

# Reversal of Roles—The Case of Paternalism in Hawaiian Labor-Management Relations\*

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## What is Paternalism?

"Paternalism is not only a failure, but it is also the wrong approach to worker-management-relations," so concluded most social and industrial psychologists, sociologists, labor historians, and industrial-relations analysts who in the past have found occasion to express views on the subject.<sup>1</sup> This reaction grew out of the historical analyses and observations of employer experimentations in the welfare variety of paternalism which had sooner or later exploded.<sup>2</sup> The explosions ranged from disastrous strikes, as that of Pullman in 1894, to varying degrees of worker protest and resistance to employer practices which hedged in the private lives of employees.

A few illustrations, with respect to employer paternalism, will suffice to show what observers have concluded. Blumer says, "The basic weakness of paternalism lies in the fact that . . . it is subservient to an interest in the profitability of the industrial enterprise. . . . A second inherent deficiency of paternalism lies in the fact that the determination of the conditions affecting the welfare of the workers resides in the hands of the proprietor or agent and not in the hands of the workers. . . . Independent spirits chafe under paternalism. . . . A third major deficiency of paternalism lies in the firm position of authority of the proprietor or agent. . . . These three weaknesses . . . explain why a sincere paternalistic policy may give rise under certain circumstances to a condition which is thoroughly contrary to what is sought. . . . Thus, on the whole, paternalism as a spontaneous and natural form of relationship is undeniably in a weak position in our modern type of industrial economy."<sup>3</sup>

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<sup>1</sup>The word "paternalism" has no precise definition. Its particular meaning and scope depend upon the user, generally a critic of what someone else is doing with respect to controls over people. For dictionary definitions, see Horace B. English and Ava Champney, *A Comprehensive Dictionary of Psychological and Psychoanalytical Terms* (Longmans, Green & Co., New York, 1958), p. 374; Henry Pratt Fairchild, *Dictionary of Sociology* (Philosophical Library, New York, 1944), p. 214; John T. Zadrozny, *Dictionary of Social Science* (Public Affairs Press, Washington, D.C., 1959), p. 243.

<sup>2</sup>Classic examples are Pullman, Hershey, and Ford. See Almont Lindsey, *The Pullman Strike* (University of Chicago Press, Chicago, 1942); John B. Knox, *The Sociology of Industrial Relations* (Random House, New York, 1955), pp. 109-111; Roger M. Bellows, *Psychology of Personnel in Business and Industry* (Prentice-Hall, New York, 1949), pp. 306-307.

<sup>3</sup>Herbert Blumer, "Paternalism in Industry," *Social Process in Hawaii* (University of Hawaii, Honolulu, Vol. 15, 1951), pp. 26-31.



Baxter has observed, "A slight variation of this stage [of authority] is represented in paternalism, where management operates as a benevolent dictator who tries to make the employee happy while living under the yoke. He is the employer who doesn't understand why his employees won't work themselves to death after being given a new club house or swimming pool."<sup>4</sup>

Burt has noted that "If the management preaches in paternalistic fashion it arouses the individualistic instincts of the employee and does more harm than good."<sup>5</sup> In a similar vein, Finlay and others write, "Paternalism . . . becomes very destructive and even fatal when it arbitrarily offers a release from work and when it limits the worker in the choices he makes."<sup>6</sup>

The labor view is expressed by Golden and Ruttenberg: "The paternalistic policies of management—doing the thinking for its employees, giving them things, and trying zealously to keep everybody happy—made these workers feel subservient when they wanted to be proud, and made them seek that something that was terribly important to them but lacking in their rigid industrial life."<sup>7</sup>

From these interpretations we infer that the general characteristics of paternalism are: (1) authoritarianism, (2) unilateral decision-making, (3) destruction of free choices on the part of employees, particularly in matters outside the work-place, and (4) anti-democratic systems. Nevertheless, one cannot easily draw a line in the great gamut of employer approaches to labor-management problems between those aspects that are paternalistic and those that are not. No one can logically contend that *all* employer concern for employees is paternalistic. There appears to be a sizable gray area; also what may be paternalistic in one case or at one time may not be so in another. What writers have not indicated sufficiently, if at all, is that once paternalism becomes a *modus operandi*, it becomes rooted as an institution. As an institution, its sponsor, the employer in this case, resists all attempts at inroads into or opposition to this way of life. Such employer reaction is understandable, because institutionalized paternalism,<sup>8</sup> if it works, tends to provide any or all of the following

<sup>4</sup>Brent Baxter, "Employee-Management Relations," *Current Trends in Industrial Psychology* (University of Pittsburgh, 1949), pp. 121-122.

<sup>5</sup>Harold E. Burt, *Psychology and Industrial Efficiency* (D. Appleton and Company, New York, 1929), pp. 324-325.

<sup>6</sup>William W. Finlay *et al*, *Human Behavior in Industry* (McGraw-Hill, New York, 1954), pp. 196-198.

<sup>7</sup>Clinton Golden and H. J. Ruttenberg, *The Dynamics of Industrial Democracy* (Harper & Brothers, New York, 1942), p. 17. For further commentaries on paternalism in industry, see Loren Baritz, *The Servants of Power* (Wesleyan University Press, Middletown, Connecticut, 1960), pp. 59-61, 120-121, 207; Roger M. Bellows, *Psychology of Personnel in Business and Industry* (Prentice-Hall, New York, 1949), pp. 306-307; Mason Haire, *Psychology in Management* (McGraw-Hill, New York, 1956), p. 137; John B. Knox, *The Sociology of Industrial Relations* (Random House, New York, 1955), pp. 109-114; Norman R. F. Maier, *Psychology in Industry* (Houghton Mifflin, Boston, 1955), p. 138; Robert N. McMurray, *Handling Personality Adjustment in Industry* (Harper & Brothers, New York, 1944), pp. 32-34.

<sup>8</sup>Except as used in relation to governments, paternalism is a twentieth century term as far as industrial relations are concerned. Knox explains this as follows: "It seems quite likely that this is the case because in the nineteenth century what we now call paternalism was regarded as the normal form of the worker-manager relationship." (John B. Knox, *op. cit.*) The nineteenth century is replete with examples of welfare paternalism. Paternalism seems to be mainly a writer's term, not normally used in the day-to-day affairs of labor and management, although one encounters the word occasionally. For example, *Business Week* of April 8, 1961, page 60, reported that the United Steelworkers blamed "its defeat [failure to organize a milling machine company] on 'paternalism with an iron fist.'"



