, McCoy, had written to the Secretary of State that control of Hawaii "in event of our war with France and Britain is absolutely necessary to the United States." In 1873, scarcely two months before the United States Navy suppressed the uprising surrounding Kalakaua's election, two American generals, John M. Schofield and B. S. Alexander, ostensibly vacationing in the Islands, but in fact, on a confidential mission "to assess the capabilities of different ports in Hawaii," recommended to the Secretary of War the securing of the
area originally known to the Hawaiians as Wai Momi (Water of Pearl). The generals host in Hawaii was none other than Foreign Minister Charles Bishop, already on record as favoring annexation and the cession of Pearl. 18

Hence it was not too surprising to find the United States Congress, at the request of the military, writing an amendment to the Reciprocity Treaty of 1886 requiring that the Hawaiian Government grant exclusive rights to entry and naval repair in the Pearl River estuary to the United States. Refusal would mean non-renewal of the treaty.

The Hawaiians responded with a rash of angry meetings, denouncing what was considered to be outrageous demands upon Hawaiian sovereignty. It was clear that this rising national consciousness could look to the Government in the form of the king and Gibson for support in their demands to maintain national sovereignty intact. This would mean that reciprocity would be abruptly terminated. To the Rev. Charles Hyde, sitting in his Honolulu home, it seemed beyond doubt that the king and his associates were out "to break the missionary influence entirely." 19

"The tempest seems to be rushing to a climax," Walter Murray Gibson confided to his diary while confined to his bed by a debilitating illness. 20 Meanwhile, boatloads of arms arrived at the docks, and at Beretania and Punchbowl, on June 30, 1887, a public meeting was held and demands raised for the dismissal of the Cabinet, the rewriting of the Constitution and strict limitations upon royal prerogatives. Alexander Young of Honolulu Ironworks
expressed the prevailing mood when he cried, "Strike when the iron is hot," while Sanford Dole told the assembly, "This meeting is called to give the king one chance, just one more chance to fall into line for political reform."21*

When Kalakaua balked at accepting these demands, the Hawaiian Rifles seized strategic points in the city and mounted armed patrols. Gibson and his son-in-law were arrested, hustled down to the docks and bundled aboard a California-bound packet. Finally, under intense pressure, the king broke down and signed the document which made him a ceremonial figurehead.

The new cabinet which claimed their portfolios numbered Thurston as Minister of the Interior and fellow conspirator C. W. Ashford in the equally sensitive post of Attorney General. Even the old godfather of reciprocity, Charles Bishop, makes an appearance here as President of the Board of Education. American citizens received the right to vote in Hawaiian elections while a large sector of the Hawaiian electorate was excluded from the polls through rigorous property qualifications. "There is no country where the burden of taxation is less oppressive and in which life

* The elite was always fond of clothing their rather crude attacks on Hawaiian self-determination with rhetoric expounding their devotion to "reform" and "liberty." Thurston had even described the struggle they waged against Spreckels (a battle for economic control, if ever there was one) as "one of dollars and cents vs. flesh and blood." (Adler, p.231)
and property are more secure than in the Hawaiian Islands," wrote Benjamin Dillingham happily to a friend in England some months after the coup. "The backbone of the whole movement was the money furnished by some of our capitalists ..." was the opinion of the observant Rev. Hyde. To the Hawaiian people, the document so brutally thrust upon Kalakaua has always been known as "The Bayonet Constitution."

The most immediate result of the events of 1887 was a legislative bill granting the Pearl River estuary to the United States. And Reciprocity was extended. Once again, the plantation elite in Hawaii had sacrificed a piece of Hawaiian sovereignty (and this time, territorial integrity) to maintain their economic linkages with the continent. Economic dependency was clearly leading directly to political integration. But, first, there would come a fight; for as everyone knew, there had been no fundamental reconciliation between the interests of the oligarchs and the interests of the Hawaiian masses; a fact confirmed by the many embittered protest meetings held in late 1887. British Commissioner Wodehouse commented upon the sense of rage and frustration felt by so many Hawaiians and the rising awareness, when he wrote: "I think the natives have begun to realize the extent of the change which has just taken place..."
CHAPTER SIX

THE PEAR IS RIPE

I think that there are only three places that are of value enough to be taken. One is Hawaii. The others are Cuba and Puerto Rico.

James Blaine
United States Secretary of State
1889

If ever there was a movement free from all questionable motives in origins, and from all dishonorable measure in its methods, it was the Hawaiian Revolution of '93.

Reverend Hyde
1893

Starting about 1870, and continuing on until the eve of the First World War, Western Europe embarked on an outburst of worldwide colonial expansion unparalleled in human history. In comparison, previous empires had all been strictly parochial. Now, the entire inhabited globe became the focus for the new imperialism. The Kenyan Highlands, the Mekong Delta, Congolese jungles and remote Pacific atolls were commandeered by smartly dressed, top hatted Victorian gentlemen in London, Paris, Brussels, Amsterdam and Rome. While a conference convened in Berlin to carve up Africa, Western gunboats fought their way to the portals
of Chinese cities. Within the brief span of three decades, the British Empire extended its geographic area by 4,750,000 square miles and a population of 88,000,000, while France added 3,500,000 square miles and 26,000,000 souls. "I should annex the planets if I could," declared Britain's man in southern Africa, the financier, Cecil Rhodes, as his mercenaries slaughtered Matebele warriors with rapid fire Maxim guns.

The new parade of conquests was accomplished even more effortlessly than in earlier centuries of colonial intrusion by the West for the full onset of the industrial revolution had dramatically augmented Western technological domination. Mass production became systematized, sail changing over to steam and coal power, and the wireless, cable and telephone revolutionizing communications. Supplied by arms manufacturers, "the merchants of death" as they were derisively called by a later generation, who produced ever more sophisticated weaponry, Western armies now possessed an incalculable advantage over their adversaries from the traditional societies of Africa and Asia.

Imperialism had never been so vital to the industrial economies of the West, which invested enormous sums of capital in their colonies' plantations, mines, oil wells, lumbering camps and ranches. According to Dobbs, "In the 1880's, there awakened a new found sense of the economic value of colonies, an awakening which occurred with remarkable simultaneity among the three leading industrial powers of Europe."¹ One of the leading figures in British political life, Joseph Chamberlain (whose nation had
invested over 1.3 billion overseas by 1880) called for a policy to "create new markets abroad." He said, "Commerce and Empire, because gentlemen, the Empire, to parody a celebrated expression, is commerce." From South Africa, flowed diamonds and gold; from Egypt and India, cotton; from the Dutch East Indies, oil, coffee and sugar; from North Africa, phosphates and foodstuffs; New Caledonia sent her huge copper resources to Europe; the Congo, its rubber; Malaya, tin and rubber; Vietnam, rice and hemp; from Latin America flowed a host of raw materials ranging from Mexican oil to Chilean nitrates to Bolivian tin. All flowed into the metropolitan centers of Europe and North America for the enrichment of the bourgeoisie and to provide the basis for further advanced industrial and financial development. "The logic of the capitalist system which presided over the industrial revolution led expanding economies to establish economic relations marked by a new kind of imperialism vis-à-vis underdeveloped nations." Still preoccupied with its own internal continental aggrandizement, with opening up Oklahoma, Idaho, the Dakotas and Wyoming to settlement and subduing the last resistance by Native Americans, the United States did not directly enter into the fierce competition for a share of the international plunder. Yet, by the last decade of the nineteenth century, the nation had profoundly changed from even a generation before. A huge increase in land under cultivation, together with newly engineered farm technologies meant a vast expansion in agricultural production, placing the
United States in the position of the world's largest potential grain exporter (in addition to its older roles as cotton and tobacco supplier to much of Western Europe). The industrial transformation was equally dramatic. Kolko comments on this:

... in the half century after 1870, saw by far, the most rapid growth in manufacturing and mining industries that the United States has ever experienced during which new hubs of financial and economic power had emerged.4

What had been a predominately agricultural country dependent upon British capital and imported capital goods was now a massive industrial power second to none with substantial heavy industry and an advanced technological base. Back in 1877, the United States had reversed a century-long pattern to become a net exporter of goods abroad. Now American steel was underselling British and continental steel in their home markets. Forty-eight United States companies had established themselves in Canada by 1889 (forerunners of the mid-twentieth century multinational corporations), the same year in which John D. Rockefeller was explaining the sudden importance of foreign markets to the powerful new corporate trusts. "Dependent solely on local business," he stated, "we would have failed years ago. We were forced to extend our markets and seek for export trade."5 The populist politician Tom Watson made the same point from a rather different perspective. "The number of our people today wholly dependent on foreign markets is larger than the number of employed in the protected industries."6
This increasing preoccupation with foreign markets was reinforced by the series of financial panics and economic depressions that struck a rapidly maturing capitalist economy with disturbing frequency in the late nineteenth century. Severe depressions occurred during the periods 1873-78, 1883-85 and 1893-97, leaving in their wake large unemployment, substantial numbers of business and farm failures and a heritage of political radicalism in the form of Populist, Anarchist and Socialist movements, all claiming a considerable following among sectors of the working and farming classes. In an effort to coordinate the country's economic structure in a more coherent way, the power structure in the United States opted for a policy of national regulation (by the federal government) of various components of the economy, ranging from railroads to banking. This was an attempt "to find political means to resolve the economic problems which economic decentralization, competition and a whole panoply of new challenges made endemic to American capitalism." During the eighties and nineties, these policies (in addition to severe repression of the working class), were not notable for their success. Working class agitation in the great industrial cities increased markedly, as did the rage and disillusionment of small farmers in rural areas who were burdened with rising costs of production and low prices for their crops. Williams makes the link between these conditions and imperialism:

The economic impact of the depression and its effect in producing a real fear of extensive social unrest or even revolution, had completed the long and
gradual acceptance by metropolitan leaders of the traditional farm emphasis on overseas market expansion as the strategic solution to the nation's economic and social problems.

Thus we see the rise of what Kolko calls "a foreign policy constituency" oriented toward building the kind of empire that would guarantee American productive surpluses firm market outlets. This represents a group within the most rarified political councils of the United States; corporate and political figures who entertained the notion of an imperial America which at one stroke would stabilize the existing economic situation and undermine the growth of an authentically radical movement in the country; an imperial party which used Social Darwinism as a convenient imperative for action, as "proof" that it was America's "destiny" to hold sway over the "barbaric races."

United States Government policy faithfully reflected these new internal needs. Already, even by 1871, when the British had formally apologized to the United States for having built Confederate ships during the Civil War, it had become apparent that the international balance of power was tilting from the old mother country to the new continental empire in the Western Hemisphere. In 1889, the United States had strengthened its position in Samoa, sharing the parcelling of the islands with European powers. Four years later, United States military and diplomatic power was directly intervening against Brazilian revolutionaries who were challenging a reciprocity treaty with the United States as
exploitative. American strategists were busy replacing Great Britain as the hegemonic power in Nicaragua and, in a crucial power confrontation over a Venezuelan boundary dispute, American threats forced a British retreat for the first time in memory. Clearly, a new imperial power was in ascendency. Now that the old American fear of antagonizing Great Britain was at an end, the next two decades became an exercise in foreign aggrandizement for decision-makers in Washington, New York and other metropolitan centers.

These policies were largely aimed at an attempt (to quote Secretary of State Fish) "to relieve business disasters." Indeed, there is a background here of the depression-filled years of the nineties with their intense instability and social unrest. Sen. John T. Morgan, among others, voiced an expansionist strategy based upon internal economic dilemmas, "Our home market is not equal to the demands of our producing and manufacturing classes and to the capital which is seeking employment. We must enlarge the field of our traffic or stop the business of manufacturing where it is." Imperialism, then, for the elite within the United States at the tail end of the nineteenth century, was a primary response to the internal contradictions (and failures) generated by the functioning of the capitalist system. Rather than reorganize society in a manner that would reallocate resources on a different basis (inevitably to their own detriment), rather than redistribute national income more equitably to create additional demand within the domestic
economy, the elites chose to implement imperialist policies abroad. The fact that many of the economic advantages to be obtained by overseas expansion were, in fact, more illusory than real, did not dissuade policy makers. As Kolko points out, the demand for military and commercial expansion abroad was a result of "essentially economic reasons involving the failures of the domestic economy as much as the existence of tangible foreign markets."  

Thus, although the Honolulu Star-Bulletin might assure its readers in 1887: "Let it be remembered that the United States is not an aggressive nation. She has more territory than she can fully occupy for generations to come ... She does not cross the seas to enlarge her possessions," nonetheless, there were powerful interests in the United States determined to gain nothing less than absolute control over "the pearly isles." 

A sustained movement within the Washington hierarchy for the colonization of the Islands began to assume momentum under the auspices of Republican politico James Blaine (fond of referring to Hawaii as that "outlying district of California"), when he assumed the post of Secretary of State in 1889. Blaine, whose expansionist interests extended to the Caribbean also, had absolutely no reservations about the capture of Hawaii, which he regarded "as essentially a part of the American system of states, the key to North Pacific trade." His position on this was clear:

There is little doubt that were the Hawaiian Islands by annexation or distinct protection a part of the territory of the Union, their fertile resources for the growth and raising of sugar would not only be
controlled by American capital but so profitable a field of labor would attract thither from the United States willing workers. A purely American form of colonization in such a case would meet all the phases of the problem. 13

Blaine's imperialistic pronouncements were accompanied by heavy handed interference in Hawaiian domestic affairs. A comic opera Hawaiian insurrection, in July 1889, was routed by government troops abetted by marines from the USS Adams who kept the population under control and distributed 10,000 rounds of ammunition to government forces; two years later, the USS Pensacola was ordered to proceed to Hawaii "in order to guard American interests in the vicinity." 14

The death of King Kalakaua in 1891 had brought the popular Liliuokalani to the throne. A woman of strong character, acutely sensitive to the long traditions of Hawaii nei and the threat to the kingdom's independence, she was determined on seizing the initiative to preserve Hawaiian sovereignty from outside encroachment. A firm advocate of restoring royal prerogatives at the expense of what she viewed to be an elite-dominated cabinet and legislature, her inclinations were not towards organizing the Hawaiian people at the base for an all-out struggle, but rather to operate from her position as monarch and attack the institutions of elite control. That this was the same futile strategy adopted by others before her (Kalakaua, to name one) and had repeatedly failed did not deter the queen. Moreover, these were times of crisis; times when the monarch could no longer hope to maneuver at the top in confrontation (and shifting
alliances) with other elites, especially with the absence of a solid base of support. Liliuokalani's program (or lack of one), ill-conceived and without broad, popular, organized support, was to rapidly drive the elite into a final conspiracy with their continental patrons to topple the monarchy.

Even before the new queen's presence had made itself felt, some influential sectors of the oligarchy (now proprietors of four-fifths of the arable land in the Islands, $23,000,000 of the $33,000,000 invested in sugar plantations, and with 72% of the shipping belonging to United States interests) were becoming increasingly enchanted with the idea of forcible annexation to the United States. The trend was accelerated by the McKinley Tariff which had allowed all sugar into the United States duty-free and provided subsidies for American domestic producers, thus destroying the value of reciprocity. Almost immediately, economic depression set in, reaching a nadir in the summer of 1892 when sugar prices plummeted to a figure below the cost of production. "The McKinley Tariff has ruined nearly every merchant in the Islands," lamented the Secretary of the Planters Labor and Supply Company, while the United States Minister to Hawaii informed the Secretary of State that "the depreciation of the properties by passage of the McKinley Tariff bills had not been less than $12 million, a large proportion of this loss falling on Americans living here and in California."15

Militant annexationists like Lorrin Thurston were now joined by a number of planters and related businessmen who reasoned the move
imperative to obtain the 2¢ bounty paid to the United States producers and thereby remain competitive. According to one prominent planter: "If Hawaii is part of the United States, any bonuses to be paid under McKinley's next law to sugar growers will apply to all of its citizens wherever they are."16 Thurston commented tersely on the new recruits to his cause: "The reasons why annexation is favored by the foreign investors of capital are mainly because of the changed conditions brought about by the McKinley Tariff Bill."17

An additional incentive prompting annexationist fever was the obvious threat constituted by the thousands of Asians (Hawaii was over one-quarter Japanese) crowding the plantation camps. The paranoia of being overwhelmed by a "yellow wave" found expression in the Hawaiian Gazette: "The asiaticizing of the Hawaiian Islands is proceeding at such a rapid rate that those citizens who know what such a course must lead to, may well stand appalled before such a prospect." Rev. Cruzan's Friend asked bluntly: "Must the White Man Go?"18 These racist messages were as much directed toward the small shopkeepers and other petty bourgeois elements in the community (who had formed the bulk of the shock troops for the Honolulu Rifles in 1887 and were counted upon by the elite as a front line armed force) as anyone else. Yet, these sentiments also reflected the planters' deep-seated fears of a swelling Asian proletariat which might one day make common cause with the dispossessed Hawaiians (or be powerful enough on its own) to disrupt the existing social order. One of the most prominent elite leaders, Sanford Dole, in an 1891 paper given
before the Honolulu Social Sciences Association, addressed this question as much in class terms as in race terms. Dole asked somewhat rhetorically: "Are education and religion to be influences sufficiently conservative against a rapidly increasing proletariat ... a large and dangerous class, men not made conservatives by family ties or property interests."19 (Italics added)

The sugar interests were enmeshed in a web of their own contradictions. While the sizeable Asian proletariat was certainly a cause for alarm, it was also recognized that a continued flow of cheap immigrant labor was vitally necessary to maintain the low wages (and hence, profitability) of the plantations and mills. Additional segments of the oligarchy, previously lukewarm, now began to view annexation as a means of eliminating the dominant Hawaiian-Oriental majority as a political force, while keeping immigration flowing unabated. "Alone we are in a great degree helpless. We cannot prevent the tide of immigration," noted W. O. Smith, a sugar planter. "We must make a strong effort for annexation next spring."20 This was not a situation of complete unanimity, however. Some like Spreckels and Paul Isenberg opposed annexation because it meant the end of the fantastically cheap contract labor system, while others, such as Englishman Theo Davies, supported the crown on a national basis, fearing the repercussions of annexation on their holdings.

Undaunted by the fact that they only had the support of a majority within the two thousand member American community in Hawaii (among the five thousand foreigners living in the kingdom), the
annexationists plunged on with their schemes. For them, it was no longer an academic question. Dire economic necessity had transformed annexation from merely a conversational plaything to a top priority matter. A contradiction existed too deep to be resolved by any compromise; those who controlled the Hawaiian economy lacked the political power to direct the Islands' future in a way conducive to their interests. No one expressed this dilemma more succinctly than Lorrin Thurston:

Four-fifths of the property of the country is owned by foreigners while out of an electorate of 15,000, but 4,000 are foreigners - Thus placing the natives in overwhelming majority.21

The time for action was at hand. An Annexationist League, formed during the summer of 1892, laid the groundwork for the projected coup by seeking support in Washington. Secretary of State Blaine and Secretary of War Tracy granted the conspirators every assurance of support, including the promise that the queen would be paid off to relinquish her crown. United States Minister Stevens, a seventy-three year old New England clergymen, widely known for his zealous sentiments ("The time is near when we must decide who shall hold these Hawaiian Islands as part of their national territory")22 was instructed to aid in the plot.

The long-awaited crisis erupted on January 14, 1893, when Liliuokalani, in the wake of a series of cabinet shakeups and general governmental stagnation, mounted the throne and read a declaration promulgating a new constitution. It asserted the power of the monarchy over the government and declared that all cabinet ministers
would henceforth serve at her pleasure. This was nothing less than a massive repudiation of the Bayonet Constitution and a blunt defiance of the broad structure of political institutions established by the bourgeoisie during the course of three-quarters of a century. That night Thurston's home on Judd Street was the scene of a hasty conference between Dole, Smith, W. R. Castle, F. W. Wunderburg and their host, to discuss strategy. The first move of this self-proclaimed "Committee of Public Safety" was to huddle with Minister Stevens. He assured them that "United States troops on board the Boston will be ready to land at any moment to prevent the destruction of American life and property ... and they of course would recognize the existing government whatever it might be."\textsuperscript{23}

The next day, Stevens ordered the Boston’s commander, Captain Wiltse, to land his troops to "assist in preserving public order"--a phrase somewhat shopworn from being trotted out during nearly every colonial incursion from the Nile to the Gulf of Tonkin. The troops landed on the dock, paraded along Merchant Street and swung up King, pausing for a short rest at the Alapai Estate of Castle and Cooke President J. B. Atherton, then bivouacked in front of the Royal Palace.

Ignited by foreign armed intervention, the Committee of Public Safety, a thin conspiracy of some one hundred poorly trained and armed Haoles, seized the government buildings on the following morning and proclaimed the dissolution of the monarchy and the establishment of the Republic of Hawaii. Without active outside support, there is little doubt that their action would have failed
pathetically. Only the presence of United States troops on the scene influenced the Queen (who had access to scores of well-armed police and para-military troops equipped with field guns, as well as hundreds of supporters calling for arms) to "yield under protest to the superior force of the United States Government and to avoid collision of armed forces and possible loss of life."

Meanwhile, Minister Stevens, gloating over the success of the operation, was writing to the Secretary of State: "The Hawaiian pear is now fully ripe and this is the golden hour for the United States to pluck it." (italics added)

During the months that followed, a period in which annexation negotiations were being held in Washington between a "Hawaiian" delegation composed of a number of leading planters (who represented, in the words of one approving contemporary, "a large preponderating proportion of the property holders and commercial interests of these islands") and high-ranking United States officials, Minister Stevens placed Hawaii under his protection and American troops occupied key buildings. And well he might have. For outside of what Lieutenant Lucien Young, the officer whose claim to fame was that he had led the Boston's landing party ashore, called "the best citizens and nine-tenths of the property owners of the country (he later noted: "There were several thousand American citizens and many million dollars worth of American property at the cyclonic condition of affairs.") the government represented a distinct minority. "Eighteen men representing nobody" was one popular epithet.
Although President Harrison's annexation treaty of 1893 denied American complicity in the previous months' events, no one in Washington really believed it and the sordidness of the affair left a distinctly bad aftertaste. The seal of doom was placed upon immediate annexation when United States Government investigator James Blount, not swayed by the winning and flattery of the Island oligarchs ("I was surrounded by persons interested in misleading me," he commented afterwards), issued an official report charging Stevens and the planters with overthrowing the popular sovereign of a nation whose people were deeply opposed to annexation. "... The American minister and the revolutionary leaders had determined on annexation to the United States and had agreed on the part each was to act to the very end... The undoubted sentiment of the people is for the Queen, against the Provisional Government and against annexation."28 Some of the testimony before Blount in Honolulu was particularly damming: Claus Spreckels, for instance, whose political position had been completely shattered by the events of 1887 and 1893, said: "I think that seven-eighths at least of the natives would be opposed to annexation. The Provisional Government would never be there if the United States troops were not landed."29 Grover Cleveland, the new president, also firmly opposed annexation: "... if I were in favor of annexation, I should oppose taking of the Islands by force and fraud. I think there is such a thing as international morality."30 However, he ignored the pleas of Liliuokalani and other Hawaiians, refused to dismantle the new regime ensconced in Honolulu: a shrilly authoritarian government
ruling without mandate or popular base of support.

The composition of the Provisional Government afforded an index of its class basis; a cabinet that read like Dole, Damon, Smith, Jones; among the fourteen members of the regime's Advisory Council, the body wielding real political clout, eight were major shareholders (with $181,700 in aggregate holdings) in sugar plantations. A short-tempered display of arbitrary policy-making was the dominant style. Martial law remained in force, habeus corpus was suspended, an Immigration Act legislated to restrict entry to Hawaii by "suspicious" aliens, while a Dangerous Persons Act provided a carte blanche for the authorities to imprison anyone on the flimsiest of excuses. Royal crown lands were opened for sale and leaseholds, with the Queen's choicest lands being snapped up by the plantations. When it came time to write a constitution, it was consciously modeled after the 1891 Mississippi Constitution, noted for its effectiveness in disenfranchising Black voters. This was a government which attempted to "legitimize" itself through a constitution which managed to omit jury trials, deny the vote to all who were not literate in English or did not possess property worth at least $200, and excluded free presidential elections. Among the Hawaiians, the new constitution was greeted with sarcasm and hostility.

In January 1895, an uncoordinated, poorly planned royalist revolt broke out, the rebels soon surrendering after a series of skirmishes around southern Oahu. Immediately afterward, United States troops staged highly visible maneuvers in the central
Honolulu area for several weeks to intimidate any remaining dissidents. This sort of intervention, however, did not seem to satisfy the Advertiser:

What are we fighting for if not to protect the property of the United States citizens? The American people have $21,700,684 invested in this country - twice as much as any two nations represented in the islands.

In Washington, Thurston and Castle leapfrogged from clubs to cocktail parties to Congressional offices, laying out the case for annexation and distributing books and pamphlets extolling the virtues of Hawaii. With the old frontier receding into memory, the Pacific Coast filling up with immigrants, and the export capacity of both American industrial and agricultural sectors growing apace, there were powerful interests present within the United States ready to reinforce the ideas of the men from the Islands. The new president, McKinley, whose platform during the election of 1896 included the building of the Panama Canal and expanding national trade in the Pacific, introduced an annexation proposal to the Senate with the highly significant remark that annexation was to be the culmination of "seventy years of virtual dependence upon the benevolent protection of the United States. Under such circumstances, annexation is not a change, it is a consummation."

Indeed, McKinley's choice of the term "virtual dependence" is correct in the sense that scholars of peripheral, dependent development use it today. Available data from the period fully supports the statement by the Pan American Union (1897) that the
"United States practically monopolizes the trade of Hawaii." 36

From 1887 to 1891, 91.20% of total Hawaiian foreign trade was with the United States; from 1892-1896, the figure was 91.92%. In comparison, the trade volume compiled by Hawaii's second largest trading partner, Great Britain, amounted to only 4.89% during the 1887-91 period and 3.09% in 1892-96. 38 In dollar figures, this means that in 1894, of total Hawaiian exports of $9,140,794, exactly $8,997,069.27 went to the United States. The structure of this exchange was typically dependent in character; raw materials and primary agricultural products, in return for industrial and processed goods. In 1894, sugar accounted for $8,473,609.10 of an aggregate Hawaiian export volume of $9,140,794.56 (or over 92%). Remaining exports are miniscule in comparison; rice--$327,384.09; bananas--$112,930.75; followed by a smaller dollar value of coffee, hides, tallow, molasses, goat skins. The imports are mainly industrial and reprocessed goods such as iron and steel manufactures ($405,316 in 1894), the largest import. Manufactured cotton goods ($297,771) was the second largest, followed by chemicals, dyes and even refined sugar. What is particularly interesting is the large amount of foodstuffs being imported by the Hawaiian economy. In 1894, $179,138 worth of wheat flour and $128,179 of dairy products were brought in. The allocation of the great bulk of viable agricultural lands to commercial agriculture had clearly undermined the Islands' traditional status as a self-sufficient food-producing unit. 39
It should also be noted that the communications links through which Hawaii traded with the world outside were also American controlled; by 1890, of the ships involved in international trade which were active in Hawaiian waters, 224 were American (tonnage 153,088), 35 were Hawaiian (tonnage 43,641), and 16 were of British registry (24,852 tons). 40

This gives us some idea of the scope of United States economic hegemony in and around Hawaii near the turn of the century. The economy built by the plantation-related bourgeoisie in the Islands amounted to a faithful reflection of the needs and development patterns of the metropole on the continent. In the process, the Hawaiian Islands had emerged as a dependent society, an almost classical monoculture export economy lacking even the semblance of a self-sustaining industrial base. The sugar elite, for that matter, had neither the need nor the incentive to diversify since their economic position was eminently lucrative. Any real form of industrialization, in fact, was expressly prevented by the tariff patterns established by Reciprocity. The elite was both the product and the beneficiaries of continued dependency. Their refusal to implement a program of industrialization recalls the parallel pattern of Latin American dependent development. Chilcote and Edelstein describe it:

Industries grow only in areas which do not conflict with metropolitan competition; and in these fields manufacturing tends to arise as an extension of agrarian capital, not in opposition to it. 41
Cultural dependency accompanied and reinforced economic dependency. Thurston, in his pamphlet advocating United States annexation of Hawaii, in 1898, draws a picture of a peripheral society whose basic institutions and values are largely conditioned from the metropole:

The general statutes, court procedure and legal methods of Hawaii are based upon - many of them copies of - those in use in the United States. Most of the lawyers and judges are either from the United States or educated therein. The public school system is based upon that of the United States; more than one-half the teachers are American, English is the official language of the schools and courts; the common language of business. The railroad cars, engines, waterworks, water pipes, dynamos, telephones, fire apparatus, are all of American make. United States currency is the currency of the country. Government private bonds, notes and mortgages are made payable in United States money.42

In the arduous debate over annexation within the United States Senate, two positions rapidly surfaced. On one pole, a curious coalition of populists, liberals, racists (anxious at the prospect of contaminating Anglo-Saxon America with the likes of "leprose kanakas" and "mongrel senators"), and sugar beet manufacturers, all argued vehemently against annexation.43 With the exception of the racially motivated and the sugar beet lobby, the dominant tone seemed to be the old, ingrained American sense of respect for the self-determination of others (which has always been found more in the rhetoric of public life than in the reality of historical experience). These were the people who shrank from the momentous step of committing the nation to the role of overseas imperial
power.* Senators like Pettigrew, White and Tillman fought an all-out battle on the Senate floor. "I have talked to everyone who would talk with me," reported Pettigrew of his Hawaiian visit, "and I have failed to find a single native Hawaiian who was not opposed to annexation." And Wisconsin's Mitchell: "Since the advent of the white man every leaf in the history of Hawaii is either red with blood or black with intrigue and jobbery."44

The pro-annexationist side mobilized a wide range of supporters including military men like Admiral George Belknap: "We need the group as part and parcel of the United States and should take what is offered to us even at the hazard of war." There was also Lucien Young, the officer on the spot during the overthrow of the monarchy, who claimed that it "will give us dominant power over the entire North Pacific."45 "If I had my way we would annex those islands tomorrow," wrote Assistant Secretary of the Navy Theodore Roosevelt, who labelled opponents "traitors to the race."46

Speaking to a business community increasingly concerned with foreign markets, the New York Journal of Commerce declared the coming annexation of "interest to every businessman for the political change would certainly make a greater opening for American manufactures."

Other business journals, like Iron Age, as well as The Committee for

*These same politicians, however, many of whom were rural populists actively promoting imperialist policies aimed at securing markets for farm surpluses, were not at all adverse to maintaining the status quo of Hawaiian political and economic dependence.
American interests in China, demanded annexation: "We want a market for our surplus products," a viewpoint echoed by the *San Francisco Bulletin* which called Hawaii "the center point of the North Pacific. It is in or near to the direct track of commerce from all Atlantic ports ... It is the key to the whole system. In the possession of the United States, it will give us command of the Pacific." During the debate, some senators very explicitly placed Hawaii within the global framework of American capitalist growth. Williams notes the "propensity to often link Cuba, Hawaii and the rising concern over America's position in the China market." Rabid expansionists like Colorado's Senator Teller (who had once exclaimed: "I am in favor of the annexation of Cuba. I am in favor of the annexation of the great country lying north to us. Mr. President, we want those islands. We want them because they are a stepping way across the sea. Necessary to our safety, they are necessary to our commerce."") envisioned Hawaii as a strategic American gateway for trans-Pacific expansion.

Yet, progress toward annexation remained barely discernable. The bill remained blocked in the Senate by fierce opposition. The *Advertiser* exhorted its readers to remain firm and to

Stand by the government you have put into office. There are hardly 2,000 of us able-bodied men who are trying to hold the fort of white civilization here against 80,000 or more who oppose us. We need to make our frontage solid as granite.50

(italics added)

For the sugar-based elite in Hawaii, now almost solidly lined up for
annexation because of their fears of a new sugar tariff ("The conversion of planters to the cause of annexation has been quite noticeable as of late. The fear of losing the benefits of the Reciprocity Treaty either very soon or later has touched their heart or rather their pocket-books," noted W. O. Smith acidly.\(^5\))

The two blasts which demolished the Maine in Havana Harbor and provided the pretext for United States intervention against Spain were decisive for the annexationist cause. On its way to capture Guam, the crew of the United States Navy's Charleston took on supplies and was feted at an enormous picnic by a Hawaiian government only too anxious to stress the Islands' strategic position and loyalty to the American cause. And as the Spanish were defeated at Manila Bay and American troops stormed onto Filipino soil (to "liberate" what had already been liberated by the Filipinos themselves), momentum for annexation gathered terrific force. "The Gibraltar of the Pacific," exulted Commodore George Melville about Hawaii. "Bridge the Pacific" headlined the Philadelphia Press, "with the Philippines, Guam, the Carolines, a Spanish possession, Samoa and the Hawaiian Islands to complete the chain."\(^5\)

Two weeks after the shooting had begun, in a lecture to Boston's fashionable Middlesex Club, the unabashedly imperialistic Senator Albert Beveridge enunciated a global strategy, almost
prophetic in its scope, of the worldwide avenues United States capital and military power would some day venture upon. In its own curious way, it contains an almost classic Marxist analysis of the thrust behind imperialism:

American factories are making more than the American people can use. American soil is producing more than they can consume. Fate has written our policy for us; the trade of the world must and shall be ours. We shall establish trading posts throughout the world as distribution points for American products. We will cover the ocean with our marine..."53

Back in Hawaii, the planters were playing a final trump card, the yellow peril. Japan's recent military triumph over China, together with the Japanese military-industrial buildup, were beginning to be viewed with alarm by nations with Pacific Rim interests. This, in conjunction with the rapidly growing Japanese population in the Islands, afforded ample opportunity for race baiting and jingoism from the Advertiser: "It is the white race against the yellow. Nothing but annexation can save these islands." Planter William Alexander warned of a choice between a "Japanized Hawaii and an American Hawaii: "When the Japanese shall come to form an overwhelming majority of our population, the United States will not be justified in international law in forbidding Japan to take charge of what will virtually be a Japanese colony."54 Meanwhile, Theodore Roosevelt, closely tabulating the number of Japanese battleships and cruisers leaving British shipyards, picked up the thread: "I am alive to the danger from Japan."55

Lorrin Thurston, in an annexationist pamphlet addressed to the
powerful in the United States, had asked: "It is no longer a question whether Hawaii shall be controlled by the native Hawaiians or by some foreign people, but the question is—What foreign people shall control Hawaii?" (italics added) Liliuokalani, the deposed queen, was asking this same question, but in a different context: "Is the American Republic of states to degenerate and become a colonizer and a land grabber?" Both of these were answered in July 1898, when the United States Senate passed the Newlands Resolution authorizing annexation. Significantly, no provisions were included mandating a popular referendum by the people of Hawaii on the subject of their future.

At the formal ceremonies incorporating Hawaii into the United States, on a day called by one of the Islands' noted businessmen "this most glorious day in Hawaiian history," there was an eerie lack of visible Hawaiians. Invited to play, the Royal Hawaiian Band did not come, while the National Guard Hawaiians covered their faces as the stars and stripes were hoisted upon the pole. According to one observer on the scene, the Rear Admiral L. A. Beardslee: "The band of Hawaiian damsels who were to have lowered for the last time the Hawaiian flag would not lower it. The band refused to play the ponoi and loud weeping was the only music contributed by the natives." While congressmen and military officers danced at a splendidly catered annexationist ball with HaoLe debutantes in long, white dresses, the Advertiser trumpeted in a headline chillingly reminiscent of Third Reich pronouncements of another era: "HAWAI I BECOMES THE FIRST OUTPOST OF A GREATER AMERICA."
CHAPTER SEVEN

A PLANTATION SOCIETY

Hawaii furnishes a vivid illustration of the way in which private business organization in its final stages of development permeates, influences and controls the life of a country.

Ray Stannard Baker
1911

No high government official in Hawaii can be free to act according to the dictates of his own conscience and remain in office long if he runs counter to the wishes of the big interests and it is useless to try to close one's eyes to the fact.

Crossroads of the Pacific
1912

As he emerged from his airplane, the president-elect of the United States scanned the faces of the waiting crowd for one face in particular. This was Hawaii after all, and Dwight David Eisenhower identified Hawaii with one man above all others. He asked, "Where's Walter?" Nobody asked, "Walter who?" This story as much as any illustrates the metropole-periphery elite linkages that conditioned the functioning of Hawaiian society for a half-century after annexation; the relationship between an Eisenhower and a Dillingham symbolic of the cross-fertilization of mutual interests.
THE POLITICAL MONOPOLY

The events surrounding the incorporation of the Hawaiian Islands into the nascent United States overseas empire provide an essential framework for an understanding of the Hawaiian plantation society as it existed in its period of maturity. The identity of interests between the Island elite and the continental elites that had led to annexation was rigorously maintained. In return for securing Hawaii as a strategic military and territorial outpost of American penetration into the Pacific Basin, the plantation ruling class was granted political and economic sway over the Islands. The forms of acute economic dependency, so notable during the monarchy and republic periods, were maintained and amplified. As had been the situation since the mid-nineteenth century, this was a class (and a system) whose foundations rested upon the access of Hawaiian sugar to United States markets. Annexation, by affording Island planters a sizeable annual sugar quota (while a $34 per ton tariff was being placed on foreign sugar imports into the United States), was a guarantee the continued viability of both large scale sugar production for export and the class that controlled the means of production around sugar. Annexation perpetuated Hawaiian dependency upon the United States and the role of the Island elite as subordinate to what were essentially political decisions made by metropolitan elites. The basis of the continued prosperity of the Island upper class then was quite similar to the dependent Latin American elites described by Pompermayer:
It is important to realize that the dominant classes which were successful in their hegemonic pretensions were precisely those that also succeeded in associating themselves with the international economy and the leading sectors of the dominant powers.2

One of the great fears that had haunted the elite after annexation was the prospect of, what Lorrin Thurston had referred to as, "the ignorant majority" using legal means to dismantle their carefully constructed economic apparatus. As the first territorial governor, Sanford Dole, had so artlessly expressed it: "What if all the natives and the Portuguese can vote without being perfectly responsible simply because they are grown up?"3 And Thurston was most succinct on this same point:

What we desire is some form of territorial government which will give an effective executive, which will not be subject to the whims and caprices and dishonesty of an irresponsible legislative body; as well as maintain government, make revolution impossible, encourage investment of capital and development of resources.4 (italics added)

The solution arrived at by Washington and Honolulu, in joint consultation; an extraordinarily powerful governor's office, possessing a wide range of administrative and discretionary powers. Control over the governorship became one of the keystones of elite control over the entire political process. Officially appointed by the president, territorial governors were, in actuality, hand picked by the oligarchy. Some governors, like the former president of the Republic of Hawaii, Sanford Dole, lawyer Walter Frear (a thin, goateed man who stepped from the governor's mansion to directorships of Bishop Trust, the Dillingham interests and the Bishop National
Bank), Alexander and Baldwin executive Lawrence Judd (who in his autobiography proudly relates how he was literally *ordered* into political life at a meeting presided over by top executives from four of the largest corporations in Hawaii), Hawaii Sugar Planters Association labor recruiter Lucius Pinkham (who managed to reduce taxes on the plantations by $25,000,000 during his term in office even though sugar production and profits were higher than ever), were themselves members in good standing of the Island upper class. In any case, even "outsiders" like W. R. Farrington, were always quite amenable to acting in the best interests of the "boys on Merchant Street." Wrote one contemporary critic of the system:

Sugar was so thoroughly king in Hawaii that an appointee for governor (who under the law had to be a bonafide resident of the territory) even if selected from among those having the least direct connections with the dominating sugar interests would be nevertheless inevitably controlled by those interests.]

The second keystone of political domination was legislative control. Since the elite represented only an insignificant minority of the electorate and could easily be outvoted in the elections, they were faced with continuing problems of establishing an electoral majority. With most Orientals disenfranchised as aliens, the dominant voting bloc to be influenced was the Hawaiians. Cleverly using Hawaiian leaders, such as Prince Jonah Kuhio Kalanianaole (who was coopted with an offer of the position of territorial delegate to Congress and vague promises of future benefits for Hawaiians), to construct a mass Hawaiian base for the legislative domination of the elite-run Republican Party, the elite located the vehicle they needed.
Kuhio did indeed receive his appointment as territorial delegate in Washington, where he served the plantation interests well for two decades pleading for their sugar quotas and immigration policies, but he remained a figurehead. Real decision making was carried out elsewhere. Now and then, in flashes of anger and frustration, he would lash out at the "domination of Hawaii by sugar planters" or in even harsher language tell a throng of Hawaiians (at Aala Park in 1912): "Under the political conditions in the territory, a man doesn't own his own soul." And yet, the collaboration continued.

Merchant Street used the Hawaiian alliance in the most cynical manner. An excellent example is the Hawaiian Rehabilitation Act passed by the United States Congress in 1921. Conceived of as an answer to the thousands of landless Hawaiians occupying hovels and shanties around Honolulu, the bill established a Hawaiian Homes Commission to distribute two-hundred thousand acres of land to Hawaiian homesteaders for the creation of small farms. Kuhio, who had promoted the legislation vigorously, hailed it as "a triumph of justice for the Hawaiians."  

Meanwhile, implementation of the bill revealed its hollowness. Since nearly all of the allotted acreage was rocky, arid and sandy (the sugar planters had managed to exclude any of the fertile sugar lands from the distribution process) and "only 2% of the land could be properly developed at reasonable cost," the impoverished Hawaiian homesteaders quickly floundered amidst unsurmountable obstacles. Even those settlements which proved agriculturally sound, lacked the
essential transportation facilities to markets in the towns. Eventually, the best homestead lands passed under large plantation control through lease arrangements, while most of the remaining settlements failed. They finally deteriorated with time into rural slums. Moreover, only a small fraction of the Hawaiian population was touched by this program of "rehabilitation" and the great majority were left in a state of permanent economic depression.11

The real beneficiaries of the Hawaiian Rehabilitation Act were, ironically, the sugar elite. The ability of the Hawaiian sugar industry to achieve substantial economies of scale, thus making sugar a viable export crop, rested largely on its continued access to vast acreages of public lease lands. In 1890, 750,000 acres—

one-sixth of all the land in Hawaii—was under lease by plantations from the crown and government. During the brief Republic of Hawaii period, the Dole Government issued a host of new leases to its friends and supporters amounting to 1,400,000 acres.12 Since 1898, when the Hawaii Commission's Report to the United States Congress had recommended that "These lands should be disposed of in such wise and beneficent manner as will make these mountains and valleys the home of a million good American citizens,"13 there had been pressure from a number of sectors (mainly landless Hawaiians and Haoles) for repossession of these lands and subsequent redistribution. This pressure intensified around the time of the end of World War One. This rising anti-lease agitation, in conjunction with the fact that between 1918 and 1922 twelve major leaseholds of public land by
plantations were set to expire, confronted the planters with a dilemma. In view of the high prices fetched by sugar in the United States market and the absurdly low rentals on public lands (one plantation, for instance, held 95,000 acres at 2¢ an acre per year), sugar interests regarded the maintenance of these leaseholds as imperative.

The Hawaiian Rehabilitation Act thus became the vehicle for preserving corporate control over public lands. A small, seemingly minor clause was inserted into the law, allowing public lands in Hawaii to be re-leased for indefinite periods and removing all restrictions on the size of the leases. This hidden agenda within the Act quite successfully rehabilitated all endangered plantation lease lands. The importance of this to the planters may be judged by the fact that 26,000 acres out of 85,000 acres of prime grade land planted in sugar were under government lease to the plantations. Once again, the ability of the elite to manipulate the political process to their advantage (and to draw support from allied interests in the metropole) had fortified their economic power.

A monopolized political scene, which left no space for the participation of entire segments of the populace, reduced politics as well to a charade. Plantation lunays escorted their workers to the polls, where they were intimidated into voting "correctly." It was an age when Joseph Cooke could mount a chair at the Republican Convention and issue orders to the delegates, many of whom were plantation managers and employees. The Democrats, mainly supported by the class of landless maka'ales, but still controlled by plantation
interests, also had a formidable record of corruption and bossism. During their 1912 Convention, Windward Oahu land baron, Link McCandless, bribed delegates and dominated the floor through the use of strong armed former policemen.\textsuperscript{17} Ironically, twenty-two years later, this same McCandless would charge (with some basis in fact) that king-maker Frank Cooke Atherton had bought the territorial election for delegates with $40,000 and brazen intimidation of plantation workers. Troublesome independents, like Maui contractor, Willie Crozier, who spoke for collective bargaining rights for workers and political reforms, were thrown bodily out of the legislature.\textsuperscript{18} Legislative bills were drawn up in the downtown offices of corporate attorneys and transmitted to corporate politicians at Iolani Palace.

Realizing that elections were fundamentally meaningless, the Hawaiian masses enjoyed the \textit{luaus} and the carnival atmosphere around election time, the heavily rhetorical speechmaking and good food and drink, and accepted patronage jobs at low levels of the government. Whether Democrats or Republicans were in office, they reasoned, real power would still remain the preserve of the elite. What one of the leading muckrakers of his day, Ray Stannard Baker, had written during his 1911 trip to Hawaii, "Three-quarters of the population of Hawaii have no more to say about the government under which they are living than the old slaves in the South,"\textsuperscript{19} was echoed by a hardbitten Hawaiian, a quarter of a century later, after he had moved to the remote an inhospitable island of Kahoolawe to escape the system:
"We Hawaiians don't want statehood any more than we wanted annexation, but whatever the Big Boys want the rest of us will get and like it."\textsuperscript{20}

Poulantzas provides us with a very useful conception of the State: "The State is not a \textit{thing}. More precisely (it is) the structure where the power of the dominant classes is condensed."\textsuperscript{21}

The use of the State as an essential instrument of class domination has never been more in evidence than during the mature plantation stage of Hawaii's historical development. Control of the local State apparatus was largely responsible for the profitability of Hawaiian commercial export crops. The services provided by the State in this respect are myriad. It deliberately frustrated land reform in order to continue the policy of huge public land rentals by plantations at nominal rents. It diverted public water to irrigate sugar plantation fields; it used the police and national guard to break strikes and suppress working class agitation; it reduced the plantation tax assessment to a minimum. At the level of the metropole, the access of the Island elite to metropolitan elites was a further precondition of their survival as a class. That this was also successfully negotiated, can be seen by the large ongoing quotas of sugar allotted to Hawaiian producers each year. There is a matrix here of reinforcing elements. Control over the basic economic institutions of Hawaiian society reinforced the elite's political position, which in turn, reinforced economic domination. Political and economic hegemony within Hawaii
provided the Island oligarchy with a base from which to deal with other elites at the Center in Washington, New York and San Francisco.

THE ECONOMIC MONOPOLY

The Merchant Street headquarters of the great corporations exercised monopoly domination over nearly every aspect of what had become a remarkably centralized economy. Annexation had incited a burst of economic expansion. Thirteen spanking new plantations appeared fueled by $40,000,000 of new capital investment, the great majority of which was locally generated. Land in sugar cane increased by 128,000 acres between 1900 and 1913. With the opening of the Panama Canal, which significantly augmented the East Coast market for Hawaiian agricultural products, the laying of the trans-Pacific cable that established instant communication links between the Islands and the continent, the widespread introduction of electricity and telephones, and the construction of bigger wharves, Hawaii was drawn more tightly into the world capitalist network. And yet, internally, the elite managed not only to maintain its economic control, but also to deepen and broaden that control through their monopoly over the basic industries of the Islands and the related financial and service institutions spawned by those industries. Here, of course, political power and influence both inside and outside Hawaii fortified their economic position. This situation was at variance with the forms of dependency present at the same time in other sugar producing areas; Cuba, for example, where in 1926, seven
United States corporations controlled one-half of Cuban sugar production and "representatives of American sugar interests became the leading figures in Cuban public life." The Cuban bourgeoisie clearly lacked the political and economic resources to retain control over their basic economic sectors. Direct economic penetration from the Center was the consequence.

The rather "unique" form which Hawaiian dependency assumed during the plantation heyday was also a result of what many dependency theorists like to refer to as "the laws of development" of the Center or the world economy as a whole. If in the 1920's, adequate opportunities existed for capital-laden investors to put their money in expanding domestic industries (or in foreign investments in Europe or Canada), then in the thirties, when business confidence was rock-bottom (by 1932, production in the United States had fallen 55% below the 1929 level—or back to 1913 levels) there were few investors indeed who could be persuaded to finance overseas projects. For the North American investor, Hawaii, a tiny chain of remote islands with no known raw materials worth retrieving, with an existing elite that already monopolized the major (and most profitable) industries, with a racially diverse population that might cause political destabilization in the future, had little if any attractiveness.

By the onset of the second decade of the twentieth century, the pattern of tight-knit business direction over Hawaii's economic affairs was a firmly established fact. The elite controlled a diverse empire consisting of plantations, banks, insurance companies,
shipping lines, trust, railroads and retail and wholesale outlets. This was a finely tuned mechanism, utilizing a legion of methods to insure concentrated control--interlocking directorates, direct stock ownership, holding companies, transportation agreements, family intermarriage and joint financing. If stock ownership gave the appearance (particularly in some plantations where as many as one or two thousand different entities owned shares) of being fairly widely distributed among a number of various parties, then the reality was one of management and voting control invested in the hands of a minute segment of stockholders, usually acting with the authority of combined family shares or trust shares behind them.

"In no part of the United States is a single industry so predominant as the sugar industry is in Hawaii," wrote Ray Stannard Baker.25 A 1905 study elaborated on this: "Directly or indirectly all individuals in the Territory of Hawaii are ultimately dependent upon the sugar industry. The social, the economic and the political structure of the islands alike are built upon a foundation of sugar."26 Acting as agents for thirty-six of the thirty-eight sugar plantations, the Big Five (Castle and Cooke, C. Brewer, American Factors, Theo H. Davies, Alexander and Baldwin) openly monopolized the "White Gold" trade. Twenty-nine firms, producing seven out of every eight tons of sugar exported from the Islands, refined their product at their wholly-owned California and Hawaiian Sugar Company plant at Crockett, California. In addition to refining Island sugar, C&H Sugar also took on the responsibility of marketing and distribution of the
product. This kind of vertical integration in sugar gave the Big Five almost complete independence from the exactions of California-owned sugar refineries and also a virtual monopoly over sugar distribution in vast areas of the western United States.

At the heart of the plantation system was the profit rate. Although this varied with the ups and downs of the market price for sugar (which was sometimes disturbingly low), there were sufficient years of plenty to offset the lean. In 1925, which was a rather bountiful year, Island sugar interests realized a $25,000,000 profit on a $100,000,000 crop. The Hawaiian Agricultural Company counted a profit ratio of 30% in 1915; 67% in 1920 and 17% in 1925. One of the largest plantations, Maui's Hawaiian Commercial and Sugar Company, sprawling out over 35,000 acres housing 3,200 workers, regularly returned a 20% profit to its stockholders. From 1894 through 1923, aggregate Castle and Cooke profits amounted to $12,308,550. Out of this, $6,299,400 was paid as dividends--average yearly dividends being a most substantial 36.2%. These profits formed the basis for Big Five consolidation of the sugar industry within Hawaii itself, the domination of other Island industries and financial institutions and the first tentative probings toward external expansion beyond Hawaii:

Accumulation of surplus funds from profitable sugar production not only enabled the industry to finance itself but also to invest large amounts in other domestic--and later--foreign enterprises. Thus Hawaiian sugar plantations had a surplus capital position and a net flow of capital to other industries some twenty years before United States agriculture was able to obtain a similar position.
Pineapple cultivation, first begun commercially around the turn of the century by James Dole, rapidly expanded into a big business under the auspices of the Hawaiian Pineapple Company. Profits were comparable to sugar; 25% in 1920 and 33% in 1935. But the onset of the Great Depression, at a time when the company had 65,000 acres planted in pineapple (and heavy outstanding debts), played havoc with its financial position. In 1931, faced with a disintegrating market and a bumper crop rotting in the fields, the aristocratically aloof James Dole, never on the most intimate terms with the elite, committed the unpardonable act of abandoning his longtime carrier, the Big Five's Matson Navigation Line, for the cheaper (but overseas owned) Isthmian. Almost immediately, his sources of credit in both Honolulu and San Francisco dried up. Banks were deaf to his pleas for emergency loans. Shortly thereafter, Dole was forced to concede failure and his company passed into the hands of Castle and Cooke.30

Castle and Cooke resolved to apply the same monopolistic practices it used so successfully in sugar to pineapple. In conjunction with two other Big Five corporations, the Pineapple Producer Cooperative was formed; a combine which monopolized world pineapple trade and determined how much fruit would be produced and who would receive it. By 1940, the Big Five's pineapple holdings had matured into a $50,000,000 business employing 35,000 workers and incorporating the usual techniques of interlocking directorates and secret agreements. Castle and Cooke's Waialua Agricultural Company, for instance, owned enough stock in Hawaiian Pine (36%) to draw off
over $600,000 a year in dividends. 31

Hawaii's dependency relationship to the United States was considerably more profound than the barber shop quartets, silent films, bootleg liquor, flappers and dance crazes that had become part of the Island scene also. For if the plantation society rested upon the twin foundations of sugar and pineapple export cultivation, then the market for these crops was almost wholly to be found within the continental United States. Hawaii's trade patterns were, therefore, completely dictated by the needs and dynamics of a plantation economy tied to American industrial technology, manufactured consumer goods and food imports. This is also expressed in terms of aggregate trade figures. In 1914, for instance, Hawaii imported $32,055,970 worth of goods, and $25,773,412 of this amount was from the United States. The second major importer, Japan, had less than one-tenth of the American total. During the same year, the United States provided the market for $40,678,580 of a grand total of $42,593,825 of Hawaiian exports. 32 Two decades later, in (fiscal) 1935, Hawaiian exports to the United States had climbed to a sum of $94,513,699, against exports to all foreign nations combined of $1,316,360, while United States imports to Hawaii amounted to $63,472,682, against foreign imports of $5,761,924. 33

An itemized breakdown of the aggregate trade figures reveals a dependent trade relationship between Hawaii and the metropolis identical to what existed in previous eras. In the fiscal year 1913-14, raw and refined sugar accounted for $33,188,019 of Hawaiian
exports; the next item in dollar volume was pineapple at $4,536,919. All remaining Hawaiian exports taken together (rice, hides, molasses, coffee, etc.) did not come close to equalling the figure for pineapple. In fiscal year 1935, sugar and pineapple exports together were $89,784,074 out of a total export figure of $94,513,699 (to the United States). 34 The data here points to the overwhelming importance of sugar and (to a lesser extent) pineapple in the economy of Hawaii and the absence of a well-diversified, mutually reinforcing economic base.

The import picture is a _deja vu_ of the late monarchy period; Hawaii is importing processed consumer goods, capital equipment and basic foodstuffs. In fiscal year 1913-14, breadstuffs, cotton clothing, oil, automobiles and parts, nails-spikes-pipes, lumber, tobacco, fertilizers and dairy and hog products were (in that order) Hawaii's leading imports by dollar volume; during fiscal year 1935, iron and steel manufacture, petroleum, grains, cotton manufactures, automobiles, meat products, electrical machinery and apparatus, industrial machinery, dairy products and fruits were the largest imports. 35 These figures suggest a society unable to feed itself or produce even the basic capital goods necessary for its agro-industrial life.

The immense profitability of the mature plantation system to those who controlled its means of production and associated industries mitigated against any incentive they might have had to diversify. And given the carefully prescribed role which Hawaii
played in the international division of labor, any attempt to promote a different sort of economic development would have encountered powerful opposition from entrenched industrial interests. In short, the plantation bourgeoisie were the (rather comfortable) creatures of a historically-determined situation, of a series of inter-woven structures. As Frank comments: "The national bourgeoisie ... are necessarily so inextricably integrated into the imperialist system and the exploitative metropolis-periphery relationship it imposes upon them that it cannot possibly escape from and can only extend and deepen the resulting development."36

That Hawaii would remain an area of stunted, uneven development was not their concern; after all, they controlled the basic industries of the territory and even the transportation, merchandising and distribution of goods manufactured in the metropolis. Yet, the impact of the plantation development paradigm upon Hawaiian society was profound indeed. To quote Amin's analysis:

In the long run, this distortion toward export activities constitutes a major reason for the blocking, at least to a relative extent, of ... development, keeping it dependent and restricted to the requirements of the center for primary products.37

That Hawaii, as a dependent economy, was also subject to economic fluctuations emanating from the Center was evidenced by the rapidly deteriorating position of Hawaiian industries during the most brutal years of the Great Depression in the metropole. The total export value of Hawaiian sugar and molasses in the halcyon year of 1928 was
$80,936,457; by 1930, this had plunged precipitously to $56,563,847, and in 1934 to $55,264,427. After years of consistently high profits, the Hawaiian Pineapple Company lost $3,875,000 in 1931. One historical study notes: "Pineapple production ... plummeted in 1931. So did construction. Agricultural workers moved in increasing numbers to urban Honolulu, adding to already high jobless totals." Despite the fact that more than 10,000 Filipino agricultural workers had already been shipped back to the Philippines, the Honolulu Advertiser still reported on April 22, 1932: "Unemployment in Honolulu ... is worse than it has ever been in the history of the Territory." The virtual collapse of the construction industry in Honolulu was a measure of the times; new housing starts dramatically decreasing from a volume of $7,254,042 in 1929 to $1,408,302 in 1933.

This vulnerability to developments at the level of the metropole was also sharply underscored by the Sugar Act of 1934, which relegated Hawaii to the category of foreign producer of sugar. In one stroke, Hawaii's sugar interests lost about 76,950 tons (or approximately 3%) of their annual sugar quota. Moreover, the law stipulated that all sugar in excess of 3% of the quota had to be shipped to the continent unrefined. This piece of the legislation reflected both the internal needs of the metropole and shifting alliances and conditions in the sugar producing peripheries. Between 1902 and 1930, Cuba was the recipient of approximately 45% of the total United States domestic sugar quota, while Hawaii, the Philippines and Puerto
Rico shared about a quarter of the quota. This was reversed in 1930 with the three American-controlled areas sharply cutting into the Cuban allotment. The consequence in Cuba was economic ruin, severe depression and armed uprisings. The government was overthrown and the situation threatened to escape American control (as it did in fact a generation later). The 1934 Sugar Act, which enlarged Cuba's sugar quota once again, was aimed at fortifying the position of the Cuban elite linked to North American capital and restabilizing the political situation. The Sugar Act was also in response to the overproduction of sugar for a United States domestic market (whose buying power had been diminished by the Great Depression).

Sugar and pineapple were certainly the principle interests comprising the elite's economic arsenal, but they by no means constituted the entire spectrum of monopoly control. The Bank of Hawaii, founded a year before annexation by the presidents of Castle and Castle and Cooke, two prominent conspirators against the Queen, soon shared, with the older Bishop First National, in monopolizing financial and loan business. Intruders such as the People's Bank of Hilo and the Bank of Maui found themselves utterly isolated and unable to deal with anyone tied to the Big Five (meaning virtually everyone.) They subsequently collapsed and were absorbed into the old kamaaina financial apparatus. Hawaiian Trust and Bishop Trust handled real estate, stock brokerage and insurance. Dillingham's Oahu Railway and Land Company was the railway on Oahu, while Alexander and Baldwin had the rails on Maui and Alexander and
Baldwin and American Factors owned the Big Island rails. Virtually every sector of economic life was subservient to the oligarchy. In 1937, Edward Walker, High Sheriff of Hawaii, testified before a congressional committee on statehood:

Everything that comes into the territory comes through a large corporation. The independent businessman who attempts to enter business here immediately finds that even nationally advertised lines from the mainland are tied up by the Big Five. It is almost impossible to get an independent line of business as they have everything - lumber, paint, right down the line. 44

Newcomers could occasionally gain entry into the charmed inner circle of corporate Hawaii by the time-honored tradition of "marrying in." (Two notable examples of this being Philip Edmunds Spaulding, son of a Minneapolis architect, who arrived in the Islands in 1912, married Alice Cooke and eventually became president of C. Brewer and director of twenty other companies and Alva Steadman, a South Dakota-born Harvard lawyer who married Martha Love Cooke, daughter of the Bank of Hawaii president, and within twenty years had risen to the presidency of the Cooke Trust Company and directorships of a dozen other corporations). The bulk of power, however, continued to be exercised by older and more entrenched Haole families, still very much in charge of the businesses inherited from their missionary and merchant forefathers.

