

THEN AND NOW—

NOT WAGES

Hawaii's sugar industry argued before the United States Court in 1938 that perquisites were not part of their employees wages, but were furnished solely for the convenience of the employer.

Under the persuasive arguments of Mr. Montgomery E. Winn of the HSPA retained Law Firm of Stanley, Vitousek, Pratt and Winn, Federal Judge Edward M. Watson ruled in favor of plantation manager Ernest W. Green of the Oahu Sugar Company, Ltd. and ordered the Bureau of Internal Revenue to refund with interest \$543.48 that had been collected from him in the form of income tax.

THE JUDGE SAID

Said Judge Watson in his decision: ". . . I am definitely of the opinion that the Plaintiff's occupancy of the quarters furnished him by his employer in the year 1934 was not by way of compensation for services, nor for his personal convenience, comfort or pleasure, but solely because he could not otherwise perform the services required of him . . . while there was no written contract of employment between him and the plantation company requiring him to live on the plantation in the quarters provided for him, the evidence of both employer and employee tends strongly to the conclusion at which I have arrived, that all employees of the sugar plantation (both supervisory, from the manager down, and the laborers thereon) are required to live on the premises in the quarters furnished them by the plantations."

19 CENTS PER HOUR

Back in days of this trial the basic labor rate for sugar plantation workers was 19 cents per hour and plantations did not talk of housing, medical attention, fuel and water being worth 15 cents per hour to their employees.

It was only following the passage of the Fair Labor Standards Act that they even discussed setting a "value" on perquisites. When plantations were required under the Fair Labor Standards Act to pay a minimum wage of 25 cents per hour, it was suddenly discovered that perquisites were "worth" 6 cents per hour—and presto, sugar plantations were in compliance with the law. But no wage increase was granted.

During the war, the War Manpower Commission ruled that any wage of less than 50 cents per hour was "sub standard" and that any worker receiving less than 50 cents per hour could get a release from his job for the asking. Immediately the sugar industry ran to the WMC and argued that perquisites were now worth 9 cents per hour. Why? Because the minimum cash wage then paid was 41 cents per hour. There you have it again—41 cents plus 9 cents

equals 50 cents. Again the plantations did not have to raise wages and no workers were released because the WMC agreed that perquisites were worth 9 cents per hour for the purpose of "freezing" employees to their jobs.

BUT IN 1946!

Comes 1946, the ILWU is demanding a minimum cash wage for sugar workers of 65 cents per hour. Here is what happens. Plantations offer to raise the basic labor rate to 50 cents per hour. Then they tell the ILWU that 50 cents is really 65 cents because they have suddenly discovered that perquisites are now worth 15 cents per hour.

In 1941, a hearing was conducted by the Commission of Labor and Industrial to determine the "value" of perquisites for the administration of the Territorial wage-hour act.

The HSPA was represented at this hearing by five of its top ranking representatives. Mr. Frederick Simpich, Jr., read a lengthy document setting forth the HSPA position. The HSPA, through Mr. Simpich, requested the Commission to use the "reasonable cost to the employer" in setting a "value" on perquisites. Here are his exact words:

FOR THE EMPLOYER

"As you no doubt are aware, employees of sugar plantations are required by their employers to live on the plantation premises in quarters furnished to them. The quarters are furnished for the convenience of the employers in order to have the employees available at all times to insure the proper and efficient operation of the plantation. For that reason, it is our contention, if the value of these facilities and services is construed by this Commission to be a part of remuneration, that the fair value to the employer of such services and facilities is reflected by the reasonable cost to the employer."

Mr. Simpich and the HSPA will not argue this way today. Perquisites are not for the convenience of the employer today, they are actually part of wages paid for work performed, they say.

Of course, the HSPA is trying to talk out of both sides of its mouth and is attempting to say both yes and no without agreeing to anything except that sugar workers should not get a 65 cent hourly minimum cash wage plus perquisites.

There are many other contradictions in the HSPA deal to convert perquisites to cash that you should be aware of. For this reason the ILWU will devote its Saturday evening broadcast solely to this subject. Listen to radio stations KGMB, KTOH and KHBC tomorrow at 5:00 P. M. and hear Jack Hall talk on the real reasons why the sugar industry has offered to convert perquisites to cash.

INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION (CIO)

TERRITORIAL STRIKE STRATEGY COMMITTEE