"values" to the employer: (1) a potential for increasing company profitability,<sup>9</sup> (2) a purposive or indirect method for stemming unionism,<sup>10</sup> and (3) a device to maximize control of a company's labor force and to minimize labor protest.<sup>11</sup> To substantiate the above contentions, one can point to a number of examples, particularly the methodology of the employer-led "welfare capitalism" of the 1920's. "Welfare capitalism" was predicated on the assumption, among others, that "we, the companies, can do anything the unions can do for workers and do it better."

In the past, most of the analyses of paternalism in industry had to do with employer-created paternalism, probably because the rise of union power and big unions has been a phenomenon of the past twenty-five years. But in recent years some students of labor-management relations are expressing concern that labor unions, a powerful institutional force in American society, are developing paternalistic systems. This union-focused paternalism involves the internal operations of the union, the relationships between union leaders and the membership, and a widening gamut of welfare benefits created by and controlled by the union leaders for the benefit of the members. Critics of union paternalism assume that the evils of employer paternalism apply equally well to union paternalism. In a society with a long tradition of individualism, of the democratic ideal of fostering the greatest growth of the individual according to his ability, institutionalized, authoritarian, super-imposed paternalism is no more palatable when sponsored by labor unions than it was when created by employers. Kerr has argued that:

[T]here is a tendency for any institution [including the labor union] to follow two important tendencies: first to try to increase more and more its influence and control over the life of its members, the people who participate in it; and also to become increasingly oligarchical, increasingly less responsive to the people whom it is supposed to serve.

. . . I am concerned that there is, year by year, less scope for the independence of the individual person.

. . . . .

I would say that it is important that people be allowed to leave companies and leave trade unions without any undue penalty; that people not be forced to stay with the same company or the same trade union throughout their life; that, in general, it is not wise for the corporation or the trade union to try to absorb the total life of the individual; that the individual should retain his privacy; and that the corporation should limit itself to its essential functions of producing the goods, and not get too involved with the recreation and the psyche of the individual worker. *And I would add that I am very much disturbed with what I call the new paternalism on the part of trade unions; that some of them are also trying to absorb the total life of their members in the way of recreational and many other types of activity.*<sup>12</sup> (Italics added.)

<sup>9</sup>Blumer asserts that if paternalism conflicts with profit-making, then paternalism will be discarded. Herbert Blumer, *op. cit.*

<sup>10</sup>For the most part, except in nonunionized sectors of the United States, this is *passé*.

<sup>11</sup>A colleague of the writer's suggested that institutionalized paternalism tends to persist because it is a system which involves considerable investment in workers and the employer does not wish to see his "capital" dissipated.

<sup>12</sup>Clark Kerr, "Conflict, Progress and Liberty in an Industrial Society" (Address before the Fifth Annual Industrial Relations Conference, Hawaii Employers' Council, March 12, 1954). On paternalism as an aspect of internal union democracy, see Jack Stieber *et al*, *Democracy and Public Review* (Center for the Study of Democratic Institutions, Santa Barbara, California, 1960), pp. 33-35; Walter E. Oberer, "The Impact of the Labor-Management Reporting and Disclosure Act of 1959 on Internal Union Affairs," *Labor Law Journal*, July 1960, p. 573.



Kerr's argument is based on the belief that democracy flourishes best in a pluralistic society where there are many decision-making power centers and many—at least a number of—alternative choices, particularly as far as workers are concerned. Paternalism is the antithesis of this goal.

More recently, and even more broadly stated, Henry M. Wriston flatly asserted that "Paternalism upon the part of the state is vicious; it is no less intolerable on the part of a private organization. There is no doubt that in the 1960's the individual needs to be shielded from the tyranny of organizations. Any institution, political, social, or economic, that tends to stifle individual initiative or prevent individual innovation is a force for making the United States second-rate and regressive."<sup>13</sup> Wriston would concur with Kerr on paternalism in labor unions.

Having surveyed paternalism historically and as a "way of life," we now need to pose a working definition for a study of paternalism in Hawaii labor-management relations. Our definition will be this: Paternalism is that *system*, employer or union determined, which establishes, supplies, and administers those essential human needs which are ordinarily chosen by workers from alternative offerings which are nonemployer or nonunion controlled.<sup>14</sup>

Hawaii presents a neat laboratory in which to test this definition and to compare the Hawaiian experience with the implications of the foregoing discussion. The further purpose of this paper is to trace the evolution of paternalism in an island economy, to establish the fact that geographical, economic, social, and labor supply conditions required employer paternalistic policies, and finally to show how these policies became institutionalized. Later, it will be argued that union paternalism resulted, not necessarily from union leadership policy, but from grass-root demands and needs of union members. The Hawaiian experience appears to corroborate recent findings that at certain stages of economic development in the rise of industrialism, paternalism may be the best alternative, assuming several alternatives, in structuring a labor force.<sup>15</sup> Major economic activity in Hawaii from 1860 to 1930 was agricultural—sugar and pineapple—which was patterned in a plantation system. The plantation pattern evolved into an industrial system, primarily after World War II.

## Employer Paternalism

That the sugar and pineapple plantation system in Hawaii was paternalistic in employer-employee relations is no longer subject to controversy.<sup>16</sup> In this

<sup>13</sup>Henry M. Wriston, "The Individual," *Goals for Americans* (Prentice-Hall, New York, 1960), p. 52.

<sup>14</sup>See Curtis Aller, *Labor Relations in the Hawaiian Sugar Industry* (Berkeley: Institute of Industrial Relations, University of California, 1959), p. 36, for his use of Blumer's definition of paternalism.

<sup>15</sup>Clark Kerr, John T. Dunlop, Frederick H. Harbison, and Charles A. Myers, *Industrialism and Industrial Man* (Harvard University Press, Cambridge, 1960).

<sup>16</sup>The discussion of employer paternalism in Hawaii relies on two major works which analyze plantation paternalism: (1) Curtis Aller, *Labor Relations in the Hawaiian Sugar Industry* (Institute of Industrial Relations, University of California, Berkeley, 1957), and (2) Andrew W. Lind, *An Island Community: Ecological Succession in Hawaii* (University of Chicago Press, Chicago, 1938).



paper, employer paternalism is considered for two time periods: (1) 1860 to 1900, a period which might be characterized as "necessity paternalism," and (2) 1900 to 1946, a period of employer welfarism, a gradual rise of alternatives to paternalism, and increasing pressure against paternalistic practices.