The corporate listings of 1920, to take one year, reveal that two Cookes and one Atherton were directors of the Bank of Hawaii; two Cookes, an Atherton, a Thurston, sat on the Honolulu Rapid Transit
Board; Amfac listed a Cooke, an Atherton, a Dillingham, a Frear and a Wilcox; while an Armstrong, two Athenors and three Castles graced the Castle and Cooke Board. The scene is strictly *deja vu.*

Decisions were a prerogative of the men in the cool linen suits, in the leisurely ease of their plush offices or in the elegant sitting rooms of the Pacific Club. Stockholder meetings became formalities in such closely held firms. At the Castle and Cooke building (until 1938, the company was 58% controlled by the Atherton and Castle Estates), the Kohala Sugar Company scheduled its annual meeting at 9:30 A.M.; Ewa Plantation followed at 10 A.M., Wailua Agriculture was on at 10:30, and the Helemano Corporation at 11:00. One would be surprised if the handful of men who attended these meetings did not subsequently adjourn to the Pacific Club for lunch at 11:30.

Corporate musical chairs. Two decades later, the corporate structure is almost identical. One notable addition is the recently emergent utility companies, which have also come under the monopoly umbrella. Given their existing control over the economy, it was inconceivable that any new technology or industry brought into Hawaii during this period would not be (almost immediately) commandeered.

The old missionary firm of Castle and Cooke, with its islands-wide holdings in plantations, warehousing, communications, finance, etc., seemed to be the most eminent member of the Big Five. The situation enhanced by the events of the First World War, when Castle and Cooke grabbed the lion's share of the confiscated German-owned Hackfeld and Company (today's American Factors). Two leading luminaries within the Castle and Cooke family, Bank of Hawai
president Clarence Cooke (also director of Hawaiian Trust, Hawaiian Electric, C. Brewer, Hawaiian Pineapple and eight sugar companies) and his cousin, Frank Cooke Atherton (president of Castle and Cooke and director of Hawaiian Trust, Hawaiian Pineapple, American Factors, the Bank of Hawaii, the Honolulu Star-Bulletin and seven sugar plantations), occupied the pinnacle of the economic hierarchy. Atherton's predecessor, E. D. Tenney, the longtime, autocratic president of Castle and Cooke, performed the versatile feat of presiding over Castle and Cooke, Matson Navigation, the Hawaiian Trust Company and three plantations (while being on the board of directors of twelve other companies) simultaneously.

On the island of Kauai, the Amfac land managers, the Rice family, along with the Wilcoxes and Robinsons, were the acknowledged suzerains. The writ of Henry Baldwin ran strong throughout Maui,* while three kamaaina families and American Factors controlled the Kona Coast, and East Hawaii was under the direction of an assortment of Big Five managers. Those presenting a challenge to the existing power structure were crushed without hesitation.

The interests of the man who was known to many powerful metropolitan figures as "Mr. Hawaii"—Walter Dillingham, who had "worked as best I could as a young fellow toward annexation"—were legion. Inheriting a railroad, some widespread land holdings and a

* Territorial Governor Carter wrote to Baldwin in 1904: "Instinctively I turn to you for information on everything that happens in Maui." (Fuchs, p. 199)
wealth of business and political contacts from his father, Walter soon broadened out into dredging and construction, opening up Kahalui and Hilo as active ports. By the early twenties, utilizing his old school ties and connections made around the Racquet Club in Washington, he had "clearly established himself in the eyes of important officials as Hawaii's important industrialist." 50 Dillingham, more than any other member of the Island elite, became a creature of alliances with elites at the metropole. Indeed, the spectacular rise of the Dillingham industrial complex must be attributed to the generosity of "Mr. Walter's" Washington patrons. Lavishly entertaining junketing admirals and generals, presidents and senators at his splendid baroque estate near Diamond Head, Dillingham obtained lucrative military contracts for numerous projects in Hawaii and the Pacific. It was his intimate contact with top civilian and military figures that gave him a series of profitable contracts around the Pearl Harbor Naval Base and a relationship with the military that would extend beyond Vietnam. By the 1930's, Dillingham's fortunes were on the rise as contracts for shipyards, ports, rails, etc., were pouring in. Preparations for the Pacific War were underway that would propel the company's blue insignia to the furthest reaches of the great ocean. 51

Walter Francis Dillingham, who in August 1919, did not hesitate to fire seventy Japanese railway workers, whom he tagged as "agitators," and hire others in their place and never thought twice about using goon squads to enforce his will, was not a man to tread lightly in
matters that affected his interests. It was Walter (as is revealed in the remarkable correspondence between him and Governor Farrington) who was the *eminence gris* behind a number of the governors of Hawaii. It was Walter who contemptuously dismissed complaints about civil rights violations in Hawaii during World War Two as "all that sort of hooey that nobody cared a damn about." And it was Walter who, at the height of the much publicized Massie case (when the Island elite was frightened by mainland demands to overhaul the Territorial governing structure), lectured the Chamber of Commerce as to their own class interests: "You businessmen represented by the Chamber pay 90% of the taxes and the time has come for you to demand 90% voice in the control of government." Ten days later, after demanding the convening of a special legislative session to establish a police commission and enact a tough new jury law, Walter stormed into the governor's office at the head of a crowd of Big Five executives to receive a response. Melodramatically retrieving the executive order for the new legislative session from his desk drawer, the feckless governor, Lawrence Judd, told his visitors: "Here it is gentlemen. I signed it yesterday and it goes out today." The first police chief was none other than Dillingham's private secretary.

Among the last of the old *kamaaina* ruling class to accept the passing of an era he cherished so well, Walter Dillingham, in the late 1940's (he was then president of five companies and director of seventeen more), would still insist that nothing had really changed. "We have never given up the leadership and control of the policies in
the development of this Territory," he proudly told a congressional investigating committee. And yet, despite his regret at the passing of the old era, Dillingham remained a shrewd capitalist hatching future plans to enhance his family's corporate interests. He was a man who knew that Hawaii's economic future (and his own) lay elsewhere than in commercial agriculture, or to be more precise, in the new and virtually untouched economic sectors of tourism and land development.

Not content with simply directing the Islands' commercial production, the Big Five was also determined to oversee and control the movement of goods between the Territory and North America. The Matson Navigation Company, which had served the Big Five as their primary carrier of sugar and pineapple since early in the century, subsequently fell under Big Five majority ownership (which in turn guaranteed a Matson monopoly over all Big Five business). Thanks to support and patronage from its Merchant Street owner-customers, Matson developed into a leading Pacific shipping line transporting virtually the entire cargo of freight and passengers moving between the continent and Hawaii.

In their operation of Matson, the Big Five remained faithful to the tradition of refusing to accept the existence of any business enterprise not under their express control. Using every available corporate device to force competition to the wall, Matson bought out rivals like the Los Angeles and the Oceanic Steamship Companies, while the surviving competitor, the Dollar Line, found its rates undercut in
a ruthless price war. Finally, reeling from the impact of heavy financial losses, Dollar agreed to terminate regular shipping service to the Islands and kickback fifty percent of its profits ($1,200,000 between 1930 and 1938) from the Hawaiian route to Matson. Thus it was its location within the intricate web of the Island economic empire that gave Matson effective dominance over the shipping lanes. In the late nineteen thirties, the carrier interlocked with fifty-eight Big Five-controlled corporations. The transportation monopoly was a fabulously lucrative trump card for the Big Five which realized enormous profits in commissions as agents for the steamship companies they "served," while drawing dividends from the same firms.57

For people living in Hawaii, monopoly control over shipping and commodity distribution meant high prices and a diminished standard of living. "It does cost more to live in these islands than in almost any other part of the United States," reflected Crossroads of the Pacific a dozen years after annexation.58 To use one example, the Big Five controlled over 90% of the retail-wholesale lumber business in the Islands. In the early 1940's, lumber was priced at $15 a thousand square foot board in California; upon arrival at the Honolulu docks, the price had nearly doubled to $28.50; the customer eventually paying $78.59 Along the way, Matson and Big Five warehouses, wholesalers and retailers cleared a very substantial markup. This situation was aggravated by the Inter-Island Steamship Company's monopoly on internal freight transport within Hawaii. Discriminatory pricing and charge what the traffic will bear were their operating principles.60 In view of the Big Five production-
transportation-distribution monopoly in Hawaii, a remark by journalist Alexander MacDonald, in his often perceptive Revolt in Paradise, is quite credible: "By 1941, every time a native Hawaiian switched on his lights, turned on the gas or rode on a street car he paid a tiny tribute into Big Five coffers."61

Food prices were also marked up exorbitantly. In 1930, when monthly wages for male plantation workers ranged from approximately $31 for adults to $6 for children, when the cannery paid $21-29 a month, when construction workers received $20 per month and longshoremen $12-14, Honolulu food prices (bread--10¢ a pound, eggs--78¢ a dozen, butter--58¢ a pound and fresh milk--20¢ a quart) were far higher than anything comparable on the continent. This is a structural phenomenon rooted in Hawaii's status as a peripheral producer of commercial export crops for the Center. The great bulk of productive agricultural land was in the hands of agro-industrialist-financiers whose class base rested upon a thriving two-crop export economy. The economies of scale and capital investment necessary to continue this system naturally precluded the cultivation of vegetables, fruits, grains and the building of a local dairy industry. The laws of capitalist economics (developed at and for the Center) determined that the immense profitability of commercial sugar and pineapple export would take priority over self-sufficiency in food. Thus, in a group of islands containing thousands of acres of extremely fertile agricultural lands and ideally suited for double and triple cropping, with plenty of fine pasturage, eggs, cream and beans were imported from California, mutton from Australia and New Zealand.62
In the same agrarian context, one should mention that the oligarchy feared the rise of a strong small farmer-yeoman class which might demand the kinds of drastic land reforms that would undermine the plantation estate system. After annexation, a deliberate policy of the elite had been to discourage small farming as an economic alternative in Hawaii. Governor Frear had sabotaged land reform measures, as had Governor McCarthy and other Big Five minions. In his time, Governor Pinkham had classified departure from large plantation agriculture as "absolutely un-American" and praised the existing system as "development on American lines." Although that ersatz reformer, Governor Wallace Rider Farrington, declared the existence of "opportunities for citizens of this territory young and old who wished to go into sugar or pineapple cultivation," adding in his own piece of the Protestant ethic "The easiest thing in the world is to say it can't be done. Ninety percent of the failures go along that route, all the successes take the other route and do it," the truth was quite different. As one farmer, an open faced Swedish immigrant named J. E. Gamielson learned.

Gamielson and twenty other small holders were growing sugar cane on small homesteads on the Big Island. The Swede's sixty-nine acres were slightly larger than the typical landholding of the group. Around this time (1910), the area's dominant Big Five firm, the Hilo Sugar Company, was conducting a no-holds barred campaign to drive a small, local, independently-owned mill into bankruptcy and, as part of its strategy, persuaded the capital-short homesteaders to sell all their sugar to its refinery at a very solid price. However, after
delivery of the cane, Hilo Sugar suddenly refused to abide by the original agreement; the homesteaders received only half the price promised. They soon fell into the usual vicious downward spiral of falling heavily into debt to buy needed supplies. Then suddenly one day, without advance warning, they learned that the local Big Five bank refused to extend any additional credit. What ensued was a host of bankruptcies with the most productive lands absorbed by Hilo Sugar.65

This same tale (with some minor variations) could have been told by numerous small farmers. When they applied to the courts for legal redress, they were confronted with Big Five appointed judges. The local plantation manager himself was, at once, postmaster of the district and commandant of the local police. Before being itself driven out of business, the muckraking magazine, Crossroads of the Pacific referred to small farming as "a snare and a delusion ... a glittering farce convenient for oratorical mouthing for political purposes."66 In testimony before a congressional investigating committee, Russian-born Nicholas Russet, an Olaa farmer driven to financial disaster by plantation-bank collusion, blamed "the concentration of economic and political power in the hands of a few" for the failure of small homesteading. "Neither small farming or diversified industries are in the interests of those few," he concluded.67
THE KAMAAINA ELITE

Life for what Honolulu writer Donald Blanding called "the select cream, the pale foam on the melting pot" bore a close resemblance to other Caucasian ruling classes in the tropics. One recalls the Dutch planters of Java, the French in Indo-China, India's British gentlemen and ladies of the Raj. Boys and girls might spend their childhoods frolicking with Hawaiian companions in swimming holes and along beaches, but at the age of eleven or twelve, on the verge of adolescence, the law of caste would descend setting them on the road to their proper station. The young Haole male went on to Yale or Princeton, before returning to occupy the office on Bishop Street, or perhaps manage the family plantation or ranch; the girls to make the correct Haole marriage. The great families lived in splendid Victorian houses overlooking carefully manicured estates, where they entertained ranking military officers and influential congressmen. Appropriately, their favorite sport was polo, the preoccupation of the British rulers of India. An elite which prided itself on prerogatives, it was customary for the curtain of the Kahalui movie theater to be held until the "king of Kahalui" arrived to claim his seat. 68

A tightly-knit group was this ruling class, frequenting the same clubs and vacation retreats, yachting, sailing, golfing and cruising to Europe together, and living in the same exclusive neighborhoods. Carefully shielded by their wealth (and the isolation their class
position brought them) from harshly critical outsiders and from the resentments and frustrations of much of the population living under their dominion, they naturally came to regard themselves as divinely-appointed to rule over the "others." To be sure, the workers were a necessary part of the scenery, but not much more than that. They were a people without authentic culture or sufficient education and mental ability to rule themselves. No one expressed these sentiments more forcefully than sugar planter Royal Mead:

Up to now, the Asiatic has had only an economic value in the social equation. So far as the institutions, laws, customs and language of the permanent population go, his presence is no more felt than is that of the cattle on the range.69

_Noblesse oblige_ demanded a certain paternalism; a certain grudging benevolence toward inferiors. Sophie Judd Cooke prided herself on "the domestics who served us well over the years" and that she knew the names of her Japanese chauffeurs, cooks, gardeners and maids on her Molokai estate.70 It was a ruling class which retained enough of the missionary spirit to delight in lavishing money upon their favorite charities. There was a year when George P. Cooke would donate almost a quarter of his income to various charities; collection plates at the Central Union Church turned up $30,000 on a given Sunday.71 Yet, these same donors recoiled from the idea of voluntarily raising their workers' miserable wages or divesting themselves of ownership in the filthy, falling-down tenement slums in Kakaako. "I have rarely visited a place where there was as much charity and little democracy as in Hawaii," commented Ray Stannard
Baker in his scathing expose of Hawaii. 72

The entire system operated along the racist lines established by the plantation interests back in the mid-nineteenth century, when a cultural division of labor had been imposed upon sugar production to facilitate exploitation of (and to divide) the proletariat. To keep up racial "appearances" and to maintain a loyal Haole auxiliary, Whites were awarded the most prized jobs and paid more for the same work. 73 Koji Ariyoshi, later to make his mark as a radical journalist, came to Honolulu from the hardscrabble coffee country around Kona where "there seemed to be more bad years than good. I saw neighbors leave Kona crushed by the burden of debts." He noted, as a young worker: "In the various places I worked even on the waterfront, I had noticed that the Haole firms did not seem to approve of white laborers working with us. Haoles became clerks, watchmen, holding down what appeared to be cleaner jobs." 74 On his first trip to the continent, future governor Lawrence Judd was more than slightly surprised to "see so many light skins on townspeople who were doing all the work, barbering and waiting tables, driving the teams of fine horses and patrolling the police beats." 75

The most ambitious attempt to provide an intellectual under-

* Yet, even in Hawaii, class ultimately took precedence over race. According to John Reinecke: "I taught for four years at a plantation school in Honokaa and during all that time never once was I invited to the houses of the plantation staff. That was my experience."
pinning for Hawaii's cultural division of labor and the political and economic disenfranchisement of the vast majority of Island people by the plantation elite, involved S. D. Porteus, Director of the Psychological and Psychopathic Clinic at the University of Hawaii. During the 1920's, he tried to promote "racial efficiency indexes" and other devices to measure racial intelligence and characteristics. The background to this "experimentation" was the unprecedented working class militancy demonstrated by Filipinos and Japanese on the plantations in this period. A prolonged strike by Japanese and Filipino plantation workers in 1920 (broken only with the greatest difficulty by the oligarchy) was followed by a tumultuous Filipino strike, four years later. Porteus (who had very close links with the Haole elite through his wife, a member of the large, estate-holding, Damon family) provided the dominant class in Hawaiian society with a "scientific" rationalization for their repressive policies and their special prerogatives and privileges. His characterizations of the Japanese and Filipinos (who constituted the great majority of the plantation proletariat at this time and were regarded as potential usurpers of power by the elite) are extremely revealing. The Japanese were regarded by Porteus as "intensely race conscious, ready to combine for any purposes of group advancement, aggressive and rather untrustworthy when self-interest is in question." To counter the Japanese threat which he perceived to be imminent, Porteus advocated that "... the Nordic strongholds in America and Australia must be developed and maintained. To throw them open to the dangers
of Japanese penetration, peaceful or otherwise, would be to pursue a policy of race suicide.\textsuperscript{77}

If the Porteus scenario viewed the Japanese as (overly) capable competitors for what up to then had been a Caucasian preserve, then the Filipino threat was approached from a rather different perspective; this was a racially inferior, mixed-blood group with a deficient psychological structure plotting to usurp their betters. The stereotypes were drawn just as crudely as in the description of the Japanese:

Filipinos represent a fine example of a race in an adolescent stage of development. They exhibit all the signs of imbalance and temporary maladjustment that many adolescents show ... If the traits that we have found to be characteristic of the Filipinos in Hawaii are also typical of the Filipinos at home then we are forced to the conclusion that they are a long way from the stage of development at which they could be safely entrusted with self-government.\textsuperscript{78}

Porteus' critique of the Filipino character structure was a convenient rationale for continued disenfranchisement (and exploitation) both of Filipino plantation workers in Hawaii as well as those in the Philippines who were colonial subjects of the United States. Charging that the Filipinos were "improvident and shiftless, highly emotional and impulsive and explosive, of primitive temperament," Porteus drew the inevitable conclusion that they were neither prepared for self-governance on any level nor for a responsible role in American society:

It is of our opinion that no matter what labels of citizenship we may put on these people they remain Filipinos and it will take much more than a knowledge
of the three 'R's' to make them Americans. 79

Porteus then adopted a position identical to that of the Hawaiian Sugar Planters Association which insisted that an education for non-Haole working class children beyond that needed to work efficiently in the fields was both unnecessary and a definite danger to the system. He therefore advised the rulers of Hawaii to exercise caution. "The surest way to make a malcontent is to educate him above his intelligence or opportunities.," 80

The racism of the elite was compatible with its overriding obsession, i.e., the determination to maintain absolute control over the working class. The carrot (paternalism) and the stick (coercion) were employed to achieve this end. Paternalism, in the form of a number of perquisites provided "free" by the plantation--housing, medical care, recreational facilities, etc.--was an instrument used to divert workers' attention away from their miserable wages and poor working conditions and to keep them dependent on plantation resources. Paternalism also functioned as a cardinal justification for the maintenance of the plantation system. Upon learning that "their" workers were discontented with the totalitarian regimentation in the fields and camps and the bad conditions, Big Five executives like Frank Atherton assumed an air of self-righteous indignation. "I know of no other tropical or semi-tropical country in the world ... where working and living conditions are as favorable as they are in this country." 81

Coercion was the other side of the coin. Nine decades of
playing race against race, beatings, shootings, blacklists and almost every other form of possible coercion are summarized in a terse 1939 statement by the United States Department of Labor: "Hawaiian management has used every influence at its command to restrict labor organizing." To the planters and their financial allies, cheap, plentiful and highly disciplined labor had always been one of the foundations of their prosperity. They regarded it as indispensable. Back in 1881, the *Hawaiian Planters Monthly* provided some insight into what was a continuing planter perspective: "The industrial conditions of these islands requires people as laborers accustomed to subordination, to permanency of abode and to have moderate expectations in regard to livelihood." The Commissioner of Labor Statistics reported in 1916 that the planters 'view laborers primarily as instruments of production, their business interests require cheap, not too intelligent, docile, unmarried men ....' Coercion was mainly used to prevent plantation workers from organizing for improved conditions. Plans were carefully formulated for dealing with labor trouble and the Employers Industrial Association of Hawaii worked in close liaison with the Honolulu Police Department and United States Military Intelligence to smash local strikes. Hawaiian labor history is replete with brutal repression. Scores of protests ended with jail sentences for workers, deportations, beatings and evictions. In April, 1909, when 7,000 Japanese (earning 69¢ per day in the fields) walked off the job, Merchant Street attorneys broke into the offices of a Japanese newspaper to dynamite the safe and collect evidence to put the strike
leaders in prison for "interfering with plantation operations."
One hundred Japanese were arrested. After three months of goon
squad harassment and court injunctions, the workers, many of whom
were now sick and destitute, trudged back to the job.85

In 1920, during a massive Japanese and Filipino strike, the Big
Five whipped up a racist, red-baiting press campaign against the
strikers: "IS CONTROL OF THE INDUSTRIALIZATION OF HAWAII TO REMAIN
IN THE HANDS OF THE ANGLO-SAXONS OR IS IT TO PASS INTO THOSE OF THE
ALIEN JAPANESE?" Thousands of workers and their families were
evicted from their woodframe, corrugated iron houses on plantation
property, from the "flowers and plants carefully nurtured by our own
hands." Makeshift camps were slung along dirt roads from Pearl City
to West Honolulu, and in the city itself amidst a raging influenza
epidemic, thousands crowded into tent camps, parks and temples, where
some died of influenza and pneumonia. As the people died ("Their
lives went out like candle flames in a gust of wind"), they said:
"Don't give up the fight. Fight for the righteous cause." After
six months the strike was smashed in a place William R. Castle was
hailing as: "A place to be proud of since America has made it a land
of prosperity and happiness and liberty."86

In 1924, when 13,000 militant Filipino workers, demanding improved
conditions, engaged in a series of strike actions, kidnapping and
violence became the order of the day. Eventually, a pitched battle
flared between armed workers and the police in Hanapepe, Kauai,
leaving sixteen workers and four police dead. The planters then
imported two machine gun squads of National Guard to break the strike and had sixty strike leaders imprisoned for four years.\textsuperscript{87}

Six years later, a visiting (and sympathetic) writer noted that: "There is no remnant of organization among the plantation workers today and at this time there seems little chance of effective labor action."\textsuperscript{88}

In the 1930's, a time when Territorial delegate Joseph Farrington stood on the floor of the United States Congress eulogizing Hawaii as "the lighthouse of democracy in the Pacific," labor organizers on the Hawaiian docks were beaten up and deported by thugs personally hired by Big Five lawyer Frank Thompson, and the Honolulu police (besides protecting these thugs) operated as crews to break a 1936 Honolulu-Hilo Inland boatman's strike: these were cops who reported to Castle and Cooke managers for orders. On the breezy morning of August 1, 1938, five hundred unarmed, peaceful pickets were fired upon by sixty police protecting a strikebreaking ship in Hilo Harbor. In a torrent of fire and gas bombs, fifty-one were wounded. "They shot us down like a herd of sheep," said union organizer and longshoreman Harry Kamoku. "We didn't have a chance—they just kept pumping buckshot and bullets into our bodies ... It was just plain slaughter." Sheriff Henry Martin explained: "The bigshots in Honolulu asked me to give protection to their ships."\textsuperscript{89}

In this "lighthouse of democracy," Democratic Party spokesmen were barred from speaking in large areas of the Islands, and plantation workers (who constituted over one third of all the workers
in Hawaii) were systematically coerced into voting for their bosses' candidates, while blacklisted for pro-union sentiments. Repressive legislation, written by Hawaii Sugar Planters Association lawyers—most notably the 1919 Criminal Syndicalism law, the 1921 Anarchistic Publications law and the 1923 Anti-Picketing law—gave Big Five judges the legal powers to imprison trade union organizers and suppress union literature. One 1938 study remarked of these three statutes: "Each one is a potential weapon in restricting the right of labor to organize for security ... Labor is denied by these laws the right of organizing openly, of presenting its case before the public and of demonstrating its solidarity in times of crisis."90

Under the aegis of former Governor Judd and the Industrial Association of Hawaii (an organization sworn "to check and eradicate communism, radicalism and all attempts to embarrass, harass or overthrow our present system of government and constitutional control"), elaborate dossiers were compiled and maintained on corporate employees and suspected labor organizers in an office of the Castle and Cooke building. In the mid-thirties, a San Francisco public relations man, named Sidney Bowman, and his Pan Pacific Company were hired by the Big Five to foment a propaganda offensive aimed at inducing yet a greater conformity of ideas. Since the two newspapers and the radio stations had already adopted a self-imposed censorship, schools and workplaces now were inundated with materials emphasizing the importance of sugar and pineapple to Hawaii's continued prosperity. Principals and teachers were instructed to escort their students on
carefully planned tours of plantations and mills, right-wing speakers were regularly introduced into school assemblies and informers placed in teachers' conferences and even private gatherings.\textsuperscript{91}

Clearly, it was the \textit{system} which was responsible for the grinding poverty, the wretched working conditions, the multitude of frustrated and wrecked lives, the racism that pervaded nearly every aspect of society, and the intellectual conformity and fear.

The inbred clique of families, possessing autocratic power in Hawaii during the first four and one-half decades following annexation, used that power to protect and expand their interests at the community's expense. To protect an economic monopoly developed over the generations, they had constructed a system (to quote Kolko) "for whom the true basis of social cohesion was repression."\textsuperscript{92} Indeed, during a period when signs like "Mussolini Is Always Right" littered the walls of Italy and jackboots and torchlight parades and the shrill of the Horst Wessel lieder were heard along the hard cobbled streets of Germany, it was notable that National Labor Relations Board Representative E. J. Egan could say, with some credibility; "If there is a truer picture of fascism in the world today than in the Hawaiian Islands, I do not know a definition of it."\textsuperscript{93}

It is quite significant that when Hawaiian leader W. A. Kinney (who appreciated the \textit{systemic} nature of the internal dilemmas facing Hawaii) chose to address a petition of grievances, it was directed to the United States Congress. Like many others, Kinney understood that the real fount of elite power in Hawaii lay in the metropole. In his
petition he said:

That it is a system is the trouble. If it were merely a temporary combination of evil minded men their dispersal would be all that would be required, but what has grown up in Hawaii is akin to the development of the slave power in the United States. 94

Indeed, it was a system, a system which was the product of dependent development orchestrated by decisions made at the Center. If Hawaii was a rather unique variant of a plantation society, it still shared some of the essential dynamics and characteristics of dependency with such places as Cuba, Jamaica and Guyana. Like Cuba, for instance, the Island political-economy "was controlled by a number of organized and monopolistic groups seeking to maintain themselves through government protection." 95 And Eric Hanley's description of "the serious consequences for Guyanese society," because of "the domination of King Sugar," could as easily be applied to plantation Hawaii: "... It has led to the institutionalization of a system of paternalistic domination, the development of a dependent psychology amongst the population and the strange combination of cultural assimilation combined with a system of racial and ethnic stratification." 96 Above all, of course, was the similarity between Hawaii and these Caribbean areas in terms of relationship to the Center. It was this more than anything else that conditioned the shape and form of their development and their societies.

If the nature of Hawaiian dependency during the plantation era was to be summarized, the term limited dependence might be apt. It was a dependency characterized (as in the Caribbean and in other places)
by subordination of the peripheral economy to decisions at the Center, by a monoculture economy directed towards the Center and by dependence upon Center technology. However, unlike other dependent plantation societies, the plantation elite in Hawaii were able to maintain a certain authority within the Islands vis-a-vis the Center, in terms of political and economic control. In the full maturity of the plantation period, they not only consolidated their control over virtually every sector of the Island economy, but even dominated transportation, processing and distribution of their products at the Center.

It would take a global war and global economic changes (initiated at the Center) to bring a measure of change to Hawaii. But what kind of change would this be? Change that would simply ameliorate some of the society's worst abuses and eyesores, using material goods instead of coercion to manipulate people along carefully pre-selected parameters, or change that meant a dramatic societal transformation and a fundamental shift in power from one social class to another and the creation of new values and institutions? This was the dilemma posed in the late thirties and early forties, as it became obvious that the days of the old plantation system were numbered. Whatever the change, one thing was certain, it would draw its impetus from exogenous forces and it would correspond to the next economic and political role designed by the outside for the Islands.
PART TWO
BUILDING THE "NEW HAWAII"
FROM PLANTATION TO TOURISM SOCIETY
SECTION ONE

FORCES AT THE GLOBAL LEVEL
INTRODUCTION

In examining the development of a peripheral area like Hawaii during the last generation, it is of great importance to devote special attention to the internal dynamics of the metropolis dominating and directing that periphery's political and economic life. This makes particularly good sense for the two and one-half decades following 1945, when United States power and the expansion and prosperity of the world capitalist system were nearly synonymous.

The end of the Second World War found the United States occupying a position of international power and prestige probably unrivalled in the annals of human history. Those European nations which had dominated the stage of world history for so long had been ravaged by the war; their claim to great power status severely eroded. Great Britain and France, although technically at least among the victors, had emerged from years of fighting with their economies exhausted and their societies wracked by bitter class divisions. They were in no position to assume their old leadership roles in world politics. Germany was devastated and divided, its cities razed to the ground, its formidable industrial apparatus in ruins. The greatest Asian industrial and military power, Japan, was occupied by American armies and ruled by an American proconsul more absolute than the Tokugawa Shogun; the visions of Japanese hegemony over the Pacific world were finished. And even the Soviet Union, whose industrial and military
power had so convincingly turned the Nazi tide and driven it back into the heart of Central Europe, had achieved what was essentially a Pyrrhic victory: twenty million Soviet citizens were dead, factories, mines, dams and farms were wrecked. Facing a monumental task of reconstruction, the Soviets were in no position on any level to mount a challenge to American global hegemony. Robert Payne, writing during this time, describes the new-found preeminence of the United States: "She bestrides the world like a colossus; no other power at any time in the world's history has possessed so varied or so great an influence on other nations."¹

Whatever fragile equilibrium had prevailed within the global capitalist order before 1939 had been annihilated by a war which had quite substantially (if only temporarily) weakened Western European and Japanese capitalism, while bringing maximum levels of production, employment and internal market demand to the American economy. The Second World War had succeeded in accomplishing what seven years of New Deal economic strategies had failed; it had mobilized the full capacity of the awesome North American productive apparatus and had laid the basis for the consumer economy of the next generation. It was the revitalization of the United States economy, the harnessing of the nation's huge natural resources and technological, military and industrial power, in conjunction with the demise of Western Europe as the arbiter of global affairs that gave the United States the unique opportunity to restructure and manipulate the shape of the post-war world. According to one analyst: "An era of United States hegemony had begun. The United States government was able to dictate economic
and political policies within the world capitalist system.\textsuperscript{2}

What this meant in practice was a world capitalist system that for the quarter-century after 1945 functioned under the guidance of United States political-economic elites and gave American interests paramount importance in the international decision-making process. This entailed the continuing integration of world capitalism under United States control and the establishment of the U.S. dollar as the world monetary currency. It meant United States corporate penetration of Western European economies as the \textit{quid pro quo} for American financial support in restoring a functional capitalism to France, Great Britain, West Germany, Italy, Belgium, Holland along with United States domination over international economic institutions like the World Bank, the International Monetary Fund, et al., and of course, American political and military leadership in the global confrontation with the non-capitalist world. It was the age of Pax Americana.

If one evaluates the functioning of this global system in terms of \textit{its own values and objectives}, it was certainly eminently successful between 1945 and 1970. Within the advanced capitalist world (if not in the underdeveloped countries), there was quite definitely an expansion in per capita consumption and (per capita) real investment, together with a startling rise in almost every important sector of productive capacity and striking technological changes. An era of unprecedented and sustained metropolitan capitalist expansion ensued that only came to a halt in the wake of the Vietnam War, when the internal contradictions of this type of development began
to be revealed. To quote Dowd: "The years since about 1950 have been the most persistently and persuasively expansive in the economic history of capitalism."³

This momentous post-war expansion of international capitalism (under the auspices of American hegemony) was accompanied by a number of crucial transformations, of a structural nature, in the manner in which capitalist economies functioned. For one thing, there was a marked increase in the international concentration of resources under the control of massive corporations which had staked their futures on globally-integrated operations. Secondly, one notes the enormous expansion in the role of the state (which paralleled and often exceeded the expansion of the "private" sector): The state appeared more and more as the guarantor of the process of capitalist accumulation, and thus of the capitalist system itself. At almost every level, from military procurement to sustain powerful war contractors to opening foreign markets through "aid" or political manipulation, the state came to buttress and even administer the affairs of the capitalist system. Another aspect of the new post-war political-economy was the advent of the mass consumer economy in the United States and other advanced capitalist nations. Finally, the erection of a new global capitalist order (under United States direction), which structured an international division of labor, was beneficial above all to the advanced capitalist nations of the Center. All of this was coordinated at the highest rungs of power in the advanced capitalist world by what Kolko refers to as, "ruleship at the highest level: a web of interlocked men and institutions which links
political and economic institutions at many and diverse levels."

The restructuring of the advanced capitalist world after 1945 and the hegemonic American role in defense of empire and global capitalism had immense ramifications on United States peripheries such as Hawaii. The fact that the United States adopted the role of military overlord in the Asia-Pacific region, for instance (particularly after 1950), had as one consequence, among many, the establishment of Hawaii as nerve center and staging area for military strategies directed at two-thirds of the globe. Within Hawaii itself, this served to create a military-dependent economy that reinforced existing structures of dependence upon the continent. The rise of the tourism industry, ultimately of much greater significance than military spending in the development of the new post-war Hawaiian society (particularly in its impact upon Hawaiian economy and social structure), would have been inconceivable without the emergence of a mass consumer society that promoted the vacation-travel experience as an intrinsic commodity of middle-class living. But above all, it is in tracing the evolution and immense importance of transnational corporations and the real implications of the Pacific Rim Strategy that we can begin to form a coherent context in which to place the development of the "New Hawaii."
CHAPTER EIGHT

IN THE AGE OF THE MULTINATIONALS

The age of the multinationals represents a time when effective control over what is important has passed to the new breed of transnational corporations.

Robert Scheer
*America After Nixon*

The international corporation is today's most influential institution ... we have no international institutions to control the power of the multinational corporation.

John Turner
Minister of Finance
Government of Canada
1969

The American social scientist Irving Louis Horowitz, a scholar not often given to exaggeration or hyperbole, writes that "the emergence of the multinational corporation is the paramount economic fact of the present epoch and helps to explain current trends in the political sociology of world relations." Indeed, the contemporary capitalist economic order has come to be ever-increasingly identified with the dynamics of the multinational (or transnational) corporation. Over the last decade, an extensive literature has emerged which focuses upon the multinational firm as the primary agent of advanced
capitalist penetration, control and manipulation of both developed and underdeveloped world regions; as the most potent instrument of a global capitalism that integrates on the basis of a national and regional hierarchy of production, distribution and consumption. For the most part a relatively recent product of the conditions engendered during the post-World War Two period, transnational corporations are nevertheless a logical outcome of a long train of capitalist evolution that led from the small eighteenth century workshop to the factory producing for regional markets in the nineteenth and to the national corporations of the early twentieth century.

**THE RISE OF THE MULTINATIONALS**

The multinational form of corporate organization appeared at a stage in the development of the productive forces of capitalism when a new organizational structure had become necessary to accommodate vastly changed conditions of production and distribution. By the first two decades of the twentieth century in the United States, a rapidly growing economy, which encouraged mergers and made continent-wide, vertically integrated production an industrial imperative, had rendered the older forms of business organization obsolete. A new administrative structure was needed adequate to the demands which new patterns of production and distribution were making on the firm for geographic diversification of operations and strict specialization along product lines. Thus corporate bureaucracies such as General
Motors and DuPont were strictly rationalized; responsibilities of head offices and field offices demarcated, departmental functions assigned, finance and sales separated. It was a time in which "the corporate organization became conscious of itself as an organization and gained a certain measure of control over its own evolution and development." The large national corporation emerged from this bureaucratic transformation as a multi-divisional structure based on the integration and coordination of general affairs under the head office.

This type of reorganization greatly enhanced the flexibility of the corporation as an instrument of capital accumulation. Business could now be conducted on an unprecedented geographic scale and capital could be allocated on a more efficient basis. It was precisely this reorientation of the corporate bureaucratic structure to meet the challenges of continental expansion that gave it the capability to expand overseas. Hymer sums this up succinctly: "In becoming national firms, United States corporations learned how to become international. United States firms began to move to foreign countries as soon as they had completed their continent-wide integration."7

This is a move which began for a few, relatively mature American corporations, such as Standard Oil (which had already found continental markets and resources to be insufficient), as early as the 1880's and 1890's. By 1914, United States investments in Mexico, Central America and Cuba exceeded those of Great Britain (the world's largest exporter of capital). American investment in Canada was a
significant harbinger of the future. At the time of the First World War, Canada, whose economic elite was content to control a number of basic economic sectors (allowing American capital control over the industrial and mining resources of the country), had become host to 450 foreign operations; Singer, Edison, Westinghouse, Gilette and International Harvester were numbered among the most prominent names. And already United States capital was moving beyond North America. U.S. Rubber and Goodyear acquired sizeable rubber plantations in the Dutch East Indies, while United States corporations directly participated in the exploitation of Bolivian tin and Chilean copper and nitrates. Standard Oil was exploring for oil in Southeast Asia and the First National City Bank penetrating South American finance.

The First World War marked a watershed in the decline of the hegemony of the European imperialist powers and the rise of United States capital to prominence in the international sphere. While the vast sums of money expended by the Allies (much of it borrowed from American banks), to sustain the war against Germany, drained their financial resources, American capital replaced British, French and Belgian investors in various areas of the globe. Moreover, the United States was suddenly transformed from its traditional position as a large debtor to European interests into a sizeable creditor. In 1917, the First National City Bank was informing its shareholders that "Americans are able to enter this field in a new capacity, that of an investor organizer. The United States has become much the richest country in the world."
By 1929, when, according to Wilkens, "United States multinational business was extensive and already quite complex," American holdings in Europe amounted to $694 million and in Asia and Oceania to about $400 million. There was also the presence of International Telephone and Telegraph's world-wide communications operations, a variety of oil interests in the Netherlands East Indies, Mexico, and Venezuela, tin in Malaya, assorted enterprises in Africa, the Philippines and Latin America. Canada, where one-third of the manufacturing, mining and utilities sectors were owned by United States capital, was becoming well-established in its role as a subordinate economy to its southern neighbour. One should note here that these overseas economic interests found both Democratic and Republican administrations in Washington only too eager to wield the "Big Stick" on their behalf during this period. This meant a score of armed interventions from the Gulf of Mexico to the Yangtze aimed at stabilizing cooperative elites in power and crushing indigenous resistance to foreign domination. Some Latin American dependencies, such as Haiti and Nicaragua, were occupied for years by United States troops.

The expansive growth of United States business abroad, during the economically robust twenties, came to an abrupt end with the onset of the Great Depression. With internal demand and production in the United States sharply curtailed, investment capital found little motivation for overseas enterprises. Retrenchment was the order of the day, both domestically and abroad. By 1940, the book value of
United States overseas investments had declined from the 1929 figures, despite some impressive expansion by Pan American Airlines in Latin America and oil companies in the Middle East.13

The Second World War transformed the global economic structure far more dramatically than even the 1914-18 conflict. It revived the faltering United States economy (while much of Europe was devastated), thus laying the preconditions for the penetration of new European and Third World markets and resources by American companies and also greatly accelerated the speed of technological change which facilitated the functioning of the new world economy. In this sense then, the war can be viewed as the midwife of the transition of the multinational corporation from an interesting phenomenon of the inter-war period to the dominant economic entity of the years after 1945. It marks the watershed leading directly to the dramatic overseas expansion of American transnationals in the 1950's and 1960's, the germination period of the new world order. The rise of the transnational corporation and transnational corporate strategies did not appear in a vacuum: they were an outgrowth of the new needs and imperatives generated within the context of the growth of the productive forces of capitalism that surfaced so rapidly in the immediate post-war era. They were a consequence of the chain of capitalist evolution that had resulted in the intensive concentration of capital and centralization of decision making within the interlocked power structures of monopoly corporations.

In the most modernized, high technology, capital intensive
sectors of the American economy—computers, motor vehicles, metals, aircraft, drugs, chemicals, petroleum, etc.—the normal functioning of the capitalist system had led to the establishment of a monopoly (or oligopoly) situation. The internal dynamics of the accumulation of capital had resulted in the consolidation of real industry power in a handful of producers in at least one-half of the entire private sector, precisely the most dynamic, profitable and expansive economic sectors of the American economy.

The quite unradical economists, Berle and Means, in their landmark study of the New Deal era, The Modern Corporation and Private Property, have described this very situation, when they concluded: "The rise of the modern corporation has brought a concentration of economic power which can compete on equal terms with the modern state," but this concentration has increased markedly in the ensuing generation. 

Indeed, by the early seventies, this meant that the largest one hundred corporations in the United States held 55% of total corporate assets, garnered 65% of total corporate sales and drew 75% of total corporate profits. Between 1955 and 1970, the top five hundred manufacturing and mining companies in the United States increased their control from 40% to 70% of all assets in these fields. This huge consolidation of corporate control, in the hands of a minute fraction of the bourgeoisie, was largely accomplished through the mechanism of the merger: one can cite 14,000 mergers of manufacturing companies involving $66 billion of assets which occurred in the 1953-68 period.

Concentration within the financial sector accompanied (and very often provided the impetus for) concentration in productive sectors:
the top fifty banks in the United States in 1970 held nearly one-half of all domestic bank assets, the top four holding 16%. The forty-nine largest commercial banks owned 5% or more stock (the most commonly applied yardstick for minority corporate control) in 5,270 corporations. William Hoffman, who considers that for David Rockefeller, Chairman of the Board of the Chase Manhattan Bank, "the presidency of the United States would be a demotion," describes the arrival of "David" at the Chase Manhattan Bank building in New York City on a cold winter day. This is a most eloquent testimony to the massive power of those occupying the pinnacle of the American corporate stratum:

The limousine was black and very big. There were four men inside; the driver, two burly types, who might have been aides but didn't look it, and David. One of the burlies opened the door and David stepped out. He glanced into my face but didn't see me. Then he was gone, flanked on each side by a burly, hurrying up steps and through a revolving door, rushing no doubt, to meetings which would dictate the fabric and quality of my life, of millions of lives. And he didn't see me. But I saw him and was frightened.

If the tendency towards monopoly corporate control over American industry and finance was a logical outcome of the natural evolution of a capitalist system, that favors economies of scale in production and marketing and gives huge corporations the opportunity to mobilize various institutions of the capitalist state to aid in accumulating capital--thus eliminating competition--then overseas expansion was the next logical step in the same process of capital formation. A capitalist dynamic demanding constant expansion was the driving mechanism
common to both situations. As Edwards argues:

They are driven to expand profits not only because they want to, but also because if they are to remain capitalists the market forces them to do so. The choice of technology, the need to expand production, the organization of the work process are determined purely by the structure of the market system and only in a small part by the particular characteristics of individual capitalists.\textsuperscript{21}

Within this context, there is an imperative for domestic corporations in many different industries to become transnational. They must expand abroad to increase (and maintain) their market share \textit{vis-a-vis} domestic and foreign competitors, to keep aggregate demand for their products in line with productive capacity, to reduce costs and, above all, to maintain "adequate profit margins at a respectable enough level to induce financial institutions to continue to finance their activities." There is a circle here and it is quite vicious: inevitably, geographic expansion becomes a crucial means of maintaining financial solvency. To quote Edwards once more:

The drive for greater profits leads inevitably to the drive to expand market output. If output cannot be profitably expanded in one's own market, this simply increases the incentive for the firm to enter new markets—either markets in different goods or geographically new markets.\textsuperscript{22}

Even dominant monopoly corporations have found it necessary to reduce the fixed costs of production, either to become more competitive with foreign challengers or simply to maintain a "respectable" profit picture. Bannock comments on this tendency:
"The mature corporation tries to improve its profitability not by selling more through improved quality or reduced price, but by reducing costs. Cost reductions ... enhance the security of the technocracy in an absolutely safe way." 23 This is a strategy being played out on a global stage with cheap, exploitable labor and raw materials supplied by the underdeveloped nations. It is a strategy orchestrated by corporate head offices in the metropole which balance the firm's investment and marketing activities against corporate needs as viewed from the corporate center. Wilkens, in fact, argues that "the growth of the firm's global operations has historically been an aspect of the development of its business at home." 24 The testimony of the president of the International Telephone and Telegraph Company (IT&T), before a United States congressional committee, vividly illustrates corporate global strategies that use diversification as a hedge against risk and provide the corporation with enormous flexibility in production and distribution of its product:

We did not intend to withdraw from Europe. We intended to grow more rapidly in the United States to overbalance Europe and put them in better proportion (in terms of our earnings). This is also partly true in terms of our South American area, which we consider more risky... 25

Thus given the market pressures, the new post-World War Two global perspective, the huge storehouses of surplus capital available for investment, along with the existence of a government in Washington which encouraged and facilitated American corporate expansion in a myriad of ways and protected corporate interests with military power
and alliances with local elites, even those corporations which had been totally domestic before 1945-50 began to expand abroad. That tariff barriers could be subverted, cheap labor pools utilized, new capital markets tapped, higher rates of corporate taxation avoided and that the new technological revolution in communications and information systems could be used to coordinate far-flung business enterprises: all of this provided a powerful impetus for external expansion. Moreover, the full recovery of Western European and Japanese productive capacity, in the late 1950's, from the effects of the Second World War and their emergence as genuine competitors presented a tough challenge to American industrial hegemony even in the Western Hemisphere. Hymer is explicit on the nature of this challenge and the American corporate response:

Firms confined to the United States market found themselves falling behind in the competitive race and losing ground to European and Japanese firms, which were growing rapidly because of the expansion of their markets. Thus in the late 1950's, United States corporations faced a serious non-American challenge, Their answer was an outward thrust to establish sales production and bases on foreign territories.26

The thrust then is clear: profits through overseas growth, expansion through growth, ultimately survival through growth. For the transnational corporation, international operations are not a matter of discretion, one alternative among many, they are the heart of the matter. The corporation which fails to maintain and extend its market position against all comers must inevitably fail financially and be absorbed by someone else. Harry Magdoff sums it
all up: "Imperialism is not a matter of choice for a capitalist society; it is the way of life of such a society." 27

In view of this, it is understandable why "the surge of participation by American companies in multinational operations in the late 1950's and 1960's was dramatic." 28 Indeed, during this period, United States direct investment abroad grew by about 10% annually or twice as fast as the United States economy as a whole. Between 1951 and 1976, the book value (which is always quite understated) of American investment abroad rose: from $16.8 billion to $80.3 billion. 29 By 1970, United States direct investment in West Germany amounted to $4.6 billion and in France to $2.59 billion, while billions more were invested in mining in Canada and Australia, petroleum in Latin America and the Middle East, manufacturing facilities in Asia and Oceania, and a host of other industries.

On the level of the individual corporate unit, companies like United States Steel, IBM, Coca Cola, and Honeywell were dependent upon foreign operations for at least one-half of their total profits. In 1960, Anaconda drew 80% of its income from foreign operations, Colgate Palmolive 78%, Alcoa 72%, Standard Oil 66%, IT&T 60%. 30 In 1967, Ford had 36% of its sales and 40% of its assets abroad, while Standard Oil had 68% of its sales and 56% of its assets abroad. 31 Indeed, it was no coincidence that those who were reaping the profits of overseas expansion were none other than the most powerful monopolies in the United States with the financial and technological resources to exploit foreign opportunities. For the one-hundred and eighty-seven United States transnational corporations which controlled three-
quarters of total United States assets abroad in 1972, global operations meant profitability and survival in an intensely competitive international marketplace. 32

And if the whole process of overseas expansion was, indeed, centered around what Amin calls the "export of capital motivated by the search for a higher rate of profit," then returns usually exceeded even the most optimistic expectations. From 1951 to 1976, the return on investment for United States corporations averaged 7.4% domestically and 12% abroad. 33 Business Week observed: "In industry after industry, United States corporations found that their overseas earnings were soaring and that their return on investment abroad was frequently much higher than in the U.S." By the early 1970's, foreign operations accounted for 30% of all United States corporate after tax profits, as compared to the figure of 10% in the early 1950's. 34

The largest domestic banks in the United States became key participants (and intermediaries for their clients) in this process of expansion. Between 1950 and 1970, American banks multiplied their foreign branches by five times. First National City Bank came to maintain 633 offices in thirty countries and received 72% of its 1976 profits overseas. 35 Chase Manhattan Bank and J. P. Morgan received one-third to one-fifth of their profits from operations abroad. Banks, often in possession of information and influence lacked by their corporate clients became the essential facilitators in coordinating and locating investments on a global scale. In the words of one commentator on the developing pattern: "Instead of mainly
financing trade, international banking in the future will principally be financing investment projects ... that involve big sums of money and big risks. Banks want to be involved with their major clients in as many ways as possible." The domination of overseas operations by a small group of mammoth industrial corporations was paralleled in the overseas financial sector by the domination exercised by a handful of American monopoly banks. By 1973, the seven largest United States banks drew 40% of their total profits from abroad and entire sections of the Latin American, European, Asian and African financial structure were under United States control. The startling rise of United States multinationals to worldwide industrial and financial hegemony generated new contradictions within the capitalist world and an inevitable response from Western European and Japanese capital who found their own position in jeopardy. In his widely publicized book, The American Challenge, Servan-Schreiber laid out the form the European response must take to be effective: "The path of our counterattack is clearly marked; creation of large industrial units capable of competing with the American giants both by their size and their management." And this was precisely the strategy adopted by the great corporations of the European Economic Community (Common Market) starting in the middle 1960's; the merger, for instance, of Belgium's Gavaert and the German Agfa to create a giant photographic supply corporation capable of competing with Eastman Kodak in European or global markets, was only one of a number of such maneuvers. The existence of over thirty thousand marketing and
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manufacturing agreements between European firms served to limit intra-European competition and consolidate regional and local product hegemony. 39

In Japan, one of the prime roles of the Ministry for International Trade and Industry was to facilitate industrial concentration among Japanese corporations, while the Industrial Reorganization Corporation in Great Britain fulfilled similar functions in helping "to promote the greater efficiency and international competitiveness of British industry." 40 By the middle 1960's, the top twenty-five companies in Great Britain accounted for over one-third of all industrial profits, while the one-hundred largest Japanese corporations realized 38% of the total profits of all the companies in the nation. 41 If American multinationals still comprised one hundred and fifty of the largest two hundred and fifty world capitalist firms in the early seventies, then twenty-one were Japanese, twenty German and nineteen British. Thus the Europeans and Japanese sought to repulse the "American challenge" through the utilization of instruments originally forged by the Americans; massive corporations capable of using global production and distribution channels to penetrate new markets and protect their own home base. If, as Bannock asserts, "concentration is a world wide phenomenon;" this is a concentration attributable to what a former IT&T executive calls "world wide economic warfare" whose "chief adversaries are the United States, Germany and Japan." 42 Contemporary patterns seem to point to the continuing consolidation
of multinational corporate control over the economies of the capitalist and underdeveloped worlds and the coming of the day when three or four hundred corporations would own enough of the world's fixed assets and resources to justify the ominous title of "The World Corporation."
THE MULTINATIONALS AND DEPENDENCY

The transnational corporations have certainly not lacked for praise from their rather uncritical admirers. Senator Daniel Moynihan calls them "arguably the most creative international institution of the twentieth century," while longtime Rockefeller minion Henry Kissinger regards the transnationals as "one of the most effective engines of development," and Richard Nixon told Congress that global companies were "instruments for world prosperity." They have also been described as "instruments of peace" and "part of an economic community on a world level including East and West, North and South."

Any genuine analysis of the worldwide impact of the transnational corporation, however, is, as Brucan intimates, "too serious to be left to apologists." Over the last decade an extensive literature has appeared that critically examines both the behavioral dynamics and the consequences of transnational corporate activities in various world regions. This literature has taken the claims which the multinationals have made to justify their very special place in global affairs as a point of departure for their studies--namely, that they supply needed capital to capital short areas, transfer desired technology efficiently, create employment and provide poor countries with export access to the world market, while improving their tax base, reducing their imports and supporting local capital enterprises--
and through the use of a wide range of empirical data found these claims to be false. If, as the president of IBM claims, the transnational corporations have "introduced rationality into international and human relations," the critics of the transnational system demand to know whom this "rationality" really serves; exactly what classes, forces, and interests are benefiting (and being victimized) by corporate "rationalization" on a global scale.

The true significance of the multinational corporation lies not merely in its awesome size, nor even in its great command of financial and technological resources, but in the opportunities provided by this size and power to dominate global economic markets. It is the global perspective (and dependence) of the multinational then that conditions its strategies: its immense range of flexibility that allows it to accomplish pre-set objectives. Marx, living long before the age of the transnational, realized that, even in the nineteenth century, the mobility of capital was a prime source of capitalism's authority over the worker. He wrote: "And it is just the capacity of the capitalist to divert his capital into another channel which either renders the worker, who is restricted to some particular branch of labor destitute, or forces him to submit to every demand of this capitalist." Of course, the huge international corporation of today, because of its extreme geographic mobility and immense financial, technological and political resources, is in an immeasurably stronger position than in Marx's time vis-a-vis not only workers, but governments also.

Those who critique the transnational corporation recognize that
there are distinctions to be made between the manner in which it operates in the more advanced capitalist countries, which possess stronger internal institutions and bargaining power, and the more vulnerable developing countries (where transnationals can indulge themselves, in many cases, with a complete lack of accountability to the host society). However, even in the advanced capitalist regions of the Center, transnational corporations are capable of parlaying their monopoly over vital economic resources into fabulously lucrative deals with national and local governments locked into a development strategy dependent upon corporate involvement. As Jonathan Steele comments, in the Manchester Guardian, "Companies which first learned to play one developing country off against another, and then used similar tactics among investment hungry nations in Western Europe, are now doing the same thing among the neighboring states in the North-east and the mid-West."50

Ford, to use a prominent example, the same company which only a short time before had received an enormous subsidy (amounting to tens of millions of dollars) from the British Government, in return for locating a new plant in South Wales, was persuaded by the state government of Ohio to build a new factory there with ample assurances that the Ohio taxpayer would foot the bill for a network of new roads and railroads and the guarantee of local tax write offs and no property taxes for fifteen years. The West German multinational, Volkswagen, after adroitly manipulating Ohio and Pennsylvania into fierce competition for who was to host a new VW plant, did even better.
Pennsylvania, the "victor" in this contest, made a series of commitments to the company for loans, tax free holidays and assorted infrastructure construction worth up to $200 million. The Governor of Massachusetts echoes the lament of many local-regional governments in the advanced capitalist world today, when he remarks: "Vis-a-vis Washington and the corporations, we are like a colony--except for one thing--without a central bank we cannot print money." Ultimately, as Gus Tyler suggests, the virtues of "comparative advantage" so effusively preached by bourgeois economics are reduced in the face of multinational corporate power (in alliance with local elites committed to maintaining their own class privileges), to political deals: "The advantages offered by various locations are primarily political like low wages, tax benefits, protected markets, government subsidies or market monopolies." 

In evaluating the impact of the transnational corporations, a keystone for many critics has been the world economic order largely brought into existence by their activities over the last generation. A new international division of labor has indeed arisen, a new hierarchy of production, distribution and consumption, assigning clearly defined roles to different nations: some function primarily as suppliers of raw materials to the industrial plants of the advanced capitalist world (e.g. Indonesia, Congo-Kinsasha, Chile, Bolivia, Zambia, etc.) Others are suppliers of commercial crops and foodstuffs to the industrial nations (e.g. Senegal, Honduras, the Sudan, Tunisia, etc.) Still others are relegated to light manufacturing "export
"platforms" for transnational corporations (e.g. Singapore, Taiwan, Malaysia, South Korea, etc.) Those at the pinnacle of this global hierarchy in North America, Western Europe and Japan export capital, capital intensive technology, technical knowhow and trade in technically sophisticated commodities. In some situations, these roles (whose real basis lies in historically structured inequalities engendered by differential industrial development and the distorted development produced by colonial relationships) will overlap, some nations performing a combination of roles simultaneously, but what remains constant here, is the prerogative of the advanced capitalist nations (through the transnational corporation and other institutions) to create, define and transform these roles in accordance with their own needs.

This is a system whose most notable characteristic is structured inequality; it reinforces both the gap between the advanced capitalist and the underdeveloped nations and also between the classes within national societies. Kolko refers to this as "world economic integration, not on the basis of equality, but of domination." Inequality occurs here (most blatantly) in terms of the rewards allocated, or, as Hveem argues, "through unequal accumulation of value, where those operating at superior levels in the productive hierarchy can take a larger share of the (surplus) value than those working at lower levels." To be locked into this developmental model means that the lesser developed country (or region of the metropolis) is confronted with a steadily diminishing control over its own present and future development. "Once the game is entered economic, political
and cultural decisions are subordinated to the needs and interests of the global state, as defined by those who control the system."

The role of the multinational corporation in both initiating and perpetuating the global division of labor cannot be too greatly emphasized. As the primary agent for the transfer of advanced capitalist technology to the Third World, they are seen by various scholars of Latin American development, for example, as "part of the imperialist system; indeed they are the chief actors in both Latin America and the United States." Hymer rather succinctly sums up the relationship between the activities of the multinational and the global hierarchy:

Through its propensity to nestle everywhere, to settle everywhere, and establish connections everywhere, the multinational corporation destroys the possibility of national seclusion and self-sufficiency and creates universal interdependency. But it creates hierarchy rather than equality and spreads its benefits unequally.

Transnational corporations are thus in a critical position to determine the development policies of many nations and particularly those in the developing world. Their power to allocate technology and capital to mobilize the forces of the advanced capitalist state can prove decisive in a developmental process. Amin comments that "new forms of unequal international specialization are taking shape in the advanced capitalist world in the context of the technical and scientific revolution of today with the Center keeping for itself those activities that are based on highly skilled labor." Even though the international division of labor is an aggregate model
concerning a multiplicity of forces and relationships, it does reflect rather faithfully the operation of the basic transnational corporate unit on the world marketplace, whose "central characteristic is that it seeks to maximize profits not of its individual subsidiaries but rather of the center parent company." 59

This, of course, explains a great deal in terms of the functioning of the multinational corporation in its overseas operations and its fundamental lack of commitment to the authentic development of the nations in which it operates. This goes far to explain why common transnational practice is to locate production facilities in areas where workers are most defenseless, and therefore, most exploitable; why they undervalue their holdings and profits in some areas to escape taxes and shift their tax burden from higher to lower tax areas; why head offices will sell their foreign subsidiaries obsolete equipment at grossly inflated prices and purchase subsidiary production at a fraction of its real value; why licensing agreements that transfer technology to foreign countries forbid subsidiaries to export. 60 Clearly the multinational corporate objective is not to support the genuine development of those nations and regions where they maintain investments and facilities, but, on the contrary, to minimize their own risks, while maximizing market control and profits.

Development above all else concerns human beings; the ways in which they live, work and interrelate. If we consider authentic development to be inseparable from the fulfillment of the human
potentialities and resources of the great majority of people in a society, then we can use a number of yardsticks to evaluate developmental performance.

A society in the process of real development is gaining progressively greater control over its strategic economic sectors and it is in the process of creating an integrated, well diversified economic structure that can provide an adequate number of jobs to fulfill the needs of its members. These are jobs that offer workers a fair degree of participation in a meaningful and dignified activity with adequate remuneration. Genuine development means that class and sexual inequities within the society are being steadily narrowed and greater equality is becoming a social reality, that the bonds of solidarity among the vast majority of people are being strengthened and that they are coming to have a sense of their unique identity(ies). Citizens are becoming increasingly aware of the dynamics of their society and are increasingly capable of assuming positions of responsibility and authority.