Prior to 1900<sup>17</sup> paternalism was essential. As Kerr and others have argued in *Industrialism and Industrial Man*, "some 'paternalism' is basic to certain systems, to certain industries . . . and to certain stages. . . ."<sup>18</sup> This is a view certainly not implied in most writings on paternalism, as noted in the first part of this paper.

*Dynastic Elite in Hawaii.* Historically, the economic picture of Hawaii can be viewed as the industrial growth of an under-developed island community. As such, it provides a neat laboratory case of that type of industrializing leadership and socio-economic organization that Kerr, Dunlop, Harbison, and Myers labeled as the "dynastic elite."<sup>19</sup> A reading of Hawaii's plantation and labor-management history brings out most of the characteristics of the dynastic elite society. These, in summary, are:

1. "The members of the dynastic elite are originally drawn from the landed or commercial aristocracy . . . [who are] held together by a common allegiance to the established order," and who are predominantly oriented "toward tradition and the preservation of tradition";
2. A strong emphasis is given to "personal rule which involves perpetuation of the family that is 'born to rule' and of the class within which alliances are made and from which most managerial recruits are obtained";
3. "[P]aternalism is the dominant philosophy<sup>20</sup> toward workers; the worker is to be cared for and in return he is expected to be loyal;"<sup>21</sup>
4. "[T]ension between the enterprise manager and the worker is abhorred; 'harmony' is devoutly sought. Rule making is held, so far as possible, solely in the hands of management [paternalistic enterprise managers]; prerogatives of management are sacred";
5. The "dynastic elite looks upon industrial conflict and strife as incon-

<sup>17</sup>The year 1900 is chosen as the end of one era and the beginning of a new period because the contract labor law ended in 1900 when Hawaii became an incorporated Territory of the United States.

<sup>18</sup>Clark Kerr *et al*, *op. cit.*, p. 10.

<sup>19</sup>*Ibid.*, Chapter 3.

<sup>20</sup>"This philosophy carries forward the traditions of responsibility and subordination of the master-servant relationship; it often serves to smooth the major dislocations which an industrial way of life forces on the newly recruited workers. Paternalism reflects the feudal tradition in which the lord of the manor has responsibility for the welfare of his subordinates in return for faithful service. The manager may provide housing, food, medical care, and social services for him. In turn the worker is expected to be grateful and also productive. The worker is regarded as dependent on the manager for security and welfare." (Kerr *et al*, *op. cit.*, p. 150.)

<sup>21</sup>"The dynastic elite holds in high esteem paternalistic devices to tie the worker to the enterprise, and at the same time it expects the manager to assume responsibility for the well-being of his dependent workers. Unless under pressure, it is the least concerned with skill development, and it shows comparatively little interest in general education for the masses. At the same time, it is most likely to tolerate a slow pace of work so long as labor remains loyal. The dynastic elite is most likely to place the obligation of maintenance of workers on the paternalistic manager." (Kerr *et al*, *op. cit.*, p. 187.) "The dynastic elite is most likely to adopt payments in kind ["perquisites" in Hawaii] and retain them longer. These payments are consistent with the paternal attitudes of the state and management toward the work force." (*Ibid.*, pp. 259-260.)



sistent with its paternalistic view of the traditional society"; "the dynastic elite uses suppression when necessary to contain protest . . .";

6. "The social and economic systems alike have a clearly stratified hierarchy of superiors and subordinates and a reciprocal series of duties and obligations";

7. The legal system is likely to be one which supports the existing elite;

8. Enterprise managers are "under little pressure from any source . . ." and "[t]he enterprises are organized into cartels" (so-called "Big Five" in Hawaii);

9. Education is provided "for the relative few and for select elite groups. Education stresses the humanities and law and provides only a limited amount of scientific education. . . . Traditional values and religion are stressed in the educational system at all levels. The universities have little role in the industrialization process. There is little interest in the formal training of workers at the work place or community beyond elementary education and apprenticeship . . .";

10. Welfare programs are considered by management as sound investments and as inducements to greater productivity;

11. There are no strong labor organizations to challenge the authority of management;

12. A gradual deterioration of paternalism occurs as industrialization advances, educational levels rise and greater emphasis is placed on the freedom of the individual so that people (second and third generation Orientals in Hawaii) become concerned with their own dignity. Anti-paternalistic pressures begin to arise from government, labor organizations and other managements, and as a result of competition from other enterprises, and so on;

13. Enterprise management finally accommodates itself to sharing authority (with labor unions, for example) over workers;

14. The wide range of services provided by management is increasingly made available by the community; and

15. The dynastic elite erodes as paternalism breaks down, social services are "provided by other institutions than the enterprise," and the society moves "toward the middle-class ideal type."<sup>22</sup>

Here, in a nutshell, is a description of the Hawaii plantation paternalistic system for about 70 years prior to 1945: perquisites and a rigid, if somewhat unconscious, paternalism until 1900; then, for 30 years or more, welfarism and management justification of its labor policies, along with opposition to worker organization and suppression of worker protest, and finally, a shift to sharing power with a strong union.

*1860 to Annexation.* The rise of the sugar industry after 1860 brought a long-run problem of labor scarcity. The depletion of the native population and its inability to adjust to the industry's work requirements led plantation owners to seek means to import labor from other countries. In general, Asia provided the answer. First Chinese, then Japanese, and later Filipinos, along with smaller numbers from European nations, laid the foundations for an unintended new society.<sup>23</sup> "Private importation of labor was ended in 1864," and labor importa-

<sup>22</sup>Kerr *et al.*, *op. cit.*, pp. 52, 53, 90, 116, 118, 121, 123, 150, 151, 152, 153, 154, 212, 213, 217, 240, 241, 250, 251, 273.

<sup>23</sup>Lind, *op. cit.*, pp. 189-190. (This citation referred to hereafter with name and page number(s).)



tion was regularized for the next thirty-six years under the contract labor laws. Contract labor, drawn from lands beyond Hawaii, "became the basis for the plantation labor system."<sup>24</sup>

Thus it can be readily seen that with an expanding sugar empire, and a continuing demand for more labor—labor that knew neither local language nor customs—employers did not have to choose to be paternalistic. They had no other alternative but to care for their laborers and provide for them the necessities of life: food, housing, water, fuel, medical care, and so on. Further, the employers' considerable investment in imported labor would lead one to assume that "capitalistic management" would have been motivated to protect that investment. Up to 1905, an estimated \$9 million had been spent by planters and government on promoting immigration primarily for the plantations of Hawaii.<sup>25</sup> In any event, the perquisite system was born and was to survive as the basic characteristic of labor-management relations for some eighty years. Not even "economic maturation" could shake this system.<sup>26</sup>

Necessity-paternalism, expressed through the perquisite system, by no means implies that life for workers was always pleasant or that anything was done to elevate the laborer's lot. One can document treatment of contract laborers all the way from harsh and brutal to benevolent, kind, and charitable. Even though some planters viewed plantations as a "means of civilization" and a "mission of progress," others saw the plantations as semi-feudal, industrial oligarchies with depressive impact on the lives of workers.<sup>27</sup> Chinese "coolie" laborers, seen by some planters as little better than animals, and early Japanese immigrants frequently received harsh treatment in the name of proper discipline.<sup>28</sup> Examples of benevolent consideration of workers are cited for some plantations with missionary-owner backgrounds.<sup>29</sup> There was also a slow but discernible shift, toward the end of the century, in attitude toward the "coolies" and other imported labor. A closer relationship that had been developing between planters and workers in the 1870's and 1880's was rudely disrupted by the 1890's as the plantations shifted to a corporation-manager form of organization and control. This development and the fruits of the contract labor system created clear lines of social and economic stratification, with widening gulfs between the community of hired managers and *lumas* and the "great mass of non-Caucasian laborers."<sup>30</sup> Managers assumed a great amount of autonomy in their plantation rule since ownership power in Honolulu was far removed from the plantations.

Necessity-paternalism was interwoven with many other factors affecting labor-management relations on plantations; consequently, one cannot establish a cause and effect relationship. Did the perquisite system "cause" the kind of treatment that non-Caucasian labor received? Did "strikes" (strikes were obviously antithetical to a contract labor system and to plantation discipline) and

<sup>24</sup>Aller, *op. cit.*, pp. 27-28. (This citation referred to hereafter by name and page number(s).)

<sup>25</sup>Lind, p. 193.

<sup>26</sup>Lind, p. 231.

<sup>27</sup>Aller, p. 36; Lind, p. 236.

<sup>28</sup>Aller, pp. 27-28; Lind, p. 236.

<sup>29</sup>Lind, p. 237.

<sup>30</sup>Aller, p. 36; Lind, pp. 239-240.



unrest stem from the perquisite system? No, grievances against bosses (resentment of manner of treatment) seemed rather to be the main "cause" of "riots" and protest action. Wages seemed not to be an issue. As Lind has noted, "The majority of the demonstrations previous to 1900 were of a relatively local character and were not attacks upon the plantation system."<sup>31</sup> Workers' reactions of this kind, given the plantation system, imported contract labor, geographical isolation from towns, and a highly unbalanced sex ratio, could have occurred even if there had been no perquisite-paternalistic system.

In summary, necessity-paternalism up to 1900 proves little and only demonstrates the truth of the many criticisms of paternalism as an employer policy of labor relations. However, the structure and operation of the plantations, in respect to the organization and control of the labor force, follow the outline of a "dynastic elite." Employers provided the perquisites because they had to and not because they decided that perquisites were a good labor policy among alternative policies. This, one may suspect, may account for the manner with which plantation labor was treated in the pre-Annexation period.

*Annexation to 1946.* Annexation of Hawaii in 1898, its organization as a territory of the United States in 1898, and the freeing of plantation labor by ending the contract labor system marked a distinct turning point in the story of paternalism. Labor's new freedom was conspicuous with strikes, growing wage consciousness, a rise in economic and social status, and a questioning of plantation regulations.<sup>32</sup>

Employer response to these pressures from labor was in terms of maintaining control over labor and of stemming any invasions into management's prerogatives. Consequently, "welfarism" and "improved paternalism" became a conscious and committed policy after 1905. Aller has succinctly stated this development as follows:

... Thus the consequences of a free labor system were far reaching. New policies were required and these in turn reflected an embracing mantle of benevolent paternalism that emerged from its natural beginnings in the perquisite system to become management's guiding philosophy. This system of paternalism though undermined by attacks from without and forced to adopt evolutionary changes beyond the control of the planters retained its strength until unionism suddenly blossomed in 1944 and overnight required the industry to convert to a system of collective bargaining.<sup>33</sup>

The employers' extension of welfare policies, coupled with an increasing use of a bonus system,<sup>34</sup> wage incentives, and long-term cultivating contracts, served to cement a system of labor control.<sup>35</sup> It is, therefore, quite understandable why employers defended their paternalistic policies and extended their welfare services when outside pressures forced them to do so. Nevertheless, the previous nineteenth century relations between planters and laborers began to assume more and more the characteristics of a maturing industrial system, a system which

<sup>31</sup>Aller, p. 28; Lind, p. 233.

<sup>32</sup>Aller, pp. 33-34; Lind, pp. 232-235.

<sup>33</sup>Aller, p. 30.

<sup>34</sup>In order to get a bonus, a worker agreed to complete a stated length of work time, usually three years. There were also turnout bonuses for workers who turned out the requisite number of days per month.

<sup>35</sup>Aller, pp. 32-33; Lind, p. 235.



one might assume would have tended to reduce, if not eliminate, paternalism. Cartelized into the so-called "Big Five," employer organization and power were superior to labor organization and power. In this context, paternalism tended to intensify. Thus we note "improved" paternalism and added welfare services in the 1930's, such as improved housing, recreational facilities and even experiments in "democratic planning of community affairs."<sup>36</sup>

Employer-controlled housing formed a particular system of labor control. Kerr and others have noted that "a combination of manager and landlord has often proven an endless source of difficulty."<sup>37</sup> Add to this ingredient the coupling of police responsibilities with welfare work, then the basis for continual grievances against the system is laid. Employers opposed home ownership because "the freeholder may become a critic of the plantation system and even a striker." "[T]he general disposition among planters has been to oppose such a movement [home ownership] as inimicable to proper discipline."<sup>38</sup> The problem of housing became one of the toughest to solve when the perquisite system was broken in 1946.