On the basis of these criteria, one can argue quite persuasively that the patterns consummated by transnational corporate-guided development strategies are definitely not in support of authentic development, but rather contribute to mis-development or under-development. And this is despite the ultra modern office buildings, shopping centers and suburban villas from Kuala Lumpur to Lagos to Honolulu--occupied by new classes of upward mobile, middle class "world citizens."
In the Third World, transnational corporate control over the key economic sectors is endemic. To take Latin America as an example, Chile (where over one-half of the largest companies are in the hands of United States capital), Mexico (where 253 of the top 400 Mexican companies are under total or majority American control) and Colombia (where 75 of the top 116 firms were controlled by United States corporate interests) are representative of a region which is in essence a great playground for American investors. It is an area in which "United States corporations and their multinational subsidiaries currently control between 70% and 90% of all raw material resources and more than 60% of its industrial plant. Its public utilities, banking, commerce, foreign trade relations are in the hands of United States companies or their subsidiaries."

In much of Southeast Asia, Africa and Western Asia, a similar situation prevails with American, Western European and Japanese international companies competing for access to raw materials, markets and cheap labor.

What is significant here is that it is precisely the most dynamic, the most vital economic sectors, those with the most potential to generate sustained benefits throughout the economy as a whole, that have been commandeered by external interests. The choice industries in many national economies--petroleum in Indonesia, metals and automobiles in Argentina, commercial agriculture in Central America, light manufacturing in Taiwan and Singapore, etc., etc.--are under absentee ownership. Even some of the more highly industrialized (but still dependent) nations like Canada (whose Minister of External
Affairs told the Vancouver Board of Trade in 1972, "Every Canadian should pray every morning and every evening that the United States economy will continue to prosper") were experiencing this loss of economic sovereignty. Brucan's comment that "transnationals accentuate the cosmopolitan character of capital, increasingly alienating it from the socio-economic environment of the home and host nation" is appropos to the Canadian situation. Canada, repository of one-third of total United States investment abroad and a branch economy in the fullest sense of the term in which almost every major industry—from aluminum to automobiles and nickel to drugs—is controlled by American capital, has been deprived of the capacity to make basic decisions about the future of its own economy. These decisions are being formulated in New York, Chicago, Detroit, Boston; a phenomenon which effectively prevents the Canadians from organizing their economy in anything resembling a rational and coherent manner. Little wonder, then, that as the United States economy faltered in the 1970's, Canada found itself in deep economic difficulties. The government in Ottawa was unable to proceed effectively against high unemployment, inflation and a generally stagnating economy. A Canadian scholar writes: "With direct investment dependency and control increases over time. The removal of power from Canada flows from the type of capital investment and organization associated with multinational corporations." And of course, the Canadian situation is not really as desperate as that of the Third World, where much more vulnerable and defenseless
economic and political structures are subjected to the intense pressures of outside control. It is this that causes critics, such as Richard Barnet, to define the transnational corporate attempt to "rationalize the world economy" as part of "an imperialist pattern of a new dimension."

The manner in which international corporations exercise their control over the important economic sectors of the host countries exacerbates longstanding domestic dilemmas and creates new ones. For instance, there is strong evidence that transnationals bring in only a limited amount of fresh capital from the outside and prefer to draw upon local capital resources for substantial amounts of capital instead. This deprives local entrepreneurs of ready sources of funds for their own projects which, in turn, serves to open the local economy to further foreign penetration. This situation is compounded by the fact that in most cases transnational corporate entry into the local market comes, not through establishing newly capitalized foreign subsidiaries with their own productive and distributive apparatus, but rather through the acquisition of well-established and thriving local companies. Thus the multinational corporation in the Third World (and other areas) has the best of all possible worlds; it uses large sums of local money to absorb local firms with good market potential and then repatriates profits back to the home office in the United States or elsewhere.

The consequence of this corporate strategy is a net capital loss for the host countries involved and, on the aggregate scale, a massive
decapitalization of the national economy. In Latin America, for example, where one-half of transnational corporate entries into local markets (between 1958 and 1967) were by acquisition of existing firms, and 79% of net profits (1960-68) were repatriated back to the United States, huge sums of desperately needed capital (the "potential surplus" which Paul Baran argues is essential to Third World development) flowed north to enrich the stockholders and institutional creditors of American corporations. Between 1950 and 1961 Latin America subsidized the development of North America by $174 million annually. During the "Alliance for Progress" years (1961-68), the figure was $131 million annually. In the words of Ronald Muller:

It is impossible to see how the Multinational corporation financial impact on Third World countries could possibly assist in the alleviation of underdevelopment ... Upon examination, the financial contribution turns out to be a financial drain. There can be little doubt that such an impact can only contribute to the further impoverishment of the poorest 60% to 80% of the Third World population.

In terms of jobs and equity, two essential components of any genuine development process, it is no coincidence that the advent of the multinational corporation into the Third World has been accompanied by a striking increase both in unemployment and underemployment and an intensification of traditional class disparities. During the so-called "decade of development," the years from 1960 to 1970, United Nations studies estimate that the rate of unemployment in the Third World rose from 27% to 30%. While the multinational strategy of transferring productive facilities from higher wage areas in the advanced capitalist
world to the low wage developing countries has eliminated millions of
jobs in the metropolis (over half a million in the United States
between 1966 and 1969 alone) leaving areas such as the Northeastern
United States and Molokai economically devastated, the enormous number
of jobs promised to the host countries by the promoters of trans-
national corporate-style development has not only not materialized, but
on the contrary, a net loss of employment has occurred in many places.
In specific situations like the Indonesian textile industry, foreign
corporations have commandeered the local market and effectively
eliminated local cottage producers, throwing hundreds of thousands out
of work. Only a fraction of these unemployed are then hired by the
new foreign-owned, capital-intensive textile plants. Profit
maximizing multinational corporations have little interest in creating
jobs: the logic of the market (with the exception of some labor
intensive industries) demands sophisticated machinery generating
minimum employment.

The multinational corporate presence has also been accompanied by
a sharply increased stratification in the class structure of host
societies. The immense impact of the foreign corporation upon the
society it penetrates means that access (or lack of access) to its
resources on the part of different classes within that society becomes
a primary determinant in social mobility (or the lack of it). And it
is precisely those classes already entrenched in the administrative or
military bureaucracy, or in sections of the commercial-landholding
elite, who are strategically situated to play the role of collaborators
with foreign capital. In fact, their ability to facilitate (or impede) penetration by international corporations makes them indispensable accomplices of the outside interests; services for which they are quite generously rewarded.

However, for those in the host population unable to participate in this *menage a trois*, in short, the peasants, workers and marginal people who constitute the vast majority of the population of the Third World, this developmental model has generally meant the commercialization of agriculture and the displacement of large numbers of poor peasants from the land, the elimination of traditional small and cottage industries from the market, depriving countless small entrepreneurs and workers of their livelihood. In practically every Third World society, the situation of the poor is deteriorating at the same time that their relative proportion of the population is growing larger. The Adelman-Morris study concludes that the richest 5% in the Third World has achieved a "striking increase in income" during recent decades, while the poorest 40% showed an "absolute decline" in income. In Brazil and Mexico, two nations closely tied to the multinational corporate developmental model, up to 40% of their populations "experienced a decrease in their absolute level of consumption in the past ten to thirty years."71 From Puerto Rico, whose success in attracting United States capital was once hailed as the key to its "economic miracle" (until the bubble burst in the seventies leaving over one-third of the population subsisting on Federal food stamps, unemployment at depression levels and a sizeable annual outmigration)
comes this remark of an indigenous scholar: "The direction of the private economy in Puerto Rico during almost this entire period has been toward the generation of a growing inequality in income."72

Horowitz sums up the dynamics of this process very neatly: "By internationalizing capitalist relations, multinationals have also internationalized class relations."73

What accentuates the misery and frustrations of many in the Third World, who are not beneficiaries of transnational corporate developmental strategies, is yet another by-product of the model: the mass consumption society. Multinational corporations regard Third World markets as immensely important especially in view of the high profits obtained there and the opportunity to dispose of surplus production. Indeed, at least one study regards "the Consumption Ethic" as being "far more important to the success of the Global Shopping Center than the Work Ethic."74 Through the utilization of the same techniques (mass advertising, media manipulation, etc.) that proved so effective in the advanced capitalist world, the foreign corporations are able to integrate the middle and upper classes in the Third World (and to a much lesser extent the working class) into world capitalist consumption patterns.

Indispensable to the process of transplanting consumption patterns conceived in a radically different environment, and in creating a consumer mentality where it had not previously existed, has been the transformation of the socialization process and the value structure of large segments of the population of the underdeveloped countries.
This has involved the drastic reorientation of traditional values and attitudes. Thus a new structure of integrated global consumerism is established which parallels (and reinforces) the international division of labor, what Stauffer refers to as "the world hierarchy of 'consumers' that stretches from what a corporate head at the top can command to the marginally employed near the bottom who feels compelled to buy a 'Coke' each day for 'strength.'",75

All this, of course, eventually generates enormous frustration and political instability as those considerable segments of the impoverished and working population in the Third World (who are now integrated within the material-centered value structure of metropolitan capitalist society) become enticed by a seemingly infinite variety of goods they can never hope to possess and witness ostentatious displays of conspicuous consumption by the local affluent and the foreign management class. It is a basic contradiction of international capitalism (and perhaps a fatal one) that while it holds out the lure to so many of material abundance, it is incapable of generating the purchasing power sufficient to satisfy more than a small fraction of would-be consumers.76 There is, indeed, a built-in destructiveness to a system which replaces traditional values with material incentives and then fails to deliver in a really mass fashion. This was one major cause of the Iranian upheaval in 1978.

One should also note that a development model which bases industrialization and economic growth on luxury industries for a wealthy, but limited clientele, does not provide a firm base for
solid, self-sustaining economic development that successfully modernizes large sections of the economy. It neither employs many workers in industry, nor develops fruitful interchanges with the other areas of the economy. Instead, the Indonesian generals who are chauffeured around in their (domestically-produced) Mercedes-Benz in a nation with a per-capita income of $120 per year; the Arabian princesses whose fabulous wardrobes exceed the collective annual income of entire villages and the Latin American generals and financiers with their own stables, mountain villas and private airplanes in the midst of national destitution must, inevitably, lead their countries into ever-greater dependence upon multinational corporations, if only to maintain their own access to the luxury goods of the advanced capitalist world. The position of the local elites as luxury consumers is a strong inducement for them to maintain the status quo between their own nations and the capitalist metropolis which, in effect, means the maintenance of dependency upon foreign technology, capital, expertise and economic initiative. It also ensures the continuance of a one or two industry economy that can generate enough national income to preserve their lifestyles. This, in turn, results in continuing economic stagnation, huge outflows of the "potential surplus," uneven development and underdevelopment.

It thus becomes quite clear, even from a summary examination of their activities, that transnational corporations in the Third World (and elsewhere also) are not in support of authentic development as we have defined it. What they do support, however, are dependent
relationships between nations in the advanced capitalist world (the Center or Core) and those in the lesser developed areas (the semi-peripheries or peripheries). For if transnational corporations are adept at anything, it is to establish and reaffirm dependency.

Transnational corporations are the primary mechanisms for the perpetuation of international dependency relationships. They (or rather those who control them in the metropoles) are both the perpetrators and beneficiaries of the international division of labor which is the framework within which dependency functions.

The heart of the dependency relationship revolves around the monopoly by transnational companies over the transfer of technology and their ability to mobilize capital resources and make strategic alliances with local elites. The outside firm brings technological know how, a degree of capital and the sanction of powerful national and international institutions at the Center to the bargain. The host nations are expected to provide cheap, trainable labor, raw materials and some capital, as well as government security for corporate property and personnel. Since this is a situation where host countries seldom possess effective countervailing bargaining power against highly mobile international corporations, the benefits accruing to both sides are usually unequal.

Unequal bargaining power is compounded here by something (we have) already discussed; the fact that the multinational corporations have no motivation whatsoever to support real indigenous development (which can only be dangerous to their interests). "The multinationals are
motivated to keep innovation as close to home as possible. The proprietary interests of the multinational lie in making the peripheral economy as permeable as possible to center technology" is the analysis of Evans. He adds that "As long as the periphery has to depend primarily upon foreign firms to provide entrepreneurship, stagnation will remain a problem." This inability (or refusal) of the transnationals to play a dynamic entrepreneurial role stems from the inherent tendencies of a capitalist investor to "build on the best" (i.e. to invest in those industries with the best profit potential) which, in a peripheral economy, results in severe disequilibrium between well-capitalized and under-capitalized economic sectors and the inhibition of self-sustained, diversified economic development.

The contemporary dependent society, then, is not simply a creation of the historical past, but also very much an ongoing manifestation of present day transnational corporate strategies. The most salient characteristics of underdevelopment—unevenness of production, lack of integration and mutual reinforcement between different economic sectors, the absence of self-sustaining growth mechanisms in the economy and domination of strategic sectors by outside interests—are all reaffirmed through the integration of local and national economies into the world capitalist (read: transnational corporate) system. This is a framework which imposes strict limitations on the alternatives available to dependent areas to fulfill their developmental potential. What Amin describes as "the laws of unequal specialization as between the center
and the periphery" is, in fact, one mechanism for the continuing accumulation of capital at the Center. 78

We see once again the old vertical relationship between primary commodity-producing colony and the industrialized imperialist nation reproduced within today's transnational corporate relationship to the host country. As Galtung suggests: "The vertical division of labor survives, but it is now placed inside the corporation." 79 Certainly this is a situation which can only inhibit the establishment of diversified and autonomous economic activities with the potential to break the old colonial patterns and lead to a horizontal relationship with the advanced capitalist Center. Therefore, transnational corporate developmental patterns, whether in the Third World or parts of the developed capitalist world, fortify historically determined relationships of dependency and internal colonialism. And "restricted participation" in the formulation of basic societal decisions becomes the lot of the dependent area; a "restricted participation" which is, in the view of Schmidt: "the most striking feature of the present state of dependent capitalism." 80

The critics of multinational global activities are extremely harsh in their analysis. The International Confederation of Free Trade Unions, in Brussels, charges that the multinationals "have a license to blackmail the developing countries, to disrupt the economies of the industrial countries, to export pollution and in general to act without regard for union rights, the health and job security of workers, or for the national sovereignty and economic independence of whole peoples." 81
The authors of *Global Reach* make an equally critical assessment:

When the global corporations proclaim themselves engines of development we can judge their claims only if we know what development track they are on ... It is an unhappy fact that the development track pursued by the global corporations in those years contributed more to the exacerbation of world poverty, world unemployment and world inequality than to their solution.82

Since the classes within the periphery, which are the true beneficiaries of multinational corporate penetration—the administrative bourgeoisie and the comprador bourgeoisie linked to and subservient to international capital (the social strata Arrighi refers to as a "lumpen bourgeoisie" because of their failure to exert leadership in the modernization of their own economies),83 are numerically insignificant in comparison with those in the "popular" classes of the population who find their conditions to be deteriorating, a prime component of instability is built into the heart of this system. The transnational corporate development model (which demands a minimum of societal disruption and the "smooth" flow of commodities in labor and goods) thus generates class antagonisms which threaten to overwhelm the class structure of the society. This becomes especially dangerous when mass-based political movements arise, specifically challenging the existing developmental model and demanding the mobilization of national resources for real development and the promotion of the general welfare. Movements with the ideological tenor of someone like Amin, for example, who argues that "a break with the world market is the primary condition for development ... The failure of planning in the Third
World ... is essentially due to this refusal to break with the world market," or Girvan, the Jamaican scholar, who argues (on the basis of first-hand experience in the Caribbean) that "What is required is not the regulation of the system, but rather its subversion. This certainly entails assuring sovereignty over national resources by depriving corporations of their property in these industries." Girvan repudiates the notion that capitalism can serve as a vehicle for real development and he calls for "genuinely revolutionary socialist change."^85

Faced with this kind of a threat to their system, the dependent elites and their multinational corporate patrons quickly abandon the rhetoric of "everybody benefits" and any limited commitment to open politics they may have had and utilize the instruments of empire: the client military, the United States military-intelligence apparatus, international credit and purchasing boycotts, the World Bank and the International Monetary Fund to crush the local movement. The overthrow of the democratically elected Unidad Popular government in Chile in 1973, an event carefully orchestrated by the CIA-IT&T-Chase Manhattan consortium in conjunction with the Chilean ruling class, occurred after President Salvadore Allende had committed the supreme "offense" (against international capitalism) of nationalizing several North American corporations and proclaiming the need for national sovereignty and socialist transformation. Likewise, within recent memory, Washington, acting in concert with multinational interests, has
sponsored a series of brutal repressions and coups in Thailand, Indonesia, Guatemala, Bolivia, and the Philippines—to name only a few places. The protection of American multinational interests throughout the globe has placed the United States Government in alliance with the Suhartos, Pinochets, Marcoses, Parks, Lees, Videlas, etc., against the popular will of their peoples. This has led the English historian Arnold Toynbee to compare the United States with imperial Rome:

America is today the leader of a worldwide anti-revolutionary movement in defense of vested interests. She now stands for what Rome stood for. Rome constantly supported the rich against the poor in all the countries that fell under her sway.86

Militarization and repression are built into the way in which the multinational corporate strategy functions in the periphery. The normal capitalist contradiction between the corporate need to accumulate capital and the necessity of including a sizeable proportion of the national population in the benefits of the economy is magnified by the transnational presence. Since any attempt toward a more equitable distribution of wealth has immediate repercussions on the benefits accruing to the partners in the international elite alliance (therefore severely impairing the functioning of the alliance), elite options in granting reforms are strictly limited. The result is a steadily increasing popular antagonism toward both the local ruling elites and their foreign patrons and ultimately a demand for radical change. Eventually, any real form of open politics becomes a luxury that the transnational corporate model of development can no longer
afford. As a number of scholars have suggested, dictatorial regimes and repression of civil rights are a significant and inherent part of the multinational corporate scenario.
CHAPTER NINE

THE PACIFIC RIM STRATEGY

America is unalterably a Pacific Power ... It is difficult to overstate America's economic stake in the Pacific ... Two-way trade with the East-Asian Pacific nations reached $61 billion last year. Our investments in the Pacific now exceed $1.6 billion and yield high returns. 40% of our imports of manufactured goods come from the Pacific. And the region offers a rich resource of energy and raw materials.

Vice-President Walter Mondale
May 10, 1978 speech in Honolulu

The point at which the continuing story of man and the philosophy of this corporation met has been the almost universal recognition that the Pacific Rim Basin is 'where it's at' and 'where it's likely to be for generations to come.'

Dillingham Corporation Review
1974

Hear Our Cry
Crying Out of Aching Hunger
Patience Running Out Can we long believe
this ruler?

Bodies weary from low wages
Now we are dying of high prices
Will we see the abundant eighties
Or be first struck down by hunger?

In the name of economic cooperation
Our country is colonized
Desolate becomes domestic industries
Dependence on foreign capital deepens
Let us all unite to drive out exploiters

Kim Chi Ha
Imprisoned South Korean poet
Cry of the People
In 1968, Rudolph Peterson, who four years before had left the presidency of the Bank of Hawaii to assume the same position at the world's largest bank, the Bank of America (and also became chairman of the President's Committee on Development in Washington) issued a clarion call to an assembly of powerful California businessmen for the implementation of a strategy of Pacific Rim expansion:

When I speak of the Pacific Rim, I am putting the broadest possible construction on the term—the Western coasts of South America and our own continent and extending beyond Australia and the Far East to India. There is no more vast or rich area for resource development or trade in the world today than this immense region and it is virtually in our front yard... I emphasize that this is largely an underdeveloped area, yet an area rich in an immense variety of resources and potential capabilities. Were we California businessmen to play a more dramatic role in helping trade development in the Pacific Rim, we should have giant, hungry new markets for our products and vast new profit potential for our firms.1

This was a theme echoed during the very same year by Nations Business, when it informed its readers of the advent of an era of new "opportunity"—"a time when business will tap the rich expanses of Southeast Asia. The best thinkers on the subject in business and government agree that magnificent business opportunities await in Vietnam, Thailand, Laos, Malaysia and Indonesia."2

None of this was terribly new of course. These ideas had been anticipated by a host of capitalists and politicians even back into the late nineteenth century. When United States naval power was seizing the Philippines and Hawaii and grabbing a slice of the China market at the turn of the century, Theodore Roosevelt (who
considered the Pacific "an ocean of destiny")\(^3\) was heard to intone that "the Pacific era is destined to be the greatest of all,"\(^4\) while his successor in the White House opined that "one of the greatest commercial prizes in the world is trade with 400 million Chinese."\(^5\)

The noted social commentator, Brooks Adams, expressed that rather odd mixture of economic and strategic determinism and Social Darwinism that so characterized the American imperialist position, when he remarked: "Our geographic position, our wealth and our energy pre-eminently fit us to enter upon the development of Eastern Asia and to reduce it to part of our own economic system."\(^6\)

Yet, until the outbreak of the Great Pacific War in 1941, United States interests in the Pacific remained almost marginal. Operating within the context of European colonial overlordship in Southeast Asia, American corporations did make a number of sizeable investments in extractive industries (most significantly, $201,333,000 in the petroleum-rich Netherlands East Indies and $23,103,000 in Malaya\(^*\) in addition to some fairly heavy investments ($166,245,000) in their own colony, the Philippines.\(^7\) However, these interests represented only a tiny fraction of aggregate United States investment abroad and involved the participation of only a handful of leading American corporations. The United States, a nation primarily settled by European immigrants and essentially a variant of European culture, continued to maintain its historic orientation toward economic linkages with the advanced capitalist powers of Western Europe. On the eve of Pearl Harbor, Atlantic parameters still largely defined United States

\(^*\) 1932 figures
economic interests overseas.*

It was the dynamics and outcome of the Second World War that transformed the political and economic configurations of the Pacific Basin beyond recognition, leading to the elimination of the old European colonial presence from nearly all of Asia and the Pacific and terminating Japan's own grandiose designs for imperial hegemony. If the United States in 1945 enjoyed a near monopoly of political, economic and ideological authority throughout much of Western Europe, its situation in Asia-Pacific was even more favorable, a consequence of the vacuum of power bequeathed by the war. The imperial march of the United States across the Pacific, which had been halted after 1898 in the face of consolidated European-Japanese colonial vested interests (and America's own unresolvable internal dilemmas), was resumed with a vengeance. "For the expansionists, the prospect opened up that all of the Pacific could be transformed into a kind of Hawaii." In a post-war environment where, as Kolko says, "everywhere the Americans sought to grab the rewards of imperialist power that had once been exclusively England's domain" and to build "an integrated world economic and political system," no global region seemed more promising than the Pacific Rim.

* This is not to imply that decision-making elites within the United States did not recognize the long-term economic and strategic significance of the Pacific (and especially Southeast Asia). It was largely American hostility to, and obstruction of, strategic Japanese objectives in the Pacific Basin that resulted in the Great Pacific War between the two nations.
Given a divided China caught-up in civil war, a conquered Japan and a war-devastated, politically cautious Soviet Union, the Pacific did in the years after 1945 indeed become (in the words of a number of high-ranking United States officials) "an American lake." Militarily secure, Washington had adopted the official U.S. Navy position, "Maintain Strategic Control Over the Pacific," and established a Pacific-wide security zone consisting of thirty-three bases in twenty-two locations from the Aleutians to Australia, United States (and later Japanese) corporations could begin to capture (and create) new markets, utilize new sources of cheap raw materials and labor. Although few agreed with General Douglas MacArthur's rather premature assessment that "Europe is a dying system... The lands touching the Pacific with their billions of inhabitants will determine the course of history for the next ten thousand years," the Pacific Basin obviously constituted a fresh new frontier for American expansion on a myriad of levels.

What made the coming of the Pacific Rim Strategy inevitable in the nineteen fifties and sixties was the presence of two interlocking elements: United States military and political domination over what amounted to an American Pacific Empire and the emergence of the global corporation with a vital need for access to Pacific economic and human resources. The Pacific Rim Strategy could only become viable at a certain stage in the development of the world capitalist system; the stage when productive forces had reached a sophistication which required the total integration of Pacific Basin resources and peoples.
Exploitation of Pacific resources for the benefit of the advanced capitalist Core had occurred since the time of Magellan, half a millenium before, and had intensified with the development of the world capitalist system. But even during the colonial era it lacked the comprehensive and systematic character it took on in the aftermath of the Second World War. Now, Pacific Basin oil, rubber, hardwoods, copper, tin, uranium, etc., together with factory girls assembling electrical components in Penang and Taiwan and hundreds of millions of eager consumers from Seoul to Perth, formed an indispensable link in the chain of world capitalism. In the years after 1945, a world capitalist system undergoing an unprecedented expansion in productive and distributive capacity, and consequently in dire need of huge new resource inputs and markets, found it imperative to integrate the Pacific Basin into the world economy in a manner unimaginable before the war. This marks not only one of the great watersheds in the history of the Pacific and its peoples, but also presents a severe challenge to the forces of inter-antional capitalism; *the failure of the advanced capitalist world during the 1980's and 1990's to continue to command the resources of the Pacific on its own terms would have the most dire consequences for the survival of capitalism at the Center.*

American corporations formed the leading wedge for the penetration of international capital into the Pacific after 1945. After some initial hesitation, they soon came to recognize the virtually unlimited commercial opportunities presented by an area 14.1 million square miles and containing two-thirds of the world's population. "If
you go back several thousand years, the Western world revolved around the Mediterranean, then you go back three or four hundred years, it's been the Atlantic,” is the view of Bank of Hawaii Vice-President Thomas Hitch. "Now it's the Pacific. It's where the population of the world is." American corporations, under the imperative to expand their operations into the Pacific, began to respond to what one corporate executive labelled "the challenges and opportunities offered by this last great frontier." The magnitude of this response has been impressive indeed. United States direct investment in Asia rose from $1 billion to $5.56 billion in 1970, and in Oceania, from $260 million to $3.49 billion. By 1976, United States investment in Asia amounted to $11.4 billion and the substantial profits accruing to American investors (25.5% profits in Asia, outside of Japan, and 11.3% in Japan alone) provided the impetus for even greater capital penetration.

The Pacific Rim Strategy then is the worldwide multinational strategy for sustained corporate profitability (and thus survival) as modified by and applied to the special historical, socio-economic and political circumstances of Asia and the Pacific. Thus the principal themes of the Pacific Rim Strategy are basically similar to multinational corporate strategies elsewhere on the globe. Essential here is the programmed division of labor whereby developing nations are frozen into the role of raw material suppliers and cheap manufacturing units for the Center; a Pacific Division of Labor under which neo-colonialism and dependency are maintained and accentuated under new
labels. Wiley speaks clearly to the way in which this structure functions:

At the core of the Pacific system, as they see it, are the advanced industrial nations, Japan and the United States, and the three industrializing nations, Australia, Canada and New Zealand. The United States and then Japan stand at the apex of the hierarchy of economic development. They draw resources from the next tier, Australia, Canada and New Zealand, while selling goods in these markets. These advanced countries, moreover, regard the integration of the neo-colonial countries around the Pacific Rim into their triangular and quadrilateral economic relations as essential to the future development of an international division of labor in the Pacific.15

Pacific Rim corporate strategists are fond of assuring everyone that not only is the Pacific Division of Labor eminently desirable from a developmental point of view, but that it is quite definitely in the interests of all concerned. Herbert Cornuelle, the president of the Dillingham Corporation is explicit here:

Resource endowments among the Pacific nations beg for development and trade patterns diametrically opposed to the classic Atlantic example. That new pattern must encourage each Pacific location to nurture its comparative advantage whether in agriculture, industry or in recreational capabilities. Only such a division of labor along the lines of natural competitive advantage with specialization in those activities for which nations' natural and human resources are best suited, will permit the underdeveloped areas of the Pacific Rim to achieve their full measure of attainment.16

Needless to say, when it comes time to evaluate the merits of those institutions that might implement the Pacific Division of Labor most effectively, Cornuelle (whose own company is deeply involved in at
least a dozen Pacific Rim nations) comes down hard on the side of the transnational corporation: "Only the multinational conglomerate is in a position to fully utilize the diverse resources spread among the nations of the Pacific..."17

THE "JUNIOR" PARTNER

The role of Japan in the Pacific Rim Strategy is not only a lynch pin for the functioning of the entire system, but also clarifies the essential dynamics involved in the Pacific Division of Labor.

The phoenix-like rise of what was, in 1945, a defeated, physically shattered nation, to supremacy over much of Asia and the Pacific, a supremacy perhaps every bit as oppressive as was the so-called Great East Asian Co-Prosperity Sphere, must rank as one of the great ironies of contemporary history. There does exist, however, a certain geopolitical logic to this startling Japanese resurgence. After the war, control over Japan, the most economically advanced nation in the Pacific Basin, provided United States strategists with a prime base in Asia and the Pacific; a base whose value increased immeasurably with the ascendancy of the Chinese Communist Party to power at the end of the forties and evidence of sustained communist and nationalist strength throughout Southeast Asia. In view of this, although the United States (together with its allies at Potsdam in July 1945) had grandiloquently charged the Japanese with "a conspiracy to conquer the world,"17 as early as 1947, figures at the highest levels of decision making in Washington were preparing to restore Japan to its former
Asian preeminence. Thus one finds Baltimore Sun Editor-in-Chief John Dower, after visiting with United States proconsul in Japan Douglas MacArthur, advocating the establishment of a "co-prosperity sphere for Asia:" "In that co-prosperity sphere, the Japanese factories will play the essential role of fabricating much of the raw materials produced by other countries, Korea, Manchuria, China, Indo-China, Burma, Philippines." The reestablishment of Japan as the dominant industrial-economic power in Asia became a keystone of United States policy for containing the rising currents of Asian communism and nationalism and integrating the newly-independent nations of the Pacific Basin into a United States-led world capitalist system.

On an even more fundamental level, American policymakers recognized that if Japan itself were to be maintained within the United States (i.e., capitalist) orbit and the strong attraction of Moscow and Peking minimized, then a strong, viable economy would have to be constructed that could provide an adequate standard of living to the Japanese people. They knew that the severe economic crisis in Japan during the 1930's (which was largely caused by the closing of traditional Japanese export markets by the Great Depression) had been a major factor in precipitating the "Southern Advance Policy" that had radically altered the Pacific balance of power and brought on war with the United States. Japan, they reasoned, must be provided with sufficient raw materials and markets in Asia and the Pacific so that the stability and legitimacy of the capitalist order and the Japanese
ruling class would not be threatened as in the thirties. This perspective is pointed out most explicitly by the influential Institute for Pacific Relations in a 1952 analysis:

There can be little question that ... the best area for Japanese economic expansion is in Southeast Asia, with its demands for capital and consumer goods, its raw materials and (Thai) rice surplus ... It would seem that Japan be encouraged to develop trading outlets there in the interest of the overall structure of Pacific security. Japan herself has shown keen interest in these trade possibilities, especially in Thailand, Malaysia, Indonesia and India.19

Thus the United States actively encouraged the emergence of Japan as "the workshop of the American lake."20 Official Washington policy during the later years of the American occupation was to promote the revival of Japanese light and heavy industry (a project that was greatly facilitated by the Korean War) and close commercial relations between Japan and the United States' Pacific Rim clients (Taiwan, South Korea, the Philippines, South Vietnam, Thailand, etc.) The huge Japanese industrial cartels (zaibatsu), which had been targeted for dismemberment in the early days of the Occupation were once again viewed with favor: American strategists regarded them as the most likely vehicle to reestablishing Japanese export capacity. Even the $400 million which the United States lavished on a bankrupt France, to underwrite the perpetuation of French colonialism in Indo-China during the early fifties, was largely justified by Eisenhower and other American leaders in terms of the necessity of maintaining Southeast Asia within the United States-Japan economic orbit. They emphasized the importance of Southeast Asian markets and resources in maintaining
Japanese industrial production at adequate levels.

That the consequence of these policies was to insure Japanese economic dominance over much of Asia and the Pacific (in fact, to realize the very objectives for which Japan went to war in 1931-45) was of little concern to the formulators of Pacific realpolitik. For this was a strategy that offered great potential benefits to the United States. Wiley explores the reasoning of American policymakers here:

> If the United States can continue to keep Japan in the position of junior partner while countering the threat of revolutionary nationalism it can gain control over the Pacific and organize its markets in a way that would not be conceivable in Western Europe.21

On at least one level—the resurgence of Japan economically—this strategy was a phenomenal success (in fact, for some segments of the U.S. bourgeoisie, too much of a success). The Japanese, of course, with their highly literate, skilled and disciplined labor force, their great fund of prewar technical knowledge and export experience, were hardly novices in the industrial world. From their initial industrial buildup in the early 1950's, when they purchased advanced technology from European or American companies, Japanese management demonstrated a remarkable ability to innovate and improve upon a huge assortment of goods. Export supremacy and productivity became twin national obsessions. The Japanese economy, aided by the generally expansive conditions of international capitalism in the 1950's and 1960's, soon became one of the economic miracles of the post-war world. Between
1958 and 1968, the Japanese economy grew by the rate of over 10% annually (reaching 14.8% in 1968), with the startling result that Japan rose to the position of third industrial power in the world and the leading producer of ships, cameras, radio and steel. In the process, Japanese exporters captured markets on every continent and undermined those American and European manufacturers who had once enjoyed unchallenged hegemony in some geographic areas.

By the late 1960's, however, rapidly rising wages in Japan (due to high production and a critical labor shortage) and the adoption by a number of countries (which were being inundated by Japanese exports) of programs to build import substitution industries, forced Japanese corporations to move toward a program of large scale direct investment abroad. To quote Tsurumi: "At this juncture, Japanese direct investments abroad appeared to be a reactive response to changes in both Japanese export markets and the world's commodity markets." Thus, while until 1970, Japan had only limited productive plant abroad, the new strategy was identical to that pursued by European and American transnational corporations who were Japan's worldwide competitors. Japanese businessmen realized that expansion was imperative; they would either penetrate new markets directly and secure new sources of cheap labor and raw materials, or face the ghastly prospect of losing their competitive position in the arena of international capitalism.

Although Japanese capital began to infiltrate Latin America, North America, Western Europe and even Africa and the Middle East in sizeable amounts, it was Asia and the Pacific that took the brunt of this new
investment strategy. Writing in 1969, precisely the time when this most significant reorientation was starting to generate considerable impact abroad, Shock commented:

Japanese corporations, with government assistance, are penetrating virtually every corner of East Asia in search of raw materials, markets and outlets for goods and investment capital. This Japanese trade, investment and aid is helping to transform the countries of the Far East into full-blown neo-colonies. 24

Nippon Mining, Hitachi, Matsushita, Toyota, Toshiba and Teijin were numbered among the scores of major Japanese corporations which established production facilities throughout Asia in this period. Japanese trading companies, acting as coordinators of the overseas investment process, linked up with local "intermediaries" in Asian-Pacific nations (inevitably, either local comprador capitalists or the bureaucratic-military bourgeoisie) who facilitated Japanese entrance into the local economy. By 1975, in addition to providing a substantial proportion of the imports taken in by Pacific Rim countries (more than one-half of Korea's total imports and one third of the Philippines' and Hong Kong's imports were Japanese goods), Japanese corporations had gained considerable control over the key economic sectors of a number of nations in the region. Over one-third of the $10 billion of foreign investment in Southeast Asia was Japanese, and this was increasing rapidly. 25 Japan had become the primary foreign investor in Thailand and Korea, among others, and two thirds of all Japanese subsidiaries were located in Asia, including textiles, electronics, appliances, etc. 26 Both the reevaluation of the yen
during the middle seventies and the consistently huge foreign exchange surpluses run by Japan encouraged an increasing outflow of vast sums of capital to overseas industries.

In half a dozen nations in the Pacific Rim, from Korea to Indonesia, essential economic sectors, such as oil, timber, rubber, light manufacturing, mineral extraction, fell under Japanese ownership or control. These areas assumed the role of peripheral dependencies of the Japanese metropole. According to one analyst of this:

Japanese and other firms come to dominate the strategic sectors of the countries of the region, and the substantial profits earned from these foreign interests and remitted to the parent countries deprive the host nations of capital they need so desperately in order to promote their own internal development... all the while foreign businessmen will continue to fatten themselves off the resources, markets and peoples of the rest of Asia. 27

Indeed, the Japanese bourgeoisie has long since abandoned its once meek position as junior partner in the contemporary version of the Greater East-Asian Co-Prosperity Sphere and achieved at least parity with the former American patrons throughout the Pacific Rim. But a price has been exacted in return for this, a price that cannot be reckoned simply in the terrible pollution and ugliness, the general unlivability of the large industrial urban areas in Japan, or even in the stultifying regimentation of a Japanese working class dehumanized into instruments of production and consumption. For what the very expansion of the Japanese economy overseas has engendered is a stark new vulnerability to any and all political and economic change in Asia and the Pacific that might deprive Japanese capital of essential resources. From this
perspective, the movement of large sections of the Japanese economy overseas during the last decade, the creation of what amounts to Japanese branch plant economies throughout the Pacific, has the potential of having monumental repercussions on Japan when the present status quo disintegrates. Therefore, the Japanese exodus abroad after 1970 can be viewed as one of the most momentous acts in the drama of modern Japanese history, comparable in importance with the initial Meiji response to the Western challenge, the Russo-Japanese War, the Manchurian invasion and Pearl Harbor. As Tsurumi says: "The moment literally hundreds of Japanese firms made the decision to go multinational, they unknowingly destined Japan to its present situation is a societal change of no less colossal magnitude than that which Japan faced in 1868 and again in 1945." 28

This crisis of vulnerability and dependence on the subordination of the Asia-Pacific nations to Japanese economic needs and aspirations will intensify in the future as the logic of capitalist competition drives Japanese transnationals to shift even a greater proportion of their productive facilities to the Pacific Rim. Speaking in 1978, the president of the Honda Motor Company could have been making a prophecy when he commented:

If you look at the history of Japan's motor cycle production, you will see that it started within this country and then gradually moved overseas. So today, about half of Japanese motorcycles sold worldwide are assembled abroad. The same thing might happen with automobiles. 29

A very significant factor here is the severe structural problems
Japanese capital faces in terms of its future labor force. There is a definite lack of available domestic workers to service the huge industrial plant of the future and to maintain the sort of growth rates that can keep the Japanese economy functioning at high enough levels to sustain international competitiveness. If left unresolved, this situation, what Drucker calls an "insoluble growth dilemma for Japan," must result in a drastic decline in the rate of profit of the nation's dominant industries and a major crisis of the capitalist system itself in Japan. Intensified exploitation of productive facilities abroad and foreign workers, through the mechanism of a more tightly structured Pacific Division of Labor, is the most likely (and probably only) alternative for the Japanese bourgeoisie:

And Japan's economic strategy will increasingly have to be to export knowledge work and its fruits rather than manual work and its fruits. Japan will have to go in for economic integration under which the developed country performs those stages in the productive process that are management intensive, while the abundant labor resources of young manual workers in the developing country perform the stages that are labor intensive, with the final product sold and consumed in the large markets, that is the developed countries.

Increasingly, this will mean that Japanese managers and professionals will design and build and perhaps manage consumer goods plants in the developing countries--plants for textiles, automobiles and electronic products that are going to be paid for by their own output, to be sold to the Japanese consumer in Japan. 30

Of course, this is a master plan for the continuance and acceleration of the present relationship of inequality and dependence between Japan and the rest of the Pacific world and the permanent
subordination of authentic Pacific Basin national development to the requirements of the Japanese economy. When this type of "development" proves unacceptable to those who are its victims (and judging from the violent protests specifically directed against Japanese hegemony by students in Thailand and Indonesia, complete with boycotts of Japanese goods and attacks on Japanese stores and plants, it is already unacceptable to many), Japan's reliance upon the United States: military shield and local military regimes may prove insufficient. At that point in time, the Japanese bourgeoisie may adopt the more direct tactics of military aggression pursued by the generation of the thirties and forties. The appearance of Japanese destroyers in the Straits of Malacca in 1969 may have been a harbinger of things to come.

PACIFIC DEPENDENCY

Thus when former Japanese Prime Minister Sato proposes that "A New Pacific Age--A New Order will be created in Japan and the United States," when Vice-President Walter Mondale tells us that "we shall encourage the increasingly influential role of the United States private sector in promoting Asian development for our mutual benefit,"31 we must be very clear about what this means: Indonesia, Malaysia, and the Philippines will continue to grow commercial crops for export, provide bargain basement cheap oil, rubber and iron ores for foreign industry and cheap labor for light manufacturing (under the auspices of transnational corporations, of course), New Caledonia
will produce nickel, chrome and manganese, Chile will export copper, Bolivia tin, Hong Kong, Bangkok, Seoul and Singapore cheap labor for foreign industries, Guam, Bali and Hawaii will host tourists, etc., etc.

Transnational corporations will be increasingly drawn into the Pacific Rim to exploit its cheap, abundant labor and resources and everywhere, the dependent elites will continue to welcome capital under the most disadvantageous conditions. The Deputy Minister for Trade and Industry of the Malaysian Government (which offers corporate investors full foreign ownership over industries in Malaysia, ten year tax holidays, a free port for industrial imports, government loans, tariff protection, anti-nationalization guarantees and no restrictions on repatriation of foreign capital) explains to an assemblage of American corporate executives:

We hope to persuade American investors to establish mutually beneficial joint ventures in Malaysia... Malaysia with its stable economic climate, its dynamic government and its central location in populous South-East Asia offers excellent opportunity for investment.32

In Indonesia, the terms are equally attractive. All areas of the economy are open to foreign investors, no duties on fixed assets, raw materials or finished goods, five to six year tax holidays, and unions are illegal. President Suharto assures the Prime Minister of Japan: "Indonesia will never interfere in the affairs of private business in Indonesia."33 And corporations as varied as Mitsui, Sumitomo, Georgia-Pacific, Freeport Mining, etc., have stampeded into the country Richard Nixon called "the greatest prize in Asia" to invest $5 billion in the decade after 1967.34
In Thailand, where low wages, five year tax holidays and the absence of duties on machinery imports makes the country "attractive," the dependence upon transnational corporate-led development is nearly total. Pisit Pakkasem, Director of the National Economic and Social Development Board, emphasized this during the course of explaining the 1877-81 "Five Year Plan" to prospective foreign investors:

> The Fourth Plan will need to supplement our domestic resources with foreign financing to meet our savings investment gap of about $2.7 billion during the plan period. The participation of private foreign investment is especially needed in our developmental process.

Pisit assured his audience that "fiscal measures and government services will be improved so as to facilitate both domestic and foreign investment."

This is an environment in which multinational corporations can surely thrive. Since workers are forbidden to organize unions or strike for improved conditions, they can easily locate dirt-cheap sources of labor. In the aftermath of the Thai military coup of 1976, for instance, the Bangkok Post noted that "the once chaotic labor situation is no more. Very few cases of labor-management conflict have been reported..." This, in turn, gives the multinationals crucial advantages in worldwide and domestic competition with their most formidable rivals, particularly now that "wage differentials are becoming more critical in maintaining competitive profit margins as between the global companies themselves." So the runaway shop
continues, a substantial transfer of United States, Japanese and Western European production to low wage areas abroad. Henry Ford II, whose company has relocated huge sections of its productive apparatus from the United States to Asia, echoes the thinking of countless numbers of executives in the advanced capitalist world, when he remarks: "In South Korea, Taiwan and Indonesia, we see promising markets and we see an attractive supply of cheap labor." And as exploitative conditions may be in Hong Kong or Singapore ("the heavenly city of the global corporations" according to its Foreign Minister), the multinationals will still continue to manipulate them against each other to gain the most advantageous terms; witness the spectacle of transnational electrical companies abandoning "higher wage" Taiwan and South Korea for the inducements of Malaysia and the Philippines where labor power is even cheaper.

Throughout the Pacific Rim, the most dynamic sectors of local economies are now controlled by overseas interests. In countries like Thailand, where one-half of the largest one-hundred corporations are multinational subsidiaries, and Mitsubishi, Toyota, Caltex and Ajinomoto are among the top industrials, the situation is quite clear. Yet, this even extends to United States-Japanese domination of semi-peripheral areas such as Australia. By 1973, this enormously resource-rich land mass was host to $12 billion of foreign capital (one-third from the United States), and the Australian Federal Treasurer was commenting: "We have gone begging and crawling for overseas capital. In some industries foreign ownership or control has grown to heights
that should never have occurred." Another Australian observes that "most Australians would have difficulty naming a breakfast food, a cosmetic, or a toilet article not produced by the local subsidiary of some American company." For the target nations of the Pacific Rim Strategy, the impact of the Pacific Division of Labor embodied in transnational corporate hegemony is truly overwhelming. It results in the destruction of the local culture and social fabric, foreign control over vital economic resources and industries, an artificial, unevenly developed economy lacking mutually reinforcing bonds between economic sectors, massive decapitalization,* an intensified class stratification and local governments subservient to Washington and Tokyo, San Francisco and Osaka.

A leading Thai government official acknowledges that his country confronts "major economic and development issues" including "the increasing income disparities among various regions and between rural-urban communities." He adds: "The living conditions of our rural majority are still far below the standards that we are enjoying in the urban areas." Indeed, landlessness and land tenancy in the countryside have rapidly escalated especially in areas where it was unknown before. Moreover, Bangkok has become one of the most

*Between 1950 and 1965, for example, profit outflows from Asia were five times capital inflow. (Corporate Information Center. The Republic of the Philippines: American Corporations, Martial Law and Underdevelopment, Sept., 1973.)
squalid and basically unpleasant cities in Asia; filthy klongs teeming with slum dwellers, while the newly rich administrative bourgeoisie lives in Western-style luxury apartments and villas on the "right" side of the river. No wonder then that the Thai Peoples Liberation Army is active in at least half the provinces in Northern, Northeastern, North Central and Southern Thailand and is in control of an increasing part of the countryside on a fulltime basis. 44 All the forces of resistance in Thailand regard foreign economic control as a primary evil. The survivors of the 1976 military massacre at Thammasat University (in a manifesto released in October 1976 from guerrilla camps in Laos and northern Thailand) identified their nation "as a semi-colonial and semi-feudal country that has been economically exploited, politically controlled and culturally dominated by the United States for at least twenty-six years." For them, the 1976 military coup "is the last measure to safeguard United States interests in Thailand. This so-called national administrative reform council backed by the United States must be overthrown by any means necessary." 45

One finds a similar situation in Indonesia, where the military regime which took power in 1965 (after the worst massacre in recent Southeast Asian history--the murder of approximately one-half million "leftists" and the destruction of almost all organized opposition to the transnational corporate developmental model) proceeded to return American corporate property expropriated during the Sukarno period to the "rightful owners" and restructure the archipelago's economy under
the guidance of a group of University of California-trained
Indonesian economists and the International Monetary Fund. If this
has been a viable strategy for the multinationals, who have poured
into Indonesia to harvest the wealth of the country, and their
associates in the Indonesian military and top echelons of the
bureaucracy, who have become in some cases incredibly rich, it has
not proved viable in terms of the welfare of the popular masses.

Now, for the first time in a mis-spent decade of economic
stagnation, escalating unemployment and underemployment both in urban
and rural areas, growing land tenancy (especially in Java), wholesale
elite pillaging of the national state companies and an all-pervasive
corruption at every level of government, Indonesians are posing some
fundamental questions about their nation's future. This debate
crystallized in the widespread student protest movement of early 1978
aimed at dragging President Suharto down from power. Anderson argues
that "Suharto's weakness arises from his government's inability to
deliver on its promises as well as from a development strategy which is
creating increasing poverty among large sectors of Indonesia's
population." Indeed, even those elements of the Indonesian population
which supported the 1965 coup have experienced disillusionment.
"Today's opponents of the political status quo are the same social
groups which supported the new order at its inception."

The widely
circulated Buku Putih Perjuangan Mahasiswa (or "Students White Paper),
a manifesto of the protesting students, attacked the indifference and
silence of those Indonesian authorities responsible for development
policy. "Why do they remain silent, why do they remain mute although their policy errors have made millions of people suffer?," the document asks, while providing an answer: "Perhaps they remain silent because ... they belong to the group who enjoy the fruits of development." 47

Cheryl Payer, writing from Indonesia, draws a clear picture of a dependent society being re-affirmed in its own underdevelopment:

The real debate going on among Indonesia's intellectual elite now is 'if this is development, is it really what we want?'. Development they have increasingly realized, means that the ugliness of Jakarta slums is complemented, not eradicated by the ugliness of the new international class hotels; that farming land owned by small holders is confiscated to be made into factory sites and golf courses for the recreation of factory executives; that "tractorization" in the rural areas is driving more rural people out of work and into the life of street dwellers in the large cities. 48

The Philippines, like Indonesia, is an almost classic example of the consequences of being integrated into the Pacific Division of Labor and the ramifications of dependent development. When, in the early 1970's, an increasingly militant student-worker movement and independent-minded national bourgeoisie were posing a challenge to the ever-more dominant role performed by transnational corporations in the Pilipino economy, it was high time for President Marcos (acting in the interests of the international bourgeoisie) to declare martial law, silence a sharply critical press, jail and outlaw his opposition (real and potential) and provide greater incentives to multinationals which had feared legal restrictions on their participation in the
local economy.

The beneficiaries of the "New Society" in the Philippines are identical to those who benefit from military rule in Thailand and authoritarianism and repression in Taiwan, Korea, Malaysia, Singapore, Chile, etc. They are the transnational corporations which make excellent profits (United States mining firms, for example, which realize profits of 13.8% (1976) in the domestic area, get 53.9% in the Philippines; timber companies draw 6.8% profits in the United States and 15.8% in the Philippines; rubber interests whose profit rates are four times as high in the Philippines as in the U.S.) and have invested well over $4 billion in the country (controlling almost every significant area of economic activity) and the administrative and military elites with access both to the multinationals and the minute circle around the Marcos family. From this perspective, then, the "New Society" becomes largely a creature of those who wish to maintain the Philippines within the Pacific Division of Labor and to deepen its integration within the system of world capitalism. In fact, Stauffer argues quite convincingly that Marcos has been "centrally involved ... in facilitating transnational access to the Philippines polity" and that the "systematic transformation of the Philippine political system was a prerequisite of the more efficient development of the great wealth of the Philippines for the benefit of the larger transnational systems."49

The Australian scholar, Dennis Altman, captures the mood of Manila, a semi-colonial, culturally bastardized city, rather well; this could be the portrait of a score of other Pacific Rim cities from
Jakarta to Lima:

The prosperity is superficial. Manila is dotted with the wooden hovels and tin hovels of squatter settlements... Unemployment is rife, with large numbers of jobless young men lounging around the streets, rather as in Harlem, and thousands of people have make piece jobs for which there is no real need... What is most depressing about Marcos' shoddy authoritarianism is the fact that his success depends on making the Philippines "the last great bargain in the Orient" for foreign capital and in that, he may well succeed.50

And in the Philippines also, as in much of the rest of Southeast Asia, organized resistance to the "New Society" indicts the multinationals and the development strategy they represent as profoundly inimical to the welfare of the masses of Pilipino people:

All segments in the resistance agree that the precondition for achieving their goals is the complete end of United States influence in the Philippines extending from the presence of United States military bases to dependence upon world bank loans. The major beneficiaries of martial law are overwhelmingly perceived to be United States and other multinational firms and their local partners. 51

This then is the Pacific Rim Strategy. After several decades of performance, there is ample evidence that it does not support authentic, diversified, balanced, equitable, self-sustaining, democratic development on any level whatsoever. On the contrary, it intensifies old dilemmas and creates new ones. Indeed, the crisis of development now being experienced throughout the Pacific Basin is very largely the crisis of development within the context of the Pacific Rim Strategy. From Indonesia to Chile, options and alternatives for autonomous, self-directed development are restricted and eliminated.

A central assumption of this study is that the Pacific Rim Strategy
has largely conditioned and moulded the political economy of contemporary Hawaii. This has, of course, not occurred in isolation from already existing political-economic-social structures in the Islands. In fact, the dynamic which has guided the growth and development of Hawaii during the last generation has been formed by the interplay between the Center (represented by the Pacific Rim Strategy of multinational corporations) and the transformation of certain critical forces within Hawaii itself. The "New Hawaii" then becomes a product of dialectical interaction between the Center and the periphery; between the forces of international capitalism and the dominant economic and political forces within Hawaii.
PART TWO

SECTION TWO

FORCES AT THE PERIPHERY
INTRODUCTION

It was a series of internal transformations in vital areas of Island political, economic and social life (which were themselves largely shaped by metropolitan forces from the continental United States) that conditioned the manner in which Hawaii was penetrated by the Pacific Rim Strategy and the nature of the role accorded to it within the Pacific Division of Labor. In this section of the study, I intend to examine three quintessential internal developments which framed the Island response to the encroachment of international capital and were primarily responsible for facilitating the integration of the Hawaiian Islands into the global system.

The first area concerns the demise of the International Longshoremen's and Warehousemen's Union as a powerful force for social change and working class solidarity in Hawaii, with the potential to articulate an alternative social vision for the Islands' people, and its cooptation by the bourgeoisie as an auxiliary institution in the process of social control and capitalist development. This is particularly significant because it removed from the political arena the one force capable of challenging the developmental paradigm imposed upon the people of Hawaii for the last generation. The second chapter of this
section analyzes the emergence of the post-1950 political elite in Hawaii and its integration into a new and broader local bourgeoisie: This social drama had a major impact upon Island development in general, and the role of the State and county governments in Hawaii as accomplices of the international (and local) bourgeoisie, in particular. The final area of analysis here involves the transformation of the old Big Five productive and financial complex into distinct multinational corporate entities, carrying with it a new perspective on their immense Hawaiian interests.

I shall argue that the essential quality of Island development and the role which the "New Hawaii" assumed in the Pacific Division of Labor have been defined mainly by the dialectical interplay between international capital from the Center and a society in Hawaii whose historic patterns of dependency were reaffirmed and accentuated by each of these three major internal developments.

There is one caveat to be tendered at the outset: These chapters do not pretend in any way to be definitive treatments of the vast assortment of materials available on each of the subjects discussed. I am trying only to extract the essence of what happened in each situation, why it happened and its importance for the contemporary political-economy of Hawaii. Hopefully other students of the Hawaiian scene will augment and build upon my analyses here with their own in-depth studies.
CHAPTER TEN

THE GREAT "COMPROMISE"

The Communist experience was, both in its glory and its debasement, an awesome move toward humanness; an immense and tormented effort of the heart, will and brain that cried out, 'I must have justice or I will die.'

Vivian Gornick
The Romance of American Communism

If Hawaii were an independent nation without the presence of United States soldiers, there is little doubt but what Hawaii would have an armed insurrection within a year and a seizure of political power.

Paul Crouch
United States Government witness
1949

You know, I wanted socialism, but I don't anymore. It isn't practical. Most Americans want to be millionaires and engage in free enterprise...Success is measured in dollars...

Jack Hall
Vice-President
International Longshoremen's and Warehousemen's Union
1968

Thousands of workers occupying automobile plants in Flint, Michigan in defiance of court orders and National Guard machine gun squads, the Memorial Day 1937 massacre of striking steelworkers in Chicago, civil war deep in the Appalachian coal country with miners against the local police and company toughs, mass mobilization of farm workers in the central valleys of California against miserable working conditions and
the violence of the growers and the Teamster-led Minneapolis general
strike—the middle-nineteen thirties remain even today the high water
mark of American working class militancy and solidarity and a time when
the industrial labor unions made their decisive thrust towards the
unionization of mass production American industries.

Nowhere did the struggle assume greater intensity than on the
San Francisco docks, where hard-bitten longshoremen, subjected to arbi-
trary and corrupt hiring practices as well as low wages, completely
closed the huge port during the fierce 1934 Embarcadero strike. After
a series of bitterly fought battles that spilled across the waterfront,
between police attempting to open the port and striking workers (in
which several strikers were killed and one hundred and fifteen strikers
and police wounded), a joint strike committee, composed of ten united
unions under radical new leaders such as longshoreman Harry Bridges,
began mobilizing for what became an immensely successful general strike
by an enormous number of workers in the Bay area. Confronted by this
unprecedented display of working class power and their own continuing
inability to open the waterfront for commerce, the terminal companies
and shiplines finally agreed to an arbitration agreement that gave the
longshoreman’s union recognition, their own dispatching hall and a wage
increase and sharply reduced work week.

The Embarcadero strike (and equally militant and victorious
strikes by dockworkers up and down the West Coast) was the crucible
which marked the rise of a unique new labor organization—the
International Longshoremen’s and Warehousemen’s Union (ILWU)—a union
whose political radicalism and internal rank and file democracy gave it
a name (with the passing of time) almost synonymous with the West Coast docks. And out of labor conflicts like Embarcadero emerged a tough cadre of young organizers ready to take on even that most forbidden of places, the Hawaiian Islands.

In 1936, one of these organizers, a tall sailor from California named Jack Hall, disembarked from his ship in Honolulu and began organizing the sugar plantations of Kauai and publishing a labor newspaper. Hall, together with ILWU comrades such as Frank Thompson, Robert McElrath, Newton Miyagi, Ernest Arena, Carl Damaso, Hideo "Major" Okada, Harry Kamoku, et al. was ideally suited to provide leadership in the arduous struggle which followed. Accustomed to sleeping on hard, wooden floors and subsisting on tiny union salaries and handouts from impoverished workers, they had the tenacity, courage and dedication to build union strength in the face of constant harassment and bullying by the police and local authorities. Jack Hall's brief explanation of his motivations in attempting to organize Hawaii would pertain equally well to almost any of his colleagues:

Well, I had been in and out of Honolulu many times on Matson and Dollar Line ships and knew the territory needed organizing. Everybody was scared to death, unemployment was terrific. There were blacklists and a system of espionage. They were really kicking people around...It looked like a good place to pitch in.

The first task of union organization was to subordinate the racial antagonisms within the working class, responsible for the failure of at least three Island strikes over the years, to the unity of an inter-racial union. As long as the Big Five could play the different races off against each other, split them into separate unions and manipulate long-nurtured prejudices, an enduring union movement could not take
Hold. "The Union to be successful was compelled to forge an inter-racial solidarity which is unique in America," recalled Jack Hall years later. "In Hawaii, only an inter-racial statewide union could cope with the Big Five. To hold the Union together, we had to represent the interest of every racial group."²

The background and theoretical perspectives of the ILWU core group were as important as the racially integrated approach they took to organizing. These were men who were no strangers to the unemployment lines, the bread lines, the job shape ups that proliferated in the depths of the Great Depression, nor were they immune from the disillusionment with capitalism felt by workers and intellectuals throughout the capitalist world. As Harry Bridges, the ILWU president, was fond of saying: "Capitalism means the exploitation of a lot of people for profit. I haven't much use for it." Indeed, the young ILWU organizers had imbibed much of the revolutionary outlook of Marxism-Leninism and were partisans and members of the Communist Party of the United States: Many attended the California Labor School in San Francisco, whose purpose was "to arm the workers with the theoretical background of Communism." Given the prestige and influence of the Communist Party in the organization of the mass-production American industries during the nineteen-thirties--it was the Communists who were at the dynamic forefront of organizing the automobile, steel, rubber and aircraft industries (among others)--it was inevitable that a union like the ILWU should possess substantial Communist influence. Vivian Gornick describes the position of the Communist Party at its pinnacle:
At the indisputable center of the progressive world stood the Communist Party. It was the Party whose awesome structure harnessed that inchoate emotion which, with the force of a tidal wave drove millions of people around the globe toward Marxism. It was the Party whose moral authority gave shape and substance to an abstraction, thereby making of it a powerful human experience.