Employer paternalistic policies were challenged from 1915 on by such observers as the United States Commissioner of Labor in Hawaii and industrial relations counsellors. Second generation plantation workers gave expression of their opposition by a growing discontent. The plantations were labeled "semi-feudal" in character, "benevolent industrial oligarchies," and a "picture of Fascism."<sup>39</sup> The employers rigorously defended their policies, because, as they said, they *worked*. After decades of this kind of labor control system, it was inconceivable, in the minds of managers and owners, that the plantations could operate under anything but the perquisite-welfare organization. Management spokesmen sincerely felt that the elimination of the many company-sponsored perquisites and welfare activities would be bad both for the companies and the workers.<sup>40</sup>

By the 1920's and 1930's, worker discontent was most frequently expressed by the children of the immigrant laborers.<sup>41</sup> Education, mobility, and contacts with a broader community served as catalysts to produce reaction against the plantation system with its authoritarian control, irritating and restrictive regulations, and its offensiveness to human dignity.<sup>42</sup> Aller pointed out that the younger generation questioned unilateral loyalty to the plantation system, grumbled under pressures against labor organization, felt irritated because of favoritism, saw welfare activities as "a calculated means of improving production," and began to demand social and economic equality, a demand offensive to the mores of many plantation managers and owners.

By the 1930's, cracks in the system of paternalism were appearing. The ad-

<sup>36</sup>Lind, pp. 242-243.

<sup>37</sup>Kerr *et al*, *op. cit.*, p. 251.

<sup>38</sup>Aller, p. 32; Lind, pp. 231-232, the source of both quotations.

<sup>39</sup>See Aller, pp. 36-37; Lind, p. 236.

<sup>40</sup>Aller, pp. 37-38.

<sup>41</sup>It is interesting to note that many of the older generation laborers supported the paternalistic system which they had known and had accepted for so many years of their lives. (See Aller, pp. 38, 41.)

<sup>42</sup>Aller, pp. 38-40; Lind, pp. 240-241.



vent of militant unionism into Hawaii in 1937 served to widen the cracks, along with government and community pressures against the employer policies. A large part of the employer paternalistic system had become anachronistic and despite employer insistence that no reasonable alternatives existed, the system was on the way out. World War II interfered with and changed the nature of the process, even to speeding it up because of the overwhelming accumulation of grievances during the war period. The forces moving inexorably toward change, a change that plantation employers only six years before considered impossible, culminated in the sugar strike of 1946 and the immensely complex problem of conversion of the perquisite system to a wage package. After this revolutionary change, employers dropped many of their welfare activities. Even the housing system of labor control was doomed. The 1946 upheaval "represented a major and irrevocable break in the industry's historic policy of paternalism."<sup>43</sup> The agreement, albeit unwilling, to share power with a labor union meant that "the industry had managed to convert from a highly paternalistic system to one closely modeled on the standard practices of other large American industries, without losing the initiative in determining the more basic changes and without surrendering any essential managerial prerogatives."<sup>44</sup>

Industrialism had come of age in Hawaii, an industrialism that had exhibited to a large measure in the eighty-year sugar plantation history all of the characteristics and trends of a dynastic elite form of society. From a background of necessity-paternalism, employer perquisite and welfare policies became institutionalized as an essential way of industrial life. But the inherent weaknesses of paternalism as a labor policy emerged in the twentieth century and counterforces arose to shift a unilateral power system to a new dual power system: organized labor and organized management. The way was now open to see what the union would do for the "welfare" and economic and social advancement of its members.

## Union Paternalism

The analysis of union paternalism in Hawaii will be limited to that of the International Longshoremen's and Warehousemen's Union, Local 142, the most influential union in Hawaii, both in numerical size and geographical scope.

Before discussing union paternalism, a brief note on unionism in Hawaii will provide the necessary background. Unions, as a challenge to employer power, are late comers to Hawaii. They posed no real threat until the ILWU moved westward in 1937 from the Pacific Coast.<sup>45</sup>

The ILWU was able to solidify its power in Hawaii in a relatively short time—1944 to 1952—in contrast to the century of experience on the Mainland. Consequently, until a power position had been achieved in the Hawaiian community, we find practically nothing in union affairs that comes under our definition of paternalism.<sup>46</sup> From 1937 to 1952, the ILWU was occupied with break-

<sup>43</sup>Aller, p. 82.

<sup>44</sup>Aller, p. 89.

<sup>45</sup>The subject of labor relations in Hawaii is treated fully elsewhere; this paper deals only with a particular aspect of labor relations.

<sup>46</sup>Employer paternalism closely correlates with established business power. This is another way of saying that paternalism represents attempts to protect power and vested interests.



ing down the employer defenses and with becoming organized and staying organized.<sup>47</sup>

As previously noted, the ILWU broke employer paternalism in 1946. A number of employer-sponsored services in rural communities were dropped, leaving a gap, which was not immediately filled by the union. In fact, the evidence supports the belief that the ILWU was not particularly interested in filling the void of disbanded recreational and community programs. After 1946, and until the formation of the Membership Service Department in 1955, there was very little evidence of welfare activities.<sup>48</sup> There were, however, an increasing number of articles written which indicated bickering and complaints with employers over plantation administration of rent and medical programs, charges for kerosene, and the like. The union made it clear that it distrusted the employers, and was not convinced that union members would get what was due them or would be treated fairly.

Upon negotiating, after 1946, such fringe benefits as medical and pension plans, severance pay, and repatriation funds, the ILWU discovered that the union membership needed considerable help and advice in order to secure their benefits. A medical claims service department was established in September 1953.<sup>49</sup> Over the next year the union found itself engaging in an increasing number of membership services. Plans for a membership service department were spelled out in November, 1954. During that year, the Medical Claims Service Department was expanded and subsequently reorganized in January, 1955, as the Membership Service Department "to consolidate the multiple services formerly carried out by business agents and other fulltime personnel and put them under one roof . . . to make for better coordination."<sup>50</sup> At the September, 1955, union convention this department was made permanent.