The intimate involvement of the ILWU leadership with the Communist Party of the United States was of great importance in formulating the union's early perspectives; above all, it provided them with a collective world outlook that transcended capitalism and embraced the concept of a socialist workers' state. Although never openly discussing the nature of the future struggle for power (this was official Communist Party policy), they nevertheless believed that the collapse of the existing system must inevitably result in the rise of the working class to power. As Harry Bridges wrote (in the deliberately suggestive style favored by the ILWU): "And if any dues-payer asks: 'When will it end? When can I knock off? The answer is, "Brother, not until we win all the way."" Thus in the 1930s and 1940s, Hall, McElrath, Dave and Frank Thompson, Miyagi, Bridges, Louis Goldblatt and their comrades believed that they were building not only a new union, but a new society as well. It was this vision which helped to sustain them through long years of lockouts, police violence, arrests, government investigations and attempts on every side to break the union. These were men who possessed, as Gornick says: "an enormous life energy...In them, the major spiritual and intellectual currents of their time ran strong instead of weak...They feared, hungered and cared more."5

Workers in Hawaii, nursing longtime grievances against low wages, long hours and degrading working conditions, needed little incentive
to join a union which understood their problems and promised to work for their interests. By 1941, ILWU membership had reached ten thousand and the union was certified as representative by the National Labor Relations Board for practically every dock worker in Hawaii. Furthermore, an ambitious union campaign to organize island plantations and canneries was only just beginning when the attack on Pearl Harbor placed a wartime freeze on all ILWU activities.

None of this progress came easily. The Big Five fought unionization with every weapon at its command, including calling out the police during the 1938 Hilo Dock Strike to fire on picketing workers, deportation of union organizers and physical violence. Two assassination attempts were made on Jack Hall's life and there was an abortive bombing of the downtown Honolulu ILWU union hall. The typical oligarchy attitude was expressed quite succinctly by a prominent Big Five executive in conversation with some of his colleagues: "My ancestors and your ancestors made Hawaii into what it is today...I'll go to hell rather than turn the fruits of their labor over to any radical union organizers."6

Inch by inch, however, the ILWU consolidated its position in the Islands with a strong emphasis on union solidarity and a well-conceived and implemented program of political education which promoted working class unity against Big Business control of the society. Union leaders had recognized early on in the struggle that the tight-knit, integrated monopoly held by the Big Five complex over nearly every facet of production, distribution and communications in the Islands demanded a parallel union structure. Therefore, all strategic points of the
economy must be vertically integrated into the union so that when the struggle between oligarchy and union reached confrontation, the ILWU would be in solid control of the plantations, canneries, mills, warehouses and docks. Thus, in an emergency situation, the entire economy of the Hawaiian Islands could be brought to a grinding halt. Meanwhile the entrance of the United States into World War Two delayed this confrontation indefinitely.

The war brought martial law to Hawaii and new forms of oppression. While the monopolies—especially Dillingham—reaped substantial profits from lucrative war contracts, wages for agricultural and canning workers were frozen by government order from 1942 until 1944. Workers were denied the right to change jobs under threat of imprisonment, while all legal holidays were "erased" from the calendar and students forced to spend unpaid labor time in the plantation fields as part of their "contribution" to the war effort. The installation of a Castle and Cooke Plantation manager as Director of Labor Control and the unlimited powers wielded by anti-union military officers meant harassment at every juncture, five union men were expelled from Maui by the Provost Marshall and an ILWU local president on Kauai jailed for six months without charges—because he had distributed union newspapers.

Indeed, the years of martial law in Hawaii proved so beneficial to the dominant corporations in maintaining the status quo and controlling unionization that they vigorously resisted efforts to restore civilian government in 1944. However, the end of the war brought the union core leadership back together again, if anything, toughened and matured by their wartime experiences and determined on a showdown with the Big
Five. They found a working class only too eager to be unionized: The long smouldering discontent found expression in a series of sweeping ILWU election victories on the sugar plantations and in the canneries (over 95% of the votes cast were pro-union), as well as through the rapid organization of the pineapple fields. By 1946, the ILWU had thoroughly organized the sugar and pineapple plantations along with the canneries on an industry-wide basis, while stevedores and warehouse workers had already been enrolled in the union's ranks for a number of years.

The Merchant Street business complex viewed this unprecedented challenge both as a dire threat to their bourgeois control over labor and as an affront to their paternalistic sensibilities and was not about to abdicate token, much less real, power over Hawaii's economy without a tooth and claw struggle with the union. Therefore, in 1943, the Hawaii Employers Council had been formed with the explicit intention of blocking the permanent unionization of the Islands' major industries. The ILWU was ready. In the fall of 1946, when the Employers Council refused to meet demands for wage increases, a reduction in the work week and the establishment of a union shop, the ILWU launched a massive strike; twenty-eight thousand sugar workers downed their tools closing thirty-three of the thirty-four Island sugar plantations. Since shipping and warehouse workers strongly supported the strike, sugar could not be moved to the mills and from there to the docks. And on the waterfront, ILWU stevedores adamantly refused to load ships bound for West Coast refineries with cargoes of sugar.
As the weeks passed and the economy of the Islands gradually deteriorated, it became steadily clearer that the strike was being viewed as a test of strength by both sides. The Island bourgeoisie used their entire apparatus of control to break the strike and discredit the union: Newspapers and radio stations denounced the ILWU and the police tried to intimidate the striking workers (seventy-nine were arrested and indicted for "unlawful assembly and riot"). So blatant were the Big Five's real objectives that S.W. White, an arbitrator from the United States Conciliation Service harshly criticized their position: "I would have to conclude that no matter how costly it might be, the goal which you (the employer) had fixed was the extermination of unionism in the Islands..." And yet, none of these maneuvers was successful. Even a "traditional" Big Five strikebreaking tactic like the court injunction could not be enforced in the face of ILWU defiance. When one kamaaina judge issued an injunction after a conference with some plantation managers in Lihue, Kauai, Jack Hall retorted angrily:

No company-minded judge especially Philip C. Rice, is going to crush the struggle of nearly 100,000 men, women and children for a better life and control over their own destinies merely by issuing an injunction.

And as the strike dragged on and several hundred thousand tons of cane rotted in the fields, the sugar planters were forced to acknowledge a rather unprecedented phenomenon in Hawaii: Here was a union too solidly entrenched to be crushed. After seventy-nine strike bound days, a settlement was negotiated bringing substantial gains to the workers; a forty hour week, higher wages and fringe benefits and an end to the paternalistic plantation system whereby workers receiving "free housing" and other perquisites lived at the discretion of the
company.

Union leaders were quite right to be enthusiastic about the new agreement. ILWU President Harry Bridges declared: "This victory makes Hawaii part of the United States for all Hawaiians, especially the workers. It is no longer a feudal colony..." "The victory is a tremendous one," commented the man who headed up the long strike, Regional Director Jack Hall, "the interracial unity and determination of the workers to end for all time dictatorial control over their lives and to guide their own destinies is the outstanding feature of the strike."10 Certainly, a measure of pride as well earned. While the ruling class in Hawaii had suffered a severe blow to their material (and psychological) control over the working class, the prestige of the ILWU was at a new peak. As one observer reported: "The working population could not help but be impressed through their union's show of power."11 The events of 1946 had clearly demonstrated that race no longer constituted an insurmountable obstacle to the construction of an effective, close-knit labor organization and that a multi-ethnic union could withstand the pressures of a prolonged strike.

A year later, after the failure of an abortive pineapple strike, the union leadership systematically overhauled its structure and methods of operation. Through an intensified program of trade union education, the bonds between rank and file and the union leadership were tightened and there was a concentration upon raising the general level of political consciousness. Meanwhile, organizational efficiency was improved by consolidating a number of different locals into larger, more centralized units.

These measures were taken just as the union entered a period of
intense confrontation with the Island power structure: A number of union members had broken away from the ILWU and were trying to splinter off and divide the union membership by organizing competing unions, while, at the same time, a vicious anti-union campaign was being mounted in the mass media. And this is also the period, of course, when charges that the ILWU core leadership were "Communists" began to be heard with ever increasing frequency. An ILWU report of the time conveys the feverish urgency that characterized the situation:

The Big Five were able to pick its own ground and drive against the weak spots. The consolidation program saved the organization in Hawaii. Once it was well under way the traitors in the ranks were driven out in the open. There were a number of them who were lying back ready to coordinate their treachery with the employer campaign. During the entire year of 1947, Hawaii was witness to a ferocious red-baiting campaign. The community was whipped into a white froth of hysteria and every agency of propaganda and pressure was put to use. The employers were convinced that they would turn the tide. 12

Internal consolidation left the ILWU superbly prepared for the massive struggle with the Big Five which everyone knew was imminent. This confrontation, in the form of the Great Dock Strike of 1949, was a milestone in the history of Hawaii. To quote one historian of the strike: "The people of Hawaii for the first time were to realize the tremendous economic power concentrated in this relatively small group of workers through the ILWU."13

The strike erupted in an atmosphere of intense hostility and mutual recriminations: The immediate causes were the terminal companies refusal to consider ILWU demands that Island stevedores receive parity wages with their West Coast counterparts (who were paid 32¢ more an hour) and their policy of wage cutting and lockouts along the
waterfront. Two thousand longshoremen struck the docks causing a total shutdown. This strike was certainly one of the most prolonged and militant in Hawaii's history, replete with police harassment of striking workers (hundreds of whom were arrested on a whole battery of charges), and the bourgeois press baraging the public with cries of "excessive" union power and the "public interest" being flouted. As the Island economy floundered, unemployment soared and small businesses teetered on the edge of bankruptcy, the specter of disloyalty and subversion was raised. Newspaper editors charged that the strike had been initiated by Communist leaders to cripple the Hawaiian economy and weaken the United States. The ILWU also faced the additional burden of dealing with the Big Five controlled territorial government which chartered a new company, "Hawaii Stevedores Ltd.," in an attempt to break the strike by temporarily seizing and operating scores of Big Five ships: The tactic failed when hundreds of pickets clashed with police to stop the functioning of Hawaii Stevedores. Meanwhile in Washington, senators and congressmen were introducing a slew of bills to force the strikers back to work and set Hawaiian commerce once more in motion--but on the company's terms.14

Despite newspaper tirades, mass arrests, court injunctions and strike breaking laws, the rank and file of the ILWU held fast through a long summer without paychecks and into an even leaner Fall. Their only real allies in this struggle were fellow workers on the West Coast--primarily ILWU longshoremen and warehousemen (but also including sailors)--who refused to handle any cargo from the Islands and successfully immobilized the huge California and Hawaii Sugar refinery in
California. At one point, desperate to break the blockade, the Big Five arranged to have sixty tons of sugar unloaded at a remote Oregon town, Dalles, only to have two hundred and fifty Portland dock workers burst into the town, seize the waterfront area and pitch the unloaded cargo back into the holds of the ships. The Dalles experiment ended right there.15 "The record is all too clear. Our friends have been few and we are doubly grateful for their assistance," observed Jack Hall, three years after the great strike, "but by and large, we came over the rough and rocky road on our own steam, on our own strength. The employers, the press, the government has always been against us in our past struggles, just as they are today."16

In October 1949, with four hundred thousand tons of sugar stacked up in Hawaiian warehouses and business losses amounting to well in excess of $100 million, the oligarchy finally agreed to meet union demands for a substantial wage increase (21¢ an hour). The one hundred and seventy-seven day strike ended and the enormous fleet of Matson ships, which had been idle for almost six months, once more began to ply the Pacific ship routes. And the ports of Honolulu, Hilo and Port Allen were again the bustling scene of longshoremen loading sugar and pineapple crates into the hulls of cargo vessels.

The implications of the Great Dock Strike are profound. In an event unique to its long history of exploitation and powerlessness, a significant sector of the local working class had dared to confront the ruling class in a showdown (fraught with immense drama) over whether or not trade unions would play a significant role in Hawaii's future. What had occurred between March and October 1949 was a powerful
demonstration that workers in Hawaii (allied with those on the West Coast) had sufficient power to, at the very minimum, severely obstruct the basic functioning of the Hawaiian economy. As one observer commented: "The strikes of 1946 and 1949 swung the balance of power for the first time in Hawaiian history to the ILWU."

Thus by 1950, with the firm support of the great majority of workers in Hawaii's basic industries--sugar, pineapples and stevedoring--the thirty thousand member ILWU loomed as a very definite factor in Hawaiian economic and political life. The labor historian Johannessen, who is essentially hostile to both the ILWU and radical politics in general, recognized this new-found power:

The ILWU monopoly in Hawaii is sufficiently complete and so strategically situated that it has the power to paralyze nearly all economic activity in the Territory and to seriously impair the economy itself.

If the most concrete antagonism of the ruling class in Hawaii toward the ILWU lay in the union's power to restrict their ability to define wages and working conditions (and therefore continue the process of super capital accumulation that had lasted for a century in Hawaii), then their secondary concern was with the ideological orientation of a union noted across the United States for its commitment to political radicalism and class struggle. This was the same union which had refused to load scrap iron for Mussolini in the 1930s and had walked off the San Francisco docks en masse when a German ship flying the Nazi flag sailed into the harbor. Fifteen years later, the ideological tenor had changed little, if at all. Throughout 1949 and 1950, for instance, the ILWU Reporter was harshly critical of the Truman Administration for not delivering on its promises to the workers and
constantly reproached the "bosses" in general for exploitation of labor. A constant theme here was the necessity of transforming the government of the Islands from rule by the oligarchy to rule by the people: "Our long range job is to return the Territorial Government to the people where it belongs." The *Reporter* took the rather unpopular stand of opposing American intervention in the Korean War, the rearmament of Japan and Germany and also against United States support of various dictatorial regimes (Spain, Portugal, etc.). At the same time, the union newspaper gave enthusiastic support to the new Chinese Communist government in Peking and other members of what then passed for the "East Bloc."

The *Honolulu Record*, a newspaper closely allied to the ILWU and edited by the extremely able and dedicated Koji Ariyoshi, adopted an even more explicitly left-wing stance than the *Reporter* editorializing against cold war repression, the dangers of a resurgent fascism in the United States, the power of the corporate monopolies in American life and in favor of socialist liberation movements throughout the world. The general political perspective of both Hawaii papers bore a very close resemblance to the West Coast ILWU organ, the *Dispatcher*, which espoused a highly class conscious approach to social dilemmas and featured sharply worded editorials by Harry Bridges—famous for his denunciations of "this lousy capitalist system."

At regular Communist Party meetings in Honolulu, Hall and other union leaders were in attendance through the late 1940s, although they were never overly excited about the more theoretical nature of socialist politics. Indeed, there is some evidence that a number of signifi-
cant union decisions were made at Communist Party meetings. As an ex- Communist and former union official (turned informer) named Izuka testified during a government hearing that "before any bonafide union meeting takes place, the Communist Party members got together and brought the matter up in the Communist Party fraction meeting, and they decided what should be taken up in the executive board of the particular union." It has been said, for example, that during the intensely fought longshore strike at Port Allen, Kauai in 1940, it was a majority in the Communist Party executive board (against the wishes of the ILWU leadership) which decided not to involve a weak ILWU in the conflict. 19

At the ILWU convention held in Honolulu, in April 1951, the general tone of the national union and its powerful Hawaii affiliate was one of anger and radicalism: The convention projected the image of a tough, resourceful trade union, proud of its self-reliance, struggling against an oppressive capitalist system, beleagured at times by its enemies, and yet, winning victory after victory through class solidarity. The convention expressed a deep concern for the prevailing political environment and a strong identification with the entire American working class. It stated, "The past two years have been marked by many disasters and setbacks for the majority of the American working people under the onslaught of Big Business and its political henchmen." The strike was lauded as the only real weapon possessed by the workers to fight "the consolidation of wealth and power of the Big Five," "a hostile press and government" and "official government scab and strike breaking." Finally, the convention went on record as condemning the "colonial wage structure" in the Territory. 20 Meanwhile, at
Wahiawa Plantation on Oahu, five officers of the local ILWU plantation unit were suspended for "promoting a company type of program." On Labor Day 1951 five thousand workers marched through the streets of Wahiawa, dock workers wearing their white caps and blue work shirts, carrying placards reading: "ILWU FORWARD! BACKWARD NEVER!", "WE SHALL NOT BE DIVIDED!" and "TERRITORIAL 2-BIT POLITICIANS CANNOT BUST THE ILWU." 21

In retrospect, despite the fiery rhetoric and emphasis on class struggle that seems to dominate the ILWU perspective during the early fifties, it is apparent that these years mark the end of a decade and one-half of ILWU political and trade union radicalism and the advent of the new era in which the union would be integrated into the structure of bourgeois society. This marked a new era of "friendly cooperation and collaboration," when "community acceptance" would be first priority, and when "boss class" would be softened to "employer." This phase of ILWU history has now lasted for over a quarter of a century.

THE RETREAT

It was in the early and middle-1950s that a visibly coherent pattern first began to take shape. The fact that basic changes had occurred within the ILWU's ideological perspective and conception of its own role became quite evident: These changes would become greatly magnified in later years. The first manifestations appeared during negotiations for new sugar contracts in 1952 and 1953, when union demands were surprisingly modest (4¢ an hour wage hike) in view of the
low wages received by plantation workers. Big Five managers were "encouraged by Hall's responsible behaviour in negotiations." Moreover, the job actions which had been a constant factor in struggles between capital and labor over the last half-dozen years were dramatically reduced in number and scope; 1952 and 1953 witnessed only a handful of scattered walkouts, while in 1954 and 1955 labor peace was almost consistently maintained. Jack Hall spoke of the "tremendous progress" in union-plantation relations, and congratulated the Big Five on being "an island of sanity." After negotiating the 1954 contract, Hall (in what amounted to an incredible departure from past ILWU practice) assured the plantation owners that "The 1955 cash wage bill will be less than the bill in 1954."^23

Another major indicator of this basic reorientation was provided by ILWU Education Director Robert McElrath's nightly ILWU radio program, which quite definitely ignored class struggle and played down any alternatives to the existing capitalist society, while emphasizing the union's success in a "new and democratic Hawaii." What was at the heart of McElrath's analysis of local, national and international events was his generally unspoken (but nevertheless clear) assumption that capitalism was a rational economic system and the corporation a sound agent of that system. In fact, he went as far as to praise the responsibility of corporate management to its stockholders—a responsibility notoriously absent in corporate affairs. "We assume," he stated, "that the people who have the controlling interest on the corporation will see to it that the firm's officers do right by the corporation."^24 In a February 1954 program, McElrath showed a new
found concern for the financial welfare of the Island monopolies (something that would become a hallmark of ILWU policy) when he adopted their arguments about wages being related to the "financial stability" of the industry:

The men with the callouses on their hands want job security and they are convinced that the employers are well able to meet their demands without in any way adversely affecting the financial stability of the industry.

In retrospect, what is most noticeable about these radio transcripts, as they come down to us is the prevailing tone of self-assurance (amounting to smugness) that the trade union movement in Hawaii had completed its essential objectives, the great struggles were now history and only a few frills needed to be added to close the account. As McElrath noted in June 1954, "Looking back we observe that since the establishment of labor unions the old working conditions have been swept away--a new era has arrived in which the freedoms and rights of individuals are respected." A year later, he made the same point: "Workers and management are together on the job with mutual respect. Grievances are settled around the table in a give and take business-like manner." And finally, in May 1956: "Today, in the Islands, practically all of major industry pays the going rate; that is, employees receive equal pay for equal work." The message from Robert McElrath, one of the top officials in the ILWU and privy to decision-making councils of the union, was clear indeed: The ILWU's Marxist ideological heritage, centered around the irreconcilable conflict between workers and capital, was being jettisoned.

By 1956, cooperation between the ILWU and the Big Five had become
close enough to permit John Milligan, a sugar company public relations director, to be the featured speaker at the ILWU's Labor Day Picnic. He heaped praise upon his hosts. "I have been encouraged that I have been asked here because my being here as the first industry representative in history demonstrates the type of labor relations we have developed." Two years later, the Governor of the Territory of Hawaii was offering Jack Hall a position on the Territorial Board of Traffic Safety, while plantation manager Edward Bryan, the territory's Republican Party Chairman lectured the 3rd Biennial ILWU Convention about how to "obtain genuine respectability." A significantly altered union position in the arena of territorial politics was also revealing. During the early postwar period, the ILWU had made an all-out (and somewhat successful) effort to control and guide the Democratic Party as a weapon in the struggle against Big Five hegemony. The union, however, wary of close entanglements and commitments to Democratic politicians, maintained a sense of distance from the Party and kept its own counsels. By the middle fifties, however, the ILWU leadership was making some definitive moves toward full integration within the Democratic Party and unqualified endorsement of party programs and personnel. To quote from a McElrath broadcast, which lauded the Democrats as the "party of the people," "The Democratic Party of Hawaii believes that the welfare of the nation and territory is best served by that program which most effectively promotes the welfare of the people." In the ensuing years came innumerable compromises and deals with the so-called "centrist" faction of the Democratic Party which con-
trolled it after 1954, i.e., the leadership group around John Burns and Daniel Inouye who principally represented the aspirations and interests of the upward mobile professional-land developer-administrative petty bourgeoisie, which first became recognizable on the Hawaiian scene in the early fifties. Basically, a newly arriviste class (primarily Asian and often of plantation origin), this local petty bourgeoisie was committed to a dynamic, expansive capitalism that would provide them with the spoils they were now economically and politically situated to exploit. Since they now had the political leverage to carve out their own kuleanas (or economic empires), they were dead set against any fundamental changes in the operation of capitalism or the establishment of a more equitable society in Hawaii. It was this group of petty bourgeois on the make toward higher status and financial rewards which the ILWU leadership chose to ally with as they wheeled and dealed behind the scenes. As Fuchs notes: "At one time or another, Hall made deals with every kind of politician in Hawaii...Hall and his subordinates preferred conservative, even reactionary candidates if they could be trusted to stand by their deals."30

Yet, all the myriad political manipulations and deals did not achieve ILWU domination over the Hawaii Democratic Party. The Party has remained essentially a liberal-corporate organization as fully adept as its Republican "opponents" in serving the needs of Island (and overseas) monopoly corporations. Hall, himself, in a candid moment, admitted this blunder: "We made a grievous error in 1948, when we tied ourselves to the Democratic Party. Some of our worst enemies have been Democrats masking as liberals and friends of the workers."31
working people in Hawaii, ILWU political machinations above the heads of the rank-and-file started an erosion of confidence in union leadership that has been spiraling ever since. By the late seventies, even in its areas of greatest traditional strength on the Neighbor Islands, the ILWU was not able to deliver the votes of its *own membership* to the candidates it supported.

At the ILWU Labor Day Picnic in 1957, Jack Hall delivered a candid address which indicated exactly how far the union had accommodated itself to the existing social system:

> They say today that they have changed, that they are no longer out to 'bust' the union. I think we must concede that their statements appear to be factual, with perhaps a couple of outstanding exceptions...Yes, we must confess that it appears the employers of our membership have given up the idea of trying to bust the ILWU...Today we know that we have made great gains over the last twenty years, and more especially over the last ten years. We still have honest and reasonable trade union objectives to achieve which our employers can and should grant.

We may compare this self-satisfied, self-congratulatory speech to Hall's fiery, class conscious Labor Day oration of ten years before (1947); the height of ILWU militancy:

> ...An imperialist Congress has ripped out of our statute books the social legislation of more than a generation... The most infamous act of our most infamous Congress was the passage of the Taft-Hartley Bill which gives to the employing classes, now hell-bent on the destruction of the union, weapons which it did not possess in its pre-Roosevelt heyday...To comply with the Slave Act is to invite destruction.

> ...The Big Five as we popularly term our dominating financial oligarchy is out to "get us" to destroy our union and to wipe out our social, political and economic progress and most, importantly, our recently won right to control our destinies. Well, workers, the honeymoon is over. Employers are on the offensive. They are driving to increase their profits. We must make every
member, every worker, every person in the community aware of the clever, anti-democratic programs of the Big Five and marshall them to resist it.

We should consider for a moment whether in fact the working conditions and living standards of both union and non-union workers had improved so significantly between 1947 and 1957 in Hawaii as to warrant the ILWU leadership's rather dramatic change in both policy and tone. In brief, was the union justified in endorsing the existing social system as just and equitable?

All evidence seems to point to the contrary. For instance, the basic sugar wage rate of $1.06 an hour was only 6¢ above the 1957 federal minimum wage. Indeed, the daily wage for sugar workers in that year, $3.50 (excluding fringe benefits), was barely sufficient to enable a worker's family to survive in inflationary times. Furthermore, the monthly gross pay of sugar workers on Grade 3 ($196.40) was less than welfare payments for middle-sized families. And since the ILWU had negotiated away its right to control company mechanization of the fields, workers were being laid off and "phased out" by the thousands: From 1947 to 1957, the sugar industry workforce was reduced by six thousand people or 36%. In November 1957, to take one of many such cases, when Libby, McNeill and Libby closed its Waipio operations and laid off a number of oldtimers, one worker remarked bitterly: "After seventeen, nineteen years, what? Maybe more better go on welfare. The company treats you like an animal." Pensions were almost worthless. One retiring worker bemoaned his bleak future; after twenty-eight years of labor his pension amounted to $4.26 per month: "What can you say for the plantation? Here I worked twenty-eight years for it and it
grew and became rich?" This was happening during a year when Castle and Cooke President Alexander Budge was drawing a salary of $63,000 in addition to a host of perquisites. 37

It should also be noted that sugar workers were laboring under better conditions than many other members of the ILWU (in the canneries for instance), or the bulk of workers in Hawaii who remained either unorganized or in corrupt, company-dominated trade unions. It was union bureaucrats, like Hall and McElrath, who were enthusiastically hailing the "great gains of the last decade," and most definitely not the workers themselves. If the ILWU officials were identifying the "New Hawaii" with an onrush of prosperity, it was the prosperity enjoyed by the recently-emergent local petty bourgeoisie with whom they were increasingly allied politically and not their own rank-and-file.

As the years rolled on into the 1960s, the tendencies so evident in the fifties became magnified in scope and intensity. Totally abandoning its earlier strategy of mobilizing a militant, politically conscious working class to do battle on political and work-related issues, the ILWU leadership came to rely upon its role as one of the prime components of the Democratic Party machine built around the John Burns "centrist" faction of the Party.* This meant, in effect, that the union forfeited its ability to articulate a position independent of the bourgeois elements which controlled the Party, or even to mount a

* The way in which Burns was introduced at the 1973 ILWU Local 142 Biennial Convention speaks volumes as to the relationship here: "This is one important reason this union plays politics, so we can elect people like him to protect us."

*(Hawaii Observer October 1973)*
reasonably effective left opposition within the decision-making councils of Democratic Party politics. Burns (a one-time policeman and real estate salesman who, despite his equalitarian rhetoric, was dead-set against any structural changes in the Hawaiian economy and social system), came to receive unqualified ILWU endorsement as "a man of all the people and a man of his word." He was elected governor of Hawaii three times with strong support by the union.

As a quid pro quo, ILWU officials were appointed to positions on advisory boards and state commissions throughout the state bureaucracy. Burns' administrative assistant was none other than former ILWU staff member Ed Rohrbourgh and people such as Newton Miyagi, Dave Thompson, Robert McElrath, etc., occupied numerous governmental posts. Easily the most strategic ILWU appointee, however, was International Representative Eddie Tangen. As Chairman of the State Land Use Commission (1969-77), he manipulated, what one scholar has called, "a politically appointed non-professional body with very broad regulatory powers" into a vehicle of ILWU influence. Former Lieutenant Governor Thomas Gill argues that the ILWU has adopted the policy of placing staff members in key governmental positions because in "that way they can trade with people who want things." Eddie Tangen was in a position for many years of granting landholders, land developers and financial interests what they wanted most of all: The rezoning of land for resort and residential development. "In real estate, politics is the key to upgrading your land value" remarks the head of a Big Five land development firm, and for years Tangen (dominating other Land Use Commission members because of his base in the union and close linkages with government and corporate officials) had the power to create or inhibit huge
windfall profits for prospective developers. Even those interests which had already secured a desired rezoning could never be sure that their properties would not be downzoned at a subsequent State Land Use Commission meeting. To quote Tangen: "...we hold them hostage because we can downzone land, too." Creighton's evaluation of the Commission's work is well taken here: "The commission has indicated through its life how impossible it is in contemporary Hawaii for a public agency to be objective about land use questions."39

The essence of Tangen's role as kingpin of the State Land Use Commission was to facilitate the opening of huge new areas in Hawaii for development in return for certain concessions to the ILWU (i.e., ILWU representation of hotel workers at the new Neighbor Island resorts rezoned for tourism, etc.). This, of course, committed Tangen to delivering on the rezoning end of the bargain; something he did with a ruthlessness that earned him a citation by the State Ethics Commission for committing unethical practices in securing privately negotiated concessions from sugar companies in return for rezoning their lands. In 1975, documents secretly obtained from the files of a local development subsidiary of the multinational Cerro Corporation revealed that Tangen had dispensed illegal advice to that developer concerning the necessity of hiring a "local boy" to represent them and what procedures to follow to guarantee a positive State Land Use Commission ruling on their rezoning request.40

Thus instead of adopting a program to mobilize their membership and other sectors of the proletariat in a mass fashion, instead of vigorously organizing non-union workers and conducting intensive poli-
tical education among the rank-and-file, the ILWU leadership chose to consolidate their alliances with various segments of the local bourgeoisie. This, in turn, has destroyed the political independence of the union and its real effectiveness in defending the interests of its workers. Collaboration with the Big Five has been almost wholly dictated on the corporations' terms: It allowed them to utilize ILWU political muscle in Congress and the state legislature to support continued governmental subsidies to their agribusiness interests. Such collaboration gave them the opportunity to mechanize the fields and dismiss thousands of workers with nary a harsh word from the union, while also permitting the Big Five to set their own timetable for diversifying out of Island agriculture and into international activities, using the capital surplus accumulated in Hawaii during the course of several generations as the base for expansion.

In the last analysis, collaboration between the ILWU and the newly multinational Big Five meant that the union could only fail to fulfill what Jack Hall once called "its primary responsibility"—"to safeguard the jobs and conditions of the members in its ranks." Ironically (in view of the ILWU's abandonment of its earlier socialist and internationalist perspectives), only a radical vision of international trade unionism which included implementation of a policy of organizing across national boundaries (particularly in Southeast Asia, where the Big Five was transferring their production facilities in pineapple in the 1960s and 1970s) had the potential of thwarting the "runaway shop." Neither the power positions held by ILWU bureaucrats in the state bureaucracy nor heavy union rhetoric (Vice-President William Chester, for example,
demanding at the 1973 ILWU convention that "Hawaii's capitalists and industrialists must be held accountable") was of much avail when measured against the capability of the Big Five to transfer their capital from commercial agriculture in Hawaii to more lucrative areas and industries overseas. Only international organization of the international working class could prove an effective barrier to the stark capitalist logic of accumulation of capital. As Mandel remarks: "In the epoch of the 'multinationals, of the increasing internationalization of capital...only internationally coordinated class action can effectively respond to the international maneuvers of capital." The ILWU, constricted as it was by its alliances with bourgeois political elites and by its parochial approach to organizing could not cope with the challenge of the runaway shop.

The facts are very clear here: between 1947 and 1971, the sugar-pineapple workforce was cut from 23,000 workers to 9,000 and layoffs continued throughout the seventies. As time passed, the union response became ever more feeble to these attacks on its rank-and-file. When Castle and Cooke announced in 1971 that five hundred workers were to be dismissed when the company closed its Kohala Plantation, one notes Eddie Tangen's rather pathetic remark: "I'm not so sure we can take the position that Castle and Cooke can just pick up their marbles and go away and wreck the community. They have an obligation to the people here." Nevertheless, that is precisely what happened: Castle and Cooke left Kohala without as much as a backward glance leaving the Hawaii State Government to fill the economic vacuum. In late 1976, when C. Brewer revealed plans to lay off two hundred and thirty Big
Island sugar workers, Robert McElrath could only respond that he had asked Brewer "not to give the sugar workers this kind of a Christmas present, but they didn't (listen)" and criticized the "cavalier" way in which the layoffs were carried out. The ILWU in the Kohala situation found itself powerless when confronted with the power and flexibility of a Big Five multinational to transfer its operations elsewhere and abandon commercial agriculture in Hawaii.

The inability of the ILWU to protect the job security of its membership and to maintain commercial agriculture in Hawaii, against the determination of the Big Five to transfer their resources to other industries and other geographic areas, placed it in the extremely precarious position of losing membership throughout the fifties and sixties and forfeiting its place as Hawaii's largest and most influential trade union. This was accentuated by the lack of commitment to organizing a number of newly-important sectors of the labor force, such as retail workers and office workers. Given the general demoralization of the ILWU leadership and the union's general loss of prestige in the community, a number of highly-publicized ILWU organizing campaigns never really materialized. These conditions pointed the union toward uncritical acceptance and encouragement of the tourism industry: "The union recognizes tourism as the main sparkplug for economic growth" was the official line here. To compensate for automation in the fields and the virtual disappearance of their agricultural base (the longshore base was also declining markedly—from 2,000 workers in 1950 to less than 900 twenty years later), ILWU officials turned desperately to tourism industry workers as a source of new membership. Indeed,
tourism recruitment became a primary source of survival.

Therefore, in its various public activities from the State Land Use Commission to the legislature to the local county governments, the ILWU has consistently used its influence to encourage the constant expansion of tourism and to urge the expenditure of vast sums of public funds to subsidize and promote the industry. The union has shown special favor to the Hawaii Visitors Bureau, a semi-public agency run by tourism industry executives and funded largely by public tax monies. Jack Hall and other top union officials have served on the executive board of the HVB and the ILWU position here is: "The Hawaii Visitors Bureau does a good job of promoting a steady year around flow of tourists...The ILWU is active in the HVB and supports funds."^46

Dependence upon maintaining Hawaii's attractiveness to the overseas capital interests which finance and control the Islands' tourism plant (in addition to the union's own deep internal weaknesses) has not encouraged the ILWU to effectively defend the interests of the thousands of hotel workers it represents; workers who labor in what is the second lowest paid major industry in Hawaii. A perfect illustration of this occurred in late 1970, when 2,000 ILWU workers at eight Neighbor Island hotels (earning an average of $1.80 - $2.20 per hour) struck. International Representative Eddie Tangen noted almost apologetically: "We will attempt to minimize the shutdown as much as possible. With the number of hotels remaining open, it appears that all tourists can be accommodated. We regret that we were forced into their action by these few companies."^47 The striking workers did not take such a casual approach to what they regarded as a fight for
economic survival. The strike was the scene of a whole series of militant actions as strikers burned down part of one hotel and forcibly prevented strikebreakers from entering the resort premises. On the picket lines surrounding the Mauna Kea Beach Hotel, strikers told a friendly onlooker: "All these scabs, we hate the scabs."\(^{48}\)

The ILWU has also been unwilling to struggle for increased worker decision-making power on the job site with the immense potential here for transforming the workers' self-image and self-conception of their role and their relationship to the means of production. Since the advent of the "great compromise" with the corporate power structure, areas of contract negotiation with the potential to question the underlying foundations of capitalist hierarchical control over the workplace have been suppressed. Demands for worker control over job performance, evaluation of technological changes, over labor utilization, etc. (these were real issues for a militant ILWU on the West Coast docks in the 1930s) have been shunted aside or eliminated altogether, as the union leadership abandoned its earlier strategy of directly challenging the capitalist system and building a politically conscious rank-and-file. The dehumanizing working conditions in the canneries, plantations, hotels, warehouses and bakeries under ILWU contract have never become a subject of collective bargaining--or even a matter for serious internal union discussion.

Thus, the workplace for ILWU workers remains oppressive and alienating. Corporate control over hiring and firing, over the speed of worker performance, over the replacement of workers by machinery renders the workers defenseless subjects of capital. The French
economist Andre Gorz is insightful here: "If the transformation of society and the political power of the working class are to have meaning, then the workers must master their oppressive conditions at work."\(^{49}\)

The ILWU strategy of collaborating with the sugar companies to preserve the profitability of commercial agriculture in Hawaii also included fighting against environmental legislation that would have required the sugar firms (particularly on the Big Island where the Hamakua Coast was being despoiled by plantation runoff) to cease polluting coastal waters. In June 1971, for instance, ILWU Director Robert McElrath accused local environmentalists (who were merely trying to secure enforcement of existing State anti-pollution laws) of being "reckless adventurers" aiming to "murder" the sugar industry. He said, "We do not intend to participate in the murder of the sugar industry in the name of preserving the life of the land."\(^{50}\)

No wonder then that the bourgeoisie in Hawaii hails the ILWU and its leadership as a model for the American labor scene. "Everyone has a bit better life because of Jack Hall and his co-workers," commented Governor John Burns, and at a June 1969 cocktail party attended by key figures among the Islands' economic elite, one Big Five executive commented: "Jack Hall is honest, his word is good. I say if we must be organized, Hall’s the type of labor leader I want to do business with." Jack Hall replied in kind:

By their words and their actions, Hawaii's major employers have indicated their desire to live and let live. We have taken their words and deeds at face value and we believe Hawaii is a better place in which to live because the major employers have changed.\(^{51}\)

If indeed the employers had changed, it was largely because
the ILWU had also changed. Indeed, it was no longer necessary to bust a union that now assumed the old bosses' role of disciplining the labor force and guaranteeing the smooth flow of production, that allowed mechanization of the fields and docks, that negotiated no-raise contracts for plantation workers in the hope of keeping commercial agriculture in Hawaii and that lobbied for Big Five sugar quotas in Congress and for state and county government subsidies for the Hawaii tourism industry. The integration of the ILWU within the framework of the liberal-corporate political-economic apparatus that controlled Hawaii after the middle 1950s, provided the bourgeoisie with an invaluable mechanism for the transformation of the older plantation-oriented society to a new economy of resorts, condominiums, subdivisions and international investments.

Thus in the late 1960s and into the next decade, (the time, ironically enough, when considerable segments of Hawaii's population first became conscious of the socio-economic crisis and serious dilemmas confronting the Islands), the ILWU celebrated the "New Hawaii" which it defined as "a climate of cooperation with business and industry so that all elements of our society could prosper together."52 The wheel had spun full circle. The radicals had recanted the dreams of the thirties and forties.

AN APPRAISAL

In retrospect, a generation later, one can understand the "great transformation" of the ILWU in the mid-fifties as the result not only
of circumstances and events of that period, but also of deep-seated structural and ideological features of the union which remained concealed or obscured during its more dynamic early history.

On the basis of available evidence, it would seem that the anti-Communist, red-baiting campaign waged by the Hawaii bourgeoisie (in collaboration with their allies on the continent) was a primary factor in the destruction of ILWU radicalism. Failing to liquidate the union through economic pressure and strike breaking, Merchant Street ultimately contrived to eliminate the leftist ILWU leadership (or at least make it more amenable politically and at the contract table) through the use of a calculated and well-financed campaign of anti-Communism begun as early as 1947 with the importation of special "consultants" and a mass media campaign to demand "responsible union leadership." This, in turn, had the effect of preparing the public for a Territorial government investigation of "Communism in Hawaii." Next came the beginnings of a malignant witch hunt against individuals associated with the progressive movement in Hawaii. People such as John and Aiko Reinecke, for example, two public school teachers with a combined total of thirty-seven years of honorable service, who were closely involved with the Communist Party, were suddenly removed from their teaching posts and charged with "the failure to possess the ideals of democracy."53

In 1948, a United States Senate Committee arrived in the Islands for the ostensible purpose of examining Hawaiian statehood and provided the local oligarchy with a gold mine of valuable propaganda in the form of numerous anti-Communist, Anti-ILWU statements: "...international
revolutionary communism has a firm grip on the economic, political and social life of the territory...Communism in Hawaii operates chiefly through the ILWU and has persistently sabotaged the economy." The senators even bruted about the rather fantastic charge that "Harry Bridges, President of the ILWU, is the unseen Communist dictator in Hawaii" and recommended that any consideration of statehood status for the Islands be delayed until the Communist "menace" was eliminated. Shortly thereafter, the State legislature reacted to various pressures by establishing a Hawaii Subversive Activities Committee to investigate and report on political radicals. With only minor exceptions, however, the ILWU membership rallied around their villified leaders. The remarkable degree of solidarity which had led to the union's ability to endure and triumph during the 1949 dock strike dispelled any illusions entertained by the Big Five that their campaign of harrassment and red-baiting was effectively crippling the union. It was high time to escalate the action.

In April 1950, the House Un-American Activities Committee journeyed to Hawaii and immediately began subpoenaing witnesses to testify on Communist influence in the Islands. These witnesses were of two distinctly different kinds; government informers who related endless tales concerning conspiratorial plots and machinations allegedly involving the Communist Party, and so-called "identified subversives" (a catch all term of abuse frequently used in this period) who were brought to the stand and questioned in regard to their political activities in Hawaii. When thirty-nine islanders (subsequently labelled the "Reluctant Thirty-nine") refused to appear before the
Committee, they were cited for contempt of Congress and indicted by a local United States Court. Among these were some of the top leadership of the ILWU.

Within a year, the full onset of McCarthyism, bringing in its wake a nationwide plunge into the deepest anti-Communist hysteria, had created a more favorable atmosphere for the intensification of this campaign of persecution in Hawaii. Using a round faced, stocky former ILWU official named Jack Kawano (who had been guaranteed certain financial amenities by "friends" in return for testifying against his old comrades) as primary witness, the FBI arrested seven people under the Smith Act. On August 28, 1951, at six o'clock in the morning, police walked into the home of ILWU Regional Director Jack Hall and arrested him on a federal warrant. Honolulu Record editor Koji Ariyoshi, John Reinecke and Jack Kimoto (a highly astute radical newspaperman cited on the U.S. Attorney General's list as "one of the sixty-three most dangerous persons in the United States") were also numbered among the defendants charged with advocating the violent overthrow of the United States Government. The trial lasted seven and one-half stormy months before the accused were found guilty and sentenced to five years in prison and a fine of five thousand dollars a piece. This sentence was subsequently overruled by an appellate court, but the possibility of having to serve time in prison was to hang over the seven until 1958. Dr. Willis Butler, who watched his friend Jack Hall slowly wither and retreat under the fierce repression of these years, remarks:

There is absolutely no doubt about it. It was the
Smith Act Trial which crushed Jack and the whole ILWU--years of fabricated charges, weary courtroom sessions and personal harrassment. They were never the same again. 55

Besides governmental attacks there was considerable harrassment from the professionally anti-Communist IMUA (Hawaii Association for American Freedoms), a rightwing organization established by Mrs. Walter Dillingham and heavily financed by ruling class money (Dillingham, Hawaiian Trust, Amfac and several banks were among the corporations represented on the IMUA Board of Directors). IMUA literature and nightly broadcasts inveighed against the "red threat" to the "American Way of Life" and urged listeners and readers to "Make Hawaii a Clean Spot." Ironically, when IMUA railed against the sort of dictatorial rule which the ILWU was supposedly planning to implement in Hawaii ("You are dictated to by a powerful, limited few. Your God-given freedom is destroyed,")56 they were providing an accurate description of the type of society their own directors and the class they represented, had imposed upon Hawaii for half a century.

Nationally, the ILWU found itself beseiged from all sides. In its fourth attempt to deport Harry Bridges back to his native Australia, the United States Government was charging the veteran labor leader with obstructing shipment of war materials to troops in Korea. A concerted government program to crush the union continued on until 1954, when Congress passed the Communist Control Act (under which Communist-Party-dominated trade unions were to be deprived of their collective bargaining rights). In reality this was a bill directed straight at the existence of the ILWU. On the labor front, under singularly intense conditions of fear and intimidation, the Congress of Industrial
Organizations (CIO), an organization largely built by the struggles and sacrifices of Communists in the 1930s, was purging itself of labor unions with Communist Party associations. Thus, at the 1950 convention, the ILWU along with a number of other trade unions found themselves expelled from the CIO.

Nevertheless, despite the searing attacks on union officials and the well-financed promotion of anti-Communist hysteria, the ILWU rank-and-file had not lost their strong and abiding faith in the leadership and, "for the most part, ILWU members were probably more loyal to Hall than ever." After the Smith Act Trials had ended with convictions for the defendants, protesting dock workers walked off the waterfront and there was a four day general strike in the sugar and pineapple fields. Likewise, when Harry Bridges was convicted of perjury in one of many government cases against him, ILWU workers staged twenty one-day strikes to express solidarity with their union president. However, by the middle-fifties, when the anti-Communist vituperation had already begun to subside, the union leadership had already abandoned its earlier militancy and adopted a safe conformism.

Ironically (ironies are never lacking when one discusses the ILWU), in view of the anti-Communist persecution to which the ILWU leadership was subjected, their attachment to the tenets and strategies of the Communist Party of the United States (CPUSA) was a major factor in directing them into alliances with the bourgeoisie in Hawaii. An important element here was the historic subordination of the American party to Soviet policy objectives. The CPUSA was always very much a creature and instrument (it even supported the Soviet invasion of
Czechoslovakia in 1968) of Moscow and never, in its forty year history, an independent or truly revolutionary party. Not revolutionary because Moscow did not consider the emergence of a dynamically successful Communist Party in the United States to be in its real interests. An American Communist movement powerful enough to pose a challenge to the world's most developed capitalist system would surely destabilize United States-Soviet relations and might also present a threat to Moscow's hegemony over the global Communist movement. Mandel aptly characterizes the Soviet bureaucratic mentality:

The conservative character of the bureaucracy, its fear of the international repercussions of an advance of the revolution elsewhere in the world...inclined the bureaucracy towards a policy of peaceful co-existence with imperialism, attempts to divide the world into spheres of influence, and determined defense of the status quo. 58

The unswerving loyalty and submission of the CPUSA to the tutelege of Stalin and those who followed him in the Kremlin proved an insurmountable obstacle to the construction of an autonomous, viable and genuinely revolutionary party. If the American party incorporated some of the most vile features of its Soviet counterpart into its own functioning--a suffocating authoritarianism, a narrow sectarianism, a rigid party hierarchy, etc.--it also slavishly followed a Soviet line which precluded the real mobilization of the working class in the United States for revolution. Even during the 1930s when the CPUSA gave enormous priority to leading the great organizing drives in rubber, steel, automobiles, coal, agriculture, etc., and sank deep roots in significant sectors of the American working class, there was a failure to articulate a comprehensive approach toward the overthrow of the bourgeoisie
and the taking of political power in the United States. Trade union organizing became a fragile substitute for building a genuinely revolutionary movement. Kolko reflects upon the "failure to develop an economic analysis of the limits of trade unionism that would also have stimulated a reassessment of its political traits and inherent reformism." Already in the 1930s, under obedience to tactical necessities as formulated by Moscow, there was a pronounced Party tendency to form ill-conceived alliances with liberal and bourgeois groups which drained Party strength and eroded its political position. Max Gordon has a succinct analysis of this:

Sure a socialist movement should enter coalitions with other groups around immediate goals, but first it must be a socialist movement. It must have a public presence; a distinct popular politics of its own otherwise it can only end up strengthening the politics of the 'temporary' allies...in short, a coalition policy requires the building of a popular movement for socialism. Otherwise it is a subordinate policy.

After the Second World War, instead of fortifying its ties with the American working class, the Party adopted the role of a reformist organization with Marxist trappings and committed a series of political blunders which helped to dissipate the base it had built in earlier years. Not only did the CPUSA fail to advocate its real socialist objectives, but, in a desire for "respectability," leading Party spokesmen even promoted the idea of working within the system for authentic social change. For example, there is the fashionable mid-forties' "Communism is Twentieth Century Democracy" of Party leader Earl Browder. During the 1948 election campaign (in which the CPUSA heavily supported the candidacy of former Vice-President Henry Wallace), Party General Secretary Eugene Dennis called for the formation of "a
broad coalition of all democratic and anti-imperialist forces" to bring about a "people's government."61

Of course, ultimately, the adoption of this type of reformist strategy became a permanent feature of the CPUSA: The notion as Party leader William Z. Foster phrased it, was that "Despite the dangerous threat of fascism in this country...the workers and their allies could elect a people's front government under the Constitution."62 In its death throes of the late fifties and sixties, the Party almost entirely ceased to have valid roots in the working class and remained a minute, isolated and essentially liberal party. Indeed, when the CPUSA strongly supported the candidacy of Lyndon Johnson for president in 1964 (the slogan was "defeat the warmonger Goldwater"), it was only completing the circle begun two decades earlier.

None of this is to disparage the passion, the commitment, the sacrifices of hundreds of thousands of rank-and-file CPUSA members who felt what Gornick calls "a larger need which the Communist Party embodied; the need within the human spirit to say no to the judgement of man upon man that is the politicalness of life." Men and women who despite the internal and external blunders of Party policy, the despotism of the CPUSA bureaucracy and its gross insensitivity to their needs managed to achieve (even when they left the Party later) "a vast, sprawling, fragmented, intensely various experience whose complexity of detail adds up to a truth a variance with the sum of its parts."63

This has deep significance for the "Great Compromise" in Hawaii. In allying with the Democratic Party in Hawaii and the economic and administrative bourgeoisie who controlled it, the ILWU was simply
carrying out good CPUSA practice. This was especially true in the 1950s, when American Communists were under fierce attack (over two thousand Communists were underground during the early fifties and many more in prison or exile) and desperately attempting to form alliances with liberals and "moderates." Indeed, ILWU policy in Hawaii represented the sort of united front with "progressive elements" that could provide a defensive cordon against the fascist threat from the Right (which both the ILWU and the CPUSA both feared in the 1950s) and theoretically prepare the way for a "new day" when the Left would once more take the initiative. Of course, that new day never came. Once the ILWU had sacrificed its class and ideological concerns, its commitment to structural change, and its moral position, in order to ally with the bourgeoisie in erecting a newly rationalized-modernized capitalism in the Islands, it never regained its autonomy, vigor or initiatives again. The structural and material bonds created by interdependency proved too encompassing to be severed.

One cannot discuss the transformation of the ILWU without placing it within the context of the robust capitalism that characterized the period between the end of World War Two and the beginning of the 1970s; the most expansive and dynamic era in the history of capitalism; a time of record levels of growth in production, employment and real income for the working class. It was a time of real class mobility for so many. The social and economic institutions of the United States seemed very capable of responding to the challenge of providing new technology, new jobs and a steadily increasing affluence to large sectors of the population. It is understandable that for those whose formative years
had been spent during the depths of the Great Depression, there seemed to be adequate evidence that the capitalist "millenium" had indeed arrived, that the widely-heraled 'mixed economy' of corporate ownership and judicious government intervention could guarantee prosperity into the indefinite future. In the face of advanced capitalism's ability to generate an unprecedented assortment of commodities and experiences (from color televisions to supermarkets, satellite communications to supersonic aircraft and stereos), it was easy to abandon one's faith in the efficacy of socialism--especially when the American working class seemed coopted by material affluence and utterly impervious to radical change. Kolko's comment here is apt: "To an astonishing degree, socialists mirrored and catered to trade unions' weaknesses because the development of the working class left them few options."64 Indeed, the dire prophecies of Marx concerning the unsolvable contradictions of capitalism seemed obsolete echoes of a bygone era.

If the system had shown signs of not being able to deliver on its promises of material abundance, signs of severe instability and decay, during the period when the ILWU was becoming integrated within the structure of bourgeois Hawaii, a different scenario might have emerged. Perhaps even a return to the militancy and radicalism of the past. But capitalism did not falter and the ILWU leadership was confronted with a situation in which, as Fuchs remarks, "The vast majority of Hawaii's laborers appear to have accepted the most crucial aspect of capitalist economics: the profit system."65

The degeneration of the social and political commitment of the ILWU was also (inevitably as it seems in such cases) accompanied by a
degeneration of internal union democracy. Real decision making power came to be concentrated in a small group around Hall and McElrath, which excluded even some fairly high level officials with long tenure. The powerlessness of the middle and lower stratum of the union bureaucracy was shared by the ILWU rank-and-file who were discouraged from promoting reforms or generating new political initiatives that might threaten existing bases of internal power. A case in point here was the negotiation of plantation contracts. These were in reality, negotiated by one or two high ranking union leaders, while the remainder of the negotiating team--plantation rank-and-file workers--remained on hand merely as ornaments.

As the union grew more bureaucratic, problems of malaise and depersonalization grew deeper. Officials became increasingly divorced from union membership and even their own staffs. The salaries of union leaders (and their lifestyle) placed them in a different milieu than the rank-and-file. They moved from working class to middle class neighborhoods. Some made real estate investments and engaged in land speculation in collusion with petty bourgeois friends and acquired a direct personal vested interest in the maintenance of capitalism.*

* Two good examples of this process among middle level ILWU bureaucrats are Mamoru Yamasaki and Pedro DeLa Cruz, both of whom were members of the Hawaii State Legislature in the middle 1970s. Yamasaki, ILWU membership service director on Maui, owned stocks and notes worth $100,000 in 1974, including stock in an Oahu development group and two investment firms. As Vice-Chairman of the Hawaii State Senate Ways and Means Committee in 1974, Yamasaki helped promote passage of a capital improvements appropriation widening the Kahekili Highway; a bill from which his Oahu development group (Heeia Development) would benefit. DeLa Cruz, ILWU business agent on Lanai, owns the International Food and Clothing Center, shares of stock in a life insurance company and property in Los Angeles. (HAWAII OBSERVER 1974)
Over the years, these ILWU leaders came to associate far more with politicians and businessmen on the make and less and less with their own rank-and-file.

Neither was a serious political education program implemented. Perhaps the ILWU leadership felt that an aware, politically conscious rank-and-file posed a threat to their own positions of power. Perhaps, they had just lost interest. What did pass for political education was insistence on the primacy of relying upon the Democratic Party and "progressive" politicians and the good faith of the Big Five. In the event of a crisis situation, ILWU leaders obviously believed that they could adequately direct their workers to take appropriate action. Historical experience has repeatedly demonstrated otherwise. Indeed, it certainly requires more than a small group of leaders to build a genuine working class movement: It takes a highly politicized rank-and-file who are accustomed to assuming positions of authority themselves. As the Marxist revolutionary and theoretician Rosa Luxembourg states:

> It is the task of the proletariat mass not only clearly and consciously to determine the aim and direction of the revolution. It must also establish socialism step by step through its own activity...The emancipation of the working class must be the work of the workers themselves. 66

My intention in this chapter has been to furnish a general analysis, an overview of the transformation of the ILWU. This is a subject which surely merits a more detailed and more in-depth study. There is a complex matrix of interlinked components here; a dialectic occurring between such basic elements as the structural and personal weaknesses of the union and its leaders, the relationship of the ILWU to the Communist Party and the Democratic Party, anti-Communism as a bourgeois instrument
in the fifties, the relationship between the union and the power and flexibility of the multinational Big Five, and the manner in which a trade union must legally function in a capitalist society. What is most crucial in this study, however, is the impact of the transformation of the ILWU upon the contemporary fabric and structure of Island society. And this is clear. In the 1930s and 1940s when the ILWU embodied the hopes of thousands of workers for liberation from political and economic servitude, for a degree of control over their own lives, the union represented the great potentialities of an authentic working class movement on the road to significant social change. Yet, after the great struggles of 1946 and 1949, there was a failure of nerve, of imagination, a failure to establish and expand new initiatives, to liberate the creative energies of the rank-and-file and (most importantly of all, perhaps), to provide an effective check against the tyranny of the bourgeoisie over Hawaii's people. Instead, there occurred the complete integration of the union within bourgeois institutions which assured the dominance of the Pacific Rim Strategy and the contemporary tourism development model in Hawaii.

No one personifies the tragedy of the ILWU more clearly than Jack Hall, once the dynamic organizer and leader of the most radical trade union in the United States, a man of mental and physical toughness with an instinctive grasp of the needs and problems of the local working class. Later, after the persecutions, the trials, the unending harrassments, we find a different Jack Hall, a man who denied his earlier dreams and ideals, and whose charisma and leadership abilities were channeled into the narrow confines of conservative (and increasingly
autocratic) trade unionism. To the outside world, Hall was a successful trade union leader and political power broker. Nevertheless, he was also a perceptive and astute human being who realized better than anyone how miserably pathetic the achievements of the ILWU were when compared with the grand passions and objectives of the thirties. "The unions aren't a social force for the general improvement of the country like they were," he said once.67

Leaving Honolulu for San Francisco, at the end of the sixties, to assume the ILWU vice-presidency, Jack Hall was literally overwhelmed by the corruption and demoralization enveloping the ILWU along the waterfront. He tried to fight it, just as he struggled against the attempt by Harry Bridges (now so respectable that he had become a member of the San Francisco Port Authority and was telling the 1969 ILWU Convention: "Liberals and radicals are the workers' enemies—not the employers.") to merge the union with the mobster-controlled International Longshoremen's Association. In 1971, when Jack Hall died, his once powerful body worn down by years of illness, hard-drinking and almost inhuman pressures, the oligarchy that had once feared and hated him provided a front page VIP treatment; a tribute reserved for the successful man who made his mark on the world:

Although at times accused of being a Communist...Mr. Hall long before his death was recognized as a respectable community leader, working in a variety of civic programs with some of the same businessmen he at one time counted among his bitterest enemies. 68

The Vice-President of the First Hawaiian Bank commented approvingly in a similar eulogy:

During his last years in Hawaii, he took the position that government, business and labor working together will best
solve the social problems that arise from our ever-changing economy.

A close friend had a very different epitaph: "Jack Hall was a prisoner of his illnesses, his image, his corrupt subordinates. He died a defeated man."70

For the people of Hawaii, the disintegration of the only powerful force to emerge in the last two centuries of Hawaiian history with the potential to challenge the existing structures of society and committed to the powerful socialist ideals of economic justice, mass democracy and workers power is a disaster of great magnitude. Indeed, in the absence of a strong, viable organization actively defending the interests of the working class (and the unemployed and dispossessed in general), the local and international bourgeoisie could proceed to integrate the Hawaiian Islands within the Pacific Division of Labor and construct "the New Hawaii" in their own image. This they have done.
CHAPTER ELEVEN

THE POLITICS OF COMPLICITY AND SELF-ENRICHMENT

We've had a rich man's club in the legislature for 54 years. Now it's going to be a people's club and with a few easy motions we are going to wipe out some of those laws from the books.

Vincent Esposito
Territorial legislator 1954

Ten years ago...statehood was the number one thing and to a very real degree the achievement of the goals we set was solved by statehood. You have control over your own destiny and you have a more open society, more opportunity for an individual.

Governor John Burns
1968

In our fine society, everything and anything is for sale if the price is right.

Dan Aoki
Assistant to the Governor 1976

On the morning of April 30, 1950, the Democratic Party of the Territory of Hawaii split. The long dominant conservative wing of the Party came sauntering down the white stone steps of Honolulu's Kalakaua School, in twos and threes, humiliatingly reduced to walking out of its own convention because of the seating of a group of ILWU officials who had been cited for contempt shortly before, after their refusal to testify about their associations with the Communist Party. The old guard Democrats walked over to the wood-framed Veterans of
Foreign Wars building near the Ala Wai to open their own caucus.

"This is the new Democratic Party. It is the party the Republicans are beginning to fear" were the words Vincent Esposito, the open-faced convention keynote speaker used to assuage the somewhat shaken confidence of the two hundred predominately youthful men and women of the Democratic "left wing" who had remained in their seats. And then Esposito enunciated the broad principles of the political program formulated by these young Democrats; a program committed to substantial reforms of Hawaii's grossly inequitable social system--a program that more than anything else separated them from the status-quo oriented Party establishment:

I'll tell you what the Democrats can do. They will change the tax system and make a real American progressive tax based on the ability to pay... On land, we will make available this land at auction in small parcels so that farms can be built up all over this beautiful land and people can own their own homes, grow their own vegetables and live as free Americans: 'You, the Democratic Party are the hope, the courage and the heart of a strong America.'

Prospects for the future seemed to justify Esposito's rather picturesque rhetoric. True, the Republican Party still controlled the Territorial Legislature, but the Democratic Party had made sweeping advances during the previous four years, re-emerging as a formidable rival to the GOP's half century of political monopoly. It was only a matter of time before the Democrats would mount the steps to Iolani Palace and political power in Hawaii. Some seemed a trifle impatient, even bitter at times, because the years of powerlessness and oppression still rankled for these sons and daughters of plantation workers. Maui's Senator John Duarte, for example, who like many others had suffered personal victimization at the hands of Big Five authority, warned his
colleagues bluntly: "The only thing the Big Five doesn't own is the brains in your head, use them." There were many faces in the crowd in Kalakaua School that morning, faces of men and women who would become the political stars and superstars in Hawaii for the generation to come. The majority, Asian-Americans, were confident as never before, that the caste restrictions of the pre-war era were being swept away and that the Democratic Party was their vehicle to a place in the sun.

The Asian population in Hawaii, whose ancestors had arrived in the Islands from frugal, commercially-minded societies with an ingrained work ethic enforced by heavy population pressure on scarce land resources, had in general, over the course of a century, assimilated the capitalist value system far more easily than the Hawaiians. We know that within twenty years or so after the first Chinese had disembarked from Yankee schooners, coolie-peddlars were making their appearance in Honolulu and along the plantation crossroads the ubiquitous pake store was becoming a fixture. One also remembers one of the most notable scandals of the late monarchy period: King Kalakaua auctioning off the kingdom's opium monopoly to a consortium (or hui) of Chinese merchants for over $75,000, then shortly thereafter, selling the same monopoly to another hui of Chinese for $80,000: These deals reveal the fairly substantial sums of capital available to some leading Chinese businessmen even in the nineteenth century.

During the early twentieth century, those caste-ridden days of nearly total Big Five economic monopoly, aspiring Asian entrepreneurs could locate a few niches deemed not worth taking by the Merchant Street monopolies--even if it meant serving their own ethnic group exclusively:
They went into barbering, fishing, owning small restaurants, taro and hog raising, drugstores, laundrys and gas stations, which furnished a marginal or better living to hardworking proprietors. Usually miniscule in size and capitalization, these tiny family-centered enterprises nevertheless afforded the rising crop of second generation Asian businessmen the accumulated capital and business expertise to expand into more profitable investments (especially in land--always a prized commodity in land-short Asia), when an expansive Hawaiian economy began creating more investment opportunities during and after the war.

A handful, like Chun Hoon--a onetime contract laborer who abandoned the plantation to hawk eggs on the streets of Honolulu--slowly built up a thriving grocery trade and won a series of military contracts delivering groceries which made him a wealthy financier, and Wilfred Tsukiyama, a loyal Republican judge and legislator, rewarded financially and politically for his unswerving cooperation with the elite, numbering directorships of a brewery and airlines among various business connections, were local Horatio Alger stories in these years of restricted possibilities. They were celebrated by the oligarchy as the realization of the American dream in Hawaii; it could have been you, was the implied moral, if only you had shown the ambition and drive of these men.

By the early forties, as war threatened to envelop the Pacific, it was obvious that the Chinese businessmen and lawyers on Smith Street and the young nisei filling up the classrooms of McKinley, Hilo and Baldwin high schools and the University of Hawaii, would not much longer tolerate a racist system that circumscribed their social, economic and polit...
ical roles. By 1945, the 2,500 young Hawaii Japanese who had formed the core of the 442nd Regimental Combat Team, the most highly decorated combat unit in the United States Army, and the hundreds of thousands who drew inspiration and meaning from their gritty determination in the fierce, sprawling battles fought against the Wehrmacht in the valleys and hills of Italy, certainly were convinced that the war had vindicated their claim to a major voice in Hawaii's future and some sort of equality. Their words are recorded. The much quoted conversation between wounded veterans Dan Inouye, grandson of a plantation worker, and Hanapepe teacher Sakae Takahashi, lying across from each other in a Jersey City hospital room:

Takahashi: "Most of all I want to know why there has to be a limit to our hopes."

Inouye: "Who says there's a limit?"

Takahashi: "Suppose you wanted to join the Pacific Club. Can you?"

Inouye: "Big Deal."

Takahashi: "Suppose you wanted to be Governor of Hawaii."

Inouye: "We ought to have that right. What I'm interested in is tomorrow. I want my kids to have an even break. I demand it."

Several days before the fiercely contested 1974 Democratic Party primary election, Party functionary Dan Aoki read a speech to a group of 442nd veterans reflecting back upon their thoughts as they returned to Hawaii from the hardships of the European front nearly thirty years before:

Would they have to go back to the plantations and work for a dollar a day? Would they have to go back and work for the big corporations and be paid on a dual scale--large salaries for the Haoles from the mainland and only a
fraction as much for them because they were Orientals from Hawaii. Is this what would be in store for them—nothing better?

In 1950, Sakae Takahashi, by then a rising luminary in the Democratic Party, would articulate the objectives which his generation sought to fulfill: "Sound and efficient state government to protect and uphold the rights and liberties and dignity of the individual."

Mitsuyuki Kido, a leading political figure, voiced what was also a widely-held perspective among Asians: "We said we would stand for equality of opportunity, regardless of race. We wanted acceptance as first-class citizens. Our second goal was to raise the standard of living and the standard of education."5

There is a common thread of thought here, a shared vision of the future and a shared ideological orientation woven throughout the statements of these political leaders who would play such a dramatic role in Hawaii's future: They were, in the traditional American way, preparing to use access to the political apparatus as a means of individual social mobility and material enhancement. What is essential here is not what the young lions of the Democratic Party were demanding back in the late forties and early fifties, certainly the peak of their "radicalism," but rather what they were not demanding. What is so patently absent here is the kind of analysis that the early ILWU organizers drew from their studies of the Marxist theoretical critique of capitalist society: This was a class analysis which argued that reforms might mitigate the worst abuses of capitalism, but that without the overthrow of the system of private profit and private ownership of the means of production and the seizure of political-economic power from the ruling class, there could
only be the worst sort of regression. Ultimately, the reform movement would become corrupted and coopted by the power structure, entangled in its own contradictions, rendered useless (and even harmful) to genuine change. The postwar Asian political elite, despite their working class backgrounds and the sufferings of the prewar era under the Island variant of monopoly capitalism, did not question the morality or viability of capitalism, especially when it had sufficient resiliency to provide individuals like themselves with the kind of wealth and position they could never have even imagined during their younger, leaner days.

Writers on the subject of the rise of the Asian political elite in Hawaii have emphasized the importance of a public educational process which taught young students, such as Inouye and Takahashi, the ideals of American liberal thought as being basic to their decision to demand equal rights after the war. We are told of the paternal McKinley High School Principal Miles Carey encouraging the young Dan Inouye: "In a few years, by the time this war is over, your people will have as much opportunity as any white man in these islands." Although somewhat correct, this analysis is too superficial. The gaping contradictions between the oligarchical, racist rule and the ideals of American democracy were apparent in every facet of Hawaiian life and a number of liberal educators did in fact make this very clear to their students. Yet, this analysis does not concern itself with the real content of the educational perspective promoted by Carey and other educators; a perspective which no matter how liberal, infused the young Asians with an individually oriented, competitive world view exalting middle-class materialistic goals, equating success with wealth, status and power; an education
for personal selfishness and self-aggrandizement in the traditional American sense which succeeded only too well in training a generation that thought first of "making it," and very secondarily, when at all, of what was happening to the society around them in the process of their enrichment. Indeed, Fuchs is only too correct when he comments that "The American dream of room at the top captivated the Oriental teenagers."7 And in detaching some of the most energetic and capable young people in Hawaii from their working class roots, in inculcating them with what are basically the values of capitalism and undermining their identification with working people, public school education was a powerful instrument in fortifying the existing system.

The dreams of the returning 442nd Regiment soldiers were to be fulfilled, but only as the dry reality of individuals using the educational system, an expanding economy and (increasingly) political influence to enter the bourgeoisie--taking their places in law and doctors offices, in the swollen upper reaches of the state bureaucracy, in insurance and real estate companies. Onetime Democratic Party leader Thomas Gill, who knew the postwar political elite from their humblest beginnings, observes of this process: "Making the old order over became less important than simply making it."8 The abandonment of even the mild reforms the Party was then advocating and a cascade of corruption, petty graft, influence peddling, land speculation and favoritism in awards of government contracts began with the initial Democratic Party takeover of the legislature in 1955. Former University of Hawaii President Harlan Cleveland, a mainlander who proved notoriously inept at negotiating with the various in-groups and cabals dominating the Hawaiian political structure, once quipped: "The central principle of Hawaiian politics is
that everybody is everybody else's brother-in-law."

A classic early (1954) case, marking an end to innocence, involved Mitsuyuki Kido, a prominent politician-land developer (who barely lost the Lieutenant-Governorship in 1960) and William Vanatta, Democratic candidate for Mayor of Honolulu in 1958, and also a leading developer. Kido, as a member of the Oahu County Board of Supervisors (now the City Council) had just granted a special waiver to Vanatta's Hawaii Land Development Company, allowing the firm to construct a new residential development in Kaneohe without the new reservoir legally required. This act of "generosity" saved the developer some $100,000 in costs. During the minor rumpus which followed upon disclosures that some of Kido's family had investments in the project, he made a remarkably non-plussed statement justifying his role. To multiply this incident one-hundred fold, five-hundred fold, one-thousand fold and to understand the value structure that informs Kido's statement is to gain precious insight into the emergence of an entrepreneur-politician class tied to a land development-tourism model of development. Kido said:

Mr. Vanatta told me that the Kaneohe Ranch and Kaneohe Development Company was interested in getting a group to develop some home lot in Kaneohe and that he was going to get a few of his relatives to join in this venture. He asked me if I would be interested in getting a few of my friends into the deal. I asked him how much it would take and he said that the original capital was going to be very nominal and if things worked properly, there might be a fairly good profit. I said I would consult a few of my friends and let him know. Subsequently, I talked to my brother-in-law and sister-in-law.

The only thing I want to say is there was no conflict of interest on my part. I'm a real estate developer and promoter and investment counselor and I have advised many friends and relatives, including these two, to go into many other real estate deals. (italics added)
After the November 1954 election which brought the Democratic Party decisive command over both houses of the legislature and was hailed by many as "a revolution by ballot," the Democrats promised "a new era of justice and fairness to all the people of this territory." Claiming popular endorsement for the Party's program of enacting major legislative changes, John Burns said: "We are going to change things in line with the platform. We have an outright mandate from the people to change the way of life down here." Yet, during this most euphoric spell of early power, when populist-sounding Democratic legislators were calling for the breaking up of the great landed estates and their distribution to the landless of Hawaii and for the creation of a new and equitable taxation system, there were voices in the leadership of the Party already counseling compromise and collaboration. Dan Inouye, for example, warned his colleagues that:

Too drastic a change would shake up our economy too badly. Our economy at present is dependent on some of our biggest boys on Merchant Street, you might say. The legislature will not work hand-in-hand with them, but will keep their position in mind.*

Given this kind of perspective among influential Democrats, and the ability of the Territorial Governor in the mid-fifties, Samuel King--closely attuned to Big Five interests--to veto any legislation that might unduly disturb the Islands' status quo, Merchant Street remained confident that time (and their own bourgeois aspirations) would

* Of course, Inouye's career has indeed been based upon working "hand-in-hand with these dominant corporate interests--while pretending to do otherwise. "Inouye is one of those senators who is fairly quick to take care of the needs of the special interests, but he does it without attracting a great deal of notoriety," notes a longtime Washington observer. (Hawaii Observer Feb. 23, 1978, p. 24.)
reconcile the "young Turks of '55" to the existing order of things. This confidence has not been misplaced. Indeed, in view of the new political elite's bourgeois values and personal attraction to wealth and status, their lack of a clear critique of the functioning of capitalism, the absence of a solid base at the grassroots to hold them accountable for their actions, it is easy to understand how a whole generation of political opportunism and collusion with powerful corporate interests could ensue. "You can work up a real appetite in 52 years," the comment by one Democrat after the 1954 election, in anticipation of the patronage available to a Party which had spent half-a-century in virtual political obscurity, might serve as an epitaph to the "revolutionaries" of 1955. Within a half-dozen years of their accession to the apex of the political structure in Hawaii, serious dialogue within the new political elite concerning the restructuring of Hawaiian society to accommodate the vast majority of citizens who remained landless and carried the bulk of the tax burden had altogether ceased. In becoming integrated into the petty bourgeoisie as a class, they might have taken their motto from Louis Napoleon's injunction to the French bourgeoisie of the mid-nineteenth century: "Enrich yourselves!" Thomas Gill, condemning what he regarded as a betrayal of the promises made back in the early fifties, bluntly described what had come to pass:

I think the revolution of 1955 was run by a bunch of would-be Babbitts who were not trying to overturn the system. They just wanted in because they had been kept out. Now they have a slice of the pie and some of them are getting fat on it.

The class composition of successive legislatures provides an index of the new elite's progressive integration within a petty bourgeoisie
dependent upon an expanding economic environment of land development and tourism for prosperity. The 1957 legislature is a case in point. The House numbered nine business executives, four businessmen, one ranch official, one sugar firm clerk, one bank assistant cashier and one industrial relations manager, in addition to ten attorneys, among its thirty members. And even at this early juncture in their political reign, the Democrats in the House were almost completely petty bourgeois; two business executives, four small businessmen, eight attorneys, one sugar company clerk, one investment salesman, one in airline sales and one court practitioner. This pattern is repeated in the Senate where seven attorneys, one hotel owner, one industrial relations manager, one real estate broker, an associate editor and two small businessmen comprised the Democratic ranks.

An analysis of the occupational structure of the 1969-70 State Legislature also confirms Creighton's argument that:

It was naive, in any event, to expect the state legislature to inhibit speculative land profits. A majority of its members were in some way professionally concerned with the income to be derived from real estate, directly as developers, indirectly as attorneys, insurance brokers, consultants to developers, or managers or salesmen of developers' land.

A clear majority of the 1969-70 legislature identify themselves as businessmen, or their primary economic activity as business. We find both the older Big Five-related capital and newer land development-financial interests to be more than adequately represented at all levels. In the House, some of the key members such as Wilfred Soares (Director of Marketing and Sales for Amfac Properties), Toshio Serizawa (District Manager of Hawaiian Airlines), Frank Judd (formerly labor relations director for Dole Pineapple Company) and Joseph Garcia (superintendent of a
C. Brewer plantation) had close ties with the traditionally dominant capitalist interests in the Islands, while others like Hiram Fong Jr. (director of Market City Corporation), Stuart Ho (director of Capital Investments of Hawaii and Ilikai Inc., Robert Taira (vice-president of City Mill Company) and Monoru Ianaba (branch manager of the Great Hawaiian Financial Company) represented the relatively newer land development-based capital. One should not focus upon the distinctions here between older and more recently emergent capital: In the sense that they are all committed to an expansive tourism-land development model of economic development as most conducive to their own profitability, these interests (whether airlines, insurance company, bank, plantation, financial firm, real estate corporation, et al.) are in essential agreement about the role of such institutions as the state legislature.

Strategic House committees in the 1969-70 legislature reveal the scope of bourgeois dominance over the legislative process. The chairman of the Committee of Economic Development was a retail executive, the vice-chairman, an airlines district manager and members included the vice-president of the First National Bank of Hawaii, a real estate solicitor, an investment company president, a finance company director, a Big Five manager and the owner of one of the largest landscaping firms in Hawaii.

The House Finance Committee, vitally important because of its budgetary powers, lists the landscape company owner previously mentioned, a businessman, three real estate men, one sugar cane grower, one bank executive and two insurance agents. On the Tourism Committee, the lineup is one real estate man, three businessmen, two real estate agents and one ILWU official: This is a group possessing both personal and
institutional vested interests in the unlimited expansion of tourism in Hawaii.

The Senate reveals an identity of interest with business and the tourism-land development developmental model even more glaring than the House; fifteen of the twenty senators have strong business backgrounds. Among these are Toshio Ansai (Personnel Director for the Wailuku Sugar Company), William Hill (Director of C. Brewer and President of Hilo Light and Power), Hebden Porteus (former Alexander and Baldwin legal manager and Damon Estate trustee), Kenneth Brown (Director of American Factors and chairman of four other companies) and Wadsworth Yee (President of the Grand Pacific Life Insurance Company and a bank director).

The committees of the upper house are also revealing. On the Committee of Economic Development, Tourism and Transportation sits an electric company superintendent and pineapple grower, two real estate developers, a bank director, a finance company director, millionaire financier Wadsworth Yee plus Kenneth Brown and Toshio Ansai.

The Utilities Committee, when one considers its composition—the chairman is a gas company and bank director, the vice-chairman, an electric company superintendent and other members are the president of a utility company and two businessmen—would seem to be a creature of the very corporations it is charged with regulating in the "public interest."

The Senate Ways and Means Committee, a key legislative body because of its budgetary powers, is handpicked by the Senate leadership with special care: The chairman is an economic consultant for Big Business, the vice-chairman, a real estate broker and land developer and a banker, three businessmen, one real estate broker and a Big Five plantation
manager comprise the rest of the committee.

The 1969-70 State Legislature was anything but an aberration in terms of the personal and institutional class interests that informed its functioning. It was in fact quite typical of every Hawaiian legislature for a generation. An investigation of the 1974-76 legislature, for example, reveals that many of the 1969-70 group are still in office with deeper and more pronounced ties to tourism-land development interests than they had earlier, while the relative newcomers to the Senate and House are equally immersed in the process of self-enrichment through these same industries. We can note the presence of new arrivals in this legislature such as Herbert Segawa, a manager for Hawaiian Insurance and Guaranty Corporation and president of Hilo Realty, Minoru Ianaba, vice-president of the Great Hawaiian Financial Corporation, real estate salesman and investment specialist Tony Kunimura, George Toyofuku, the manager of an insurance and finance company and the director of two hotels, Ike Sutton, Waikiki hotel owner and substantial land holder, Ted Yap, owner of a real estate firm, Akira Sakima, assistant vice-president of International Savings and Loan, Richard Garcia, an Alexander and Baldwin administrative assistant, Richard Kawakami, store manager and manager of Kauai Toyota, industrial relations assistant Peter Aduja and rancher and industrial consultant Jack Larsen, who all carried the same vested interests in the tourism-land development model as their more senior colleagues. 18

One might also note that the 1974-76 leadership in both House and Senate were quite conspicuous in terms of their relationships with major tourism-land development interests. Jack Suwa, the powerful chairman of
the House Finance Committee, a director of Amfac and a fairly substantial landowner in his own right, Speaker of the House James Wakatsuki, director of Star Market and International Savings and Loan and with considerable stock in Capital Investment of Hawaii and other land development companies (who was cited by The Hawaii Observer after the legislative session as "an example of a legislator who occupied a position of power that has sold out to certain special interests in the state"), House Floor leader Robert Kumura, vice-president of the Hui Holokahano Investment group and Stanley Hara, Chairman of the Economic Development Committee, owner of Hilo Factors and four other companies and a substantial landowner, were among these leaders.¹⁹

Those few Democrats who had retained a measure of their reformist zeal and loyalty to the principles enunciated in the Party platforms of the fifties amidst the rush to self-aggrandizement and wholesale profiteering by their colleagues, were bitterly critical of what was happening. Maui political maverick Nadao Yoshinaga (himself, a real estate salesman) announced his (ultimately temporary) resignation from the Democratic Party in June 1961:

I quit the Democratic Party. I'm disgusted with the shenanigans of Democrats like Mitt Arashiro, Elmer Cravalho, Stanley Hara, David K. Trask, David C. McClung and Larry Kuriyama. Their activities individually and as a group, show political irresponsibility. They showed they do not have the interests of the people at heart. Their being Democrats disgusts me. I feel that the Democrats in the legislature—especially the House leaders—are beginning to regard the Legislature as a purely political field for personal advancement rather than a means of implementing party programs. ²⁰

Onetime Lieutenant Governor Tom Gill, disparaging the notion that the election of 1954 had indeed been a "revolution by ballot" as so many
claimed, described the cynical, opportunistic outlook of the arriviste local land development-based bourgeoisie who had formed tightly-woven alliances with Democratic politicians:

The reaction was: 'More is better; Now is our chance to make money. We can go into subdivisions and developments and really clean up since we have friends in the right places. We can do even more--we can manipulate the government.' So there really is no difference between the old order and the new.

Indeed, marching in lock step with the Democratic politicians in their rise to influence and fortune were their close associates in the local land developer bourgeoisie who were now perfectly situated to capitalize on the vast new opportunities presented by the boom time Hawaiian economy (average land values in Hawaii multiplied seventeen times between 1950 and 1975 and in some key areas this figure reached fifty times) of the fifties, sixties and seventies. Chinn Ho, to name the most prominent member of this new social stratum, was a shrewd land speculator who turned inside information into a series of speculative windfalls on Oahu during and after World War Two and then subsequently expanded into tourism and land development during the 1950s and 60s. By the late sixties, Ho, now something of a household legend in the Islands and with a personal fortune estimated at over $20,000,000 and interests spread across the Pacific (Hong Kong hotels, California subdivisions, newspapers in Hawaii and Guam, etc.) had acquired the status of a senior business leader. His advice was solicited by government officials and his presence required on numerous state commissions concerned with Hawaii's economic development. For Ho, as for his colleagues in the local land developer-financial bourgeoisie, the access to governmental machinery provided by their allies in the Democratic Party (which in...
concrete terms meant pro-development legislation, state and county subsidies to tourism and land developments, rezoning of lands, lucrative government contracts, etc.) was an *indispensable component of their financial success*. Therefore, over the years, they cultivated the closest ties possible with the new political elite in Hawaii and contrived to involve them in their investment *huis*. Chinn Ho celebrated the Democratic Party's ascendency to control of Hawaii's political apparatus in no uncertain terms: For him, "social progress" and "democracy" were synonymous with the emergence of his class and its utilization of the political process for capital accumulation. He commented approvingly:

> The elections of 1954 and 1956 saw the political party which had dominated Hawaii for over fifty years give way almost completely to its opposition which represented forces for liberalization and general social progress. Hawaii had finally become democratized. 22

Herbert Horita, whose construction-development interests were grinding out $50,000,000 a year in residential and hotel construction in the early seventies (making him the leading developer in Hawaii in terms of volume) was quite candid in his avowal of the importance of politics to financial success: "We used the political vehicle to create reforms and laws to change the regulations, laws and business principles so we had our own power structure." (italics added) 23

There was also land developer Clarence Ching, who had sold $60,000,000 worth of residential construction around the Salt Lake area of Oahu (in the process, filling in the island's only natural lake to build an exclusive golf course for business executives from Japan) and plunked down a cool one-million dollars to secure a non-refundable option on the purchase of the Kuilima Hotel. Ching served as finance manager for Governor John Burns during his later campaigns and proved
extremely competent in garnering large contributions from fellow land developers, tourism companies, banks, architectural and engineering firms. In terms of his own class interests, Ching was eminently correct to consider Burns "a political statesman rather than a politician," after all, without the active collaboration of the Democratic Party leadership his fabulously lucrative projects in Salt Lake and elsewhere might never have materialized.

So it was that this new entrepreneurial elite (and the interlocking families that stood behind them in the myriad of hūis over which they presided), in conjunction with the professional politicians of the Democratic Party (who with time became increasingly indistinguishable in political and class interests from the developers-entrepreneurs), and the Big Five and the ILWU came to control the Party. In a one-party state like Hawaii this meant the political process as well. Far from implementing the grandiose Democratic Party promises of the early fifties, this was an unsavoury coalition that could serve only its own class interests and that could succeed only in generating an extraordinary cynicism among Hawaii's people. As Creighton remarks: "Today, there is widespread, cynical understanding that the developers as a class, pretty well control the state's politics."24

This is a control which is manifest everywhere in Hawaii's political bureaucracies. And sometimes turns up in the most unexpected of places. In 1979, when State Senator Neil Abercrombie denounced "the bloodsucking speculators" who were attempting to evict fifty-two families in the upper Manoa Valley, to construct a $6 million condominium complex, as being in clear violation of a number of state laws, he was suddenly confronted with the fact that his ally (and Senate leader) Richard
Wong was one of the investors expecting a 300% windfall profit on the deal. Wong's explanation here was (as usual) quite revealing: "The only reason I got into it was because my campaign financial chairman, Kenneth Lee, who is an executive of Rainbow Finance, thought it was a good investment." The irony of this situation was compounded by Wong's reputation as one of the few legislators not completely in the pocket of the land development-tourism interests: After the powerful tourism lobby had throttled the passage of a hotel room tax during the 1976 session, Wong complained bitterly: "The guy who has the muscle and the money usually gets what he wants."26

The top echelons of the various governmental bureaucracies in Hawaii are (like the legislature) staffed by individuals with strong personal and institutional vested interests in the maintenance and expansion of the land-development-tourism model of development in Hawaii. When the Mayor of Honolulu, Neil Blaisdell (a former Big Five corporation official) was not reelected in 1968, he became the new director of state and community affairs for Western Airlines. Blaisdell's successor Frank Fasi, who had made his fortune in the construction supply business, ranted against "fast buck developers" during his campaign and then accepted $8,000 from Clarence Ching as a "contribution." The mayor of the Big Esland, Herbert Matayoshi was president of Hilo Investors, while his counterpart on Maui, Elmer Cravalho, held directorships in Maui Factors, the Pacific Guardian Life Insurance Company and the Central Pacific Bank. During the middle-1970s, two of the most strategic State Government departments, the Department of Planning and Economic Development and the Department of Land and Natural Resources were headed by former
Castle and Cooke executives. Indeed, a "floating population" of corporate executive-government bureaucrats emerged who moved easily from the boardrooms atop the Financial Plaza to the chambers of State and City and County of Honolulu departments and commissions three blocks away:

These were people like Liberty Bank vice-president Sunao Miyabara who headed the Honolulu Redevelopment Agency and the Hawaiian Housing Authority, both key agencies in terms of land policy and implementation, Hideto Kono--Assistant to the President of the Dole Corporation and President of Castle and Cooke East Asia--who occupied the position of chief counsel to the Joint Legislative Reorganization Committee and then, more importantly, the directorship of the Department of Planning and Economic Development, John Henry Felix, vice-president of Roy Kelley Hotels, president of World Wide Factors, director of the Honolulu National Bank and also chairman of both the Honolulu City and County Planning Commission and the Honolulu Redevelopment Agency, and onetime executive assistant to the governor of Hawaii. Meanwhile, the state's second most important legislative organ, the City Council of the City and County of Honolulu, was so thoroughly dominated by developers that one of the land developer city councilmen admitted in 1977: "People don't trust us. They think we're a bunch of crooks." This reputation was enhanced by the decision of the land developer majority on the Council to hold private caucuses in 1979 and then force their decisions upon the rest of the Council in the public sessions. Analysis of Hawaii's diverse bureaucracies gives strong support to Milliband's argument that:

The state bureaucracy, in all its parts, is not an impersonal un-ideological, a-political, element in society, above the conflicts in which classes, interests and groups engaged... that bureaucracy on the contrary is a socially important
and committed element in the maintenance and defense of the structure of power and privilege inherent in advanced capitalism.

THE QUINN PERIOD

It was during the administrations of William Quinn (1957-1963) and John Burns (1963-1973) that the contemporary political-economy of Hawaii was moulded. Quinn, a Big Five lawyer was appointed to the governorship by powerful Republicans in Washington who regarded Samuel King, his predecessor, as too elderly, tired, and lacking in the leadership qualities necessary to implement a vast reorganization and modernization of Hawaii's governmental structure along the lines of a mid-twentieth century American state.* Quinn, a vigorous thirty-eight years old at the time of his appointment, was perceived by Washington (and the corporate elite in Hawaii as well) to be of a different stamp than King and far more attuned to the greatly expanded role to be played by the government in the economic transformation of the Hawaiian economic base from plantation agriculture to tourism-land development. This youthful corporate lawyer would, in fact, during his half-dozen years as governor prove quite capable of serving a wide range of bourgeois interests both inside and outside Hawaii and of helping to usher in the next phase of capitalist economic development in the Islands.

An explicit policy orientation toward development and the role of

* In line with historic tradition, King was rewarded for his loyalty to the corporate power structure with a post-governorship 'plum;' he received a much coveted trusteeship on Hawaii's largest landholder-- the Bishop Estate.
the state apparatus in the developmental process would appear, almost
immediately, upon Quinn's investiture in office in 1957. Since this
orientation was a product of profound structural forces—the increasing
need (and ability) of global capitalism to integrate peripheral areas
such as Hawaii more deeply and the internal constellation of class forces
within the Islands—a remarkable chain of continuity would exist between
the Quinn developmental model and the Burns-Ariyoshi model of later years.
In the late 1950s, under the pressures generated both externally and in-
ternally upon the Hawaiian governmental structure, it was moving toward
a developmental model that would transcend changes in governors, changes
in political party strength. The age of bourgeois consensus had begun.

The first theme, so evident in the Quinn years, was the immense ex-
pansion of governmental intervention in the economic affairs of the
Territory. The rising new industries in Hawaii required far greater
governmental support and financial outlays than the old plantation sys-
tem; a thriving tourism industry demanded airports, roads, sewerage
facilities, new beaches, promotional activities, new streets and a ra-
tionalized governmental bureaucracy capable of implementing all of this.
Of course, the expansion of governmental activities and the enlargement
of public bureaucracies was not something unique to Hawaii, but rather
a generalized phenomenon throughout the advanced capitalist world; a
phenomenon caused by the ever-increasing dependence of huge corporations
upon state resources to maintain profitability. As O'Connor argues:

There is a tendency for social expenses of production to rise
over time and that the state is increasingly compelled to
socialize expenses...State expenditures have become in-
creasingly integral to the process of monopoly capital-
ist accumulation...The growth of the state sector is
indispensable to the expansion of private industry, par-
ticularly monopoly industry.
Thus Quinn's first priority was to streamline the rather cumbersome Territorial bureaucracy in order to make it a more efficient instrument of capitalist accumulation. By 1959, the government had undergone a thorough reorganization: An unwieldy assortment of bureaus and commissions were consolidated into sixteen departments (e.g., the Hawaii Aeronautics Commission, the Board of Harbor Commissioners, and the Highway Department were consolidated into the Department of Transportation). With the completion of this "revolution in government" as Quinn called it, the time was at hand for the building of the physical infrastructure that would lay the basis for the new economy. When Quinn informed the legislature that the objective here was to make Hawaii "attractive as a tourism destination area and a sound place for private investment," he was speaking to the emergence of a new developmental model in the Islands. Shortly after statehood, the governor proposed a massive $63 million Capital Improvements Budget (CIP) for 1960-61, including $23 million for road and harbor projects and a new Kona airport ("Relocation of the airport is necessary to allow the Kailua area to develop fully as a major visitor destination") as a means of enticing overseas investment to Hawaii and increasing the tourism plant. His speech to the legislature provides a startling insight into the lengths that the State was now prepared to go to underwrite the costs of tourism development in Hawaii:

During these first years of statehood we made great strides developing the economy of the state. Water development, transportation and land development projects have moved forward at an accelerated pace. We cannot afford to slacken our pace, if we are to achieve our desired goals. May I point out, however, that development of water alone will not speed development of an area. We must also have roads, harbors, airports
and other facilities to serve the people of the area and visitors to our shores. We must move forward in balance.

Quinn's unprecedented utilization of governmental funds (his program called for the expenditure of $260 million in CIP monies over a six year period) to construct a sizeable tourism-land development infrastructure was an essential pre-condition for Hawaii's incorporation, within the Pacific Rim Strategy, as a tourism center. What was being created here was an infrastructure in the broadest sense of the term:

An infrastructure means more than transportation, ports, power supplies and the like; It also means an economic environment, a framework of fiscal and monetary policies conducive to 'development' along essentially unquestioned and preconceived paths.

The manner in which these infrastructural funds were obtained further served to integrate Hawaii within the dominant sectors of metropolitan capitalism. In 1960, a committee composed of the president of Dole Pineapple and executives from the Bank of Hawaii, the First Hawaiian Bank and Hawaiian Electric along with five state legislators traveled to the major centers of capital in the United States--New York, Chicago, San Francisco and Dallas--to impress upon mainland financial interests the attractiveness of Hawaii state bond issues (and private securities). A year later, the governor, together with the mayor of Honolulu and executives from the Bank of Hawaii and the First Hawaiian Bank, addressed a group of specially chosen bonds and security analysts from San Francisco. In stating that it "was imperative that a proper presentation of the financial affairs be made to the mainland financial community to convince them that Hawaii could measure up to the leading states of the Union," and in organizing state-funded seminars and overseas presentations, Quinn...
and the class formations he represented had clearly committed themselves to financing the costly new infrastructure and expanded bureaucracy through huge bond sales in the centers of metropolitan capital. Soon, the large mainland banks were snapping up substantial bond issues.* This was a crucial factor in locking Hawaii into a certain developmental framework and limiting future options: It was the first step in a process wherein "the state becomes financially dependent on and therefore politically indebted to this class of bankers, investment houses and other money brokers." The remainder of funds required would be garnered by means of one of the highest per capita (and unequitable) state tax systems. By 1960, Hawaii had the fifth highest taxes in the United States; a pattern that was maintained throughout the future.

Reliance on external capital to support the costs of public construction of infrastructure was paralleled by reliance on external capital to develop the private sector. As Sweezy and Magdoff tell us, "capital accumulation is the key to the performance of every capitalist economy, and this depends not on the availability of money or credit but on the existence of profitable opportunities." Profitable opportunities did abound in an economy whose growth in 1959 and 1960 was a striking 12-13% per year and in which tourism increased by 41.7% in 1959 and 22% in 1960. As the decade began, a San Francisco stock brokerage firm was describing Hawaii "as a magnet for mainland capital in the sixties. Roughly one-third of Hawaii's total economy may be considered strongly

* In November 1961, a Chase Manhattan Bank syndicate was purchasing $10 million worth of Hawaii state bonds; in May 1962, Wells Fargo bought another $10 million.
dynamic promising well above average growth in the sixties." Given huge State spending on tourism-land development infrastructure and the solicitation by Hawaii banks of large mainland investments (The president of the Bank of Hawaii said in 1960: "We are going to have to convince financial institutions on the mainland of the soundness of the Hawaiian economy, to encourage the inflow of funds"), massive sums of overseas capital began to enter Hawaii. Even industries like the utilities, traditionally, locally-financed and locally-owned, began to seek mainland capital for expansion: The president of Hawaiian Electric announced in 1961 that his firm would alter its historic patterns of financing to "seek a minimum of $10 million of new money annually from outside financing." Mainland life insurance companies began to play an increasingly significant role in the Island economy: By the end of 1963, giants like Equitable ($46 million), Prudential ($44 million), John Hancock ($53 million), New York Life ($25 million) and Occidental Life ($25 million) owned substantial holdings in the tourism-land development sector.

The Quinn administration amply fulfilled the governor's 1959 election platform: "We must provide public facilities that will draw new capital. We must offer tax exemptions, industrial parks, construction of buildings, and offer credit and risk capital and other devices." In response to the new airports, golf courses, sewerage facilities, boat harbors and highways built on almost every major island in the chain, and to a greatly accelerated promotional campaign to sell Hawaii's charms to both prospective investors and prospective tourists (Quinn abandoned the historic parity between public and private funding of the Hawaii Visitors
Bureau and proposed sharply increased public funding with no rise in tourism industry contributions), mainland investment on an unprecedented scale began to enter Hawaii. In retrospect, Quinn's real historical role was akin to that of the dependent Latin American elites described by Dos Santos: "It was to modernize the economic, social and political structure in such a way as to accelerate the entry of international and national big monopoly capital."44

The Quinn administration's attitude toward land reform proved another enduring element of the "New Hawaii" developmental model. During a period when land had once again, as Creighton notes, "become a major political issue...the stakes were high in these conflicts; both the power that accrues to land ownership and the profits that land uses can bring were at issue,"45 Quinn and his cohorts attempted to defuse the intense demand for a radical overhaul of Hawaii's incredibly concentrated land holding situation. Four estates owned a third of Oahu, less than a hundred owners held one-half of all Hawaii's land and forty percent more was under governmental control: The Big Five and the big estates controlled hundreds of thousands of acres of Hawaii's prime agricultural and (potentially) residential lands. Quinn worked to preserve the status quo so that the big landowners in Hawaii could dispose of their lands in the most profitable manner. Therefore, he refused to embark upon a comprehensive land reform program, claiming that, "The real issue is not to just break up land ownership in large quantities for the sake of breaking it up. The real issue is to make homesites available."46 His objective was to divert the attention (and wrath) of Hawaii's landless majority from the huge estate and Big Five-controlled acreage and
towards the State woned lands. During the 1959 election, in what was both a clever political maneuver and a further device for mystifying the land reform situation, Quinn made his promise to implement a so-called "Second Mahele" one of the major campaign planks of the Republican Party. Under this proposal, 175,000 acres of state land were to be sold to families (with a limit of ten acres per family) at a cost of from $1 to $1,000 an acre depending on the quality and location of the land. Of course, the prime agricultural lands owned by the state and under lease to Big Five plantations (for nominal rents) were pointedly excluded from public distribution, Quinn commenting: "State lands essential to our major agricultural industries should continue to be devoted to these uses." 47 After the election was safely over, the "Second Mahele" quickly went the way of most election promises.

Although William Quinn could indeed at times sound as populist as any young Democratic lawyer on the land situation—he said once: "Where people are without decent housing, and where land is available but is not being used to meet housing needs, the State should take the land with just compensation and make it available to those in need" 48 --his class loyalties and the understanding that possession of land would be a prime component of profitability and power in the "New Hawaii" developmental model, constrained him from enacting any real program. Quinn had not been placed in the governorship to implement land distribution programs that might limit the economic options of Hawaii's power structure, but rather to safeguard those options. As Quinn himself recognized: "The state represents the most significant and powerful instrument that we have to spur the economic development of these islands..." 49 As repre-
sentative of both local and international capital, William Quinn was not about to alter those property relationships which were the source of his patrons' power. Sweezy's remark is appropos here: "...any particular state is the child of the class or classes in society which benefit from the particular set of property relationships which is the state's obligation to enforce."50

In what was something of a departure from traditional Republican practice, Quinn adopted the policy of filling key state boards and high bureaucratic positions with a "judicious mixture" of representatives from both the older Big Five complex and the newer land development capital. This reflected the fact of bourgeois consensus in Hawaii around the Quinn developmental model; the interests of kamaaina sugar plantation owners and Asian land developers could be equally accommodated. The appointments in 1961 to what became the most strategic state board, the State Land Use Commission, were indicative of this: The former president of the Chinese Chamber of Commerce, the manager of the largest ranch in Hawaii, a Dole Company land manager, the owner of a meat processing firm, a sugar company manager and a Dillingham Corporation executive were the people charged with ensuing orderly growth in Hawaii and in protecting the Islands' rural areas from overdevelopment.51 Quinn's next board consisted of a Big Five ranch manager, a real estate salesman, a big landowner, the president of an engineering firm, the manager of a fruit packing company and a plantation manager. The presence of Hawaii's dominant corporations was always close at hand during the Quinn administration. The governor's top aid was a former official of the Honolulu Chamber of Commerce and C. Brewer President Boyd McNaughton was chairman of the Neighbor Island Development Council--to name but two of many such links.52
The most prominent bourgeois economist in Hawaii during the Quinn period was Bank of Hawaii Vice-President James Shoemaker, a leading exponent of the kind of developmental model adopted in Hawaii in these years and a firm believer in the continuing integration of the Islands within North American capitalism. He commented, approvingly, that "Hawaii has become a specialized part of our national economy, providing it with sugar, pineapples and services for defense, tourists and shipping and airlines." And yet, Shoemaker also held out the prospect of a very special role for Hawaii in the development of the Pacific Basin: The Islands would be a center for the export of skilled technology, capital and a wide range of expertise to the underdeveloped nations of the Pacific. Theoretically, this role would then open whole new horizons for Hawaii's own development: "The development of new relations with areas throughout the Pacific, is initiating a new era in the development of the Islands." He would insist that "Hawaii as the only central Pacific economy is certain to benefit from the dynamic advances that are now being made in countries on the Pacific Ocean's circumference."53

Quinn, had come to the governor's office after servicing the legal needs of Big Five clients and, later, as president of the Dole Corporation, was to implement the transfer of much of Hawaii's pineapple industry to the Philippines. He was closely attuned to the growing aspirations of the dominant Hawaii corporations to penetrate the Pacific Rim and locate profitable new areas of expansion. This alone would attract him to Shoemaker's theories. Yet there was something else also, the fact that, even though Quinn's administration was promoting the growth of a massive tourism industry in Hawaii with virtually every resource at its command, it still voiced a certain uneasiness about the industry's
future as the Islands' primary economic foundation. As Quinn commented:

We've known for a long time that we're perched precariously on four major pillars... We have placed enough emphasis on the tourist industry; it is a very sensitive industry, a luxury industry. We still have to depend on our long range interests, on stable agricultural industries, not on these fast buck operations. 54

There is an interesting conundrum here. Intrinsic to the functioning of the "New Hawaii" economic model was the utter primacy of the tourism industry: The laws of capitalist economics dictated that outside investors would only direct their funds towards Hawaii's most profitable industries, namely tourism-land development, while government capital resources were almost completely absorbed by infrastructural activities aimed at attracting these same investors to build resorts and condominiums. The model's viability then (in capitalist terms) was heavily dependent upon tourism being a continuously expansive industry, something which even the model's most ardent advocates (like Quinn and later, Burns and Ariyoshi) could not realistically accept--especially in face of the historical vulnerability of tourism to economic downturn and its virtual collapse in Hawaii, itself, in the 1930s. Thus, for Quinn, as for his successors, the imperative would be to deny the dominance of tourism in the model and stress Hawaii's capability for building a "diversified" and balanced economic structure. The advice given to Island businessmen at this very time by the vice-president of the First National City Bank (which had just loaned substantial funds to local developers for the construction of the Ilikai Hotel), to exploit "the things you've got" and build a mighty tourism plant, was in fact a concrete expression of this dilemma. 55

Since it was impossible for Quinn and those around him to acknow-
ledge the inherent structural contradictions of their model (much less to eliminate those contradictions), expansion into the Pacific Basin (which at that time seemed to offer unlimited possibilities for American capital) appeared as the only feasible method of creating a balanced and viable economy in Hawaii. So it was by emphasizing the immense opportunities that awaited Hawaii industrial and financial interests in the Pacific--a situation in which Hawaii could reverse its historic subordinate relationship to advanced capital centers and assume the role of core to a Micronesian, or Filipino periphery--that the Quinn administration sought to escape the iron clad logic of its developmental model and Hawaii's fate as an intensely vulnerable tourism society dependent upon the whims of international capital and tourists.

The theme of "Hawaii's special role in the Pacific," which would be belabored constantly for almost a generation in politicians' speeches, newspaper editorials and at businessmen's luncheons, was thus duly incorporated into Hawaii's economic development plans by Quinn. It was a theme he touched upon at the time of his inauguration in 1957:

In the immediate future, I shall dedicate myself to the full realization of our destiny as the focal point of the Pacific. For with this realization will come great industrial and commercial development.

It was a theme to which he returned frequently during his period in office, as in 1962, when he declared, emphatically, "If we seize the opportunity to make the most of it, we can place Hawaii astride this expanding trans-Pacific commerce and ride upon it to almost unlimited prosperity."57

Quinn's most concentrated effort toward making this relationship a reality was to begin channeling large funds into the University of Hawaii
budget, in a program to transform what had been essentially a mediocre "pineapple college" into a major state university which could conduct scientific research and development and provide vital support systems for economic and cultural penetration of the Pacific Basin. In 1959 and 1960, Business and Engineering Schools, in addition to an Economic Research Center and Statistical Center were established on the Manoa Campus. In 1961 and 1962, the university added twenty-six academic departments to the thirty-four already existing and built a host of new buildings. And in what was probably his most startling act as governor, Quinn abruptly (in 1961) replaced the entire University of Hawaii Board of Regents, naming Herbert Cornuelle, President of the Dole Corporation (and one of the most Pacific expansion-oriented young business executives in Hawaii) as the new chairman of a regents handpicked to construct a new kind of University of Hawaii.  

Finally, it should be noted, all of this was greeted with rapturous enthusiasm by the Democratic politicians who collaborated with Quinn in the passage of legislation to implement the new development strategy. The Oahu Democratic County Committee at one point even tried to claim credit for the Quinn administration's program: "It is encouraging to note that a Republican governor appears willing to adopt and use the long range development program which we Democrats labored to produce." With hotels studding the Waikiki horizon, Boeing 707s disgorging tourists from half-a-dozen different directions, land values constantly rising, high rates of employment, massive capital improvements and a construction boom on nearly every island, these Democrats were confident that the foundations of a solidly prosperous society were being laid. Of course, their
own newfound affluence and prestige--it was during this same period that they were beginning to fully exploit the perquisites of being successful politicians--contributed immeasurably to this satisfaction. Those two once-idealistic war veterans, Dan Inouye and Sakae Takahashi, were now bank directors at home in the most elite circles of economic-political power in Hawaii: Scores of others were enriching themselves through land speculation, real estate deals, plush bureaucratic positions and peddling political influence for the Big Five and multinational corporations active in the Islands. Indeed, the Quinn program had become their program.

THE BURNS PERIOD

On December 4, 1962, after the inauguration of John Burns as the governor of Hawaii, the Honolulu Star-Bulletin mused: "Many of the programs Governor Burns outlined might have been taken from the radio scripts of his predecessor."60 Indeed, for all the symbols of change surrounding Burns' assumption of the governorship, his first inaugural speech--"I am pledged to the people of Hawaii to work for a more favorable climate for business, to encourage small business, to utilize the available offices of government for meeting the needs of business and to remove illegal barriers to their rapid growth,"61 struck strong chords of continuity with Quinn's policies that were to be maintained throughout the next dozen years. In retrospect, the fact that the forces which dominated the Burns coalition (the land developer bourgeoisie, the ILWU and government workers' unions, the monopoly corporations and the upper levels of the state bureaucracy) were firmly attached to the Quinn developmental model (as beneficial to their own interests), made it clear
that change would be marginal, if at all. What change did occur would be in the realm of \textit{quantity}, not in \textit{quality}, nor in \textit{structures}.

In essence, Burns adopted the Quinn model \textit{lock, stock and barrel}: The difference between them was primarily one of the time period (and therefore the development of the forces of capitalism) in which each one functioned: Quinn, in a transitional period from a still relatively insular, plantation-dominated capitalism to a more mature tourism-land development economy, Burns operated within the context of a model at its full maturity, a complex society which demanded significantly increased public expenditure to continue to attract local and overseas investment in Hawaii, as well as new programs aimed at stabilizing a society increasingly rent by the social and economic contradictions of dependent capitalism. Although fond of populist rhetoric, "People born with silver spoons in their mouths don't know that the people can think," the shrewdly opportunistic Burns remained a conservative politician whose commitment to the interests of the bourgeoisie was strong enough to make land developer Clarence Ching his finance manager and corporate plutocrat Lowell Dillingham his biggest financial backer.

So the developmental framework remained almost identical to that of the previous administration's; governmental financing of infrastructural and promotional costs of the tourism-land development industries took first priority in boosting economic growth. From the time in the summer of 1963, when John Burns journeyed to New York City to meet with business and financial representatives of some of the largest corporations in the United States (and to assure these prospective investors that the ILWU did not in any way control the Democratic Party), his administration
proved eminently successful in attracting huge sums of capital to Hawaii. As the governor reported in a 1964 statement (which also spoke volumes about those values taking precedence in the development process):

The measure of the strength of our economy and the character of our society may be found, however, not so much in the claims we make, but with demonstrations of confidence which others here in our state. An expression of this confidence is the fact that foreign and mainland investments in Hawaii have increased from approximately $900 million in 1959 to an estimated total of more than one and one-half billion dollars today...this increase is a great compliment to our economy and a significant indication of our growth potential.

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The primary vehicle for continuing to attract this kind of capital inflow remained the socialization of the costs of the tourism-land development sectors through a policy of massive public expenditure. Immediately upon taking office, Burns proposed a $490 million six year CIP budget financed from bonds, cash and federal funds with the emphasis on communications, transportation and recreational facilities for the expansion of tourism and the opening of Windward Oahu to intensive suburban development. 63 Large construction projects were implemented; Magic Island, the Lunalilo Freeway, the Honolulu Airport, the Kahalui Airport, the Hana Belt Road, Volcano roads, Lihue Airport and the widening of Kuhio Beach. Mainland banks continued to provide the bulk of the capital for many of these projects: In October 1963, for instance, a Bank of America consortium purchased $39.6 million worth of State bonds, while seven months later, a Chase Manhattan syndicate snapped up $15 million of a subsequent issue. 64 During the years from 1958 to 1968, the State's public bonds outstanding increased sharply from $212 million to $528.9 million, 65 and an average of $48 million in bonds was sold annually between 1960 and 1967. 66 The State government was mortgaging its future to
the dominant financial institutions in North America.

These policies found exceptional favor not only in the eyes of the new land developer elite but also, among the traditionally Republican Big Five-Dillingham-estate interests who were just entering Hawaii tourism and land development in a really massive way; these kamaaina firms, always sensitive to the relationship between their economic interests and political power, rapidly transferred their partisanship (and substantial political campaign "contributions") from the hapless Republicans to Burns and the politicians around him. In a 1965 editorial, the Pacific Business News commented approvingly: "It is fair to say that the large companies have found it to their advantage to live harmoniously with the Burns administration."67 Indeed, Burns regarded strong business input as basic to decision-making in his administration: His handpicked Director of the State Department of Planning and Economic Development, Shelly Mark (later, a Bank of Honolulu director) defined a "healthy business climate" (at the presentation of the 1963 CIP budget) as "an environment providing rules under which the business community can play a leading part in partnership with government, labor and citizens at large."68 This atmosphere of cooperation between large corporate interests and the Burns administration extended to foreign capital also. The governor, who had stated, unequivocally, that "The state welcomes and will continue to welcome Japanese interests in Hawaii, including investments," sent a number of official delegations to Japan to solicit investments and helped implement the $1 million Hawaii exhibit at the Osaka World's Fair. Major Japanese investors in Hawaii such as Kenji Osano, received assurances of State support and cooperation on every level.
As in the case of the Quinn government before it, the composition of the key governmental boards and commissions during the Burns years reflected the commitment of the state apparatus to virtually unlimited expansion of the tourism-land development sector (thus guaranteeing the accumulation of capital by the most important segments of the bourgeoisie inside and outside Hawaii). For example, when it came time to appoint a State Land Use Commission in 1963, Burns chose a Big Island ranch manager, the manager of a Kona hotel, a Maui real estate man and insurance salesman, an Oahu sugar company manager, a poultry farmer, a state functionary and one conservationist-photographer. This board as well as the ones that followed, indiscriminately upzoned thousands of acres of Hawaiian land (including some of the most fertile agricultural lands in the Islands) for development and were wracked by constant scandals involving personal and institutional conflicts-of-interest. While Burns was obligated by the nature of his political alliances to appoint more ILWU officials to strategic state boards (Eddie Tangen's long presence on the State Land Use Commission, the most prominent example here), these boards still remained dominated by a "judicious mixture" of representatives from the older Big Five capital and the land development entrepreneurs. Burns' administrative director was former Castle and Cooke

* In the early seventies, among many such examples, Alex Napier, SLUC member and Kahau Ranch executive had some of his ranch's lands upgraded, just before being sold, increasing their value 118 times. Meanwhile, Vice-President of Amfac C.E. Burns, was voting on the rezoning of large Amfac properties on Kauai and Hawaii and Shiro Nishimura was reaping $575,000 in profits from land speculation on land he helped rezone in Kalaheo. (Honolulu Star-Bulletin Oct. 30, 1970)
Burns made Hawaii's role in the Pacific Basin a point of particular emphasis throughout his entire administration. In this respect, too, we see that far from departing from the Quinn scenario for Hawaii's development, he was only intensifying the themes already developed by his predecessor. In a 1964 speech, Burns proclaimed: "I believe that today we have a great destiny. We are the people who are going to bridge East and West. This is going to become an outstanding educational and cultural center. It follows from this...that it will become an economic and political center."\textsuperscript{71} One year later, he was telling \textit{Time} magazine: "The world is moving toward a new era--the Pacific era" and vowed to make Hawaii, what he called "the hub of the Pacific."\textsuperscript{72} Burns' thinking here was predicated on the assumption that Hawaii would become a center for capital and technological export to the Pacific and "a center for stimulating exchanges between peoples of the Pacific Basin, for providing services that would facilitate that exchange, and attract future Pacific traders to come to Hawaii for negotiations."\textsuperscript{73} In this vision of the future, Hawaii would emerge as a sophisticated economic entrepot and diversified manufacturing center, the headquarters for numerous major corporations engaged in Pacific activities and a socio-political model for the developing nations of the area. This was a vision echoed by two of the Bank of Hawaii's vice-presidents. James Shoemaker argued that "now the Pacific Basin is due for a very dramatic advance in the years ahead...we can take part by exporting our services and know how to aid in their economic development, and thus participate directly in their coming advance." F.J. Moore stated that "There's no reason why we can't
eventually become a Little Switzerland of the Pacific regarding international banking." A special task force of local "dignitaries," set up to study "Hawaii and the Pacific in the Year 2000," pictured the Islands as a major Pacific financial and exporting center: "We would emerge as the 'Geneva of the Pacific' playing an intermediate role between the financial markets of Tokyo, Hong Kong, Sydney, Singapore and New York, San Francisco and Montreal." Indeed, by the early seventies this explicit commitment to transform Hawaii into a sub-center of American imperialism-corporate expansionism seemed serious enough to generate a sharp critique from a group of politicized Hawaii-born students on the mainland:

There is apparent in Hawaiian government and business circles a Big Brother attitude toward Pacific countries. Our highest governmental leaders see themselves as the new Pacific Messiahs, exhorting the people of the Pacific to follow the Hawaiian way.

The Burns administration devoted considerable energy and funds to trying to make this vision a reality, including building up the Hawaii International Services Agency (HISA) as a valuable tool for the more than two-hundred and fifty Hawaii-based companies which were active in the Pacific. In its 1969 report, HISA described its successful operations:

During the past year, HISA achieved one of its major objectives, assisting island business firms in finding new opportunities for expansion and increasing profits in Asia and the Pacific. Focusing on developing countries, HISA directly assisted more than 100 firms by providing information, making good contacts, arranging meetings and planning promotions.

Although the HISA seminars—for mainland and Japanese corporate officials to encourage them to locate regional headquarters in Hawaii—as well as tax inducements for research and development companies, and
other governmental activities, were all used to establish Hawaii as a Pacific economic center, the Burns administration regarded the University of Hawaii as the primary vehicle here. The governor's insistence that the University of Hawaii "should be a center of learning for the entire Pacific Ocean area" was in complete agreement with the sentiments of the chairman of the university board of regents Herbert Cornuelle who referred to the institution as the "University of the Pacific Hemisphere." Plans were formulated to transform the Manoa campus into a major state university with fully equipped facilities and a specialization in those areas (oceanography, agriculture, international business and tourism, research and development, Asian studies) considered to hold special promise for Hawaii's expansion into the Pacific world. Large funds were appropriated for this purpose; a 1959-60 university operating budget of $4,958,000 had expanded to $41,782,000 only a decade later—a rise of 742.5%, the greatest increase of any state university in the United States during this period.

Cornuelle and Burns imported big time administrator Thomas Hamilton, President of the State University of New York (and a man possessing strong connections with East Coast foreign policy decision making elites) to oversee the transformation of the university. Hamilton, it was presumed, had the administrative ability, the key contacts in Washington and elsewhere and the energy to consolidate the modernization program. Indeed, he did prove quite faithful to the bourgeoisie's conception of the new university. During his five year term in office, he established and fortified a Tourism Industry Management School which provided hotels with both cheap student labor and graduates able to fill supervisory and middle management positions, a greatly expanded business school oriented
toward serving multinational corporations in the Pacific Basin, and Asian-Pacific social science and language programs whose objective was to produce trained personnel for American corporate and governmental penetration of the Pacific.

Hawaii's situation as the major staging area for United States military activities against Indo-China during this period (and the massive military presence as represented by Pearl Harbor, Hickam Airforce Base, Schofield Barracks, etc.) encouraged Burns and Hamilton to believe that a significant military research and development complex could be constructed in the Islands. Here again, the university would play the key role.

Between 1966 and 1970, U.H. engaged in over one-hundred contracts with the United States military worth over $20 million. A dozen academic departments, eighty-seven professors and hundreds of assistants conducted research for such projects as the $140,000 Polytoxin Research Project with the Army's Edgewood Arsenal, a $76,000 Jungle Defoliation Research Project and an $80,000 study of Soil Applied Herbicides for Tropical Vegetation Control. In 1969, deadly anthrax germ warfare agents were tested at the University of Hawaii agricultural experimentation station, while research findings from the Tropical Agriculture and Soil Science Agronomy Departments on defoliation and rice disease went to the U.S. Army's Chemical-Biological Warfare Center in Maryland. The Hawaii Institute of Geophysics also became a prime war contractor. According to an official State publication: "Many of their research activities are connected with the Navy's oceanographic research programs and anti-submarine activities." There were also explicit alliances
made with major war corporations such as the one signed with Ling-Temco-Voight in 1965. On this occasion, Governor Burns commented: "It is our hope that this will open the door to other actions of a similar nature;" to which Ling-Temco-Voight executive Paul Thayer replied: "We are glad it is the University of Hawaii. It is the perfect place to do it."82

In presiding over the transformation of the University of Hawaii into an instrument of the "New Hawaii" developmental model (and of the class which benefitted from that model), Hamilton remained "faithful" to his own inaugural address: "A university is established by society to insure that the values to which that social order subscribes are perpetuated."83 And after his rather sudden resignation in 1968 (caused by pressures generated by strong faculty-student support for a left-wing Political Science professor whom he had fired), Hamilton received lucrative corporate sinecures from a grateful bourgeoisie: He became president of the Hawaii Visitors Bureau (where he became the front man for the tourism industry) and held directorships of Hawaiian Telephone and Hawaii Thrifty and Loan and advisor to Bishop Estate. His successors--former United States ambassador to NATO and head of the U.S. Mutual Security Agency, Harlan Cleveland, and Fujio Matsuda, another of Hawaii's "floating population" of corporate-governmental bureaucrats (director of half-a-dozen tourism-land development related companies including United Airlines and former head of the State Department of Transportation) pursued identical policies of university development, albeit under the more constricted financial conditions of the crisis-ridden seventies.

An important component of the University of Hawaii complex and perhaps the most widely-publicized symbol of Hawaii's "special role in the
Pacific" dogma, was the East-West Center. Despite the glowing rhetoric that surrounded the Center's founding (John Burns remarking that "The ultimate hope is that the Center will become a cultural center for the entire Pacific area" and Vice-President Lyndon Johnson announcing: "The University is here to serve Hawaii, but the Center is here to serve the world."), this was an institution which was envisioned both in Washington and Honolulu as a weapon in the cold war rivalry between the United States and the so-called "East Bloc" for influence in Asia and the Pacific. The United States Senate Appropriations Committee Report of February 1961 specifically referred to the Center as "an institution which offers a unique opportunity in the battle for men's minds," while the Honolulu Star-Bulletin called the Friendship University in Moscow: "The communist rival of the East-West Center." The web of corporate ties represented by the first national consultative group on the Center (the presidents of the Ford and Asia Foundations, Rockefeller spokesmen and California industrialist Edwin Pauley) and also by the local bourgeoisie who figured so prominently on the Friends of the East-West Center (Chinn Ho, the president of Hawaiian Airlines, the director of the Hawaiian Sugar Planters Association and the editor of the Honolulu Advertiser) provided an early indication that this was an institution concerned with far more than simply its professed goals of "cultural harmony, interchange and understanding." Indeed, the Center was created with the expectation that the thousands of Asian and Pacific students who would experience a taste of American life and receive American educations in an American environment must inevitably develop strong attachments to the values and aspirations of American capitalist
society. Within a decade or two as they began to assume key positions in their own countries, this would greatly facilitate American corporate and cultural penetration and the Pacific Rim Strategy in general. John Witeck, a former grantee, and one of the most knowledgeable and outspoken critics of the Center, says:

I once felt the Center was merely an escape, a victim of circumstance, a tragedy of unachievable idealism, an apathetic or frightened eye in the hurricane's center. Now I am convinced, it is both victim and executioner, both product as well as implementer of cultural and economic imperialism, a true cult of imperialism.

Witeck's argument is buttressed by the revelations in 1967 that the East-West Center had coordinated grants for sixty-five Indonesian military officers who were undergoing "Small Arms Training" courses on Oahu (in 1962 and 1965--just before the military coup that destroyed the Indonesian Communist Party and left over half-a-million people dead) and also by the reorientation of the Center after 1970 to "problem solving institutes" under the guidance of counter-revolutionary "intellectuals" like Michael Pierce, who made the easy transition from Rand Corporation expert making an "evaluation of the pacification program in Vietnam" to the assistant directorship of the Institute of Technology and Development.