Over the past several years since 1958, the union has added to a growing list of "off-the-job"<sup>51</sup> services. From the documentary evidence<sup>52</sup> and interviews with union officers, one gets the distinct impression that the growing welter of activities of a pseudo-paternalistic type has come from genuine worker needs and from grass-root demands for assistance. Unit leaders throughout the Islands, who are close to the workers and their daily problems, have brought pressures on the union leaders in Honolulu to provide services for which the semi-isolated sugar and pineapple workers demonstrated need. Thus we find the MSD not only servicing the negotiated medical, pension, and severance pay plans, but also providing assistance and advice on workmen's compensation, social security, legal rights, community facilities available to workers, vacation travel, financial management, foreign exchange, tax returns, moving pictures, and any kind of counselling that members request.

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<sup>47</sup>Prior to 1952, the ILWU was made up of several locals. As a result of strike experience in the 1940's, and a re-evaluation of its organizational structure, the ILWU consolidated into one local in 1952, Local 142, except for Local 155 (Miscellaneous group), which was merged with Local 142 in 1955.

<sup>48</sup>ILWU publications were examined for the period.

<sup>49</sup>ILWU Reporter, Sept. 16, 1953, Nov. 24, 1954, Dec. 29, 1954.

<sup>50</sup>ILWU Reporter, Oct. 5, 1955.

<sup>51</sup>This term is used by the ILWU to encompass most of the activities under the aegis of the Membership Service Department.

<sup>52</sup>See *ILWU Reporter*, *passim*, 1954-60; *Voice of the ILWU*, Jan. 1961-to present.



The union newspaper, the *ILWU Reporter*, gives the impression that the main function of the MSD is to persuade and advise as to what the union members should do to protect themselves from being taken advantage of. The director of the MSD has stated that "we act mostly as a kind of central reference service or clearing house. We especially want our members to get everything they're entitled to. . . . We just try to educate our members as to what they can get, and we also have to emphasize that this is not charity, but something they are entitled to because they have paid taxes or paid into the community chest."<sup>53</sup> Frequently, members are cautioned to see their union representative first in case of medical and compensation claims or when other problems, such as grievances, arise.<sup>54</sup> As an aspect of community service, the union has encouraged membership participation on blood banks (the ILWU has several blood banks for its members), cancer programs, and the like. Pensioners' clubs were planned in 1956 and the first one organized in 1957, but these clubs apparently lagged, as attempts had to be made in 1960 to activate them. The MSD director recently reported that much of his time is going to helping pensioners in running clubs and providing suggestions of how to keep interest up.<sup>55</sup> Similar indifferent success seems to be true of women's auxiliaries, which are organized during strikes, but usually become inactive after the crisis is over. There were no active auxiliaries as of February, 1961.<sup>56</sup> Along with the ILWU educational program, mostly having to do with union affairs, and the establishment of a scholarship in social work at the University of Hawaii, the above account of union activities seems to be parallel to the usual community services that we expect to be provided people in towns and cities. From this point of view, it cannot be contended that these various social services represent paternalism in the historical sense of attempting to take away the workers' independence and to hedge them in for the benefit of the union.<sup>57</sup>

Let us now examine a little more in detail those union activities which seem to be within the scope of the definition established for this study.

*Sports Program.* Not as a consciously thought-out policy, but as a result of sports enthusiasts among the union membership, the ILWU was induced in 1953 to begin what became a "Territory-wide sports program," although soft-

<sup>53</sup>Interview, Feb. 27, 1961, by Mary Gasper.

<sup>54</sup>The *ILWU Reporter* articles in this vein leave one with the impression of a strong suspicion of the companies and their representatives. This is probably a carry-over of the many decades of employer paternalism and the obvious anti-union views of the sugar and pineapple companies and their factors in the past. (See *ILWU Reporter*, Sept. 16, 1953, Aug. 20, 1958, Mar. 25, 1959.) The MSD director says that there is union representation in one form or another in the various types of medical programs. (Interview, Feb. 27, 1961, by Mary Gasper.)

<sup>55</sup>Interview, Feb. 27, 1961, by Mary Gasper.

<sup>56</sup>See *Voice of Labor*, Mar. 17, 1938; Nov. 3, 1938; *ILWU Reporter*, Sept. 21, 1949; July 16, 1958.

<sup>57</sup>This conclusion is further supported by the fact that the union membership is, in part, made up of the largest nonacculturated, non-English speaking group in Hawaii, the Filipino. It may be that the union provides greater freedom and protection for the workers than would be true in the usual pattern of an individualistic, democratic community. Both in terms of geographical location and nonassimilation, many of the plantation laborers are in no position to make intelligent and socially desirable choices. Nevertheless, there is no necessary assumption that the potentially paternalistic activities of the Membership Service Department will become institutionalized and rigidify as employer paternalism did in the past. Nor on the other hand is it assumed that present union "off-the-job" services will lessen.



ball teams had been organized as early as 1948. In 1957, the union reported on this program as follows:

The program turned out to be such a big success that the Local 142 Biennial Convention, meeting in the fall of 1953, unanimously voted to adopt a Territory-wide program. This program was officially launched in January 1954, with all islands, except Lanai, setting up softball leagues to get things underway.

It has grown in stature since. Competition which was originally confined to the island level only, branched out a year later to include various Territorial Tournaments.

The program actually was organized to offer union members some sort of recreational activity. *This was something that the employers formerly offered the workers in past years.*

. . . . .

That the program has taken hold and helped the union in more ways than one, is putting it rather mildly. For one thing it has cost Local 142 only a drop in the bucket in return for the good it has done the union.

Except for the initial outlay of some \$5,000, the program has been self-sustaining. The various leagues on each island have made this possible by raising funds by sponsoring benefit affairs, such as movies, selling laulau, sweet bread, etc. to carry on the activities.

. . . . .

The program has brought a lot of goodwill and understanding among union members, between units, different industrial groupings and between islands. It has also developed good public relationship in the community.

Our sports program has now grown to the point where it is highly recognized by sports groups, sportsmen and other individuals throughout the territory.<sup>58</sup>

The sports program is administered by the ILWU Athletic Association, which apparently is part of the Membership Service Department. ILWU conventions (1954, 1959) voted to appropriate \$5,000 to assist the program. Such athletic programs sponsored and administered by employers in the past were included in the general condemnation of paternalism of the dictatorial variety. The ILWU variety seems to have sprung from the membership itself and continues because the members, whether in semi-isolated small communities or in populous Honolulu, want the program. The union leadership encourages the program, but does not insist on it, and so far it does not appear to have developed paternalistic characteristics which will cause dissatisfaction on the part of workers. In fact, the evidence suggests that this type of "off-the-job" activity is to be commended. In February, 1961, the sports program was reported as not so active as formerly. Sports interest does not seem to be related to community isolation or lack of employer sponsored sports programs.<sup>59</sup>

**Insurance Program.** Perhaps the most successful ILWU venture into "paternalism"—providing a service where many alternative private choices are available—is the union's insurance program. In the fall of 1955, the union announced the following:

ILWU members in the Territory will be offered additional service, of the "off-the-job" variety, as a result of action taken by delegates to the ILWU Biennial Convention held in Hilo, Sept. 21-24.