Yet, despite the huge expenditure of funds to build a major university in Hawaii, and to develop a sophisticated center for advanced research and development, despite the seductively easy scenario that pictured Hawaii's emergence as a "Geneva of the Pacific" and a major world trade zone-corporate headquarters, contemporary reality has been much different. The immutable laws of capitalism dictated that Hawaii would not become a world trade and capital-technology export base.
Geographically too remote, numbering less than a million population, lacking capital resources, Hawaii could not assume the role that had already been taken by San Francisco and Tokyo, by Osaka and Singapore. Laura Brown and Walter Cohen describe the situation here well:

Indeed, grandiose plans for Hawaii are inherently implausible. Hawaii’s geographic position, though it is often cited as the rationale for these goals, is in fact a major reason why the Islands will never become the hub of Pacific trade and economic planning. The State is simply too isolated to influence the large concentrations of wealth and population in Japan or on the West Coast of the United States. Instead influence is likely to flow in the opposite direction.

The Quinn-Burns model assumed that Hawaii could break out of its historic dependence upon monoculture-type industries tied to the United States market by integrating completely with the most advanced sectors of the global capitalist economy and exchanging its traditional role as a backward periphery for a dynamic role as a core to a developing Pacific. However, given the configuration of global capitalism and the laws of accumulation of capital, this was impossible. Instead, tourism and land development would become the dominant industries in Hawaii (as mediated by local and overseas capital as we shall see in the next chapter) and dependency would deepen.

Despite all the protestations to the contrary (the Burns administration even flew twenty-four business writers from nationally-known magazines to Hawaii in 1969 to spread "news about the diversification of economy and not tourism."91) the spectacular growth of tourism was the only real basis for the "economic miracle" in the Islands during the Burns years. Between 1963 and 1973 the number of arriving tourists increased from 429,140 to 2,630,140, while the hotel plant which numbered
12,460 rooms at the time of Burns' inauguration had leaped past the
43,000 mark when he left office. 92 Meanwhile, the much heralded "indus-
trialization of Hawaii" stagnated; manufacturing employment in the Is-
lands actually declined during the Burns' period from 25,000 to 21,400. 93
Pacific Business News editor George Mason voiced concern about the emer-
gence of what he described as a "booming but lopsided economy" dominated
by tourism:

Take away tourism--or even eliminate its growth--and
where would we be?...Hawaii's economy has become so heavily
dependent on transient people and transient activities
that we have become inured to the possibility of set-
backs from purely outside influences. 94

Tom Coffman, in his fine book To Catch a Wave, remarks of John
Burns: "So far as he was a creature of his past, the past blinded him." 95
True enough. And yet, Burns was a creature of far more than simply his
past; he was the creature of the class alliances and political coalitions
that sustained him in the governor's office for three terms: He was the
creature of a developmental model that increasingly narrowed and restric-
ted developmental alternatives. Burns' chief economic planner, Shelly
Mark, said once: "We are surrounded by giants in the form of large na-
tions, international forces and multinational corporations...Hawaii's
problem today is how to live a meaning-filled existence in a world in
which the international giants overshadow us." 96 Ironica]y, it was the
very economic strategy pursued by Burns and Mark (as representatives of
the Hawaii bourgeoisie which had everything to gain from integration with
global capitalism) that led Hawaii into subordination to and dependency
on these "international giants."

By the end of the sixties, the contradictions of this kind of dev-
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and condominiums sprawled across hillsides and valleys, as traffic jams, pollution, housing crises, welfarism, crime and personal and familial disintegration rapidly undermined the distinctive Island character, a widespread malaise developed. Hawaii residents found themselves burdened with a cost of living one-fourth to one-fifth higher than the mainland and some of the highest taxes (the fourth highest in 1969) in the United States. Rents were claiming an average of 23.8% of family incomes in 1968, as compared to 16.9% only a decade earlier and a bare one-third of Hawaii's families were obtaining sufficient income to live at what the government proclaimed to be a "moderate standard of living." "It would be fair to assume that at least a majority of Oahu's families cannot lead an adequate life," commented one critical study.

None of this seemed to overly concern Burns or the little circle around him, and their response to wildly escalating social problems was to escalate their rhetoric to new heights. Indeed, the governor achieved a kind of Shangri-la euphoria in his speeches: "Our horizons are limited only by our vision and by the depth of our desire to see the highest goals..." was his message to one group, while he told another audience that Hawaii was in the process of building "the era of the Pacific which will rival the culture and the civilization of any that we have henceforth known or that we have dreamed about." Shelly Mark proved equally adept at this when he described Waikiki as "a world wonder, a true hospitality industry, a meeting of persons in a recognized climate of mutual respect and honor, in which hosts and guests share the finer gifts." In mid-1970, when Burns' longtime political antagonist, Lieutenant-Governor Tom Gill—a liberal reformer highly critical of the transformation of the Democratic Party into a tool of unscrupulous land developers
and financiers--mounted a vigorous challenge to Burns in the gubernatorial primary, the class forces behind him mobilized desperately. Not that Gill was any authentic radical; he went out of his way to assure businessmen that: "...I support a free competitive economy where private interest is properly balanced by the public good. Every constructive businessman should have a decent chance to make his way," but he did in fact represent a threat to the complete control which they exercised over the governmental structure. Gill, in power, would have been content to work within the existing developmental model (he could not have realistically done otherwise given his base of support, ideology, etc.), simply eliminating the most glaring aspects of governmental collusion with land speculators, developers and the tourism interests and initiating some modest programs of public housing and perhaps even land reform. He was, as it was correctly pointed out, "the apostle of new priorities," and certainly not the apostle of a new economic system. In any case, even in the unlikely event of Gill's turning sharply to the left and adopting a program touching upon basic structures, the economic-political elites in Hawaii still controlled the legislature and courts and could frustrate his entire program. And yet, despite all of this, access to and manipulation of the political apparatus for many corporations had become so critical to their continued financial viability (O'Connor's argument that "The state must try to maintain or create the conditions in which profitable capital accumulation is possible") rings very true here), that any departure from the status quo posed a threat to their position; even Gill, mild reformer that he was, represented a force that could easily destabilize their carefully constructed (yet fragile)
structures of influence and profitability. The tourism-land development interests, which formed the backbone of the Burns' coalition, were determined on maintaining him in office regardless of cost.

On July 30, 1970, with Burns trailing Gill rather badly in the polls, over two hundred and fifty contractors and developers were brought together by Burns' top managers and exhorted to pledge substantial campaign contributions. Shortly thereafter, the then Department of Transportation Director Fujio Matsuda orchestrated a meeting attended by representatives of firms with state contracts in which demands were made for large contributions to win the primary election thus guaranteeing future contracts to these firms. 104

Almost immediately, huge sums of money, unprecedented for Hawaiian politics, began flowing into Burns' coffers. The Dillingham Corporation was one of the leading contributors here: Using a variety of devices, it siphoned between $150,000 and $300,000 into Burns' campaign chest. Lowell Dillingham explained that "Burns is best for the interests of the state and the Dillingham Corporation. I think executives of this company have an obligation to contribute to good politicians its kokua in the interests of the company."105 Indeed, the election of John Burns was very much "in the interests" of the Dillingham Corporation: During his tenure in office, Dilco had received lucrative roles in virtually every major construction contract awarded by the State from the Lunalilo Freeway to the Honolulu Airport to State office buildings. Furthermore, during the closing moments of the 1969 legislative session, Burns had personally intervened to secure passage of a resolution authorizing high-rise, high-density construction in the Kewalo Basin area, where Dilco was planning a major resort complex. One legislator complained:
"Burns appeared in the House Chamber with the House roll-call sheet, checking off the votes he had with him; it was the worst sort of executive interference in the legislative process." 106

In all, Burns spent $700,000 on the primary campaign alone (and $1 million during the primary and general elections together) which was more than all the other candidates from both parties spent combined. In fact, the cost of the governor's massive television blitz (which was generally regarded as having been decisive in his victory) was substantially greater than Gill's entire campaign budget of $205,000. What a striking contrast this was to Burns' 1948 electoral bid for Territorial delegate, when he had spent less than $1,000 and walked the streets in a threadbare suit. 107

THE ARIYOSHI PERIOD

The 1970 election consolidated the "New Hawaii" development model once again as virtually "the only ball game in town" and further cemented the class and special interest alliances propping up the dominant political machine. When Burns fell critically ill in 1973, the Lieutenant-Governor, George Ariyoshi (director of the First Hawaiian Bank, the Honolulu Gas Company and Hawaiian Guaranty and Insurance Company, and a loyal Democratic who had faithfully served the Party leadership for two decades) was catapulted into the governorship. Neither Ariyoshi's corporate ties, his loyalty to the Party directorate, his ideological baggage, nor his family connections (Brother Jimmy is one of Oahu's larger condominium developers) argued for any dramatic breaks with the Quinn-Burns model.
And in fact what changes did transpire after 1973 were minimal and more in the realm of *rhetoric about the model* than in coming to terms with the inherent structural defects of the model. However, even this departure is not without its importance, for it tells us something about the failures and contradictions of the "New Hawaii" developmental strategy in the seventies. The heyday of Burns' governorship was concurrent with the great period of global capitalist expansion and the model (for all its inadequacies) proved capable of generating high rates of economic growth which also brought high levels of investment, employment and State revenues. On the other hand, Ariyoshi's terms in office have been spent in the midst of an escalating worldwide capitalist crisis, compounded by monetary, energy and stagflationary dilemmas in the advanced capitalist nations. Since the essential thrust of the Quinn-Burns developmental strategy had been towards integrating the Islands as tightly as possible with the advanced capitalist centers, the severe recession which shook the North American economy from 1974-76 (and the instability that followed "recovery") proved quite traumatic in Hawaii as well. As the president of the First Hawaiian Bank said in 1977:

_In the late 50s and all through the 60s and in the early 70s, the average annual growth rate of the Hawaiian economy was nearly 7%, but in the last three years, it hasn't been better than 1%. 108_

In this society now dominated by tourism-land development activities, when outside capital lost its incentive to invest and the tourist onslaught slackened (as happened at various times during the decade), serious joblessness and welfarism appeared. A State commission established to investigate unemployment reported: "Since 1971, a general lack of new jobs has kept unemployment high in Hawaii. No annual unemployment
rate has been less than six percent and the welfare rolls have continued to climb. During mid-1976, with official unemployment rates climbing past 9%, more than two thousand unemployed workers exhausting their benefits each month and the resources of the State Unemployment Insurance Trust Fund emptied, a newspaper poll concluded: "Hawaii's citizens have become dramatically more worried about the gut issue of finding or keeping a job over the past year." A good indicator here was the construction industry, Hawaii's third largest industry, whose 1974 figure of 29,000 on-site construction workers had been very sharply reduced to less than 19,000 only two years later. By 1977, unemployment among construction workers was at forty per cent and a carpenters' union official remarked: "This is the worst I've seen."

The impact of this upon the State treasury was severe. As a government report stated: "Hawaii's cost of $78.2 million for regular and special unemployment insurance benefits in calendar year 1975 was twice the combined total for 1971." Welfare costs were also spiraling: By 1976, the economic crisis had resulted in an annual State welfare bill of $190 million and a caseload of 122,064 or what amounted to 15% of Hawaii's population. Not only did the recession force the State to provide enormous financial outlays to guarantee social stability, but at the same time it also undermined the State's sources of revenue as tens of millions of dollars of expected tax monies failed to materialize. This, in turn, intensified an already existing fiscal crisis of the State whose real origins lay in the "private appropriation of state power for particularistic ends;" in short, the usurpation of State revenues by the tourism-land development interests which had been occurring on a massive
scale in Hawaii since the Quinn administration. In the words of State Department of Planning and Economic Development Director Hideto Kono, the State had assumed the role of "a catalyst for private industry;" a role indispensable to the functioning of the "New Hawaii" economic model, but a role which also guaranteed the State's financial insolvency and subordination to overseas investors and bond holders.

By 1976, the State of Hawaii had an indebtedness in financing capital improvements of $900 million; debt service financing had increased from $35 million a year in 1971 to $92 million in Fiscal Year 1976. By the 1981-83 biennium, debt service is projected to reach $413 million in general fund expenditures or a 108% increase over the 1975-77 debt service costs. Moreover, debt service costs were garnishing 16% of the State's revenues in the late seventies and this figure was constantly rising. In essence, what the State's commitment to the maintenance of the economic model really meant was that mainland banks and financial institutions were gaining a greater stranglehold over the State's tax resources with the passing of each year and that the State was forced into a desperate search to locate new sources of revenue.

Yet, given the imperatives of the model, massive borrowing had to continue ($275 million, for instance, during the 1975-76 Fiscal Year), even when a State Budget Department study found the State's policy of borrowing huge sums of money to pay for construction costs to be a cause of "serious concern in the (bond) marketplace." After all, not only did the massive annual CIP budget erect the infrastructure necessary to keeping Hawaii "attractive" to overseas investors in the tourism-land development sector, but it also guaranteed continued accumulation of
capital for the construction trade bourgeoisie (contractors, architectural and engineering firms, etc.) close to the Burns-Ariyoshi machine and employment for many potentially volatile construction workers who would otherwise be on the public rolls. Indeed, when State Budget and Finance Director Eileen Anderson defended huge State borrowing in 1977 to pay for a host of new projects with the statement that "To take any other course would be disastrous. We must continue to help the construction industry...," she was merely admitting the incredibly limited options which the "New Hawaii" economic model had imposed upon the State.\textsuperscript{117}

And all evidence seems to point to an intensification of this pattern in the future as the massive multinational corporate enclave resort complexes, now being planned from Princeville, Kauai to the Big Islands' Anaehoomalu Bay, demand the kinds of infrastructural services unnecessary in the more concentrated Waikiki area. Moreover, it is becoming increasingly difficult to attract resort financing from overseas. As Hawaii Business remarked in 1977: "Hotels have not been a particularly attractive investment for developers, with better returns possible in other forms of investment. Financing will likely continue to be the biggest deterrent to an expanding visitor industry in the years ahead."\textsuperscript{118}

This places Hawaii in the position of having to compete against other tourism centers in the Caribbean, Mexico and the Pacific for investment funds and gives the outside investor tremendous leverage to make unprecedented demands on the State to socialize a wide range of costs that would cut profit margins. Gene Thoele, mortgage correspondent for the Connecticut General Life Insurance Company, asserts that unless the more
than $750 million needed to finance Hawaii's resort projects in the next decade materializes, "the growth of Hawaii's most visible—if not only—growth industry, tourism, is likely to come to a screeching halt due to lack of capital."

Thoele, who is essentially speaking for big mainland investment interests, categorically demands the creation of a "positive investment environment" in the Islands as the only way to guarantee continued capital inflow." A major component of this would be huge new infrastructural spending by the State (and counties)* and the dismantling of whatever governmental controls now exist on resort construction.

This is not a role with which the bourgeois politicians and bureaucrats who command the top rungs of Hawaii's political structure, would feel uncomfortable. In fact, Richard Wakatsuki, the Democratic leader in the House, while noting in 1977 that "a healthy and viable tourism industry is a must for the survival of our economy," argued for a new state commitment to underwriting the accumulation of capital:

> We must become...a provider of cheaper money to our major employers who wish to extend their operations through investments in capital goods and facilities, thereby creating jobs.

Meanwhile, State Senator Francis Wong, a hotel owner and Chairman of the Committee on Economic Development in the Senate, was introducing bills to grant tax incentives, the use of State lands and waivers of environmental standards to new investors. "We must find new ways to attract

* Some county governments like Kauai, which has a bonded indebtedness of $18 million and lays out 12% of its annual operating budget to service debt, are in similar situations to that of the State. (Hawaii Business July 1977, p. 31)
new equity and mortgage capital to Hawaii," said Wong. We must eliminate
government red tape and make Hawaii more attractive for investment capi-
tal." Clearly, Wong and Wakatsuki represent a significant segment
of the land speculators, developers, real estate brokers, attorneys,
construction interests, Big Five and estate development subsidiaries,
insurance agents, et al. who control Hawaii's political process and are
prepared to place the State and county's treasuries even more completely
than in the past at the disposal of international capital. They will do
this if only to guarantee their own personal interests which depend upon
an indefinite expansion of tourism-land development in Hawaii.

The expropriation of State revenues by international and local capi-
tal requires the State to maintain exceptionally high taxes--the second
highest in the United States in 1978, an average of $841 per person--and
also to reduce social welfare programs servicing the needs of working
class and poor people in Hawaii. Unlike the 1960s, when State re-
sources could be tapped for both economic infrastructural and social
welfare projects, it was impossible to continue to service the needs of
the corporations and of Hawaii's poorer citizens. Thus, in the 1970s the
dominant economic elite (and particularly the banks) have been relentless
in their demands for a ceiling on State spending which really means
severe cut backs in social programs to accommodate increased subsidies to
development interests. John Bellinger, president of the First Hawaiian
Bank, is one of those most attuned to using terminology like "fiscal
responsibility" as a cover for governmental attacks on the working class:

One of our overriding concerns will have to be fiscal
responsibility. To be sure, fiscal responsibility
is always an imperative, but it's more urgent now in 1977 when the boom economy that came with statehood is no longer with us...The conflict between the demand for services and the availability of funds is a critical situation for the government.

In concrete practice, this has entailed direct assaults against the living standards of certain sectors of Hawaii's population. In 1974, Ariyoshi called the State Legislature to a special session for the purpose of enacting legislation forcing General Assistance welfare recipients to work for a part of their check. In 1976, this meant that 2,976 recipients found themselves working in parks, schools and other State facilities with none of the monetary or fringe benefits of the unionized State workers doing the same jobs and without any job security. As a device to drive people off the welfare rolls (and in many cases, out of Hawaii), this Temporary Labor Force Act was a singular success. The State also dealt with the growing welfare problem by enacting a partial flat grant law which immediately reduced payments to two-thirds of the state's recipients. Laws were also passed denying unemployment compensation to workers who had either quit or been fired from their jobs. And even the University of Hawaii, the institution that had once been widely hailed as the foundation of Hawaii's role as "the hub of the Pacific," was held to a "no-growth" budget: By 1976, Hawaii ranked 46th among 50 states in appropriations for higher education in terms of the percentage of general state revenues. In testimony before the 1977 Legislature, the university president bemoaned the "five years of austerity behind us and the even bleaker outlook ahead" and "the severe and irreparable harm to the university system." Ariyoshi also had to confront the fruits of a generation of large
scale evictions, necessary to make land available to the tourism-land
development interests, which left terrific bitterness in their wake and
evoked strong resistance from embattled small farmers and urban dwellers
alike. From the time, in April 1971, when young locals had occupied
Oahu's Kalama Valley in support of farmers and workers being evicted by
Bishop Estate to the huge protests against the H-3 highway (designed to
fully open Windward Oahu to land development) and to the massive defiance
by residents of the Waiahole and Waikane Valleys of court eviction orders,
there has evolved a pattern of increasing resistance by citizens to cor­
porate expropriation of their living places and lifestyles and a signifi­
cant amount of generalized anti-land development sentiment. A local
Waimanalo resident being evicted from her home said:

> Our community is fed up, not only with the State's disregard of our lifestyle and community, not only with its not pro­
viding us with good alternatives, but also its unresponsiveness to our questions and demands...This island is just
drowning in hi-rises and yet we have a housing crisis. Yet our own government is kicking us out of our homes...And our representatives who should be fighting for us are apparently too busy to care. 126

George Helm, one of the leaders of a Hawaiian movement struggling to
reclaim Kahoolawe island from the United States Navy, spoke for many when
he remarked:

> People call me radical, okay, so I say call me radical but I refuse to sit on my okole, remaining idle while these politicians make whores out of my culture for the sake of the bucks. And it's about time we get down and say wait now. 127

The world confronted by the Ariyoshi administration was one largely
devoid of the illusions that had been so carefully nurtured during the
Quinn-Burns period. A generation of massive State intervention in the
economy had not only failed to resolve the essential contradictions of a
dependent Hawaiian economy, but rather, as Hirsch suggests, "reproduced them in an expanded form and at different levels." By the middle 1970s, it had become clear that, far from evolving into "the hub of the Pacific," Hawaii was locked into the role of escape mecca for millions of North Americans and Japanese. Faced with the need to modify the widely-heralded expectations of the fifties and sixties, faced with continuing crises of unemployment, housing, in-migration, out-migration, land, education, etc., and faced with rising antagonism at the grassroots towards tourism and land development, the Democratic Party leadership sought to find a new rhetoric appropriate to the situation.

The new rhetoric first became apparent during the election of 1974 (in which Ariyoshi barely won, receiving only 36% of the primary vote against two "anti-machine" candidates), with concepts such as "selective growth" and the need to exercise "control" over Hawaii's economy being injected into the campaign by the governor. "Our economy is very fragile. We have very little control over those Federal and tourism dollars. Consequently, we feel the need to create an economy over which we will have a greater degree of control." A related theme here was the identification of in-migrants to Hawaii as the source of social dilemmas and a threat to the well-being of the society:

The problem of excessive population seems to be central to nearly every problem in our state; too many people means too few jobs and too much competition for them; too many people means too little land for agriculture and parks and scenic vistas...

Ariyoshi would also speak of the "financial crunch" and "heartbreakingly high unemployment" in his 1977 State of the State speech and even say: "There is no reason why we must endure what...an unregulated future holds for us. We must shape our future, not have it thrust
upon us by forces over which we have little or no control." Yet, all of this was simply an attempt to pacify an increasingly disturbed population in Hawaii and to divert attention away from the failure of the "New Hawaii" developmental model. In fact, the policies pursued by the Ariyoshi administration during this period have been almost identical to those of the Quinn-Burns era. The State has provided heavy political and financial support to building massive infrastructure for tourism (like the $80 million reef runway at Honolulu Airport, the $35 million Hilo Airport, etc.), it has supported the construction of the TH-3 Highway to open Windward Oahu to massive land development and the efforts of developers such as Joe Pao to conduct large scale evictions in rural areas. Since the development of a really diversified, somewhat self-sustaining economy in Hawaii is not in the interests of the classes whom Ariyoshi represents (which includes the multinational corporations which have defined Hawaii's place in the Pacific Division of Labor as being that of a tourism-land development center), a real State commitment to supporting diversified agriculture and industry (as apart from the rhetoric about it) has never materialized. In short, State policies during the Ariyoshi administration have reinforced the very "lack of control" the governor promised to fight. The chasm between rhetoric and reality has become immense. While Ariyoshi was proclaiming "We can't depend on the growth of the visitor industry. We must have diversification...", his lieutenant-governor assured Big Island tourism interests:

I've talked with the governor and he agrees that tourist related projects should have first priority. More importantly, perhaps, he has indicated also that he will move to release the appropriate funds at the earliest possible date if they are tourist oriented.
AN APPRAISAL

One can evaluate the historic role of the political elites which have governed Hawaii for the last generation, using their own platforms and promises as a point of departure. The 1952 Democratic Party stated that "...it is essential to a healthy island economy to have fee simple ownership of house-sites and small farms" and pledged "to enact laws which will make land available for purchase in fee simple for home construction and for small farming and ranching." Given the immense concentration of land under the control of the Big Five and the estates, the implementation of this program required far-reaching land reform and land redistribution policies. Of course, this was never done; in fact, land concentration in Hawaii during the last twenty years has actually increased and, as a consequence, Hawaii still has by far the lowest percentage of home owners of any state in the union and a noticeable scarcity of small farms and ranches. Of perhaps even greater significance, however, is the fact that control over the land gave the old kamaaina corporations tremendous power to define the contours of contemporary Hawaiian life. As Creighton argues: "In economic terms, the Big Five and the related businesses they spawned during the Territorial days still control much of the local activity since they still own major parts of the land on which income is produced." Indeed, one must travel to the Philippines or Guatemala, or another underdeveloped country, to find a landholding situation similar to the one in Hawaii where C. Brewer (249,000 acres), the Parker Ranch (262,000 acres), Castle and Cooke (145,000 acres), Amfac (65,000 acres) and a
handful of other corporations, estates and ranches exercise almost complete sway over privately held land. The Bishop Estate, currently presided over by a conglomerate of Big Five and land development corporate executives (and sometimes called "Hawaii's second government"), owns more than 17% of the privately owned land in the Islands, a situation which draws this remark from Brian Sullam: "Through its enormous holdings the Estate has--and still can--shape Hawaii's economy." On a group of islands where the seven largest landholders control 30% of the total land (or 1,222,565 acres), they can readily manipulate the developmental process in their own interests, particularly when these same landholders are also closely interlinked with powerful financial and land development corporations inside and outside Hawaii. The Parker Ranch can make deals around resort-subdivision-condominium development with multinational interests such as Boise Cascade, while Maui Land and Pineapple can contract similar agreements with the Bank of America and Laurence Rockefeller: These deals will shape large areas of the Big Island and Maui for the generation to come.

Indeed, in Hawaii, it is the relationships between the local landed estates and overseas capital, rather than the "planning" conducted by the State and county governments which is creating the society of today. The State Department of Planning and Economic Development might emphasize that "Adequate planning is necessary to protecting and managing Hawaii's scarce environmental resources...It should be able to allocate scarce resources according to society's goals." Yet, the Department's own economist Richard Joun acknowledges that "If money is to be made, they'll put these hotels up anywhere. The important economic decisions are made
in the boardrooms of the Big Five and then transmitted along proper channels." The Pacific Business News agrees with this assessment, opining that "investment decisions determine the shape of things far more than planning decisions." Ultimately, the failure to dismantle the enormous oligarchical land baronies in the Islands made the boast of one Democratic legislator in 1958--"We've brought a halt to government from the Alexander and Baldwin building and the Dillingham Transportation building."--quite hollow.

Tax equity was the other keystone of the Democratic Party reform program in the 1950s. The 1954 Party platform pledged to "thoroughly revise Hawaii's antique tax laws...and to shift the tax burden from those least able to pay to those who are most able to pay." In a study done some twenty years later, two University of Hawaii economists concluded that the poor in the Islands carried the heaviest percentage tax burden; individuals with an adjusted gross income of less than $3,000 were paying an average of 15.85% of their income, while those in the over $25,000 per year category were being taxed 11.26%. Moreover, regressive sales taxes accounted for $175 million in State revenues in 1970, as compared to $112 million taken in through personal income taxes. A political elite, now comfortably ensconced in the bourgeoisie and laying claim to substantial incomes, was refusing to enact tax legislation that would affect their class adversely. As O' Connor intimates:

Every important change in the balance of class and political forces is registered in the tax structure. Put another way, tax systems are simply particular forms of class systems.

The 1952 Democratic Platform also committed the Party to "encourage the overall economic development of these Islands through intelligent
and comprehensive economic research and planning.  However, given the investment orientation of local and overseas capital towards the profitable areas of tourism-land development and the personal drive of the political elite to participate in the plundering of the boomtime Hawaiian economy, the project of constructing a multi-faceted, diversified economy floundered and then ground to a halt. Hawaii neither became (in Shelly Mark's words) "the trade center of the Pacific hemisphere," nor did it ever experience the "major breakthrough in manufacturing" predicted by James Shoemaker. By 1978, employment in diversified manufacturing accounted for only 6.5% of the state's workforce, while the great bulk of new jobs was concentrated in service (i.e., tourism) related sectors. In 1979, Gerald Machida, Chairman of the House Tourism Committee, was admitting that Hawaii had become a tourism economy: "My feeling is that as much as we hate to be that dependent on tourism, that's the fact of life." The former planning director of Maui County was also saying the same thing:

> There is a growing tendency to believe that the visitor industry operated like a faucet and that we may be reaching the point where we want to turn the faucet off. If we decide to turn the faucet off, then we've got to recognize that the economy is going to leak away as a consequence.

Democratic Party platforms in the late 1940s and early 50s had promised to use the State sector wisely in bringing about as full employment as possible. John Burns had stated, in 1966, that his administration would "assure a job for every citizen who is willing and able to work." Yet, the reality is far different: Between 1947 and 1974, the workforce in Hawaii doubled while the number of unemployed quadrupled. And the years since 1974 have seen substantially higher levels of unemployment.
Finding themselves incapable of critiquing (much less restructuring) the "New Hawaii" model, the political elite could only escalate their rhetoric to such levels of unreality that George Ariyoshi was informing an audience of potential Japanese investors:

In truth, Hawaii is very selective, very choosy, very first-class. We are 100% quality-conscious in our industrial development approaches...for those quality industries compatible with our state goals and objectives, Hawaii offers unparalleled rewards for long-range investment. 151

Then there was Mayor Elmer Cravalho, under whose political guidance Maui had been transformed into a playground for more than a million tourists annually while overseas corporations came to control the economy, still posturing as if principles--instead of capital investment and profits--were decisive in Maui's development: "What we are saying is that we must strike a balance between maximum opportunity for the individual versus opportunity for society."152

There is a dialectic here. The integration of the Hawaii political elite into the land development bourgeoisie during the 1950s and 60s was a direct consequence of the role accorded Hawaii within the Pacific Division of Labor: Moreover, their integration not only guaranteed that Hawaii would remain within the confines of the role prescribed by the PDL, but also that this role would be constantly broadened and deepened in order to accomodate their own interests. Their integration confirmed Hawaii's role in the middle and late twentieth century as a tourism-land development economy dependent upon advanced capital centers. Ultimately, the political elite could not represent both the popular classes in Hawaii and the interests of local and multinational capital.

Like the comprador bourgeoisie they essentially are, the political
elite inevitably adopted an economic development model which turned the government apparatus in Hawaii into an instrument of capital accumulation by the international bourgeoisie. The Hawaii experience provides ready confirmation of William Tabb's argument that: "It is clear that the State exists as the creation of the most powerful classes in a given historical epoch and is used in their interests."153 In retrospect, the politics of complicity and self-enrichment have led to the continuation of Hawaii's historic patterns of dependency.

A fitting epitaph to the "revolutionaries of '55" was unwittingly supplied by longtime Democratic Party functionary (and assistant to Burns and Ariyoshi) Dan Aoki. In 1976, when confronted by irate Waiahole-Waikane residents demanding to know why a Democratic politician had been able to purchase land in their valleys while they were being evicted, Aoki replied: "In our fine society, everything and anything is for sale if the price is right." Whereupon, one resident exclaimed: "You're not a righthand man, you're a horse's ass."154
CHAPTER TWELVE

THE GREAT CORPORATE TRANSFORMATION

We're not involved in a social exercise. We are responsible to stockholders, 80% of whom are overseas. We have to put our money into what gives us our greatest returns.

Malcolm MacNaughton
Chairman of the Board
Castle and Cooke

It's very simple. A corporation is in business for one thing only and that's to make a profit. If we get fuzzy in our thinking about that, we're in serious trouble.

Herbert Cornuelle
President
Dillingham Corporation

While the investigator was opening plank by plank, the doorway to the mystery, only to be confronted by an even denser darkness, since all these rotten mobsters were only the facade of the haunted castle and when you opened one door it led to another door and that one in turn to another, till suddenly you found yourself out in the open again, but on the opposite side from where you entered.

Vassilis Vassilikos
"Z"

On the evening of May 12, 1954, two rather aged men, who more than anyone else symbolized the old and new capitalism in Hawaii, that is, the long-entrenched kamaaina elite as against expansive mainland interests anxious to capitalize upon the islands' emergence as a tourism center, met in the unlikeliest of places, Oahu's Waianae High School, and clashed. One was Walter Dillingham, now eighty-four years old, but still every inch the formidable patriarch. This man, for decades, the
real power behind the governor's office in the Territory and a corporate magnate with a broad range of diverse interests could not bring himself to accept the arrival of a new economic era in Hawaii and, with it powerful new forces which diminished his own role in the locus of political and economic power.

His antagonist, Henry John Kaiser, one of global capitalism's wealthiest and most powerful figures, had arrived in California just as the West Coast building boom was getting underway and had managed to secure a dominant share in the area's cement and steel industries. As was the case with Walter Dillingham, the real source of Kaiser's fabulous business success lay in his contacts and influence at the very top levels of government. Since presidents, admirals and key congressmen were numbered among his close "friends," Kaiser was in a position to receive massive federal contracts from the Boulder and Shasta Dam projects of the thirties through the war years when his shipyards turned out 1,500 ships, one-third of the entire United States fleet. By 1953, when Henry Kaiser journeyed out to Hawaii for a vacation and decided to stay, he was overlord of a network of business interests worth upwards of a billion dollars and accounting for $600 million in annual sales, figures greater than the whole Big Five Dillingham complex combined. If the kamaaina elite were mighty fish in a lake, then Kaiser was a mighty fish in a great ocean.

Kaiser immediately recognized Hawaii's fantastic potential for tourism. "If the legislature will cooperate, we can do something that will make Hawaii world famous and bring more tourists than you could dream of," he stated and was determined to stake out an early claim. "I
have missed the tourist boom in Florida and California. I'm not going to miss it here." By 1955, after only one short year of taking up residence, he was already the biggest landowner in Waikiki and was nonchalantly talking about $20 million in resort development and constructing a $50 million island off Waikiki—astronomical investments for the time. A year later, he was buying up local radio and television stations, building the Hawaiian Village Hotel and laying plans for a massive 6,000 acre Southern California style residential development against the flanks of the Koko Head Crater. Flexing his ample political muscle, Kaiser had both the United States Congress and the Territorial Legislature enact legislation financing the reclamation of a strip of beach land directly in front of his Crescent Beach property, subsequently destined for a two thousand room hotel. President Eisenhower, a Kaiser intimate, duly signed the bill.²

Indeed, Kaiser became the foremost proponent of Island tourism. "Capitalize on jets," he told all who would listen. Appealing to two thousand travel agents gathered at the World Travel Congress in 1959 for a "direct hard sell," Kaiser declared, "Hawaii has been brought by jets within a few hours of the mass markets of potential customers from New York and throughout the Mid-West."³ And during a period when tourism executives spoke warily about eventually accommodating half a million "visitors," he was already talking confidently in terms of one and one-half million. By the time of statehood, Kaiser's interests in Hawaii were becoming so widespread and his manipulation of State and county agencies so blatant as to cause even the Honolulu Advertiser to wonder:
"...just who is running Hawaii, the government or Henry Kaiser?" \(^4\)

This was the man whom Walter Dillingham chose to tackle in what was an utterly unequal contest from the outset. It was to be "Mr. Walter's" last major public fight and one of the few he ever lost. The battle was highly symbolic in that it represented a last-ditch attempt by local monopoly capital to establish control over one of the most promising new economic sectors emerging in Hawaii in the face of overseas multinational corporate penetration. The immediate issue was Kaiser's plan to build a $13,500,000 cement plant for his Permanente Company in the Waianae area of Oahu. It was bitterly opposed by the Dillingham interests who had fond hopes of monopolizing the booming cement business accompanying the tourism-land development construction rush in Hawaii through their own Hawaiian Cement Company. Ben Dillingham had thrown down the gauntlet early that evening by arguing that it would be improper to grant Kaiser the rezoning he needed to build the plant without first receiving sanction from the City Planning Commission (where the Dillinghams exercised considerable influence) master plan. At this point, Henry Kaiser stood up and delivered a prepared address attacking the Dillinghams for sending agents into the Waianae area to stir local resentment against his projected plant. He minced no words: "The Dillingham proposal is a red herring for the purpose of indefinitely delaying our cement plant and getting it studied to death." Ben, clearly out of his depth here and easily

* What generated this outburst from the Advertiser which had previously hailed Kaiser as "a prophet as well as an industrialist," was his flagrant violation of the State Master plan in the course of building the massive $350 million Hawaii Kai subdivision development, violations which top State officials had studiously ignored. The newspaper, however, did not bother to concern itself with the hundreds of residents and small farmers evicted so that Kaiser could proceed with the development.
rattled, fired an angry salvo at Kaiser: "He has rushed down here to tell the people he's God's gift to Waianae."\(^5\)

Then the old patriarch rose ponderously and picked up the microphone. "I don't think it's a very nice thing for a visitor to Hawaii, no matter how many millions he's spent here to attack a son of mine and of Hawaii." This, Walter's last and rather whining performance, was not quite worthy of the man's past. He should have stayed home. Or at least maintained an imperial aplomb. In any event, they lost and it was inevitable. The Waianae crowd was solidly pro-Kaiser, mistakenly believing (since Kaiser agents had spread the word) that if the rezoning was granted a Kaiser hospital or clinic would surely follow. "We are a working class people in this area. We haven't had proper medical care here," explained one local resident.\(^6\)

Even if the Dillingham defeat in Waianae did spell (at least in a symbolic sense) the end of the century-long *kamaaina* monopoly over the Hawaiian economy and the inevitable entry of powerful overseas firms into control of key sectors of the new tourism-land development economy, in retrospect, it did not in itself prove a devastating blow to the company's fortunes. In fact, in the boomtime Hawaiian economy of 1955-74, there was ample room to accommodate both the Kaiser and the Dillingham cement operations. Ironically, Dillingham would adopt Kaiser's multinational strategy (Kaiser interests were involved in more than a dozen countries when they came to Hawaii) of expansion into the Pacific Basin and elsewhere, as its won corporate policy: Walter Dillingham, himself, noting: "We've already done the big jobs in the Islands and now we have to think of the dredging business as worldwide."\(^7\) And Dillingham would
be joined in this by the Big Five, the Bank of Hawaii and the First Hawaiian Bank. Indeed, the *multinationalization* of the old Merchant Street business complex marked still another decisive step towards Hawaii's emergence as a tourism-land development economy and the Islands' incorporation into the Pacific Division of Labor.

This was not a process which could unfold overnight, especially in Hawaii where an ultra-conservative, paternalistic elite--smugly secure in its power and privileges--had held sway for so long: This was a place where almost any change whatsoever was looked upon as subversive of their interests. Yet, because this was a ruling class that could recognize when its essential interests were endangered, a sweeping transformation did occur in the structure and functioning of the old Hawaii monopolies.

In a dependent plantation society like Hawaii's, the impetus for this transformation came, of course, from the outside. The first disturbing signs that the day of King Sugar in Hawaii would not last forever appeared (appropriately enough) in Washington, in the form of the Sugar Acts of 1934 and 1937. As a result of the 1934 law, Hawaii's annual sugar quota was reduced by 76,950 tons and the Territory relegated to the status of a secondary producer of sugar for the United States market in the same category as foreign producers. When the law was revised three years later, Hawaiian sugar planters were once more included within domestic production categories, but the quota was still well below the pre-1934 figures. Moreover, a new and complicated system of crop restrictions and compliance payments brought new problems to the plantations. After holding extensive talks with Big Five officials throughout the Islands, an observer noted their dissatisfaction: "Compliance with
the terms of the Sugar Act has in innumerable details proved expensive and onerous."\(^8\)

The foundations of the old sugar economy were also being undermined from other directions. Beet sugar, for one thing, was now being grown in almost half the states of the union and posed a real competitive threat to cane sugar. And in Hawaii, itself, the organization of the plantations and mills in 1946 by the ILWU, struck a blow at a major source of profitability in sugar; absolute plantation control over labor conditions and wages. Hawaii's sugar workers, although still low paid in comparison to many members of the urban working class, could claim wages and benefits that far exceeded their counterparts in Louisiana, Texas, the Caribbean and the Philippines.*

By the early fifties, these factors, in addition to declining sugar consumption and prices on a worldwide scale--a United Nations study reported that the average "real" price of sugar in fifty countries which accounted for almost three-quarters of world sugar consumption was 11% lower in 1957 than in the depression year of 1937-38 had delivered the Hawaiian sugar industry into one of the bleakest periods in its history. Long gone were those halcyon days, such as in the aftermath of World War One, when Kekaha Plantation was paying out $49 per share in one dividend year and the Hawaiian Agricultural Company was doling out $13.40 a share.

* In 1977, the average daily wage in the Hawaiian sugar industry was $57 (including fringes). This is about twice the amount received by workers in the American South, while in Mexico ($4-$5 a day), the Philippines ($2) and Brazil ($1), sugar workers fare even worse. Hawaii sugar workers earned as much during their ten minute coffee break as Third World workers in the course of the entire day. (Hawaii Observer, June 2, 1977, p. 12.)
to its stockholders and Alexander and Baldwin $22.\textsuperscript{10} In fact, during 1950, 1951 and 1952, with sugar and molasses prices hitting rockbottom, C. Brewer paid \textit{no} dividends whatsoever and the firm's president admitted: "The future still poses serious challenges for us. The rate of return over many years on capital invested in our plantations judged by any standards has been far from adequate."\textsuperscript{11} Later in the decade, in 1958, the situation had improved only marginally and a new Brewer president, Boyd MacNaughton, expressed displeasure at recent profits: "These earnings are well below a satisfactory profit margin in light of the capital requirements and the risks of our enterprises."\textsuperscript{12}

If sugar was stagnating in Hawaii, the pineapple industry, which lacked an annual quota or a controlled market like sugar and was considerably more vulnerable to foreign competition, also was ensnared in critical difficulties. Agribusiness multinationals like Libby and Del Monte, had already established themselves in non-union, cheap labor, cheap land areas in the Caribbean and Asia and were making deep inroads into the onetime Dole Company monopoly on the sweet fruit. At the heart of the pineapple conundrum was the fact that a unionized workforce in Hawaii was in a position to use its power (in particular, the strike, which in 1958 shut down the entire Hawaii pineapple industry for months) to realize demands for improved wages and benefits; this was something which pineapple workers living in Taiwan, Mexico, Malaysia and South Africa—societies more politically and economically repressive than Hawaii—found difficult to accomplish. The consequence was a sharp differential in labor costs between Hawaiian and foreign pineapple which left the Island industry at a competitive disadvantage in world markets. As \textit{Hawaii
Business remarked, "No matter how you slice it, labor costs are the focal point of the pineapple industry's anxieties." With Dole's share of the world pineapple market falling from over three-quarters in 1950 to slightly over one-half by the mid-sixties, a powerful impetus existed for the transfer of Hawaii pineapple operations abroad. Company president Herbert Cornuelle said, "The basic decision is comparing Hawaii with elsewhere, that is, comparing Dole's local costs, yields and so forth with those projected for any foreign project." The crisis of the plantation economy in Hawaii was at once the profitability of its major commodities. Signs of this were everywhere in these years. They were there in the glut of sugar on the world market that kept sugar prices at or below 5¢ a pound for much of the 1950s and 60s. They were there in the complaint by Lihue Plantation officials that "it has become increasingly difficult to attain profits from our sugar operations...losses suffered for many years now...give cause for great concern." The non-payment of dividends by seven of eighteen plantations examined in 1953 and the production jump of Taiwan pack pineapple from 70,000 cases in 1946 to 2,000,000 cases in 1961 (or ten percent of the world market) provided further evidence. Then, of course, there was the increasing competition of sugar beet production and the growing popularity of artificial sweeteners among consumers. All of this was summed up rather well in a statement by a dyed-in-the-wool member of the kamaaina elite, Cooke Trust Company President Alva Steadman:

It will take many favorable factors indeed for several of our sugar plantations to survive the strain which they are presently facing...The pineapple companies have sustained severe losses which will be apparent this year and next...Prices of pineapple products are dropping and world competition of low cost areas is a
real menace. Both sugar and pineapple appear to have reached close to maximum of their potential production in the Hawaiian Islands.

It had become apparent to "the boys on Merchant Street," as they were called, that the plantation system which had sustained their class for three and four generations was terminally ill. The choice now lay between expansion into new industries and geographic areas and a radical restructuring of their corporate apparatus to meet the demands of a wholly new era of capitalism, or allowing their attachment to the past to lead them to the brink of bankruptcy and irretrievable decline. Despite some lingering attachments to their status as a sugar aristocracy, the kamaaina elite did begin implementation starting in the late 1940s, and at an increasing tempo through the 1950s and 1960s, of a striking transformation in its corporate organization and orientation towards production and markets. A specific configuration of global capitalist forces had shaped the Hawaiian plantation society in the nineteenth century. Now that a somewhat new configuration had emerged in the mid-twentieth, the Island ruling class was forced to respond adequately or risk losing their patrimony.

The reorganization of the two major Island banks, the Bank of Hawaii and the First Hawaiian Bank, provides an excellent illustration of this whole process. In the middle 1950s, highpowered mainland executives--such as Rudolph Peterson (who came to the presidency of the Bank of Hawaii from a TransAmerica vice-presidency)--were brought in to staff key positions and almost immediately began to adopt the most sophisticated overseas banking techniques and technology: The relatively relaxed atmosphere of plantation banking in Hawaii soon gave way to a more aggres-
sive approach with a strong emphasis on operations efficiency and maximizing business. "The whole philosophy of the bank has changed," noted one contemporary report on the Bank of Hawaii. "It goes to the people. It is aggressive. The bank studies where to lend its money. A definite schedule is set up and customers are contacted regularly." A top banker commented on this: "It changes the whole philosophy of banking operations here. We must hustle. In fact, we are forced to hustle." 19

This aggressiveness was reinforced by the new technology being introduced from the mainland--electronic bookkeeping, drive-in banking, close circuit television--whose very cost put the banks in the position of having to expand their business. As banker Dan Dorman remarked, "All of this automation equipment is very expensive and we'll have to keep it busy to pay off. That's why we will be interested in developing new kinds of businesses. We'll be going out and selling bank services more and more." 20

From the banks' viewpoint, the results of this program were highly impressive. Between 1954 and 1959, the Bank of Hawaii doubled its profits and increased deposits by two-thirds: Peterson's performance (at the Bank of Hawaii) in fact, led to his becoming president of the Bank of America, the largest bank in the United States. Once their basic reorganization in Hawaii was completed, both the Bank of Hawaii and First Hawaiian began to adopt their own version of the Pacific Rim Strategy. By the early sixties, the Bank of Hawaii was involved in "third country financing for Pacific Basin imports" and playing a middleman role in various international deals, while its executives promoted Hawaii's role as "the Switzerland of the Pacific," picturing the Islands as "a training
ground for Japanese businessmen entering the United States market."

As the sixties wore on, the Bank of Hawaii committed increasing resources to the Pacific and also facilitated the entry of overseas investors into the Hawaiian tourism-land development sectors. "Through its activities, the bank discovers business and investment opportunities for local firms in Pacific Basin countries and helps finance their ventures. It also brings opportunities in Hawaii to the attention of Far Eastern and "Down Under" investors and businessmen." By the early seventies, with seventy-one branches spread throughout the Pacific Rim, the Bank of Hawaii was advertising itself as the "Bank of the Pacific." First Hawaiian had also become a multinational bank with branch offices in Guam, Micronesia and many other places and Vice-President Thomas Hitch noted, "The biggest part of our lending experience in recent years has been in the international field much of it in the Pacific."

The multinationalization of Hawaii's two dominant banks was paralleled by the multinationalization of the Big Five-Dillingham economic apparatus taking place during the same years. This historic transformation can be analyzed in terms of four closely interrelated phenomena:

a) Internal corporate consolidation, b) Rapid expansion into overseas areas, c) Shift from local to mainland (and foreign) corporate control, d) A new emphasis on profitability and an accompanying ruthlessness and arrogance in pursuing corporate objectives: This latter meant a total lack of responsibility to the peoples of the Pacific Rim or elsewhere.

A) INTERNAL CORPORATE CONSOLIDATION

The process of internal corporate consolidation occurred in the 1950s and 60s, under the direction of new corporate managers such as Malcolm
and Boyd MacNaughton, Herbert Cornuelle and Henry Walker. They implemented a thoroughgoing reappraisal of existing assets and streamlined their corporate structures. In the initial stage, unprofitable properties or holdings that did not fit into future expansion programs were sold off to obtain liquid capital. Thus, Dillingham sold its Oahu Rail-say holdings, along with a number of real estate parcels. According to Dileo executive D. H. Graham:

...we have carefully analyzed our portfolio and pared out the small money assets like the couple of thousand residential leasehold lots at Wailupe and Pacific Palisades. All were converted into other properties...that will move more rapidly and produce more earnings per share in today's market.

Castle and Cooke sold its holdings in Davies, Amfac, Hawaiian Airlines and Honolulu Iron Works (all of this evidence that the old kamaaina complex was fragmenting into individual corporations) and, along with three other Big Five corporations, sold all its stock in Matson Navigation to Alexander and Baldwin. Meanwhile, Theo Davies sold off its wholesale drug, dry goods and hardware interests, and Amfac, soured by low profits, put its materials supply business on the market, in addition to substantial holdings in Hawaiian Western Steel, Oahu Transport and the Princeville Ranch.

The next step involved the closing of unprofitable plantations and mills throughout the Islands and the transformation of more profitable agricultural units into wholly owned subsidiaries. Amfac, for example, which owned less than one-third of the Oahu Sugar Company in 1958, had taken 100% stock control three years later. After an intricate series of stock exchanges, Dole Pineapple was turned into a subsidiary of Castle and Cooke. The thrust here was to provide the Big Five with the flexi-
bility to gradually liquidate commercial agriculture in Hawaii, while maintaining its grip on hundreds of thousands of choice acres for future land development schemes.

Finally, there was a restructuring of the various corporate bureaucracies to correspond to the most up-to-date managerial thinking on the mainland. Dillingham, in merging the Oahu Railway and Land Company with Hawaiian Dredging and Construction in 1961 to form the Dillingham Corporation and in establishing divisional management groups in Construction, Property Management and Transportation, was quite typical of the trend. Other firms built similar structures and introduced cost-benefit systems combined with the most sophisticated new managerial techniques. The comparatively loosely-knit corporate structure of the plantation era had been replaced by a standard North American capitalist bureaucracy with the flexibility and concentration of resources to take the multinational route.

B) RAPID EXPANSION INTO OVERSEAS AREAS

Beginning in the late 1950s and through the next two decades, the Big Five and Dillingham, in possession of corporate structures geared for international activities and under great internal pressure to raise their profit rates, went overseas. When the president of Castle and Cooke commented in 1961, that "We consider our growth and development to lie outside of this state," he was simply echoing the plans of a score of Hawaii corporate executives. For the most part, this monumental move would be in two opposite directions across the Pacific; eastward to tap the markets and advanced technology of North America and the cheap labor
and fertile lands of Latin America, and westward to the plentiful, cheap land and labor of Southeast Asia and the resources and markets of Oceania.

Dillingham, a leading war contractor during World War Two and the Vietnam war and now in a position to gauge exactly how much profit potential existed in the Pacific Basin, established itself in a myriad of activities. It has specialized in building physical infrastructure for itself and other multinationals in order to exploit Pacific Rim resources as well as luxury facilities for the affluent classes all around the Pacific. In the process, Dilco has gained control of more than thirty companies, from California construction firms to Australian shipyards, and has become a leading international contractor. Dillingham also constructed California shopping centers, bank buildings, condominiums and luxury subdivisions: It built pulp mills and terminals in Canada, highways in Fiji, condominiums in Singapore, hotels in the Philippines, and naval bases in Guam and Thailand. The company does rock quarrying and lays pipelines in New Guinea, prospects for minerals in Australia (where it also is one of that nation's leading construction firms and owns a ranch twice the size of Oahu), has drilled for oil in Saudi Arabia, mined argonite in the Bahamas, built office buildings in New Zealand, and petroleum docks in Southeast Asia and Latin America. The corporation's fleet of one-hundred tugs and one-hundred and fifty barges is one of the largest of its kind in the world.

Dillingham executives regard the phenomenal expansion of their economy over the last two decades into resource-rich areas as a proven formula for profitable operations. The Dillingham Quarterly informs its readers: "We are in the businesses that are going to have a growing part
in the next ten years in the development of the Pacific,²⁸ while a corporation pronouncement states confidently: "We believe we are in the right markets with the right people at the right time, in the right parts of the world."²⁹

By the mid-1970s, Dilco was a Hawaii corporation in name only: Less than a quarter of its revenues were being generated in Hawaii in 1976 and less than one-fifth of its more than 12,000 employees were Hawaii-based. Revenues from subsidiaries in the mainland United States were two and one-half times that of Island revenues and combined revenues from operations in Oceania and Canada exceeded Hawaii's contributions to the firm's total gross.³¹ Dillingham's plunge into red ink in 1976, a consequence of problems in the company's Australian operations and a worldwide oversupply of bulk shipping which left its fleet with excess capacity, illustrate how thoroughly multinational it had become.

Carl Wright describes Castle and Cooke's impressive corporate empire: "Its corporate dimensions extend across Hawaii and the mainland with extensions into Alaska, Central and South America, the Philippines, Thailand, Malaysia and Japan."³² In the late fifties, this old missionary firm under the whip of hard-driving managers imported from the mainland, consolidated the Dole Pineapple Company and the recently acquired Columbia River Packers (subsequently, to be reorganized as Bumble Bee Sea Foods) as the foundations of a multinational agribusiness network. Castle and Cooke's initial objective was to regain that share of the pineapple market which had been captured from Dole, since the end of World War Two, by multinational competitors operating in the Third World. Thus, in order to escape the relatively high labor costs im-
posed upon the Hawaii pineapple industry by ILWU contracts, a massive transfer of pineapple production to the Philippines started in 1963. President Malcom MacNaughton explained: "Dole wants to compete in this expanding market. We believe the Philippines venture will make it possible not only in the Far East, but in Europe and elsewhere." In retrospect, the establishment of the 20,000 acre Dolefil plantation on Mindanao--the largest pineapple complex in the world--was an attempt by the Castle and Cooke management to erase the historic gains made by workers in Hawaii, to turn the clock back, to re-establish plantation Hawaii society (circa 1930) in the Philippines.

Along with controlling what are among the world's largest pineapple and sea food producing companies, Castle and Cooke owns the largest producer of bananas anywhere, the Standard Steamship and Fruit Company, which holds 194,000 acres in Central and South America, and also important vegetable agribusiness interests in California and mushrooms in Brazil. Castle and Cooke's agribusiness activities, in fact, account for over three of every four dollars received by the corporation in revenues. Moreover, the company's multinationalization extends beyond agriculture to glass manufacture in the Philippines, pipe manufacture in Thailand, real estate in California and rock quarrying in Singapore. Those in charge of Castle and Cooke do not conceal their confidence in the continuation of policies that have transformed what was essentially a Hawaii plantation holding company, with revenues of about $10,000,000 annually in 1947, to a billion dollar giant stretched across five continents.

Today in Honduras, Thailand, Malaysia and Singapore, we have majority ownership positions in a broad range of industrial activities. We plan to expand significantly this type of investment because the profit margins are excellent and the growth greater than the developed countries such
The growth of Amfac from a plantation-oriented Hawaiian company to a far-flung multinational operating over one-hundred subsidiaries in seventeen states and three foreign countries is an even more startling transformation than what happened at Dilco or Castle and Cooke. In a November 1974 interview, the then company Vice-President, Lawrence Gay, told me: "We've changed from a company in 1967 almost completely Hawaiian--98% of our income was here. Then we decided we had the resources to be bigger and these were small islands. If we were going to grow, we were going to have problems. Developments forced us to shift growth emphasis to the mainland."

Between 1968 and 1973, Amfac went on a spree of corporate acquisition, taking over fifty corporations including the Fred Harvey restaurant chain, a Utah drug store chain, a Washington state meat packing plant and Lamb Wesson frozen foods. Amfac sells insurance, owns cocktail lounges, beauty shops, mortgage leasing firms in Los Angeles and Portland, as well as Kansas shopping centers and hotels. In fact, company land holdings are so extensive on the mainland that the headquarters of the Asset Management Division were finally moved to California because the division manager in Hawaii felt like "sort of a cap on the top of the bottle." According to Hawaii Business, "around three-fourths of Amfac's revenues and at least that amount of its profits now originate from its diverse mainland operations."35 The future may see increasing Amfac penetration of the Pacific, where it already has sizeable Australian interests; President Henry Walker promises that his corporation "will be intimately involved in the growth of the Pacific Basin trade."36
C. Brewer and Company, the oldest of the Big Five, has also entered the multinational ranks choosing to specialize in the export of agricultural technology, expertise and capital to more than sixty nations. Using Brewer Agronomics as the vehicle to effect this expansion, Brewer has established huge sugar, rice, macadamia nut and spice plantations in countries as diverse as Indonesia, Guatemala and Iran. For Brewer, Hawaiian Agronomics has become their "most profitable business in terms of ratio of profit to investment," according to the firm's president. He also commented that: "We're willing to go anywhere and not just the Pacific Basin." This included acquiring Oregon potato facilities and Midwest feed lots.

Even the two smallest Big Five corporations are involved in the Pacific Rim Strategy. Theo Davies holds a myriad of appliance and light manufacturing companies in the Philippines, while Alexander and Baldwin owns the largest processing company for tropical hardwoods in Southeast Asia (with holdings of 250,000 acres of timber in Indonesia and factories in Taiwan, Singapore, Hong Kong and Malaysia). A & B President Lawrence Pricher says that: "Geographically, we seek investments in the Pacific Basin--from East Asia to the Western edge of the Western hemisphere." 38

C) SHIFT TO OVERSEAS CORPORATE CONTROL

Multinationalization has proved to be a viable strategy for some of the kamaaina corporations in maintaining and raising their profit rates. Castle and Cooke, Amfac and the banks have generally been most successful here, while Dillingham has had intermittent financial problems and
C. Brewer and Alexander and Baldwin--both of whom are still drawing the bulk of their revenues from traditional Hawaiian industries and have implemented only limited programs of multinationalization--are deeply troubled. Yet, it has also exacted a bitter price from the once haughty local oligarchy; they have lost control of companies that were run as family heirlooms for generations. Inevitably drawn to major overseas capital markets to finance their plans for expansion, the kamaaina executives soon found overseas financial institutions exercising an increasing (and eventually dominant) influence over their corporate policies.

In analyzing the policies that had led to the meteoric rise of Amfac from a $100 million Hawaiian plantation agency with some tourist and retail holdings in 1967 to a multinational with annual sales of $1.4 billion in 1977, it is clear that the decision to place Amfac stock on the board of the New York Stock Exchange was of vital importance. President Henry Walker notes: "In 1967, we had some problem areas. Our balance sheet was unimpressive and we did not enjoy a first class representation in mainland money markets." Amfac's presence in East Coast money markets enabled the firm's management to secure huge sums of money for its program of acquiring promising companies in various geographic areas. A 1971-72 public offering of 1.2 million new Amfac shares, for example, brought in $37 million of immediately utilizable capital. As Amfac absorbed other companies into its corporate structure, its access to overseas capital became easier; "A company's ability to raise funds increases geometrically with size," says an Amfac vice-president.

As recently as 1967, three-quarters of Amfac's stockholders resided in Hawaii; today over three-quarters reside overseas. In 1948, Amfac
had only 2,160 stockholders, twenty-five years later, there were over 11,000. The Amfac board of directors now included the chairman of the board of the Bank of California, a Chicago Banker, an Atlanta businessman, the chairman of the Board of Western Airlines, the director of the Fireman's Fund Insurance Company and other powerful mainland business figures. Moreover, Gulf and Western Industries, a multi-billion dollar conglomerate, had purchased a one-fifth share of Amfac in the mid-seventies: The apparent attraction is Amfac's huge landholdings in Hawaii and the high profitability of the Islands' tourism industry: "The real frosting on the cake, however," noted Forbes in an article about the Gulf and Western purchase," is those thousands of Hawaiian acres washed by the waves of the Pacific, drenched with sunshine and covered with fat, white beaches."

The Amfac scenario is a basic prototype for the Big Five and Dillingham: Overseas financing of the multinationalization process has meant overseas control over the corporations themselves. Whether one examines Dillingham, where a clear majority of the stockholders reside on the mainland--among the board of directors are numbered the President of Southern California Edison and a director of the Bank of America, a New England investment banker, a California business executive, or Castle and Cooke, a firm which counts 80% of its stockholders overseas--"This is no longer an Island company," notes one Castle and Cooke vice-president. "It is mainland owned and oriented," the pattern is the same. In fact, two of the Big Five, C. Brewer and Theo Davies, are now controlled by overseas conglomerates. Brewer is controlled by International Utilities, a Delaware-based holding company which purchased a 54% inter-
est in the Hawaiian firm in 1969 and has been steadily moving toward absorbing it completely; Theo Davies, by the multi-billion dollar Hong Kong conglomerate, Jardine-Mathiessen executive noted, at the time, that "We acquired Davies because they fit well into our operations and give us important entrees into the American and Philippines markets."45

D) PROFITABILITY AND RUTHLESSNESS

For the Big Five and Dillingham, multinationalization has meant an intense preoccupation with profitability. The overseas stockholders and financial creditors of these corporations will not settle for less than a solid annual return on their investments. Malcolm MacNaughton explains, "We expect to average an increase of about 15% a year in earnings from operations. This means doubling profits every five years."46 The statement highlights the tyranny of the balance sheet for Castle and Cooke, which Hawaii Business describes as "a major publicly owned company with far flung stockholders who are accustomed to expecting an optimum return on their investments."47 In the same vein, a C. Brewer president candidly admits that control over the company by International Utilities has brought "a new emphasis on profitability."48 Indeed, this would seem to fit in well with the business philosophy of International Utilities chairman John Seabrook (who oversees a business empire of thirty subsidiaries on four continents), as he expressed it in a 1971 speech in Montreal: "Some companies have an emotional attachment to the businesses they are in, but at IU our only attachment is to our shareholders' needs."49 In a 1976 report, the Dillingham Corporation also revealed exactly how little flexibility it had given the demands of
stockholders and financial creditors for high profits.

    Our long term goal is to increase the value of our share-
    holders' investment. In order to achieve this, we must
    continue to improve our operating performance and make
    certain that the investment community appreciates our
    growing profit potential.

    In an intensely competitive global capitalist arena, the drive to
increase profits is inevitably accompanied by an increased ruthless-
towards human beings and the environment. Like other multinationals
throughout the world, the Big Five and Dilco are in the rather idyllic
position of being everywhere and yet being everywhere and yet being re-
ponsible to nobody. They have huge interests in Hawaii, in Southeast
Asia, in Latin America and on the mainland United States, demand massive
governmental services and yet they manage to remain unaccountable. They
will close down agricultural operations which no longer fit into the
"profit picture" leaving thousands unemployed and entire communities
devastated. They will bribe Central American generals and Filipino
politicians to continue their lucrative operations. And they have ab-
solutely no loyalty or respect for the people who create the profits.
One can cite a few significant illustrations of this.

    In 1974, when Honduras, Nicaragua and Costa Rica announced their
intention to place a $1 per crate tax on exported bananas (a Panamanian
minister explained: "It would serve to alleviate the poverty that
abounds on the banana plantations)," the Castle and Cooke subsidiary
Standard Steamship and Fruit Company reacted violently. It called the
tax "illegal and uneconomic." Malcolm MacNaughton threatened to move
operations out of the whole region. "If necessary," he said, "there are
areas of the world other than Central America where bananas can be
successfully grown." The company also counterattacked by trying to undermine and disrupt these Central American economies, classic examples of dependency (Honduras, for instance, receives three-fourths of its income from bananas): 51

Standard Fruit first ceased the production and export of bananas in Costa Rica and Honduras putting thousands of people out of work and letting thousands of crates of fruit rot on the docks. The company threatened that it would stop all of its activities in these countries and refused to pay the tax. 52

The Panamanian government accused Castle and Cooke of plotting to assassinate the country's president and to overthrow the governments of Costa Rica and Honduras. 53*

A description of Dillingham's depredations against man and environment would fill tomes. In California, where the corporation has evicted thousands of poor people from core city areas in order to construct luxury apartment houses and office buildings for the affluent, one might touch upon the Mobile Country Club Estates as a good example. In 1969, four hundred and seventy-nine people, mostly aged and on limited incomes, were informed of their eviction from a San Jose trailer park to make way for a Dillingham hotel-office building complex. Since relocation would have been too costly, the residents (with the support of some outsiders) confronted Dillingham and local politicians with demands that the developer foot the relocation bill. One resident (who had lived in the trailer park for eight years and been promised a seventy-five year lease before

* A 1976 investigation by five Castle and Cooke directors revealed illegal payoffs by the firm to foreign officials amounting to $153,500 between 1971 and 1975. (Honolulu Star-Bulletin, July 29, 1976.)
being given an eviction notice) commented bitterly: "Dillinger used to steal from the rich and give to the poor, Dillingham steals from the poor and gives to the rich." The _San Jose Maverick_ which led opposition to the evictions editorialized: "Let's show these few who have the money that we can also talk loud. Let's stop this thief who thinks he can play God with people's lives." These San Jose residents generated enough power to force Dilco to reimburse them for relocation expenses, a "kindness" not shared by thousands of other Dillingham evictees.

Dillingham has also been cited by conservationists for destroying reefs and fish life in the course of its argonite mining in the Bahamas and in converting a bird marsh refuge at its luxurious Tahoe Keys residential development into a sailing lagoon without governmental permission. Indeed, after examining the military contracts which serve to bolster American domination over the Pacific and restrict the self-determination of Pacific peoples, the endless construction of luxury hotels and condominiums for the affluent, the laying of infrastructure in resource-rich nations to facilitate foreign corporate penetration, the Pacific Studies Center concluded that Dillingham's "primary rationale is profitability. When measured by other standards such as the relationship of these projects to real human need and their impact on housing and ecology they are simply bad projects." Their conclusion amounted to an indictment: "Dillingham thrives on war, racism and human misery." Noam Chomsky and Edward S. Herman have argued that a pattern exists in which "Human rights have tended to stand in the way of the satisfactory pursuit of United States economic interests--and they have, accordingly, been brushed aside systemically." They insist that "United
States economic interests in the Third World have dictated a policy of containing revolution, preserving an open door for U.S. investment, and assuring favorable conditions of investment.\textsuperscript{56} The behavior of the Hawaii-based multinationals would seem to support this analysis: They have found it quite advantageous to cultivate close relationships with a host of dictators and to locate their overseas operations in some of the world's most oppressive countries.

Malcolm MacNaughton, a confidant of Ferdinand Marcos, was on hand in the Philippines when martial law was declared and is a fervent supporter of the "New Society." MacNaughton realizes only too well the advantages of having a government in power which shoots or arrests labor organizers in the Dolefil plantation fields and arbitrarily violates the nation's constitution by giving companies such as Castle and Cooke a wide range of land and investment concessions. Likewise, when dictator Anastazio Samoza of Nicaragua (whose National Guard in the late 1970s was carrying out a campaign of terror against the Nicaraguan people in almost every town in the country) comes to Hawaii for a vacation, it is MacNaughton who escorts him around the plush spots of Honolulu. One should mention, in the same context, C. Brewer executive Wayne Richardson, former president of Hawaiian Agronomics, whose company held a half billion dollars worth of contracts in Iran. Richardson, sitting in front of a picture prominently placed on the back wall of his office of the Shah and Empress of Iran, was saying of the shortly-to-be-deposed Iranian monarch: "He is in my judgement one of the finest leaders in the world. He has run toward success in developing Iran at a pace no one else can match."\textsuperscript{57} Not a word dropped about the dreaded Iranian secret
police, the torture, the prisons, the immense corruption, the destitution and growing rage of millions.

Like multinationals elsewhere, the Island-headquartered corporations have been a primary force in the establishment of an international division of labor which supports dependency and underdevelopment. Whether one considers the myriad of Big Five agribusiness activities in the Third World--pineapple in the Philippines, coffee and spices in Guatemala, mushrooms in Brazil, bananas in Latin America, pineapple in Thailand, etc.--Dillingham's construction of infrastructure for multinational corporate extraction of minerals, the ownership by Alexander and Baldwin of tropical hardwood manufacture in Southeast Asia, or control by Davies and Castle and Cooke over key light manufacturing sectors in Southeast Asia, it becomes apparent that all of these serve to inhibit the growth of locally centered, diversified, mutually reinforcing economic structures characteristic of genuinely developed economies. Through their policies of investment and transfer of technology, the Big Five-Dilco-Bank of Hawaii-First Hawaiian group reinforce the historic dependence of nations like the Philippines and Honduras on monoculture economies controlled from the outside. This, indeed, may be the harshest legacy of Hawaii's multinationals to the people of the Pacific and beyond.

HAWAI I AS A MULTINATIONAL TARGET AREA

Hawaii does indeed play somewhat of a role as a gateway for capital penetration of the Pacific and beyond. Aside from the massive international operations carried on by the major kamaaina corporations, there are more than two hundred and fifty Hawaii-based corporations doing
business in the Pacific Rim. These are firms like the Hawaii Corporation which does construction, real estate and finance in Guam Micronesia and Australia and C. S. Wo, a $35 million a year Honolulu furniture operation, whose president Robert Wo comments: "You can't beat Southeast Asia as a manufacturing center for furniture...It has plentiful cheap labor and plentiful cheap natural resources. In some places you can still get good labor for 30¢ a day."58

Hawaii's principal role, however, is not as a capital base for the penetration of the Pacific Rim, but rather as a target of the Pacific Rim Strategies of Hawaii and overseas multinationals. Indeed, it was the multinationalization of the Big Five-Dilco complex which made this role inevitable. Hawaii is today simply an item on corporate balance sheets thousands of miles away. For John Seabrook, sitting in his office in Philadelphia, for the Jardine-Mathiesson executives on the upper floors of their office building in downtown Hong Kong, for the banking and insurance executives who own and finance Big Five-Dilco activities, their holdings in Hawaii are merely a major corporate asset to be exploited for maximum profitability. In practice, this means that the same ruthlessness in pursuit of profits that is the trademark of Big Five-Dilco overseas operations is also applied to their activities in the Islands. As a Big Five executive admits: "It seems that these old firms are now being guided less by a fatherly concern for Hawaii than by the standards of mainland business--stockholder, price earnings ratios and growth.59 Under intense pressures to demonstrate consistently high profitability, the Hawaii multinationals have pulled out all the stops from mining sand illegally to violating pollution laws on the disposal of
sugar refuse. Without doubt, however, their most ruthless maneuvers have been in closing a number of marginally profitable plantations leaving entire communities devastated and depression levels of unemployment and welfareism.

In January 1970, when C. Brewer closed down its Kilauea, Kauai sugar plantation, one laid off worker, Philip Panquiles (with a family of nine to support) sadly noted: "I drove truck, hauling sugar for 27 years. It's terrible to be without work." Another resident commented: "Now even the chicken fights have stopped because the man who kept the chickens have left." When Castle and Cooke announced in May 1971, its intention to terminate one-hundred and eight years of sugar production at the Kohala Plantation, a local woman described her reaction:

> For me, when I heard the news, I went home and I sat down, so stunned I didn't know what to do, I wanted to cry—but, do you know, it was too strong, the feeling I had. Even beyond crying. Khoala is such a pleasant place to be. Good air, no crowding...North Kohala seemed a very special, very precious place, and a place of promise...Can a corporation arbitrarily decide the fate of a community? whose responsibility in our modern industrial society, is people? (italics added)

In the wake of the plantation's closing, not only did an effort by Kohala workers to compensate for their lost jobs by locating employment in the tourism industry (and in some light industries established in the area with massive State subsidies) prove to be of little avail, but what had been a fairly tight-knit, cohesive plantation community began disintegrating. Divorce and crime were becoming major social dilemmas.

* In early 1972, as the Kahuku, Oahu Sugar mill was closing down, a popular local song went: "There was serenity in the country but that's being lost now. They're closing down the mill in the morning. And the workers' wives will weep their bitter tears. Mr. Progress has a different plan."
At a November 1977 news conference in New York City, Castle and Cooke President Donald Kirchoff told the press: "Don't quote me back home but...we're going to become strictly a tourist center." Indeed, literally everything pointed the newly multinationalized kamaaina companies toward making tourism-land development the base of their economic operations in Hawaii. Most importantly, of course, was the exceptionally high profitability in this sector. Throughout much of the 1950s, 60s and 70s, Island hotels have been near or at the top of the North American industry in occupancy and profit ratios. To use 1969 as an example, hotels in Hawaii had the comparatively high occupancy level of 75.6% and profit ratios after taxes of 27.5% (as compared to the national average of 19.8%). The figures for the following year showed profits per hotel room in Hawaii at $11,675, by far the highest in the United States. According to State statistics released in 1973, the profit ratio of Hawaii domestic corporations (in relation to taxability) taken as an aggregate figure, was 6.5%: Yet, in finance and insurance (both intimately related with tourism-land development), the figure climbs to 17.45%, and for real estate is 20.48% and services 13.26%. Overseas corporations engaged in real estate reported profits of 105%. In 1960, Lowell Dillingham told an interviewer from a national magazine:

We've all missed the boat in land development. Local managed interests could have done the developing that mainlanders and the hui are doing. The Big Five have plenty of land, but they've been so busy trying to keep the sugar industry in a profitable position they haven't had time or effort or money for much else.  

Within a few years of Dillingham's statement, however, the advent of new
Big Five ownership and management, not only committed to the eventual liquidation of agriculture in Hawaii, but to the building of a huge tourism-land development sector as the basis of their economic activity, made his words obsolete. By 1967, in fact, Dillingham was proclaiming that, "these islands may together build such a combined visitor recreation facility as the world has never seen with a multiplicity of resort complexes throughout the Islands;" a scenario that could only be realized with the massive involvement of the Big Five and their related estates. And it was clear that the Big Five-Dilco had targeted the Hawaiian Islands as a tourism-land development economy. The C. Brewer president (sent to Hawaii by International Utilities to drive up Brewer's dismal balance sheet) remarked, "Our job is to make the best profits we can from our assets and for us that means land," while one Brewer divisional executive described the firm as "a real estate corporation whose goal is to get the maximum return from all its properties." Brewer subsequently built several resorts on the Big Island. Meanwhile, Castle and Cooke was building its large subdivision development, Mililani Town, in Central Oahu and planning to transform its wholly owned 90,000 acre pineapple fiefdom, the island of Lanai, into a resort area. The president of Amfac was announcing: "We've got lots of land and we're going to have lots of hotels in Hawaii and in the Pacific." In the middle sixties, Amfac was beginning to invest substantial sums of money in constructing a sprawling series of resort developments along the coast of Kaanapali in Maui; an area where the company owns 15,000 acres. Kauai, with its substantial Amfac landholdings, shared this tourism focus.

Despite this impressive entry into tourism-land development, representing a significant break with over a century's reliance on agriculture,
the Big Five-Dilco, the estates and ranches were in no position to complete the transformation of the Hawaiian economy from agriculture to these new industries. Lacking the financial resources and the technical and managerial expertise required to develop and sustain a series of large resort-residential complexes oriented to an international clientele, they turned to some of the most formidable multinational investors and developers in North America and Japan to do the job. The State, of course, through a variety of policies (see Chapter eleven) was a prime vehicle in attracting outside capital to the tourism-land development sector; George Ariyoshi headed a 1971 mission to Japan specifically aimed at encouraging the inflow of Japanese capital to these industries, while at the Municipal Forum bankers meeting in New York City, in 1978, he was pursuing a familiar theme: "We welcome investments in Hawaii and we are eager for it." And large investors and developers, sensing the enormous profits to be made in resort and second home development in the Islands, were only too eager to enter the scene. One major mainland developer, Del E. Webb, in the course of talking about his alliance with Campbell Estate and the Prudential Life Insurance Company to erect a mammoth resort-residential complex along the North Shore of Oahu, voiced the enthusiasm felt by many outside investors:

I think our company is more enthused about this than any project we have had in a long time. I think the possibilities are unlimited, working with the Campbell Estate and Prudential. They have unlimited land and we have unlimited ability to develop it.

Collaboration between Hawaii's great landholders and outside interests entailed a multitude of different deals. There were genuine joint ventures between partners (i.e., Dillingham and American Airlines in the
Ala Moana Hotel project); there were also outright sales or leases of land by large landholders to overseas interests (e.g., Amfac's sale of Princeville, Kauai ranch land to the Consolidated Oil and Gas Company of Colorado and Laurence Rockefeller's purchase of land from the Parker Ranch to build the Mauna Kea Beach Hotel on the Big Island). There were complicated agreements in which partners were assigned specialized roles, as in the Kapalua resort complex on Maui where Maui Land and Pineapple provided the land, Rockefeller interests, the managerial expertise and the Bank of America and the Bank of Hawaii, the financing.

Two salient points inform the nature of the transactions taking place. First, these are deals in which land rich, but capital poor Hawaii-based corporations provide land (and local political influence also) to capital rich, but Hawaii-land poor overseas corporations which bring capital and resort development-management expertise into the bargain. Secondly, one must note that this relationship has not only placed a substantial (and increasing) segment of Hawaii's most dynamic economic sector under overseas corporate control, but it has reduced the Big Five, the estates and the ranches to a comprador role in the development of Hawaii, utterly at the mercy of investment decisions made in the advanced centers of capital. A good illustration of this was provided by the 1977 appearance of Phillip Spaulding Jr., President of Molokai Ranch before the board of directors of the Louisiana Land and Exploration Company in New Orleans to ask for a $2 million commitment of funds for a joint project. Molokai Ranch had sold Louisiana Land and Exploration thousands of acres for its Kaluakoi resort complex and had a "working agreement" with the firm. While Spaulding waited to present his case, he
became aware that the other item of business before the board that day was the question of its investing $446 million in a new oil and gas venture. Overwhelmed by what he had seen of the extent of his "partner's" financial power, a somewhat chastened Spaulding remarked, "When I heard about that other item on the board's agenda, I suddenly realized what a drop in the bucket Kaluakoi was to Louisiana Land."71

This situation is quite representative. Any realistic assessment of power must conclude that the relationship between Molokai Ranch and Louisiana Land, between the Parker Ranch and Laurence Rockefeller or Signal Oil, or Boise Cascade, between Maui Land and Pineapple and the Bank of America, between Ulupalakua Ranch and Seibu and between Campbell Estate and Prudential Life Insurance is hardly one of equality. The huge overseas multinationals inevitably become the dominant force in the relationship, mapping out programs of expansion from the home office in North America or Japan and controlling management and financing. They also are quite adept at recruiting some of Hawaii's most strategically placed politicians to their cause (i.e., Boise Cascade's John Ushijima, Signal Oil's David McClung and Prudential Life's D. G. Anderson).

The transformation of the old kamaaina corporate complex in Hawaii from local sugar agencies to medium-sized transnational corporations with far reaching interests has not (contrary to Lawrence Fuchs and other writers) acted as a force for genuine economic development and political liberation in Hawaii. Instead, as Cohen and Brown argue, "Multinationalization has led either to outright acquisition by outside interests or to a greater dependence on more dominant centers of international trade and investment."72 Like the cooptation of radical labor and the postwar
political elite, the multinationalization of the long dominant economic forces in Hawaii was a decisive step towards the integration of the Islands within the Pacific Division of Labor as a dependent tourism-land development economy.
AN EPILOGUE

CHAPTER THIRTEEN

HAWAII: A TOURISM SOCIETY

And as the years go by tourism will continue to grow stronger and stronger, providing ever greater benefits for those of us who live in the Islands.

James Morita
President
Hawaii Visitors Bureau 1964

Life today is sickening, youths go the school and learn what the Haoles did and what the Haoles taught the Hawaiians. People read the papers and read who built this, and who broke that, to build something called "Progress,"...Nowadays, it's the tourists who are important.

Sixteen year old Hawaiian girl
1972

No one can see the sky nowdays
when I stay Waikiki
Get buildings every place I look
More taller than one tree
I think so now they got too much
hotels in Waikiki,
dats why I say Ol' Molokai
is just the place for me

Poem by a Molokai youth
named Chino 1978

If tourism is supposed to help development then nobody has told tourism about it.

Herbert Hiller
Caribbean tourism thinker

Mass international tourism is a comparatively recent phenomenon. Dating only from the last quarter century--and intimately linked to the powerful post-World War Two expansionism of global capitalism--it has now established itself as the second largest item in international trade.
The 25 million international tourists of 1950 generating a $2.1 billion
industry, had become 169 million by 1970, generating $17.9 billion. ¹
Whereas the older prewar tourism had been mainly confined to exchanges
between citizens of the advanced capitalist countries, the trans-Atlantic
and inter-European trade predominating, the new mass tourism established
a substantial (and increasing) presence in the underdeveloped world.
Countries from Morocco to Nepal became the new focal points of mass
tourism. By the mid-seventies, the underdeveloped nations accounted for
close to one-fifth of all tourism activity. ² Indeed, according to
Crampon, more than one-hundred independent nations scattered throughout
the world are actively encouraging visits by tourists. ³

Within the context of this explosion in international tourism, under­
developed areas such as Panama, Mexico and Hong Kong found that tourism
had become their largest industry. ⁴ By 1977, the $3 billion dollar a
year Mexican tourist industry was responsible for 46% of that country's
total dollar earnings. ⁵ Jamaica, hosting 85,000 tourists in a (Jamaican)
$25 million industry in 1962--with a hotel room plant of 3,735 rooms--
was only a decade later entertaining 408,000 tourists in over 9,000
rooms, with a (Jamaican) $116 million industry. ⁶ Between 1950 and 1966,
the Virgin Islands tourism industry increased its revenues from $2
million to $65 million, while the Puerto Rican industry jumped from
$6.8 million to $39.6 million annually. ⁷ A strong commitment by the
Manila government to making the Philippines a major tourism center--
evidenced in the huge subsidies given by the Marcos regime to overseas
and Filipino investors engaged in resort development in the country
and extensive promotional activities--had a definite impact. The number
of tourists arriving in the Philippines increased by 46% in 1973 alone, and was well on the way to reaching the one-million figure by the end of the decade.  

The emergence of significant tourism sectors in the economies of Third World nations received the unqualified endorsement of a wide-range of analysts and commentators. To quote a 1961 United States Department of Commerce Report:

As a foreign exchange earner, as a job creator, as a booster for national income, as an increaser of tax revenue, international tourism is or can be an important economic tool

This enthusiasm for tourism as a prime instrument of development was also voiced by a Pakistani analyst who argued that "tourism is an engine for the overall growth of the economy because of its spread effects. The development of tourism is a unique tool possessed by the authorities in developing countries." A Filipino observer agreed. He wrote, "tourism is here to stay as a favorable factor in a nation's international balance of payments and its stability as an economy." Furthermore, in Latin America, where economic stagnation and the failure to industrialize and diversify the regions' economies had become paramount problems, some commentators viewed tourism as a likely panacea for a multitude of ills.

Two North American economists argued:

Development of an ongoing tourist industry provides an alternative to continued heavy dependence on traditional commodity exports. International tourism is of growing importance during recent years and has profound implications for economic development.

Finally, advocates of the position that tourism could be used to support Third World development often emphasized the "quick payoff" potential.
"One of the main attractions of investment in tourism for most developing countries is the shortness of the gestation period before an investment yields returns." 13

This point of view certainly was held by major international financial institutions, such as the World Bank. It established a Tourism Projects Department in 1968 to fund and advise (primarily Third World) resort enterprises. This view was also most assuredly held by those multinational corporations which came to dominate the global tourism industry in the 1960s and 1970s and proclaimed themselves to be leading protagonists in the development drama. Sometimes, in fact, their insistence on the primacy of their role in stimulating development amounted to an explicit denial of the existence of a genuine local culture or history previous to the coming of tourism. These promoters of tourism also refused to countenance the possibility that local developmental alternatives to tourism might prove viable. There was, for instance, this statement by the Caribbean sales director of Hilton International in 1972:

Without the large hotels, most of the Islands would dry up and blow away. Hilton, for example, is probably doing more to further local island cultures than anyone else, including the islanders themselves. 14

Conrad Hilton, himself, avowed that tourism was highly beneficial to the host societies. He commented, "as I see it, we are sharing the benefits of the American system abroad." 15 An announcement by Holiday Inns of the opening of a new property in Manila captures, not only the element of fantasy that is so intrinsic to the international tourism experience, but also reveals the essential arrogance of the industry's claims:

We opened a whole new land, untouched, unheard of and unseen wonders...And of course, Manila, the most happy-go-lovely, business-like city in the world. 15
INTERNATIONAL TOURISM AND DEPENDENT DEVELOPMENT

Despite the effusive rhetoric by its promoters, the international tourism industry has demonstrated that it does not exist to support genuine development. Critics of the tourism development model not only make an exceptionally strong case for the failure of tourism to play a dynamic role in any real process of development, but have also argued, most persuasively, that tourism in Latin America, Asia, the Pacific, Africa, and even some underdeveloped Western societies (i.e., Portugal), actually serves to maintain and intensify underdevelopment and dependency upon the advanced capitalist world. Thus the dynamics of contemporary international tourism and the industry's impact upon Third World societies are viewed as quite similar to those of metropolitan-dominated agribusiness or mineral extraction. In short, tourism reinforces the center-periphery relationship at every conceivable level and is inimical to the developmental interests of the underdeveloped.

A centerpiece of this critique is woven around the theme of overseas ownership, direction and control. As Britton argues, "tourism like many other export industries does not fulfill its development potential because it is strongly controlled by overseas interests." He continues, "just as tourist flows have tended to concentrate among a limited number of destinations, the capital, expertise and decision-making of the industry are increasingly concentrated in the tourist generating countries." Indeed, the peculiar structures of the international tourism industry lend themselves quite easily to metropolitan dominance. Not only are capital resources, technological and marketing skills, and delivery
systems located in the metropole, but also, as Metelka argues, "tourism is unique in that the would-be customer must decide to expend his valued resources of time and money BEFORE he actually consumes the product or service."17

Metropolitan control has also been enhanced over the last two decades by the steady absorption of large sectors of the tourism industry by multinational corporations. An industry spokesman observed at the end of the 1960s:

We are witnessing today...the invasion by some of the world's largest corporations into the travel business for the first time...This unprecedented infusion of billions into the expansion of the world's travel plant (is happening) at every level... 18

The multinationalization of international tourism was accompanied by a process integral to multinational corporate operations in other industries--vertical integration of production and distribution to increase profits. Lundberg notes, "Today, one company may own travel agencies, an airline, hotels, tour services and rent-a-cars."19

The great size and expansion of the largest international hotel chains, for instance, is an expression of the multinationalization process in action. An examination of the world's four biggest hotels, as of 1976 reveals their immense size and momentum toward growth. The Holiday Inns, with 1714 hotels and motels and 274,969 rooms, had increased its rooms by 50.7% since 1971. The second largest hotel chain, Sheraton (owned by International Telephone and Telegraph), boasted 109,000 rooms in 385 hotels--an increase of 82.9% in room capacity since 1971. The Ramada Inn's 94,621 rooms, distributed among 683 establishments, marks a room increase of 165.6% over five years before. By 1976, Hilton
controlled 61,632 rooms in 162 hotels, a 32.5% increase in rooms in five years. Much of this startling growth had occurred in the underdeveloped world. Holiday Inns have penetrated Africa, Latin America, the Caribbean, Mexico, Sri Lanka, Malaysia, and Tunisia. Hilton has operations in Latin America, Africa, Malaysia, Singapore, Taiwan, Hong Kong, etc., while Sheraton has moved into Latin America, Africa, the Middle East, Pakistan, Taiwan, Bangkok, etc. The increasingly massive presence of multinational hotel chains in the Third World has been of vital importance in limiting local participation within the tourism sector and in reinforcing the metropole's control over the industry. Overseas control of the hotels also means the repatriation of huge sums of money back to the metropole in the form of profits and dividends, and the perpetuation of capital scarcity in the tourism periphery. *Dollars and Sense* argues that:

...because the hotels are foreign owned the foreigners make the profits. The World Tourism Organization estimates that a minimum of 40% of gross hotel revenue fees to pay for imports and profits if the hotel is foreign owned and that the figure can soar as high as 75% or more.

The role of the international airlines is key in maintaining a Center-Periphery relationship between the tourist-generating and tourist-receiving world areas. The airlines, because of their primacy in long (and even medium)-distance tourist transportation, have of course occupied a paramount position in the international tourism field for a generation. This position is reinforced by the oligopolistic nature of the airlines industry; three airlines fly 20% of the world's revenue passenger miles (excluding the USSR and China) and the top nineteen airlines fly 60%. This means that certain airlines (e.g., Pan American, in Latin America
and the South Pacific) can virtually monopolize major tourism routes. Despite this, the middle to late 1950s found a number of major airlines in a tight profit squeeze. Pan American's net operating profits on its transAtlantic routes were only 8.5% in 1955 and other airlines were also experiencing a crisis of profitability.\(^\text{23}\) A combination of factors were responsible. First, there was an oversupply of passenger seats and a situation in which planes were flying at chronically under-utilized capacity. Secondly, the high overhead in operating aircraft was growing more rapidly than passenger revenues. Moreover, it was in this period that the airlines were paying off the first generation of high priced commercial jet aircraft.

Thus, the pressures to secure a higher pay load per plane and to develop new sources of profitability pushed the airlines toward introducing lower fares to broaden the airlines market, promoting new tourism destinations to attract this expanded clientele and, finally, to vertically integrating by controlling the hotels where their passengers would spend their vacations. By the 1960s, Air France, Pan Am, and Trans World controlled their own far-flung hotel empires, as did Alitalia, Lufthansa, Japan Air Lines, Scandinavian Air, Canadian Pacific, and UTA. According to Turner:

> There are virtually no major airlines left without hotel interests. Their logic is impeccable. The people they fly have to have somewhere to stay at the other end. Often the development of a new route depends on building hotels of the necessary standing...\(^\text{24}\)

The outward thrust of the international airlines into the hotel sector, and their primary role in opening and maintaining new tourism destinations (particularly in somewhat remote and "exotic" island settings), has been an important factor in reinforcing the dominance of the
metropole over tourism societies. An airline which largely controls the promotional activities for tourism to a Caribbean or South Pacific island, delivers the bulk of the island's "visitors," and owns one (or more) of its leading hotels, is—in essence—in command of that island's tourism process. The airlines are therefore in a position to make or break resort locations depending on how well that location is serving the interests of the airline corporation's general profit plan. Pan Am's role in "creating" Guam as a tourism location furnishes a good illustration. In 1973, the managing director of Pan Am for Japan said:

In 1967, Pan Am with a history of pioneering in the Pacific decided Guam could be a good destination for the tourist. Starting with a mere 2 flights weekly, Pan Am actively promoted Guam on the Japanese market... From virtually zero tourists in 1967, Guam will receive in excess of 200,000 tourists in 1973.

On the other hand, airline disenchantment can spell anything from trouble to disaster for tourism areas dependent upon airline transportation and promotions. In 1976, Quantas suddenly dropped the Vancouver-Papeete-Sydney route and substituted Honolulu for Papeete. Similarly, Air France discarded its Tokyo-Papeete route in favor of more profitable routes. In the case of some Caribbean spots, served by only one or two carriers, the decision by an airline to discontinue service has devastated the island's tourism industry.  

The same keenness to increase payloads (and therefore profitability)

* Pan Am's sudden withdrawal from Antigua before the 1974-75 high season provides an excellent illustration of this, but one might also cite Eastern's decision to discontinue flights to Ariba, Curacao, Kingston and Ponce. (Britton, p. 132.)
led the airlines to forge a multitude of complex links with travel agencies and tour wholesalers. Indeed, as Britton suggests, "the evolution of wholesalers and tour operators was an essential catalyst between increasing airline capacity and growing numbers of rooms in resort places."27 Today's travel agencies are truly "the basic marketing unit of tourism,"28 selling the services of different suppliers of transportation, hotels, sightseeing tours, packaged vacations and rent-a-cars. Their role as intermediaries between the mass tourist and the airline or hotel chain is now of crucial importance to the functioning of the entire industry. Indeed, their volume is quite startling. One study of Pacific tourism trends finds an "emphasis on a large flow of escape oriented tourists who utilize transportation and accommodation packages."28 This is confirmed by a 1970 industry survey which showed that 84% of all Pacific travelers made arrangements with travel agents.29 By the middle 1970s, United States scheduled airlines were paying travel agents over $925 million in commissions and over one-half of all airline sales were made through travel agencies. A comparable percentage of British tourists were also using travel agencies.30

The travel agent and tour wholesaler have become powerful entities on the international tourism scene. Given the wide spectrum of available tourism locations competing for the same clientele, they can arbitrarily direct their customers to one area at the expense of another. Britton argues that "many destinations have become highly dependent on mass marketers."31 What is more, organizations such as the International Federation of Tour Operators (IFTO), the Tour Operators Study Group (TOSG), and the Long-Haul Tour Operators Consultative Group (LOCG) are efficient
instruments in securing the adherence of tourism-receiving areas to "international standards." The IFTO was instrumental in the Spanish Government's decision to revamp its Majorca airport, the TOSG was primarily responsible for the construction of a vastly improved tourism infrastructure by the Tunisian Government and also able to delay tax increases on total bookings in Greece, and the LOCG has pressured the Tanzanian Government (among others) for upgraded tourism facilities.

The metropolitan agencies of tourism, the airlines, travel agencies, and tour companies have common objectives. Their overriding goal, of course, is maximum profitability. Since this can be obtained in the tourism industry only by maximizing occupancy of airline seats and hotel rooms, there is an internal logic here toward orienting the industry in the direction of large, easily manipulated package tour groups. These groups can be readily programmed into the appropriate slots of airlines, hotels and ground services. For the airlines, this is a guarantee that their costly overhead perpassenger seat will be reduced by consistently high occupancy levels. Furthermore, "to the travel agent, compensation by commission is a function of the time invested in the sale and all inclusive holidays maximize returns and minimize time allocation." All of this reinforces that tendency toward vertical integration of different segments of the tourism industry which was noted earlier. As one study by an international organization concludes:

It is important to ensure a maximum rate of occupancy of the equipment installed...The supplier of capacity cannot leave his investment at the mercy of the somewhat erratic movements of consumers...As a result, the need for investors to control demand induces them to organize the industry in the direction of vertical integration.

An important consequence of this drive to achieve economies of scale
in transportation and marketing is the ever-increasing size of the resort plant. In fact, over the last twenty-five years, the periodic enlargements in average hotel capacity calibrate quite nicely with the introduction of each new generation of larger jet aircraft. By 1977, 300 rooms was the average size of a newly opened chain-operated hotel.35 This is a trend which promises to intensify in the future. After a meeting of key representatives in the Caribbean tourism industry in 1977, Herbert Hiller, one of the most knowledgeable and articulate observers of contemporary tourism, commented: "It became apparent that the sense of the meeting was that the era of small hotels was over and the future lay with the chains."36 Runyon believes that a "developing pattern is appearing in the Pacific." He sees the rise of "self-contained resort developments, often including more than one hotel and associated with external man-made recreational facilities and often including land sales."37

Both the huge hotel and the sprawling resort enclave allow for little, if any, local involvement. With construction costs pegged at $75,000-$100,000 per hotel room, and the economics of filling large hotels demanding elaborate tie-ins with metropolitan airlines, travel agencies and tour operators, local entrepreneurs usually lack the capital and metropole contacts to play a major role in tourism development. Britton argues that "the primary consequence of increasing scale is the decline of or disappearance of local participation in the industry and concommitant dependence on external decision making."38 In this context, it is easy to understand Perez's comment that "outside small national elites, West Indians have not been able to secure access to the multi-million dollar (tourism) industry."39 For Hiller, the huge resorts exist
outside of the indigenous economy; they have "historically resisted integration into their local communities." He describes this phenomenon:

At 200 rooms and up they outscale their Caribbean places. Run by experts, dominated by oligarchs, expressly fueled by fantasy, but efficient for the overseas marketing apparatus, they are increasingly capital intensive and dependent on a degree of technology which virtually rules out domestic supply sources. It is increasingly an industrialized travel experience.

Overseas domination of transportation, hotels, tour services, and even retailing in the tourism sector has had profound consequences for the development of those nations which have made tourism a primary foundation of their economies. Decapitalization is a major problem. According to Perez:

Tourism has contributed little to economic development in the West Indies. The industry is foreign owned and controlled from abroad...Tourist expenditures, in short, do not remain within the region but are repatriated to metropolitan centers. For every dollar spent in the Commonwealth Caribbean 77¢ return in some form to the metropolis.

Owen Jefferson, the Jamaican economist, supports Perez here:

It is instructive to note that in Jamaica for the period 1959-69 the amount of investment income accruing to foreigners exceeded the capital flow into the country.

During the last generation, tourism played a positive role in a number of relatively developed nations in bringing in needed capital and in reinforcing certain vital economic sectors. This would certainly apply to post-World War Two France, Italy, Spain, and perhaps even, Greece. Tourism's positive contributions to the development of these countries can be largely attributed to two major factors. For one thing, there was strong local control over significant segments of the industry. Secondly, an industrial and agricultural base existed capable of supplying the tourism industry's needs. The presence of these elements meant
that tourism revenues would circulate within the nation and could be mobilized for diversified development. However, this is not the case in such recently arrived tourism societies as Jamaica, Bermuda, Bali, Fiji, etc. These are areas with underdeveloped (or non-existent) industrial bases, producing agricultural staples which are somewhat unfamiliar (and therefore usually unpalatable) to foreign visitors. More importantly, their tourism industries are largely controlled by overseas multinational corporations with strong links to metropolitan suppliers for everything from hotel construction materials to foods.* In the absence of vitally important internal linkages between the tourism industry and other sectors of the local economy, the tourism society remains simply a tourism society. Overdependence upon tourism, uneven development, and lack of economic diversification are the hallmarks of such a society.

In this context, the recurring capital shortages and foreign exchanges crises experienced by tourism societies become readily understandable. The overseas-owned resort does, in a real sense, constitute a "different country" apart from the geographical area in which it physically resides. It necessarily directs its purchases toward its real home base. Perez regards the linkages of resort to metropole as being in the interests of metropole development only:

The large import component necessary to support tourism in the West-Indies serves at once to sustain metropolitan growth and foreign imports, while reinforcing economic development. Imported materials, food prepared abroad, and expatriate staffs make up the invisible support system.

* One might note here that three-quarters of all the food eaten in Jamaican hotels is imported, a fairly typical figure for many tourism societies. (Britton, p. 197.)
The situation of the Bahamas, to take one example, would seem to bear out Perez's assertion that "expanded United States exports to service the growing number of North American travelers has been the dominant feature of tourism in the West Indies." During the years from 1959-70, while Bahamian tourism was increasing by five-fold, its imports were quadrupling and its trade deficit was also quadrupling. The Bahamas had become a tourism society "dependent entirely on foreign imports"—more than half of which came from the United States. 44

Even Jafari, a somewhat ambivalent supporter of tourism as a force for development, recognizes the destructive effects of huge imports from the metropole to support the tourism industry. His emphasis is upon tourism's "demonstration effect" on the local residents of the tourism society who are integrated into advanced capitalist consumer values through the presence of consumption-oriented tourists. He states that:

...it seems apparent that tourism, among other things, is an agent which prematurely increases the expectations and consumption of superior or foreign goods in the host developing countries. The savings of the country which could have been used in basic economic activities needed for economic development are reduced and 'leak' out of the economy.

In view of the "demonstration effect," and also of government subsidies to tourism developers, Jafari concludes that "it may be that the developing countries are experiencing an overall net loss from tourism." 45

The governments of the tourist-receiving nations play a key role in guaranteeing the profitability of overseas investments in the industry. From Senegal to Fiji, the administrative and economic elites which rule have created optimum operating conditions for the tourism developer.
Outright investment grants, accelerated depreciation allowances, tax holidays, duty exemptions, and free public land are widely used as incentives. Perez, in fact, argues that "tourism is operative only through the collaboration of West Indian Governments with metropolitan agencies. Caribbean politicians underwrite underdevelopment and increasing portions of national expenditures are committed to sustain the conditions demanded by the tourism industry."46*

In typical multinational corporate fashion, metropolitan tourism interests use their immense leverage to manipulate tourism societies into providing ever greater incentives. Britton comments that tourism "investors historically used the existence of incentives in other places as a bargaining tool," while Bryden suggests that in the Caribbean a "bandwagon effect was successfully induced by foreign capital."47 Bugnicourt, much of whose research has been focused upon African tourism, considers this "unequal participation between tour operators and Third World countries in which costs are borne by the state." He says of this relationship:

The tour operators set them in competition against one another, encourage them to construct airports, highways, hotel complexes, pile on subsidies and tax exemptions. To achieve these things, the local authorities are frequently obligated to borrow and to pay interest for years on end. 48

During the 1970s, when economic malaise in the advanced capitalist

* This situation is by no means limited to the Caribbean. One student of Fijian tourism finds a pattern in which "private investment runs the profit centers (airlines, hotels, etc.). And the 'free' goods are left to the public sector (infrastructure)." (Tony LeFebvre, The Pacific Way, p. 219.)
world combined with local popular antagonism against tourism (especially in the Caribbean) to undermine the profitability of some overseas tourism investments, the tourism society governments were forced to assume even greater financial burdens to guarantee an "adequate" return to outside investors. Since tourism had become the heart of their developmental strategies, the local elites in power could not allow it to stagnate or fail. Hiller's analysis here is quite lucid:

The high costs of fantasizing in the tropics is getting out of hand. So far it has been the cost to the tourists. Now it becomes costs to the governments dependent on tourists showing up...New is the cost to bail out the hotels, built in the self-confidence of industrial society from where their promoters come that endless growth would produce an endless stream of escapists ready to pay the price...For whatever else 'development' means it's going to have to mean governments putting up cash and contracts if the jobs geared to such folks 'fantasy' are to continue.

The creation of jobs for a rapidly expanding labor force was a major rationale cited by those elites which collaborated with metropolitan agencies in transforming their areas into tourism societies. The pattern of tourism employment in the Third World, however, has been vastly different than they envisioned. In reality, only a very limited number of jobs are generated by tourism which is increasingly a capital-intensive industry. This is particularly true when other economic alternatives are considered. Indeed, "recent studies have demonstrated that the number of jobs created by money invested in tourism is less than in the manufacturing and agricultural sectors of the economy." Moreover, the employment available to locals is predominantly in the most menial and lowest paying positions, jobs with no potential for upward mobility whatsoever. Bugnicourt charges that tourism developers "exploit the severe under-employment" of the Third World" so as to keep the remuneration of people
working in the tourist trade at a low level." Along with a number of other analysts of contemporary tourism, he feels that the relegation of locals to the worst jobs in the industry (while top and middle management are imported from corporate headquarters in the metropole) is part of a much greater process which in general downgrades and demeans local inhabitants and their culture in relation to outsiders. Bugincourt refers to this as the process of "flunky training."

Since tourism and its associated industries are incapable of providing an adequate number of jobs, unemployment and underemployment are endemic in tourism societies. In Puerto Rico, the unemployed number at least one-third of the labor force; the figure in Jamaica is over one-quarter. One response has been seasonal or permanent emigration in search of work. Between 100,000 and 200,000 Puerto Rican workers now reside in the United States, while thousands of Jamaicans now harvest crops in the United States as migrant workers. Between 1953 and 1960--expansive years for Caribbean tourism--over 150,000 people emigrated from the Commonwealth Caribbean. Naipaul, the Trinidad-born writer, describes this painful exodus in his novel, The Mimic Men:

For those who lose, and nearly everyone in the end does, there is only one course: flight. Flight to the greater disorder, the final emptiness: London and the home countries.

The domination of metropole over the tourism society also has powerful cultural manifestations. According to the anthropologist Davydd Greenwood:

The commodification process does not stop with land labor and capital, but ultimately tends to include history, ethnic identity, and cultures of the people of the world. Not content to commoditize land, labor and capital, tourism packages the cultural soul of a people for sale along with
Greenwood's argument is that "local culture...is altered and destroyed by tourism's use of it as an attraction. It is made meaningless to the people who once believed in it." This is very much in accord with Herbert Hiller's emphasis on "the integrity of place." For Hiller, it is tourism's violation of, and contempt for, the sanctity of "place" (by which he also means a society's institutions and living patterns) that is at the heart of the industry's destructiveness.

The debasement of Man in his place wherever it occurs is a pathological encounter. We can tell how we regard ourselves by how we regard our places. It is the sum of local integrity on which global well-being depends.

In the cream-colored concrete resorts, in the modernistic new airports, and in the new tourist boat harbors, all designed by the metropole for metropolitan visitors, and indistinguishable from each other whether in Nairobi, the Yucatan or Penang, we see the personification of what Britton calls, "the trend toward homogenization of landscapes." In Balinese "folk festivals," Nepalese animal sacrifices and Fijian fire dances, we see what MacCannell labels "the staged back region" and "touristic space." As it becomes impossible for the visitor to disengage the authentic from the ersatz, it must ultimately become impossible for the local person as well. The transformation from a place with integrity to a tourism society occurs with remarkable rapidity--witness the enormous physical and psychological changes in southern Bali in the early 1970s--leaving the local inhabitants in the midst of a profound identity crisis. Old values are discredited and a gaping vacuum ensues. Fiji provides one example. There, prostitutes earn more each night servicing foreign visitors (drawn to experience the widely-trumpeted charms of
"exotic" women) than do their brothers and fathers in the fields and workshops in a week of labor. A study of this situation concluded: "We can say that an expansion of tourism will be associated with an increase in prostitution."60 Given this kind of social disintegration, one finds this remark by a Caribbean political leader readily understandable:

The tourist dollar alone, unrestricted, is not worth the devastation of my people. A country where the people have lost their soul is no longer a country--and not worth visiting. 61

After the initial euphoria surrounding the arrival of tourism had subsided, it was remarkable how rapidly and in how many different tourism societies, the industry became the target of popular revulsion and hostility. Hiller comments that, "security is paramount in the Caribbean. When tourism has been around long enough to reveal itself, the people assault it."62 Local residents were told during the embryonic stages of tourism penetration, that this was an industry which represented a profound opportunity for them; decent jobs, steady employment, and a chance to acquire new skills. It was not long, however, before they realized that what few jobs did materialize were in the most menial, dead-end areas of employment: Positions of authority and of potential advancement were the preserve of imported foreigners. Moreover, they found that tourism was having an inflationary affect on the general price structure. Jafari explains that "tourists usually tend to pay gladly for many over-valued tourism products whose prices nevertheless are lower than the prices they would have paid...in their own countries."63 According to Jefferson:

In all Caribbean countries tourism has exerted substantial upward pressure on the price level and in some has lead to
the alienation of land on a scale which is begin­ning to cause alarm.

Thus, unemployment and underemployment remained the lot of a great many during a time when the cost of living was rising significantly. Locals were also being exposed to the "demonstration effect." Mass consumerism had arrived on their door step, personified by the tourist, yet only the wealthy outsiders and tiny local elites had access to the host of new commodities being displayed in downtown shop windows. In some places the immigration of even poorer neighboring islanders willing to labor in hotels and restaurants for a pittance caused friction and antagonisms between different national groups. This occurred for example in the Virgin Islands where in the early 1970s, 45% of the entire labor force were foreigners. In response to economic deprivation, thousands continued to migrate from the tourism societies to the metropole each year (particularly from the Commonwealth Caribbean to the United Kingdom), but even this possibility was ending in the seventies with the construction of the British economy and the enactment of racist legislation.

There were other profound grievances nurtured by the rise of tourism to dominance in various areas. Local residents found their favorite beaches and recreational places, their fishing grounds, and cultural facilities usurped and polluted by the tourism industry. Sometimes, local resources were quite blatantly diverted to service the new industry's needs. In Djerba, Tunisia, for instance, where 80% of the households have no running water, a complex of ultra-modern hotels receive 20% of the regions's water supply. The affluence of the visitors, in comparison to the locals, and the ostentatious display of their wealth, is a constant affront. Jafari comments that "the luxury required by a travel
industry for its clients may exacerbate any feelings of resentment toward foreigners which local people may already possess."\(^{67}\) In Fiji, among other provocations engendered by this disparity in wealth between local and tourist, is the always sensitive element of sex.

The more young local girls are attracted into associating with visitors, the less accessible they are to local men, who quickly resent the privileged access of foreign men to 'their' women. Signs of this resentment are already apparent.\(^ {68}\)

For the residents of the sprawling shanty towns that proliferate from Kingston to Suva, and from the Mauritius to Port of Trinidad, the overseas tourists in their country, so affluent and so inaccessible in their modernistic hotels and gleaming tour buses, provided an easy symbol of everything that frustrates their personal lives and mocks their culture and values. Turner says of the tourists: "rich, white and capitalist, they lie in the sun unconsciously symbolizing the whole structure of oppression..."\(^ {69}\) In this situation, even well-financed propaganda campaigns by tourism society governments to make the industry appealing to their peoples have little success.* One Jamaican official went so far as to call for a "massive effort...to sell the industry to our people, starting with children in the schools; a public relations firm should provide the expertise."\(^ {70}\)

By the late 1960s and early 1970s, local antagonism to the tourism developmental model started to assume a distinctly violent and even revolutionary character. The major (but by no means, only) focus of this

* The Zinder Report specifically recommended that Caribbean tourist boards implement internal promotion programs that "will explain what tourism is all about," in order to prevent tourism from becoming a "political issue." (Britton, p. 197.)
was the Caribbean, where nationalist and Marxist forces had built a considerable base of support. An urban insurrection broke out in Trinidad with armed students, workers and dissident soldiers on one side, confronting United States--armed local troops on the other. Hotels were bombed in Puerto Rico and commandeered by armed locals in Jamaica. Street violence in Guyana forced tourists to remain inside their hotels, while a number of tourists were assasinated in St. Croix. Tourism, or rather the failures of tourism to deliver on its early promises of economic and cultural development, were at the core of these eruptions. "Live black and proud," said one radical leader; "tourism is whorism." ⁷¹ If tourism had not succeeded in bringing adequate and meaningful employment to the Caribbean, if it had not furthered economic equity, or provided foreign exchange for economic diversification, it had succeeded in evoking a terrific antagonism that was easily translated into radical, anti-imperialist political movements.

Throughout the 1970s, various incidents pointed to the animosity of Third World people towards tourism and what it represented. In Bermuda, an almost prototypic tourism society, the hanging of two young local men in late 1977 (one of whom was accused of murdering the island's governor), crystallized the deep resentments held by many. A rampage of violence followed in which young Blacks hurled molotov cocktails into non-union establishments and burned non-union warehouses. The Manchester Guardian correspondent at the scene wrote, "The disturbances focus worldwide attention on the problems and grievances of the mostlyBlack residents of a resort island governed by a small white elite." ⁷² In El Salvador, the government's director of tourism, who had been engaged in substantial
promotional campaigns designed to make the country a tourism center, was kidnapped and executed by the People's Revolutionary Army.73 And in November 1978, when torrential rains drove them from their ragged, collapsing shelters, five-hundred New Delhi slumdwellers forced their way into a luxurious hotel and seized an area of it for shelter.74

Along with popular rage came new doubts among the elite. This occurred even in the Pacific Rim, where tourism was declared to be "the area's richest growth industry and its most promising magnet for foreign exchange."75 Tom Davis, a political leader in the Cook Islands, strongly questioned the impact of overseas-controlled tourism upon his people.

Let us examine foreign investors...They will take all they can from us. They have no blood or national bonds with us and we can be certain that they will follow the practice of highest profits at the lowest cost...We can further predict that we will become servants and not masters in our own country.76

Meanwhile, a prominent Tongan intellectual was proposing "a pooling of economic sovereignty in the South Pacific to create a "fully viable integrated economy." He commented, "It is quite clear that economic development and economic independence in capitalist frameworks have been always and everywhere unattainable."77 A. Faiivae, Director of Tourism in American Samoa, said at a conference in Honolulu, "the Westerner's only goal is to make a profit. I sincerely believe as a traditional Samoan that the people should be protected from the exploitation of the Western civilization."

After almost a generation of deep personal involvement in the tourism industry on a multitude of levels, Herbert Hiller came to this conclusion:

...the objectives of development stand as obstacles to
conventional tourism. Development presupposes people taking charge of their own lives, while the financial, physical and the moral framework of tourism demands that values of volume, standardization, predictability and escape predominate. The one looks inward to work with local resources, while the other insists on programming the approach to fit the universal machine.

International tourism means *dependency*. Hills and Lundgren tell us that, "seen from the viewpoint of geographical methodology, a major characteristic of international tourism is the center-periphery syndrome."79 Through their apparatus of airlines, banks, travel agencies, tour wholesalers, international financial institutions, et. al., the Center, or tourist-generating regions, in the advanced capitalist world, organize and dominate the tourism industry. Not only does the tourism-receiving periphery lack any real control over the principle institutions and agencies of the tourism industry (most of which are located outside the host country), but the internal linkages necessary to make tourism an instrument of real development are also absent. Indeed, in the face of vertically-integrated multinational corporate tourism, the role of the tourism periphery is restricted to providing land, cheap labor, and governmental subsidies to the tourism developer from the metropole. The Center maintains dominance over financing and construction of the tourism plant, marketing and promotion of the tourism product, delivering the clientele to their appointed resort niches, escorting them around the resort destination, and finally, returning them to the metropole. Within this framework of dependency, governments and public institutions in tourism societies cease to perform meaningful roles and become utterly subservient to foreign interests. The Guyanese economist Havelock Brewster argues that 'Trinidad and other similar societies can hardly be said to
possess an *economic system* in any customary sense at all." Brewster believes that "a predictable cluster of institutions develop, whose very physical presence is projected as the living symbols that governments govern, central banks, tourist boards, etc. They function but do not function." 80

The most striking evidence of tourism society dependency lies in its vulnerability to changes at the metropole. Britton writes:

> Just as European and American manufacturers turn to synthetics when tropical agricultural prices rise markedly, tourism organizers in the metropole will substitute one destination for another...The industry itself considers tropical destinations to be substitutable. 81

In the 1970s, for instance, when the metropolitan tourism agencies became somewhat disenchanted with those same Caribbean destinations which they had so assiduously promoted (into major resort areas) during the previous decade, these islands found their tourism industries either stagnating or in actual decline. Between 1970 and 1976, the great tourist "discoveries" of the sixties were hardput to maintain their clientele: Antigua suffered an 11% loss in arriving tourists, the Virgin Islands lost 13%, while the Bahamas, Jamaica and St. Vincent achieved a total growth rate under 10% during these half-a-dozen years. If unstable economic conditions in the metropole and local violence against tourists were contributing factors here, so was the decision by travel agencies, tour wholesalers and airlines to deemphasize these islands as destinations. 82 Since the tourist demands "perfect" political calm and serenity, metropolitan governments and media can also have a devastating impact upon local tourism economies. In 1976, during a time
of intense political controversy and agitation in Jamaica, the United States State Department "unofficially" advised an American tour company against sending tourists to Jamaica, advice which the firm heeded. A decade earlier, a series of articles in the United States press about the allegedly "unstable" political situation in Jamaica was estimated to have cost that nation's tourism industry over $30 million. 83

Since tourism is based upon discretionary spending, it is inherently tied—even more closely than are other industries—to the economic cycles of capitalism. This is particularly true of resorts located at considerable distances from the metropole which rely upon visitors who are willing and capable of spending large sums for transportation as well as accommodations. The economic recessions of the 1970s in the advanced capitalist countries revealed exactly how vulnerable tourism destination areas are to economic downturn at the Center. In 1973, after six years of striking tourism growth in Guam, the governor of the island was proclaiming: "We are still trying to develop to the maximum...The decade of the 1970s promises to be a blue ribbon for Guam. In line with our desire to make Guam a tourist mecca, we are pooling our resources and know-how to achieve that mecca." 84 Shortly thereafter came the most severe recession of the post-World War Two capitalist period and the virtual withdrawal of Guam's Japanese-dominated tourist clientele. "Tourism is down and Guam's economy is suffering," said one report. 85 By 1977, unemployment rates were over 13%, and the government of Guam, running large budgetary deficits to prop up the disintegrating economy, was laying off public workers and defaulting on loans. With much of the 2,500 room hotel plant empty, hotel
bankruptcies and sales were the order of the day. The governor of Guam could merely shrug, saying, "our problems are the result of worldwide economic problems." 86

Across the Pacific in Fiji, the story was similar. In 1970, a government minister was announcing that "we have put tourism in to Number One priority along with agricultural development." He continued, "We see tourism as being something vital to our economy in the future. We realize that we must put our heart and soul in the industry." 87 By offering an impressive package of incentives, including construction subsidies and rebates on investments, the Fijian government did succeed in attracting substantial overseas capital in the person of such multinational tourism giants as Slater-Walker, Jardine-Mathiessen and American Airlines.* By 1976, however, as a consequence of the global capitalist recession, Fijian tourism was in the doldrums and this was having serious repercussions on the nation's general economy. According to the mayor of Suva:

We've come to rely rather heavily on tourism for our economic strength, but the last year and a half have been close to disastrous for us. Tourism is down in Fiji as it is almost everywhere else. 88

The failures of international tourism to support authentic development are legion. This is an industry whose benefits are almost entirely monopolized by the metropole tourism complex of developers,

* The policy of attracting overseas capital to Fiji was so "successful" that, by 1973, it was discovered that "97% of paid up share capital in Fiji is in overseas owned companies. One of the most alarming aspects of the distribution of wealth which is created in Fiji is the degree to which this wealth flows overseas." (The Pacific Way, p. 114.)
hotel chains, airlines, travel agencies, tour companies and financial institutions, along with the local tourism society elites which receive sufficient compensation to assure their loyalty to the developmental model. In the last analysis, the most devastating long term impact of international tourism on these societies is that it eliminates alternatives for real developmental strategies. Indeed, it may be that the "opportunity costs" of tourism are truly its greatest costs to the underdeveloped of the world. One can make a very strong argument to the effect that if today's tourism societies had invested their terribly scarce resources in building the foundations of a balanced, equitable economic structure--instead of squandering them in efforts to attract overseas tourism developers--both the stability of their economies and the welfare of their peoples would have been immeasurably enhanced in comparison to what did happen. And we do know what did happen. A brief remark by Herbert Hiller sums it all up quite well: "If tourism is supposed to help development then nobody has told tourism about it."89

HAWAII'S DEPENDENT TOURISM SOCIETY: AN OVERVIEW

To describe the dependent tourism society is to describe contemporary Hawaii. Indeed, this is the role Hawaii plays within the international division of labor to the hilt. Although it is not within the purview of this study to provide an in-depth analysis of dependent Hawaiian tourism, this is a subject which nevertheless urgently demands attention. In the remainder of this chapter, I intend to sketch
in rather broad strokes, the dominant structures and implications of the transformation of the Hawaiian Islands into a tourism society.

Even in an overview of this kind, the case can still be made that the dynamics and institutions of Hawaii tourism do not differ essentially from those in the Third World tourism societies already discussed. Virtually every economic, social and political manifestation of dependent tourism to be found in Jamaica, Puerto Rico, Guam, and Fiji is also present in Hawaii. This includes overseas control, direction and ownership over the major sectors of the tourism industry, the dominant role played by the metropolitan agencies such as airlines and travel agencies in establishing and maintaining a tourism destination, the huge governmental subsidies and low tourism industry wages necessary to maintain the profitability of outside investors, and the overdependence upon tourism which makes for uneven development and vulnerability. There is also the social crisis caused by tourism's ravishment of local culture, environment, and lifestyle, as well as the accentuation of certain patterns of unemployment and immigration-outmigration. Finally, there are the opportunity costs of a tourism industry which monopolizes public resources and excludes other alternatives.

The paramount feature of Hawaii's tourism industry is its overseas ownership and control. This is a trend which developed after the end of World War Two and has been sharply intensified during the course of the last two decades. Sommerstrom comments that:

The increasing scale of the tourism industry in Hawaii has been mirrored by changes in its corporate structure. Local hotels and local chains have been bought out by big international chains. Large corporations have important advantages in financing and purchasing which more localized operators lack. The airlines have purchased
major hotels and have also bought into tour businesses.

This analysis is echoed by a State Department of Planning and Economic Development report of 1972, which noted the tendency for the tourism industry to become "vertically and horizontally integrated through interlocking directorships and holding company operations." The report explained that this geared these corporations toward the "maximizing of profits not just for one activity but for a whole series of transactions." 

THE HOTEL SECTOR

A remark by Amin is useful in helping us to understand the motivations behind the massive penetration of Hawaiian tourism by overseas capital. "Any theory of capital movements," he argues, "must base itself on an analysis of the rate of profit, since it is the rate of profit, and not interest, that governs investment." It was, in fact, the immense profitability of the Island hotel sector, in the decade and one-half after 1945, that led to its takeover by overseas interests. Occupancy rates in Waikiki between 1946 and 1954 averaged a most respectable 83% and in the 1955-60 period were in the 75%-80% range. This placed Hawaiian hotels rather consistently among the most profitable in the North American industry. What made investments in the Hawaii hotel plant even more attractive was the fact that the highest occupancy rates were usually recorded in the largest, most luxurious hotels in the Islands—exactly the kind of hotels which the big outside investor intended to develop. Even after the initial spree of massive
building in Waikiki during the mid-sixties, occupancy rates in the area (90% occupancy of Waikiki hotel rooms in 1967 and 89.2% in 1968) still remained far above North American averages. The impetus for investment was clear.