This new service will be in the field of insurance. To set the wheels in motion the Hilo Convention approved the organization of Union Insurance Service, Ltd., a corporation owned 90% by the ILWU and 10% by the UPW.

<sup>58</sup>ILWU Reporter, Sept. 18, 1957. [Italics supplied.]

<sup>59</sup>Interview with MSD director, Feb. 27, 1961, by Mary Gasper.



Why has the union gone into the insurance field? What does the union expect to gain by it? These are some of the questions posed by ILWU members, also by outsiders and businessmen in the Territory.

And it is only natural that questions be raised because while an undertaking of this kind is nothing new on the mainland, it is something considered by some to border on the "revolutionary" side here in the islands.

The ILWU has blazed the way for numerous social and economic gains in the Territory, which most people, even members of the union, thought were impossible at first. These gains have benefited not only our members but others in the entire Territory. For instance, ten years ago anyone would have laughed at the idea that sugar workers would some day retire with \$75 per month pension, plus free medical care, and social security benefits. Yet this became a reality in 1954.

Getting into insurance is only another ILWU "first." The objective of Union Insurance Service, first of all, like any other union operation, will be to service union members. Many of our members buy automobile, fire, and life insurance policies on an individual basis. UIS will try and put the purchasing power of ILWU members in:

- \*Getting the proper kind of insurance.
- \*Getting insurance at the lowest possible rate.
- \*Complete service in handling of claims.

The revenue of UIS will be utilized to pay expenses of the staff and provide the union with additional income for other service activities. In fact the whole idea of forming a union insurance corporation was raised at the time leaders of Local 142 discussed the re-organizational table of the union, which culminated in the formation of the Membership Service Department early this year. Discussions were held to see whether it was possible to offer additional service to the membership, financed through income other than dues so that our members would not be asked to dig into their pockets for more dues money.

The inference made at that time was that the union should practice what the Big Five employers have been doing right along.<sup>60</sup>

The ILWU and UPW, co-owners of the insurance company, trained their own members to pass insurance examinations and to do soliciting, thus saving considerable cost over hiring "professional" salesmen. Auto, fire, life, theft, and general liability insurance were made available to union members. The union newspaper, *ILWU Reporter*, contained many articles on insurance education and the union insurance program over the period 1956-61.<sup>61</sup> Not only does the union newspaper proclaim the success of the insurance program, but also the union officers proudly state the accomplishments of the program. In December, 1960, the union reported:

The result [of lowest possible rates] has been a whopping saving to UIS clients to the tune of well over \$125,000.00, since UIS entered the local insurance picture. . . .

UIS has striven to offer top notch counseling service in assisting its clients meet their insurance needs. . . .

Revenues derived from UIS have been utilized towards enlisting the staff of UIS in furthering various union programs, especially within the membership service field—welfare services, assistance to pensioners, promoting the union's sports program and the like.<sup>62</sup>

<sup>60</sup>*ILWU Reporter*, Oct. 5, 1955. A later *Reporter* article explains the meaning of the last sentence in the above quotation: ". . . [T]hey [the union members] have likened the UIS program to what the Big Five companies have been doing right along—they buy their insurance from themselves and thereby keep the loot in the family, so to speak." *ILWU Reporter*, Dec. 21, 1960.

<sup>61</sup>The *ILWU Reporter* gives credit to Regional Director Jack Hall for the idea of the union insurance program and also interestingly notes that "the UIS program, like any other union undertaking, has been a 'rank and file' project, aimed at bringing the very best in service to its clients." *ILWU Reporter*, Dec. 21, 1960.

<sup>62</sup>*ILWU Reporter*, Dec. 21, 1960.



Thus the insurance program has broader aspects in the life of the union than just fulfilling members' insurance needs. But here again, the union program does not seem to merit the criticisms of paternalism pointed out in the beginning of this paper; on balance, it may be more beneficial to the union members than if they had been left to their own choices concerning the matter of insurance.

*Political Action and Publications.* The paternalistic implications of political action and union publications are even more difficult to evaluate than the previously discussed programs. Union publications and political activity impinge on the element of paternalism which is designed to tell "workers what to think."

The ILWU has had, from its beginnings, a strong political interest, which stems from the ideology of the union leadership. Union political action did not spring from membership demands; on the contrary, it appears to be the concerted policy of the leaders that such political activity is good for the union and for the worker.<sup>63</sup> Over the past 15 years, ILWU political activity in Hawaii, particularly on the islands of Kauai, Hawaii, and Maui, has been subject to considerable criticism, along with charges and countercharges of undue influence. It is not the purpose of this paper to examine in detail ILWU political activity and influence in Hawaii—that could be the subject of another study—but to point out the paternalistic implications of political action. As previously noted, sociologists and others have indicated the anti-democratic nature of attempts by either employers or unions to control the political beliefs and decisions of workers. Whether or not ILWU political activity in Hawaii is any more intense than that of many Mainland unions has not been demonstrated; such activity tends to stand out more sharply in an island economy. In a *Reporter* article in 1956, the union stated its case:

"Why should a union 'get involved' in politics?" a worker recently asked a business agent of ILWU Local 142. The way the question was asked implied that political questions and other matters pertaining to government should be outside the scope of union business. The questioner was serious. He believed union activity should begin and end with problems directly connected with on-the-job employer-employee relations—such as wages, hours and working conditions. He wasn't "playing politics" for any politician when he asked the question. He was just an honest rank-and-filer questioning the emphasis and energy this union places on political action.

... Every piece of liberal legislation existing in Hawaii today is in the law books because of the political strength of those who work with their hands. This includes minimum wages, the Little Wagner Act, workmen's compensation, unemployment compensation, etc.