The emerging postwar giants of international tourism rushed in to fill the "vacuum." First came Sheraton, which purchased a string of hotels from Matson Navigation and laid plans to build its own. At the time of Sheraton's massive entrance into Hawaiian tourism, the corporation's president made an interesting remark which tells us something important about Sheraton's relationship to Hawaii. He said of his new holdings in the Islands: "I don't know whether it will be a Hawaiian corporation, or California or Delaware. It's up to the lawyers to figure out what is most advantageous." Hilton, Hyatt, Inter-Continental, Holiday Inns, Western International, and Ramada Inns would follow soon after. When in 1971, a concerned group of Hawaii-born students on the mainland voiced their apprehensions publicly about overseas economic control in the Islands, they saw tourism, logically enough, as the trojan horse within the gates.

The resort development industry is the grossest example of mainland economic encroachment. If the present trend continues, most of the major hotels and resort areas will be under mainland control.

By the end of the decade, their fears were being realized. An April 1978 survey of the major hotel operators in Hawaii revealed that not only was Sheraton the largest hotel operator by far, but that at least six of the Islands' ten top hotel operators were overseas-based. However, even this obscures the real extent of outside control over the hotel sector. For not only is one of the remaining four operators a
subsidiary of a predominantly mainland-owned Big Five corporation, but all of the four are dependent upon overseas capital for financing. Moreover, not only are an absolute majority of the hotel rooms in Hawaii owned, financed and operated by overseas corporations, but these are rooms which are located in the most modern, highly capitalized, high occupancy and high profitability sector of the hotel business.

As is true in the Caribbean, the South Pacific and other areas of mass tourism, the age of the 707, the 747, and the computerized packaged tour can be nothing less than the age of the vertically integrated tourism monopoly. Is it realistic to expect that small, independent, locally owned guest establishments in Hawaii can compete against hotels like the 600 room Pan American Airways' Maui Intercontinental? Its general manager remarks, "we market through Honolulu and mainland sales offices, as well as in-house at our other hotels, especially in Australia, New Zealand and Japan."98 In planner Williard Chow's opinion, "vertically linked national and multinational corporations have come to dominate the industry making it increasingly difficult for independent local establishments to compete."99 By 1975, the hotel chains controlled three-quarters of the larger (over 100 room) hotels in the Islands and a definite majority (60%) of the entire room plant in the state. The influence of the chains and the drive for economies of scale in transportation and marketing also contributed to the steadily increasing size of the average hotel. The average room capacity of hotels in Waikiki had been 28 in 1946, thirty years later, it was 129. In the decade between 1966 and 1976, the average size of hotels in Hawaii more than doubled--from forty-three rooms to ninety-three
rooms. 100

This pattern was accentuated by the enormous costs of building hotels—the president of the Hyatt Corporation comments that "hotels are too expensive for mere mortals to build—and the reluctance of major financial institutions to invest money with any but the largest and best known hotel operators and developers, i.e., Rock Resorts, Hyatt, Hilton, Holiday Inns, etc. 101 The principle corporations and banks in Hawaii also lacked the resources to construct modern resort complexes and were forced into agreements and "partnerships" with major overseas interests. According to one governmental report:

Even Alexander and Baldwin viewed Wailea as too massive a project to undertake themselves and thus entered into a development partnership with Northwestern Mutual Life Insurance Company.

The inavailability of financing precludes all but the most substantial and venturesome of developers from participating in resort development projects. The equity required in the beginning of the resort development and the futuristic nature of returns cause this to occur. 102

In Waikiki, overhead costs are so enormous that new hotels must be of truly monumental size and feature a wide range of shops and restaurants to generate adequate return. Built during the early seventies, the three-hundred foot Sheraton Waikiki, costing $45 million and financed by a Bank of Hawaii-organized consortium, was a landmark in this trend. More recently came the spectacle of the ten story Biltmore (regarded as a giant in the 1950s) being dynamited to make way for the $67 million Hyatt Regency with its 1260 rooms on twin forty story towers, five restaurants, five cocktail lounges and seventy shops. Financing for the Hyatt was also secured by the Bank of Hawaii (playing its
customary *comprador* role to overseas capital) which organized a consortium consisting of some of the largest financial institutions in North America, including the Bank of America and the Wells Fargo Bank. The fact that the Hyatt chain operates fifty-one hotels around the world and is controlled by the Pritzker family of Chicago (which is also deeply involved in steel, manufacturing, lumber, real estate and magazines) undoubtedly played an important role in the decision of the various consortium members to back the project.\(^{103}\)

**THE DESTINATION RESORT**

The strong movement of Hawaiian tourism away from its historic concentration in Waikiki and towards developing destination resorts, reinforces overseas multinational corporate domination over the hotel sector. In Hawaii, as in Fiji and a number of other areas where destination resorts have gained favor with developers and investors, land development schemes have become an integral part of the tourism business. Hotels provide the initial attraction for affluent visitors who then (according to the scenario) can be persuaded to purchase the condominium units, townhouses and single family homes being constructed in the area adjacent to the resort. Rather than the hotel being the center-piece of the destination resort, it is utilized by the developer as a draw for the really lucrative commerce in land and housing units. Indeed, when one destination resort developer, Consolidated Oil and Gas Company of Colorado (at its Princeville, Kauai complex), committed the cardinal error of building residential housing in advance of the hotel, land sales stagnated. Once the hotel opened for business, the
market for Princeville's townhouses improved immediately, causing the president of the company to admit that the development had been done "bass-ackwards." A report by the City and County of Honolulu Department of General Planning points out the primacy of land-housing sales rather than tourism in the destination resort concept.

Thus it is common for a resort developer to plan hotel development as a 'loss leader' which will enhance the profitability and marketability of resort housing. Housing development may be profitable, but it may be even more profitable with the intangible benefits accruing from its resort orientation.

The Hawaiian destination resort is, of course, based upon the relationship between the Hawaii land-rich estates and corporations and overseas capital-rich developers and financial institutions, that was discussed in Chapter 12. The scale of the destination resort in the Islands is such that only the largest landholders in Hawaii and some of the most prominent resort developers in the metropole (be that the United States, Canada, or Japan), are in a position to participate. There is absolutely no place in the destination resort scheme for the small, low key, locally controlled hotel.

A brief survey of some of the eleven major destination resort schemes in the planning or construction stages in 1976--valued cumulatively at $2 billion and including 18,000 hotel rooms and 33,000 residential units--provides an indication of the monumental scale here. Amfac had a ten year plan to build a $150 million, 3,800 hotel room, 1,800 condominium unit and 200 single family unit complex at Kaanapali, Maui. Over on the Big Island, Boise Cascade's 32,000 acres were being used to develop a massive complex consisting of 3,000 hotel rooms and
almost 11,000 residential units. Not far away, Signal Oil was busily constructing a "leisure community" of 2,400 hotel units and 800 ran­chettes on 8,000 acres. At Wailea, Alexander and Baldwin and the North­western Mutual Life Insurance Company were transforming a 1,500 acre parcel of great natural beauty along the Maui coast into a huge resort­residential complex. Inter-Continental and Western International had already opened hotels there by 1979 and it was expected that the per­manent residential population would eventually number well over 10,000. Wailea had the usual amenities offered by destination resorts to their clientele: five beaches, two 18-hole golf courses, tennis courts, and a shopping center. Also on Maui was the Kapalua "leisure community," which included a 196 room hotel, two golf courses, a tennis club, three beaches, restaurants, shops, and condominiums. Maui Land and Pineapple, Laurence Rockefeller, and the Bank of America were the prin­ciple interests involved. At Princeville, Kauai, a $58 million com­plex was being erected by a mainland corporation on 10,000 acres. 2,550 residential units and 1,000 hotel rooms were planned. Louisiana Land's Kaluakoi development on land purchased from Molokai Ranch was huge by any standards of resort development: 3,600 hotel units, 3,400 villa and cottage units, and 6,606 townhouse and house units.

The full implications of the resort destination for Hawaiian dev­elopment needs further study. Yet, there is enough evidence from the past fifteen years to draw some conclusions. For one thing, it is obvious that the destination resort experience is, in essence, the multinational corporate tourism experience carried to the highest level of vertical integration. From airline counter to hotel to rent-a-car,
it is the tourism monopolies who are in control. They furnish the airplanes, the package tours, the accommodations, and the ground transportation. The food which the guests eat, the beds in which they sleep, and the sports equipment they use did not originate in Hawaii. They are imported from the metropole, as are those who manage the hotels and restaurants in the destination areas. Hawaii provides only cheap labor to clean the rooms and kitchens, to carry the bags, and to drive the tour buses; and the sea and sky and sun and land...

The destination resort truly overshadows the rural area where it is located. One only has to think of the 30,000 residents being projected for Kaluakoi's Molokai project, on an island with 5,000 inhabitants, or the plans by Castle and Cooke to triple Lanai's population. They are essentially new plantations where local residents have no choice but to become a service class at the beck and call of far more affluent outsiders with a different lifestyle. The new towns located nearby will be completely resort-oriented. A State report comments:

In general, most new towns will only be more sophisticated versions of existing resort-residential projects... The almost exclusive reliance of these projects on resort activities suggest that they will not generate self-supporting urban areas but rather will depend on established centers for necessary services and jobs. 107

Locals find their access to the land restricted. In Maui, where hotel occupancy rates were in the 85-90% range in the late 1970s and the resort destination areas were doing a fabulously lucrative business, Hawaii Business reported that, "recent price rises have made it virtually impossible to find a decent urban lot for less than $30,000 to $35,000." In Kihei, Maui, for instance, average prices for home lots
doubled between 1977 and 1978. Land speculation grips every destination resort area like a fever and drives land prices considerably beyond the means of landless locals. A State study testifies to this tendency. "Some development properties are blatant in their appeal to a speculative market...The larger resort-residential projects offer an excellent setting for speculative land development."  

The presence of the resort destination area is also a powerful force for limiting local developmental alternatives to tourism. The rapid decline in Island food self-sufficiency and the stagnation of the diversified agriculture sector may be largely accounted for by the intense inflationary pressure on land generated by tourism-linked speculation and the monopolization by tourism complexes of vital water supplies. A Maui farmer gave this testimony at a State meeting on economic growth.

Right now we're importing about three-quarters of our fruits and vegetables and the amount is increasing every year at a continual rate. The number of farms is steadily declining. The water rates on all the islands have gone up as much as 130%. The price of land has gone up to the point where people can't even afford to get land to farm. The water systems being developed here on Maui County right now are going to the resort areas. Nothing is being done in the agricultural areas of Maui.

You talk about educating people as to the advantages of tourism, but there is no mention at all about educating people to the fact that tourism is a dead-end road and that's what you want us to pursue here on Maui.

After studying the projected development of an enormous resort destination complex on the relatively (tourism) undeveloped island of Molokai, a Honolulu environmental organization, Life of the Land,
issued a warning of imminent disaster to the local residents. Their statement probably constitutes the most candid critique of the resort destination phenomenon ever made in Hawaii.

Kaluakoi is a huge land speculation deal. Its purpose is to make millions of dollars from the sale of land. The name of the game is sale and resale. First Kaluakoi will build one hotel and one golf course. This will raise the value of the surrounding land. The Kaluakoi will put up another hotel, another condominium, and another. The profits will go to Molokai Ranch and the Louisiana Land and Exploration Company.

They are in Molokai just to make money by selling and developing the land. They don't know the people who live on Molokai and they don't care about them. They are only interested in making money from the sale and exploitation of our land.

Kaluakoi means airports, highways, gas stations, curio shops, neon lights, plastic leis, rising crime, broken homes. Kaluakoi means the end of Molokai's Hawaiian lifestyle. We have to begin to fight to protect this lifestyle.

THE AIRLINES' ROLE

In a very real sense, the airlines have created Hawaii as a tourism center. It is impossible even to imagine the expansion of this industry from a clientele of 15,000 in 1946 to the four million of 1979 without the powerful catalytic agents of advanced aircraft technology, airlines promotions of Hawaii, and special fare arrangements.

In the late 1950s, when the airlines were desperately searching for new destinations capable of attracting new passengers to fill their greatly expanded seat capacity, Hawaii loomed as one of the brightest potential stars. However, airlines executives continually expressed their displeasure at the lack of accommodations in Hawaii to receive
their potential passengers. As one Pan Am vice-president commented, "our major problem is that we'll have seats available this summer and next that we can't sell because there aren't enough beds." Another Pan Am vice-president demanded rather stridently of Island business and political leaders: "You must have more facilities to accommodate tourists and you ought to get working on them now." Meanwhile, Pan Am and the two other airlines controlling the airplanes to Hawaii were forced to divert passengers to other destinations, and frequently, lost potential fares altogether.

When hotel construction did escalate sharply in the early sixties, the airlines began to concentrate on the use of a number of strategies to promote travel to Hawaii. In 1960, Pan Am launched its "through plan" discounts to the Neighbor Islands. Then came "thrift flights," a tremendously popular item among West Coast residents who could journey to Hawaii for only $100. As business boomed, the airlines expanded their operations. By 1963, Pan Am, alone, was offering 10,000 seats a week on its flights to Hawaii. United and Northwest also started offering a varied series of group discounts.

It might be noted that control over air routes to Hawaii has always been an intensely political issue. The Big Five tried to monopolize the route back in the 1930s, but lacked the national political muscle. Pan Am, however, did succeed in monopolizing air service to the Islands until shortly after World War Two. An oligopoly of three then exercised domination until the late sixties, when a number of other airlines were able to generate sufficient political power at the highest levels of national decision making (Presidents Johnson and
Nixon intervened personally in the case) to grab coveted routes to the Islands. Simpich refers to this intense struggle (which gives us a clue to how lucrative the Hawaiian market was perceived to be) as "perhaps the most bitterly fought and protracted in the history of the Civil Aeronautics Board." The CAB decision provided a tremendous boost to Hawaiian tourism, opening the Island market to non-stop service from more than a score of North American cities.

In 1968-69, local tourism was revolutionized when a half-dozen major mainland carriers were allotted routes to the Islands. The entered the market with discount group fares that hyped the State's visitor count.

The intensified competition on Hawaii's airlines, however, contributed to a basic structural dilemma facing all the airlines with Island routes. At a time when income per seat was falling (Continental was offering $85 flights between Hawaii and the West Coast), the airlines were being confronted with enormous and increasing overhead costs. The first generation of jet aircraft had only just been paid for, when the second (and much more costly) generation went on the market. These new aircraft had huge capacities (over 350 seats in the 747 models) and were extremely costly. Canadian Pacific layed out $75 million for two 747's, while in 1978, American Airlines purchased DC10s for $33 million each. Volume had never been more essential to profitability than it was now. Edward Barnett, former dean of the University of Hawaii Travel Industry Management School, explains this with a certain sledgehammer brutality:

When Pan American Airways buys 747s at over $20 million a piece, that is capital investment that requires that others or even their own Inter-Continental Hotels must build multi-million dollar hotels to have sufficient
pukas (slots) into which they can place the delivered bodies. Multiply this by all the major airlines and we are talking about a lot of capital... To make this pay off, to lower unit fixed costs of handling one individual on an individualistic basis, there must be VOLUME. We are leaving the CLASS MARKET for the CLASS MASS MARKET.

Vertical integration into Hawaiian tourism and the intensification of promotionals have been the primary responses of the airlines to the pressures to obtain volume on their Hawaiian routes. By 1968, Pan Am was introducing a sophisticated electronics system connected to all the major hotels in Hawaii. With one call to Pan Am, the prospective traveler in Los Angeles or Sydney could obtain air reservations, ground transportation, sightseeing tours, and hotel accommodations. Hotel integration followed closely. Both Pan Am's Inter-Continental and United Airlines' Western International became two of the biggest owner-operators in the Hawaiian hotel industry. TWA bought the Kahala Hilton, Continental Air and Hyatt teamed up at the Waikiki Gateway Hotel, as did American Airlines and Dillingham at the Ala Moana. Airlines' executives regarded Hawaii as one of their key (and most potentially expansive) markets and were determined to maintain and extend their operations there. An American Airlines vice-president commented:

We will move ahead energetically with a strong and continuing program to attract mainland tourists to Honolulu and San Francisco. We will not be satisfied with simply competing for existing traffic.

Promotionals accompanied vertical integration in the strategy to make the Island route more profitable. The airlines launched furious multi-media campaigns to lure tourists to Hawaii. Crampon remarks that "it has been said that the airlines alone spend about twenty times as
much in promoting travel to Hawaii as does the Hawaii Visitors Bureau." In 1973, for example, the airlines spent $25 million for Hawaiian promotionals.

The airlines relied upon their intimate associates in the tourism business, the travel agents and tour operators, to help them achieve adequate volume on their routes. Metropole-based travel agencies and tour organizations have become increasingly vital to the functioning of Island tourism. As early as 1957, the Governor's Advisory Committee on the Tourist Industry noted that "because of the increased volume of package tours to Hawaii, mainland tour agencies are achieving an increasing influence on the pattern of tourist travel and expenditure in Hawaii." Over the years, the airlines have systematically imported travel agents from the metropole (both North America and Japan), in an effort to encourage their promotion of the Islands. Back in 1953, a Pan Am sales manager boasted about how "a couple of years ago we had a conference of travel agents here and decided to put on a campaign of selling Hawaii in package tours. The campaign went over big..." During the 1960s, when the airlines adopted a policy of making commissions on package tours to Hawaii lucrative enough to provide travel agents with real incentive to sell them en masse, tourism in Hawaii boomed. By 1967, 27% of Hawaii's tourists were arriving in package tours. The airlines' "enticement" of travel agents continues. In 1970, for instance, United and Quantas sponsored the importaion of two thousand North American travel agents to promote Hawaii as a gateway for package tours to the South Pacific. Four years later, nine-hundred travel agents were taken to Maui for the "Maui Showcase" promotion,
undoubtedly a major factor in the dramatic growth of Maui tourism since. By the mid-seventies, many hotels were utterly dependent upon tour groups for financial solvency. Well over one-half of the clientele in many Waikiki hotels was the tour package crowd, especially during the summer. Neighbor Island tourism is predominately the domain of metropole travel agencies: "About 70% of those traveling to the Neighbor Islands make their arrangements before leaving for Hawaii."126

_Airlines are the most powerful single force in Hawaiian tourism today._ They have the power to literally make or break this industry. They deliver over 99% of the tourist clientele to the Islands; they own or are linked with some of the largest and most profitable hotels and resort destination areas in Hawaii. They dominate the promotional activities around Hawaiian tourism. And above all else, _they are metropolitan agencies_. Located in the metropole and subject to direction from their overseas owners and directors, they regard Hawaii only as a profitable tourism destination. Those who manage the airlines in Hawaii are sent from the metropole, which is where their aircraft are built and where the food that they serve their passengers is grown.

The most powerful airline in Hawaii today is United Airlines, delivering nearly one out of every two airlines passengers to the Islands. The Hawaii route furnished 10% of the airlines’ volume and 13% of its profits in 1976.127 So crucial is the Hawaiian route for the biggest airline in the United States that when United lost money in 1972, the loss was attributed to "the Hawaiian red ink."128 One year later, a rise in company fortunes was the result of "a major upturn in the
Hawaiian market." The chairman of United Airlines' subsidiary, Western International Hotels, explained in 1971:

The route to Hawaii has been one of United's most profitable. For United Airlines, Hawaii is terribly important. So we are spending more money than ever to promote the Islands. The airlines are promoting the dickens out of your state.

We can only wonder about the sort of power which a corporation such as United wields in a dependent tourism society like Hawaii. It is known that United was instrumental in creating the Hawaii Island Visitors Information Association (HIVIA) as a publicly financed vehicle to promote their sagging tourism market in the Big Island. United officials staffed key decision-making positions in the HIVIA and used the organization's funds to do joint promotionals with United. We know also that they are a powerful force in the Hawaii Visitors Bureau (which Simpich calls "an airlines and hotel men's show"). We know that their influence reaches deep into the heart of the Hawaii political bureaucracy in the person of Fujio Matsuda, former Director of the Department of Transportation and the current president of the University of Hawaii, who has been a director of United since 1975.

Those in the metropole who control United will be quite content to see Hawaii remain a tourism society for the indefinite future. Indeed, the Chairman of the Board of Western International Hotels remarked, in 1976, that Hawaii's future as a tourism center "seems guaranteed for years and years to come." He continued, "nobody cares whether Waikiki is a concrete jungle. They come here for the beaches, the scenery, the flowers, the great year-round weather, sightseeing, dining and entertainment."
THE "FOREIGN" CAPITAL PRESENCE

Between 1959 and 1977, according to official figures, $629 million in non-United States overseas investments entered Hawaii. In fact, in terms of foreign investments, Hawaii "currently has the largest proportion (compared to Gross National Product)... of any of the fifty states." The presence of this substantial amount of capital, which as one might expect is almost completely concentrated in the tourism-land development sector, is yet another potent force for denying local participation in Hawaii's key economic sectors and for limiting linkages from tourism to the rest of the Islands' economy. In short, foreign investment confirms Hawaii's status as a dependent tourism society.

Although both the Australians (with approximately $100 million worth of investments) and the Canadians (with perhaps $120-$150 million) are active in tourism-land development related activities in Hawaii, it is Japanese capital that is the dominant influence here. The expansion of Japan into Hawaii occurs within the same framework of the rise of this nation to the status of an advanced capitalist world economic Center and its expansion overseas, described in Chapter Nine. The coming of Japanese capital to Hawaii is simply another aspect of Japan's Pacific Rim Strategies that shape the Pacific Division of Labor from Indonesia to Mexico. Everywhere, this has meant Japanese corporate investments in those areas deemed most potentially profitable. In Hawaii, this means tourism and land development.

It was in the early 1970s that a number of factors coalesced to increase enormously Japanese interest in the Hawaiian Islands. One
consequence of the "economic miracle" of the fifties and sixties had been a sharp increase in the disposable income of many Japanese and a taste for spending some of this for foreign travel. At the same time, liberalization of currency restrictions by the government in Tokyo and the devaluation of the dollar vis-a-vis the yen, made traveling abroad both easier and cheaper. By 1971, as many as 1,340,000 Japanese citizens, or seven times the number who had ventured forth in 1964, were taking their vacations overseas. 134 Hawaii soon became one of their favorite destinations; 120,000 arrived in 1970; 235,000 in 1972; and 455,000 in 1975. 135

Japanese tourism corporations were determined to monopolize this very promising trade. Since the tourism industry in Japan, itself, is "dominated by a relatively few firms and these are large scale units with strong capitalization and close corporate ties to Japan's leading industrial and banking firms," they simply transferred the Japanese system of vertically integrated tourism to Hawaii. These firms began to invest heavily in Hawaii as early as the mid-sixties, but escalated their investments sharply in the early 1970s, in response to the onslaught of Japanese tourists.

Kokusai Kogyo, the most prominent Japanese investor in the Islands, is a major conglomerate in Japan with 2,300 buses and 1,300 cabs under its control, in addition to hotels, golf courses, automobile interests and airlines. The dominant figure in this gigantic corporation is Kenji Osano, known in Japan as "the king," a notorious power broker in Japanese ruling class politics, patron of former Prime Minister Tanaka, and a prominent figure in the Lockheed payoff scandals. Osano, the
largest civilian stockholder in Japan Airlines, also has major investments in Korea, the United States, and Southeast Asia. Through Kokusai Kogyo, this man became a major economic power in Hawaii (and was rather appropriately given the keys to the city by the mayor of Honolulu after his first large-scale investment). Osano purchased the Sheraton Hawaii chain of hotels in 1964 for $105 million and eventually came to control about one-fifth (or 4,200) of the total hotel rooms in Waikiki, including seventy-five percent of the choice beachfront hotel properties running from Diamond Head to Kuhio Beach. Other hotels were purchased or built by such Japanese giants as Tokyu and Seibu.

Ultimately, the Japanese tourism operation in Hawaii achieved a level of vertical integration unrivalled even by North American capital. Indeed, it has become so well integrated that when one speaks of "leakages" here it is in reference not to leakages from the host area, Hawaii, as is customary, but rather to leakages from the Japanese economy. The vast majority of Japanese tourists (81% in 1971) come to Hawaii on pre-paid tour packages of four to six or six to eight days. These travelers arrive and depart via Japan Airlines, stay at Japanese-owned hotels and tour Hawaii with Kintetsu International. They even shop in Japanese owned department stores such as Shirokiya.

For the new moneyed class of Japanese corporate executives, there are a range of luxury amenities, including half-a-dozen Japanese-owned golf courses. The most luxurious of these is the Honolulu International Country Club (built by Clarence Ching when he filled in Oahu's only salt water lake), "an exclusive club with plush facilities and an im-maculately manicured 18-hole golf course," complete with thick English
carpets and Italian stained glass ceilings. Memberships sell for $7,500 a piece. And for those affluent visitors who became enchanted enough with Hawaii to want to buy a "piece of the rock," there is Asahi Development Corporation offering its Waikiki condominium units on the Tokyo market for up to a quarter of a million dollars each.

The system even extends to the construction of hotels. When Kenji Osano decided to expand two of his hotels, he brought in a close corporate ally, the Ohbayashi Construction Company. Seibu (a powerful conglomerate controlling one-hundred and thirty companies in Japan) used one of its subsidiaries to build its 300 room Makena, Maui hotel and then brought in another subsidiary, the largest landscaping firm in Japan, to landscape the adjacent area. Given this system it is no wonder that a United States Secretary of Commerce for Tourism charged in 1972:

...Japanese tourism has a completely closed system. They fly them in on a Japanese airline, register them at a Japanese owned hotel, then bus them around to merchants and restaurants with which they have special deals...The Japanese operators have the system sewn up and they exploit it for maximum profit. This leads...to a large portion of your Japanese dollar being sent right back to Japan.

This is not to say that there are no major local beneficiaries of the Japanese presence in the Islands. One can cite First Hawaiian Bank President, John Bellinger, and his bank, as two of the foremost beneficiaries. Bellinger, a prominent figure in attracting Japanese capital to Hawaii, could say in 1977, "Hawaii with its proximity and strong ties to Japan, is in a good position to take advantage of a relaxation of spending restrictions." This, however, is by no means the popular sentiment in Hawaii judging by a number of polls showing a heavy
majority of local residents against further Japanese investment. Rather than simply indicating a narrow-minded national chauvinism or racism among Hawaii's people, this strong feeling may reflect widespread understanding that Japanese tourism operations in Hawaii contribute only to the development of the Japanese economy and the profits of Japanese corporations (along with a few local allies). In the last analysis, Japanese tourism in Hawaii is representative of the worst type of exploitation by an advanced capitalist Center of an underdeveloped Periphery.

AN OPEN TREASURY AND CHEAP LABOR

The twin foundations upon which the high profitability of Hawaiian tourism rests are massive governmental subsidies to the industry and a labor structure which generally gives workers low wages, unstable employment, and poor working conditions.

The indispensability of a generation of heavy governmental subsidies to the evolution of Hawaii as a tourism society has already been discussed (Chapter Eleven). This, of course, was one of the key aspects of the "New Hawaii" economic model. In view of Hawaii's relatively small population base and slender resources, the extent of that support has been truly staggering. A 1972 State report provides some insight here.

Expenditures for visitor related capital improvements projects from Fiscal Year 1960 through Fiscal Year 1970 totaled 167.8 million or 27% of all capital expenditures for the decade. Actual and proposed expenditures reveals a total public commitment of $560.8 million in projects which were initiated to support the visitor industry.
From the inception of mass tourism in Hawaii, the State and local governments took responsibility for funding a wide range of infrastructural and related costs to support tourism profitability. As was argued earlier, this was mainly due to the class interests of those who controlled the public agencies and institutions of Hawaiian life during the past generation, and also the leverage exercised by powerful overseas investors who were in a position to make sweeping demands on the public treasury. Yet, these same politicians and businessmen seldom bothered to set down their assumptions on this matter in any really coherent or organized fashion. This was left to a series of quasi-governmental reports and studies issued over the years. One was a report written two years before statehood, by the Advisory Committee on the Tourist Industry, which recommended strong governmental action to "pave the way for private investments. Many areas need improved water and highway facilities." This report provides some insight into the Hawaii political elite's conception of the public role in guaranteeing the profitability of the tourism industry.

It is essential that the Territorial Government take positive action in this matter not only to maintain but to attract visitor industry...These innovations would be expensive and would probably be a responsibility of the State since private interests could not be expected to develop them.

In 1960, came another significant study, again reflecting the perspective of the dominant classes in Hawaii, Resort Financing in Hawaii, written by a mainland banker under contract to the University of Hawaii Economic Research Center, argues that "...the risks associated with hotel construction are so great that they must be offset in
some manner by governmental action... The state might consider taking
action to spread or assume these risks in such a manner that it will
make hotel investments attractive." Finally, in 1967, appeared an-
other study from the Economic Research Center.

The real need of hotel developers is quick and ade-
quate response to their requests for water, sewers
and access needs... The developer should as princi-
pal risk taker and promoter be allowed to make his
own choice of location (within existing land zoning
and regulations) and the government should, where
possible, adjust public facilities to his need.

If the upshot of these reports was to give the tourism interests
a virtual carte blanche to tap the public treasury almost free from
accountability, then they were merely expressing the prevailing prac-
tice of governmental bodies throughout Hawaii. Not only did Hawaiian
taxpayers finance airports, sewerage systems, the bulk of the costs of
the Hawaii Visitors Bureau, yacht harbors, and multi-million dollar
Waikiki "facelifting" projects, but they also footed the bill at the
university and community colleges for training thousands of future
tourism industry workers in everything from cooking to management.

If these State services to the tourism industry were enough to
satisfy outside investors in the 1960s and 1970s, they may not be suf-
ficient in the 1980s. At a time when tourism sites are mutually sub-
stitutable and tourism investment capital is extremely difficult to
locate, the tourism developer-financier holds all the aces. It is
relatively easy to play Hawaii off against Mexico, where four thousand
new hotel rooms are being built each year, or against Fiji, or Tahiti,
or a dozen other tourism societies. The president of Unitours, for
instance, warned the Honolulu Chamber of Commerce how unfavorably
Hawaii compared with Mexico in certain key areas. He stated, "tourism is not something handed to you on a silver platter. The tourism industry is here to stay and it should be cultivated, nurtured and allowed to grow." Moreover, the gradual movement towards destination resort tourism in the Islands is a powerful force for increasing governmental subsidies of the industry. Located for from existing facilities and built on a monumental scale, destination resorts inherently demand the kinds of public services that even the Waikiki hotels never needed. Chow remarks on this:

Residents have absorbed the cost of providing more public services and facilities for the use of visitors. Infrastructural costs are particularly high on the Neighbor Islands and on rural Oahu where resort developments have been allowed and even encouraged to scatter by water, sewage and highway inputs and zoning decisions. Resort development in outlying areas results in higher public costs, but permits developers to acquire less expensive land. State and local taxes in Hawaii are among the highest in the nation. 147

Experience has demonstrated repeatedly that the overseas tourism developers will not begin construction without express commitments from State and local authorities for a whole package of services and subsidies. The study done by Belt, Collins and Associates for Louisiana Land and Exploration's Kaluakoi project on Molokai states this bluntly.

Any significant private capital investment in the west end of the Molokai Ranch will have to be tied to a substantial program balanced with private investment in water and roads. Without public investment in water and roads, for example, development of the resort region is probably not possible. 148

The fact that the taxpayers of Hawaii are forced to underwrite the immense profitability of a tourism industry that repatriates huge sums of capital back to the metropole annually and that State activities are
confined to providing free goods to developers instead of participating in the lucrative profit centers of the industry, are some of the opportunity costs of tourism. The substantial financial resources drained from public coffers in tourism subsidies—most obvious in the enormous indebtedness of the State and county governments to mainland banks and huge debt servicing costs—precludes the opportunity to establish economic foundations other than tourism. Moreover, the commitment of certain kinds of resources to the tourism industry is most definitely another opportunity cost. On Molokai the State's obligation to funnel up to 2,000,000 gallons of water daily to the golf courses, hotels, and restaurants at Kaluakoi has effectively eliminated the potential for diversified agriculture and food self-sufficiency on that island. In brief, the control by international and local capital over governmental revenues and resources in Hawaii undermines the possibilities of building a balanced, self-sustaining economy in the Islands.

If Hawaiian tourism is one of the world's most profitable tourism industries, it is largely because of the sacrifices of those who labor for its expatriate owners. Even in a relatively low wage area like Hawaii (average wages were 8.4% below the United States national average in 1979), hotel workers have consistently been among the lowest paid of the labor force. In 1967, hotel workers had average weekly earnings of $73.58, the second lowest wages of any industry in the state (only laundries, another tourism-related industry, were lower). A decade later, in 1977, the hotel weekly wage had risen to an average of $137.38, still the second lowest. Moreover, hotel workers are being steadily outdistanced by better paid industries, such as
communications and utilities ($311.28 in 1977) and manufacturing ($209.38). A major reason for these skimpy wages is the limited number of hours granted to hotel employees; an average of 33.6 hours weekly in 1966 to be decreased to 31.8 hours, ten years later. One-quarter of all tourism workers in Hawaii are part-timers, most not by choice. In fact, the ability of the hotels to cut down on workers' hours, lay them off at convenient intervals, and force them on to split shifts represents a major source of profitability. For the tourism worker, this is a source of frustration and hardship. 149

In late 1977, a time when the cost of living for an urban family of four in Honolulu was 27% higher than the mainland United States figure—the Hawaiian family needed $13,280 for a "lower family budget" and $20,883 for an "intermediate" budget150—the great majority of hotel workers (including those receiving tips) were earning substantially less than the "lower" budgetary figure. Hence, it is not surprising that Hawaii has "the highest labor force participation in the nation." In 1960, the rate was 40% in the Islands as compared to 38% nationally, but the advent of mass tourism widened the gap here significantly. By 1970, the figure was 48% in Hawaii compared to 40% for the United States as a whole. Even the businessman's journal, Pacific Business News, was somewhat aghast after examining tourism wages. "Either there is considerable tipping to augment these wages," remarked one editorial writer, "or a great many workers are now at the poverty level, which makes us wonder if greatly increasing employment in tourism is the answer to Hawaii's needs."151
A number of studies have shown that there are few Hawaii residents who labor in the tourism trade of their own volition. Wages are certainly a major factor. A 1972 State Department of Planning and Economic Development study said as much. "In view of the low wages offered by the industry, it is doubtful whether young people who have a choice will be willing to remain on their home islands to work in hotels." But wages are only one cause of such deep alienation. Tourism jobs are basically dead-end. Top management, and sometimes even middle management personnel are imported from the metropole. This is particularly true for the hotels and airlines. A waiter in a Waikiki hotel remarks on the absence of mobility.

The trouble is you have to remain a coolie here. You can stay here and work for twenty years and receive maybe a few slight raises. There are no promotions for the people at the bottom of the hotel and hotel retail industries. The industry has its problems and one of its worst is the hierarchy.

Then there are the job speedups. A room maid at the Princess Kaiulani tells me, "We do fifteen rooms in six hours. That is hard. Your pace is so fast that you can't do the rooms properly." Moreover, there is the humiliation of catering to people with the only tie being the cash nexus. In the tourism industry, the old adage "the client is always right," has been raised to the level of gospel. Dave Thompson, ILWU Education Director and a longtime trade unionist, displayed real indignation during a 1977 discussion about the way some tourists treat the workers. He stated:

There is an important dimension of self-image. The tourists want the black face to play at being dumb. It is very damaging for a person to have to play that role. How do we convince the local people that they are more sophisticated and humane than these
red-neck tourists. 155

There is a deep fear among many in Hawaii today, a fear born of terrible despair, that they will have to labor in hotels in order to stay in Hawaii. They know that tens of thousands of young people have left Hawaii during the past two decades rather than work on the "new plantations." Even propaganda by the hotel industry-run Visitors Industry Education Council, to the effect that tourism is a beneficial industry to Hawaii's people and tourism labor is rewarding work, cannot (in the words of one hotel owner) "erase the impression that tourism jobs are demeaning." 156 A Hawaiian construction worker voices the fear so many feel:

Brothers and sisters, people of Hawaii, is it not time to admit that our islands, our homes, our lives are being taken from us, that our lives are being directed by powers we cannot control. What will happen when there is no longer any land to build upon? We will have to take jobs catering to tourists. We will carry their bags, make their beds, cook for them. What a sorry existence for a once proud people. 157

It is extremely revealing that even during times of severe unemployment in Hawaii hotel jobs have remained unfilled. A worried Amfac vice-president complains that "West Maui is labor short. There are fifty to two hundred job openings a day at Kaanapali. We may have to subsidize to get labor." 158 A high State official admits, "it may be that some of the local people simply don't want jobs in tourism." 159

Therefore, the tourism developers go where people have no choice. With many plantations closed and Hawaii agribusiness phasing out, such places are numerous in today's Hawaii, from Kohala on the Big Island to Molokai and its depression-era levels of unemployment and welfarism.
When Chinn Ho was examining the feasibility of locating a large resort complex at Makaha, a journalist reported that "Ho puts the availability of help up at the top of the list. He considers the fact that Leeward Oahu area is one of the highest unemployment areas as a real asset."160

Most of the jobs being created in tourism today, 57% according to Merrill,161 are designed for female workers. The hotels are particularly anxious to employ women in the most menial, low-paying jobs (housekeeping, food preparation, etc.), because they are perceived as being more easily exploitable than men and their low wages can be rationalized on the basis of their being so-called "secondary wage earners." They are also anxious to employ as many foreigners as possible—particularly in Waikiki, where almost one-half of all workers are immigrant Filipinos—since foreign workers can be controlled and intimidated more readily. When *Beacon Magazine* interviewed a number of Filipina maids in a Waikiki hotel whose resentments had led them to plot the murder of a supervisor, one of the maids made a statement that might have been echoed by thousands of foreign hotel workers in Hawaii:

> We cannot do anything but work because we have nothing left back there and we have very little here. We are treated like animals sometimes. Rush, rush, all the time. No time to breathe in. I cry because if I do not cry, then maybe I get mad and maybe say something and they fire me. 162

The workers in Hawaii's tourism industry are not eager hosts delighted to welcome guests into their place, to share with them some of the joys and sorrows of being human. They are nothing more than proletarians tied by the cash nexus to the clientele they serve and the overseas corporations that employ them. Their alienation, poor living
conditions and daily drudgery are at the source of the industry's profits. Marx's description of alienation aptly characterizes their situation:

If the product of labor does not belong to the worker, if it confronts him as an alien power, then this can only be because it belongs to some other man than the worker.

UNEVEN DEVELOPMENT AND VULNERABILITY

The Hawaiian economy is dominated by tourism. With the passing of each year this uneven development of the Hawaiian economy becomes more pronounced. The following State figures reveal how dramatically Hawaii has moved toward becoming a tourism society during recent years.

HAWAII'S DIRECT INCOME FROM MAJOR EXPORTS

(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Sugar and Molasses</th>
<th>Pineapple</th>
<th>Defense</th>
<th>Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td>1,255</td>
<td>180.3</td>
<td>133.3</td>
<td>561.4</td>
<td>380</td>
</tr>
<tr>
<td>1977</td>
<td>3,320</td>
<td>226.8</td>
<td>161.6</td>
<td>1,086.6</td>
<td>1,845</td>
</tr>
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Within the space of a decade tourism had changed from an industry providing somewhat more income than agricultural commodities (and substantially less than military spending) to an industry four and one-half times the size of agriculture and almost twice that of military. This pattern is intensifying. A State Department of Planning and Economic
Development study indicates that "by 1985, as much as 49% of overseas income might be derived from visitor expenditures."165 Tourism, conceived of by those who had formulated the "New Hawaii" economic model in the 1950s as an industry that would balance the Territory's unhealthy over-reliance upon sugar, pineapples and the military, had, ironically, come to dwarf the rest of the economy. Even Hawai'i Business expressed some dismay, in a 1978 article.

For what has helped to make tourism's ascent so conspicuous in the last three years is the alarmingly poor showing of such runner-up industries as sugar and construction...the industry's preeminence is causing some well-justified nervousness. 166

The Hawaiian economy's overdependence upon tourism, an industry which Hawai'i Business calls "one of the world's most fragile and tenuous,"167 is a source of extreme vulnerability for the entire society. Controlled by metropolitan agencies, and sensitive to the slightest currents of economic malaise, Hawaiian tourism has consistently demonstrated its fundamental instability. A 1977 State study found that:

Since 1955, the annual percentage growth rate in the number of visitors to Hawaii fluctuated by 10% or more, a total of nine times. This uneven growth contributes to the boom/bust growth in construction and related activities. 168

During the 1970-72 recession, when many resorts were losing money and large numbers of hotel workers were laid off, over three-hundred and fifty in January 1972 alone, unemployment levels mounted to above 6%. The 1975-76 economic crisis was considerably worse. In February 1976, hotel occupancy was at 93.7%, but by July, this had fallen to 70% (around the breakeven level). A number of hotels went bankrupt.
It was of particular significance that the great falloff in tourists was precisely from those areas most adversely affected economically: New York City, Detroit, Boston, and Chicago. In January 1976, a tourism industry publication, Discover Hawaii, offered the opinion that "overall Hawaii's year will depend in large measure on the nation's economic recovery; 1975 shows quite clearly that Hawaii's losses occurred in the hard-hit east and mid-west areas."169 This anticipated "recovery" was, however, painfully slow to materialize. In some areas of the Islands, as tourism nosedived, so did the local economy. "The Big Island's visitor industry is still looking for enough warm bodies to fill its many rooms with two, three and more big hotels looming ahead," was the gloomy comment of Hawaii Business. In the first half of 1976, as hotel occupancy rates declined to below 60%, the "official" Big Island unemployment rate soared to over 12%.170 Statewide unemployment exceeded 10%, the highest figure in a generation. With a huge backlog of 10,000 unsold condominium units on the market and hotel building at a standstill, unemployment in construction, Hawaii's third biggest industry, rose to forty percent: The 29,000 on-site construction workers of 1974 had been reduced to 18,000 by 1976. Many local workers exhausted their unemployment insurance benefits and were forced to seek work on the mainland. This mid-decade debacle confirmed an observation made shortly before by a City and County of Honolulu study. "There is no industry standing in the wings ready to come on stage should the economy's leading star, the visitor industry, falter."171

The Hawaiian tourism industry is extremely vulnerable to any of the multi-faceted crises that currently confront global capitalism;
Severe inflation, the economic stagnation of some key advanced capitalist nations, monetary crisis, and escalating energy costs and threatened shortages.* For instance, a substantial increase in oil prices would have an almost immediate impact upon the numbers of arriving tourists. A State study concludes that a 15% increase in airline fuel costs would raise air fares to Hawaii by 2.5%. This would translate into a 6.7% decline in tourist arrivals.

Another significant source of vulnerability is internal rage and frustration. These have been growing apace in Hawaii during recent years and frequently come to be focused upon a highly visible tourism. Indeed, the industry certainly provides many locals with adequate reason to despise it. For one thing, while a solid majority of local residents remain landless tenants (often in substandard housing), affluent tourists snap up luxurious condominium units and townhouses. A Lahaina real estate executive remarks:

The majority of the buyers are tourists who come to Maui and fall in love with the climate and the beaches. The winter tourists are more on the affluent side and they comprise about 65-70% of our sales during the winter...we sold a single family home on the beach at Kihei for $480,000 just a month ago. The $150,000 to $160,000 bracket goes out really fast.

Much of this, of course, is speculative buying which drives the prices of land and housing well beyond the modest means of most Hawaii

* Hawaiian tourism is also exceptionally vulnerable to capital shortage. Financial institutions are notoriously reluctant to provide capital for hotels and resorts. The president of the Bank of Hawaii says, "none of the major lenders are standing in line to make loans to hotels...even in the best resort in the United States (Hawaii)." Pacific Business News, December 27, 1976, p. 13.
residents. The average price of a home sold in Hawaii during 1978 was nearly $110,000 which effectively eliminates between 80% and 90% of the local people (and the entire working class) from any hope of obtaining a mortgage. Locals realize only too well that their housing needs take last priority in the Islands and that "real estate may be used by the visitor industry directly for hotels, or indirectly for the second home market, often at the expense of housing and recreational opportunities for Island residents."174 Indeed, the tourism-land development impact upon the availability of both housing and agricultural land in Hawaii has been a major factor in making control over land in Hawaii one of the burning questions of the day. After a 1972 tour of areas of Hawaii with large Hawaiian populations, a four person National Institute of Health Team emphasized the importance of land questions to the Hawaiian people.

...But we found that the Hawaiians are a lot less gentle than one would expect. The people are serious about their fight and struggle over the absorption of their land. They expressed a willingness to fight by any means necessary. There is most definitely a strong potential for violence... 175

Resentment is nurtured by other elements of tourism also. There is the debasement of Polynesian culture that one sees everywhere in the Islands today--the culture of the "plastic lei." No one has expressed the attitude of metropolitan directed tourism towards Hawaiian culture better than Continental Airlines President Stanley Kennedy, during the course of a speech to a group of Pacific Islanders. He explained how his airline was promoting Hawaiian tourism in the United States and exhorted his audience to follow the Hawaiian model.
The arts and crafts, foods and so forth of Hawaii not only are used in those kind of promotions, but in major state fairs across our country, large tents are being set up that feature Hawaii exclusively.

You must develop some kind of a symbol. We talk about the symbol of Diamond Head, the symbol of the lei...
You have to have some kind of a monocle to hang your advertising and your promotions on.

The basic contempt for, and commoditization of, Hawaiian culture that is implicit in Kennedy's words is the attitude of the tourism industry in general. Local people understand this only too well, and react accordingly. There are a host of other ways in which local residents feel abused and threatened by tourism; from the endless lines of tour buses along the major highways of every island, emitting exhaust fumes, to the usurpation by tourists of some of the finest beaches in Hawaii--Kawela Bay, Makaha, Kaanapali and Hapuna, to name a few. Further, all the promised amenities of tourism, principally the glamorous, well-paying jobs, have not materialized. When locals do find work, it is inevitably as a new service class of low-paid flunkies. Ultimately, despite the well-financed efforts of the Visitors Industry Education Council and other propaganda vehicles of the tourism industry to maintain "a good public attitude" toward tourism and the so-called "aloha spirit," the attitude of Hawaii's people is changing from benevolent neutrality to resentment and rage. Peter Sanborn, former project manager at Amfac's Kaanapali Resort, noted this, during a conference in 1975. Speaking of the "warmth and friendliness" of people in tourism societies, Sanborn said, "I have seen those qualities eroding rapidly in Hawaii...The Hawaiian people, too, are some of the friendliest people I have encountered. But I have seen a great change occur
since 1965." Herbert Hiller, observing the same process in the Caribbean, draws a general analysis of this phenomenon. "As soon as tourism is around long enough to reveal itself, people begin to assault it. Tourism begins to collapse when people express rage." The expressions of rage against the depredations of tourism assume two forms in Hawaii, both extremely dangerous to the viability of the industry. The first response involves spontaneous individual or small group action against the industry. Within this rubric one might include the not uncommon destruction of hotel property and construction equipment on hotel sites, the innumerable robberies and assaults against tourists at places such as Waimanalo and the Blow Hole lookout, the teenagers who throw rocks at the tour buses along Kalanianaole Highway, and the increasing surliness of tourism workers towards the clientele. The ability of the Hawaiian tourism industry to operate at its necessary level of profitability could well be imperiled if this type of resistance escalates in the future.

The second response by Hawaii's people to the tourism hegemony, organized political struggle, is far more important in terms of its potential ramifications. In fact, the first sizeable land eviction struggle in recent Hawaiian history occurred around the evictions of local farmers and workers in Oahu's Kalama Valley in 1971, to clear the way for a subdivision-hotel complex. Since then, numerous fights over the rezoning of land to hotel use, and evictions of communities for resort construction, have taken place on almost every island. Although most of these struggles have been unsuccessful because of the huge resources counter mobilized by multinational corporate developers and
local politicians,* there have been a number of striking victories by cohesively organized groups. At Poipu Beach, on Kauai, for instance, the Ohana O'Maha'ulepu obtained 3,000 signatures on a petition against a proposed billion dollar, 1,260 acre, four hotel, subdivision complex. The builder was Leadership Homes, tenth largest land developer in the United States and a subsidiary of the huge multinational Cerro Corporation.179 Throughout 1974 and 1975, the Ohana organized the Kauai community solidly against the development and fought the developers and their local politicians at every public meeting. This was one destination resort that stayed on the drawing board for years after its scheduled completion.

Even more important than the victories and defeats in these battles has been the awakening of an anti-developer, anti-tourism consciousness among large segments of Hawaii's people, a desire to reassert local control and local integrity. This was apparent during both the large demonstrations against the construction of the TH-3 highway in the early 1970s and the wide support later evoked by the struggle of residents living in Windward Oahu's Waiahole-Waikane Valleys to save their homes and farms from subdivision development. Expressly anti-development candidates have been elected to the Kauai County Council.

* The Prudential Life Insurance Company, the largest life insurance corporation in the United States, has used its immense financial resources to literally buy off potential opposition to its huge $500 million North Shore, Oahu destination resort. Members of the local community Neighborhood Board ended up working at the resort, while key local Hawaiian "leaders" were placed on the company payroll as "consultants."
In what has become a typical scene at public hearings in Hawaii on land use questions, a carpenter at a State Growth meeting, on Maui in 1977 told State officials pointblank, "I'd rather be unemployed than work on the jobs that are destroying Hawaii. The type of development that you plan is destroying it." The applause by those in attendance epitomizes the base now being laid in Hawaii for a new politics that repudiates the "New Hawaii" developmental model and seeks to mobilize its victims (and non-victims) for real economic, political and social change. A new constituency is emerging for a break with Hawaii's role as a dependent tourism society.

SUMMING UP

Jafari tells us that the "value of tourism in enhancing the economic development" of an area "depends upon whether or not it can be 'tamed.' The question is whether it can be controlled with sufficient intelligence that the damaging influences are contained and the positive effects enhanced." This has not been possible in Hawaii, and the consequences of failure here are serious. Nearly every characteristic of the underdeveloped tourism society is present in Hawaii; high unemployment and under-employment, increasing inequalities between the rich and poor, increasing numbers of marginalized people, an ethnic division of labor in tourism, a gross overdependence upon tourism as an economic base, an unfavorable balance of payments vis-a-vis the metropole (the United States and Japan), cultural debasement, and large-scale outmigration. We need only turn to the State's own reports
for confirmation of this. The Hawaii State Plan, a multi-volume report dealing with a wide range of socio-economic concerns in Hawaii, was issued in 1977. It reads like a counsel of despair. It no longer even bothers to pretend that Hawaii is not a completely dependent economy:

A major proportion of Hawaii's income and employment, especially that related to Hawaii's current primary industry--tourism--is heavily dependent on outside forces and the State's inelastic demand for commodity exports, mainly foodstuffs, is also largely dependent on economic and political forces outside the state. 182

The dominant thrust of the study is to assert Hawaii's helplessness. On tourism, for instance, it states that "little or nothing can be done in Hawaii to prevent potentially adverse overseas events that might cause a decline in Hawaii's tourism." 183 The prognosis on food production is that "...it is clear that Hawaii's economic self-sufficiency is low and very probably declining. Local agriculture is clearly declining in self-sufficiency since the growth in production has not kept pace with the growth in consumption." Figures are provided which show that Hawaii's self-sufficiency in every major food item--vegetables, melons, cattle, hogs, poultry, and eggs--has declined significantly between 1965 and 1974. 184 Finally, confronting its own data which reveal that a tourism-based society cannot create sufficient jobs for Hawaii's youth, the Hawaii State Plan recommends that the State:

Strongly encourage outmigration now while Hawaii's population of young adults and recent arrivals is still relatively mobile. This could be accomplished by providing information on current and anticipated economic conditions here compared to those on the Mainland, and by encouraging local schools and
employment agencies to develop contacts with Mainland employers.

Seldom has there been such a stark admission of failure by a government agency (the State Department of Planning and Economic Development, in this case) and seldom has a governmental document shown so clearly the bankruptcy of its own developmental model. We can be sure of one thing, however. Those who benefit from Hawaii's role as a dependent tourism society will continue to benefit no matter how many local people are forced to migrate to Oakland, Los Angeles or far beyond. Among these, one numbers men such as D.J. Kirchoff, president of Castle and Cooke (salary in 1978--$342,000), Henry A. Walker, chairman of Amfac (salary--$327,000), Gilbert E. Cox, president of Alexander and Baldwin (salary--$269,000), Herbert C. Cornuelle, Dillingham Corporation president (salary--$253,000), and James F. Gary, Pacific Resources Inc. president (salary--$225,800). One also should by no means neglect to mention the overseas owners of Hawaii. There is for instance, John B. Fery who, as president of Boise Cascade (which owns the Honolulu Paper Company and extensive resort interests in Hawaii) received the tidy sum of $443,984 in 1976 as compensation for his services. Then there is John Seabrook, chairman of the board of International Utilities (which owns C. Brewer) who reaped $499,558. Charles Bludhorn, president of Gulf and Western (which owns a large slice of Amfac) received $604,814 for his labors and the president of Braniff International Airlines in Dallas, pulled in $401,667. Last, but not least, we can mention Harold Geneen, the chief executive at IT&T (Sheraton Hotels and Hertz Rent-A-Cars) who received $852,398 as
payment for his work in 1976. These men, and the rest of their class, are the true beneficiaries of Hawaii's tourism dependency.
CONCLUSION

We don't want to rock the boat. We want to huli (overthrow) the boat.

Soli Niheu
Carpenter and Community Organizer
1971

What else could the Gospel be about but extending liberation throughout the world?...I have no doubt that it is time to stop pruning the trees and chopping the branches and begin to pull out the roots of a sick society...The most urgent task for us all is no longer to speculate, theorize and theologize about the world, but to remake it...

Del Rayson
Former Minister
Church of the Crossroads - Honolulu
1973

For the past two centuries, virtually from the time that Western ships began to call regularly at Hawaii, the Islands have been "under the influence." Under the influence of sea captains, fur traders, sandalwood merchants, whaling ship owners, sugar quotas, presidents, congressmen, admirals, banks, life insurance companies and the airlines. Under the influence of powerful metropolitan forces, which have profoundly shaped the course of Hawaii's economic, political and social development, the Islands have been molded in their image. Change in Hawaiian development has corresponded historically to the development of the forces of production in the advanced capitalist world, within a Center from which influence and change have radiated out to this distant mid-Pacific periphery. In short, Hawaii's development for the last two hundred years has been peripheral in nature, a reflex of
expansionist needs at the Center.

During the period of mercantile capitalism in the United States and Western Europe, Hawaii was utilized as a provisioning center for the trans-Pacific trade, as a supplier of sandalwood for the Chian market, and finally, as a whaling port. Later in the nineteenth century, as capitalist development spread rapidly across the North American continent and a West Coast market for agricultural commodities evolved, Hawaii's role shifted to that of a sugar supplier. The plantation society was born. By the middle-twentieth century, however, because of changes (again) emanating from the metropole, the plantation economy stagnated. Tourism, an industry built upon the unprecedented post-World War Two expansion of global capitalism and a number of striking technological advances, then emerged as Hawaii's economic base. The pattern is clearly etched; each transformation of the Island economy received its impetus and direction from economic and political change occurring at the Center.

There are some threads of continuity which provide coherence to this story. For one, Hawaii historically has been prevented from developing autonomously by the economic and political domination of the Center. Its role and possibilities for development were not (as most observers argue) completely circumscribed by a relatively small geographic size and population and by limited resources. These factors are certainly in the equation. But such factors which may have been overcome if not for the ironclad grip of metropole elites (and their local allies) over the developmental process. We can only say, as
Baran does, that:

...it is by no means to be taken for granted that the now underdeveloped countries, given an independent development, would not at some point have initiated the utilization of their natural resources on their own and on terms more advanced than those received from foreign investors.

Moreover, we should appreciate the great importance of Hawaii's "potential surplus," whether during the sandalwood, whaling, plantation, agriculture or tourism periods, being squandered through conspicuous consumption by Island elites or else repatriated back to the metropole. The misappropriation or loss of the "potential surplus" made a real developmental strategy impossible in Hawaii—even if a force had existed capable of implementing it.

A second major theme in Hawaiian history is the critical role played by the alliances between elites at the Center and the Hawaii elites. These were strategic alliances which delivered Hawaii, first, over to a plantation economy, and then later, to a tourism economy. What is essential about this relationship has been the continuing dominance of the metropole elite. In the last analysis, they have wielded (and still do) far greater power than the "boys on Merchant Street" and have always been in a position to make or break the Hawaiian economy. We see this same subordination of local to Center interests today most clearly in the grandiose resort destinations built by transnational capital throughout Hawaii on local estate and corporate lands. Ultimately, not only have the internal elites in the Islands proved incapable of launching a real development strategy, but they have (in the tourism-land development period) readily accepted the role of comprador to overseas penetration of Hawaii.
Thirdly, one sees a pattern associated with each new stage of economic activity in the Islands. Decision-making is progressively removed from the people of Hawaii and invested in the metropole. Even the sugar planters, dependent as they were upon Mainland sugar quotas and prices in their day, still exercised strong local authority in many key areas. This is gone now. The Big Five complex are nearly all metropole-owned while the State and county governments function increasingly in the role of agents of international capital. Almost every economic enterprise in Hawaii, from department stores to the brewery to the paper company to the utilities and local bakeries, are controlled by overseas capital.* There is a related phenomenon here as well. As we pass from one economic base to another—the transition from plantation agriculture to tourism being the best illustration—the local society becomes increasingly integrated into the North American capitalist culture. Local culture and local nuances tend to be swept away as locals become integrated as workers and consumers in the North American colossus. The tourism-land development economic model penetrates and overwhelms large areas of Island culture which succeeded in remaining intact under the plantation system. Ultimately, nothing is immune from penetration.

This leads us to conclude that the contemporary period is the age of almost complete dependency in Hawaii, an age in which the political

* In 1979, the decision by the Schlitz Brewing Company to transfer production of Hawaii's "own local" Primo Beer to its Los Angeles plant, provided an excellent example of the Center's ability to shape the Hawaii economy and increase dependency.
and economic authority of the local elite has been usurped by the forces of international capital. During the earlier plantation era, when international capitalism was much weaker and less expansionist, the local elite monopolized local industries and kept a large proportion of Hawaii's export revenues inside the Islands. They long ago lost the ability to play this role. Indeed, since the end of World War Two, the Hawaiian Islands have been utterly integrated within the world capitalist system. Hawaii has passed from limited to nearly complete dependency upon a Center that today includes North America, Japan and Australia.

According to the set of criteria elaborated upon in the introduction, Hawaii is an underdeveloped area, moving rapidly into increased underdevelopment and dependency on the metropole. The Islands not only lack economic control over their strategic industries, but these industries are incredibly narrowly-based as well. Uneven development and overseas domination, two of the most prominent indices of underdevelopment, flourish in Hawaii. One also sees an acute absence of internal linkages between various sectors of the economy, what Amin refers to as "disarticulation," which reflect another sure signpost of underdevelopment. However, it is Hawaii's striking dependence upon the metropole that is its most definitive characteristic of underdevelopment. As Goulet states:

> Ever more people are coming to understand that 'to be underdeveloped,' is to be relegated to a subordinate position in history, to be given the role of adjusting to, not of initiating, technological processes.

This is precisely the role which Hawaii has played for two centuries and continues to play more than ever today. The facade of a high per
capita income, television sets, appliances, and modern "sophisticated" institutions mean little when compared to the essential structures that govern Hawaiian society.

Ultimately, it is only the people of Hawaii who can break the long chain of dependent development, who can build a society in which decisions are made by local people on the basis of their contribution to the well-being and integrity of the great majority of Hawaii's citizens. They will need to mobilize their energies and creativity to begin the task of building authentic development in a democratic and socialist framework. The human resources to carry this out are available in Hawaii today. One remembers the words of the Italian Marxist, Antonio Gramsci:

It is necessary to create sober, patient men and women who do not lose hope before the worst horrors and who are not excited by rubbish.
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