... When we join a union so that we can bargain as an organized group (collective bargaining) it pays off in better wages, and conditions. In the same way organized (union) political action gives the individual voter the power to get laws passed which will help him as well as other voters who work for a living.

How weak one voter is against such an organization [employers] when he acts alone! He has only the power of his single vote . . . and even that may be wasted, because usually he does not have any way of knowing what really goes on behind the scenes. . . . Votes which are not cast as part of an organized program may be wasted votes.

<sup>63</sup>The *Voice of Labor* reported in 1938 the organization of the Progressive League of Hawaii. (*Voice of Labor*, July 21, 1938 and Aug. 25, 1938.) We have no information how long this organization lasted or the extent of its political activity. In 1949—the year of the great longshore strike—a policy statement of ILWU Local 142 proclaimed that political action committee work should be intensified. (*ILWU Reporter*, Mar. 9, 1949.)



The only way the individual voter can get what he wants is to join an organization where he can combine his strength with that of all the other voters who want the same things he does. Fortunately for the union member, he already belongs to such an organization . . . his union.

Where the workers use this sort of power they get results. Because the ILWU in Hawaii has been deeply "involved" in politics, many new laws beneficial to working people are now on the books. . . .

However the individual worker can only have such power when he, and all the other union members stick together and vote as a solid block. It is this solidarity which makes the politician respect him.

. . . It is the [Election Campaign and Legislative] committee's job to coordinate the political energies of the rank and file as a solid united group, so that we can win laws favorable to ourselves and to the communities in which we live and work.

Of course the union cannot tell the individual worker how he must vote. But the union has a definite program of recommending certain actions to all its members, and of doing all it can to convince them that this action is the one that is best for them.<sup>64</sup>

There is strong *prima facie* evidence from the preceding that the ILWU political action approach has paternalistic overtones, even to implying that "papa knows best."

The ILWU has supported newspapers sympathetic to its views, but these ventures have not been too successful. Until it ceased publication in July 1958, the *Honolulu Record* had union backing. In 1960, the union purchased \$20,000 worth of stock in the *Hawaiian Reporter*, and made arrangements for member subscriptions out of dues. Nevertheless, the *Hawaiian Reporter* ceased publication, purportedly because of lack of funds, after the March 16, 1961, issue. The reason for union support of these newspapers is contained in a statement made in connection with the backing of the *Hawaiian Reporter*:

. . . [I]t is essential to every organization working for the people's welfare that there be such a newspaper which will print the truth about public issues. It is especially important for unions. Without such a paper, conservative and employer interests have monopoly control of public information and opinion-forming channels, and are free to falsify or hide the facts needed by working people to advance their living conditions, opportunities and advantages.<sup>65</sup>

Certainly, here again is union action in the direction of telling workers "what to think" or what is "good for them to believe." But the union has had insufficient control over the workers to make this form of paternalistic venture successful, nor does it seem that the union is willing to spend the amount of money necessary to keep minority newspapers in existence.

In fact, the union seems to have difficulty in getting the widely scattered units throughout the islands to publish unit bulletins regularly. Bulletins come out after a campaign on the subject, then dwindle away until another publication campaign is started.<sup>66</sup>

Two other minor ventures that might have turned into cases of paternalism occurred, but neither got very far. Upon the suggestion of a doctor, the ILWU set up on Molokai in 1954 a drug purchase plan. Financed by worker contribu-

<sup>64</sup>*ILWU Reporter*, Sept. 19, 1956.

<sup>65</sup>*ILWU Reporter*, Sept. 22, 1960.

<sup>66</sup>See *ILWU Reporter*, June 20, 1956; *Voice of the ILWU*, Feb. 22, 1961.



tions, the plan operated from 1955 to 1959 with about 80 per cent of the union members covered.<sup>67</sup> This experiment was never extended beyond Molokai. According to the doctor who was interested in it, the plan was inadequately financed and essentially a "one-man affair."<sup>68</sup>

The second venture had to do with housing. The union's interest in housing was a backwash of the 1946 agreement which provided for the changeover from perquisites to a cash wage system and rentals for company houses. Since 1946, the companies have been getting out of the housing business as fast as they could. Although the ILWU has not gone into the housing business itself, and says that it is not likely to, it has paid close attention to how the plantation companies handled matters of rent and sales of company houses to workers. Also the union has tried to secure favorable long-term loans for union members who want to purchase homes. For example, in 1960 the ILWU reported that it would try to get 40-year loan financing for low-cost housing on Maui, housing that was destined for sugar workers to buy as they moved out of company-owned houses in the plantation field areas.<sup>69</sup>

From the above account, we conclude that the ILWU has not begun to create anything like the employer-controlled paternalistic system that developed after 1860 in Hawaii and lasted until nearly the middle of the twentieth century. The union experience is too short to make any safe predictions as to whether or not the "immature" and partial paternalism of the union will broaden and solidify. But we can make a few observations which bear on the question. Some structural changes are occurring in the Hawaii labor force, which is already heavily concentrated in government and service trades employment. ILWU membership in sugar, pineapple, and longshoring is not likely to increase; in fact, it *has* been decreasing. This decrease has been mildly offset by the extension of the union into other areas—transportation, trucking, bakeries, auto dealers, and so on, amounting in 1959 to 6 per cent of the total union membership. The educational level of the workers is rising and the historical stream of new laborers from other countries has ceased. Based on our analysis of union activities, particularly since 1946, and considering the foregoing observations, our guess is that paternalism of the narrow, limiting, worker-control brand is not likely to be significant in the future history of the ILWU.<sup>70</sup>

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<sup>67</sup>There were 657 ILWU union members on Molokai in 1959. (ILWU, Ed. 2-H, Jan. 4, 1960.)

<sup>68</sup>Interview, May 22, 1961, with doctor concerned with plan. The union's explanation for failure was that the plan was dropped because doctors were not interested.

<sup>69</sup>*ILWU Reporter*, Feb. 25, 1960. The ILWU has considered the following programs, but they have never "got off the ground": credit union, dental program, and a food store.

<sup>70</sup>This paper has not dealt with the narrower concept of paternalism, found in industrial relations writings today, having to do with internal union democracy. We do not have the data available on the ILWU to make a satisfactory analysis on this point. Union officials, in speeches and publications, insist that the union is thoroughly democratic internally; that is, control of union affairs and decision-making are in the hands of the rank-and-file.