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| <p>Cite this work as: <i>Rutledge Unionism: Labor Relations in the Honolulu Transit Industry</i> by Bernard W. Stern (Honolulu: University of Hawai'i, Center for Labor Education & Research, 1986).</p> <p>It was first published in 1986 when the Center for Labor Education & Research was part of the College of Continuing Education and Community Service at the University of Hawai'i at Mānoa.</p> <p>In 1996 the Center was transferred to the University of Hawai'i - West O'ahu.</p> <p>To order a hard copy of the original publication, click on the cover graphic above.</p> <p>NOTE: At the time of publication, diacritical marks (the 'okina and kahakō), now accepted</p> | <p>Introduction by William J. Puette</p> <p>Preface by Bernard W. Stern</p> <p>Prologue</p> <p>I. Early Years (1937-1945)</p> <p>II. The Formative Years (1946 - 1953)</p> <p>III. The Weinberg Era</p> <p>IV. MTL: A Whole New Ballgame</p> <p>Summary and Conclusions</p> <p>Appendices:</p> <p>A. Transit Workers Union Organization</p> <p>B. Negotiations, 1937-1984</p> <p>C. Job Actions, 1941-1984</p> <p>D. Wage Rates, 1938-1986</p> <p>E. Wage Rates, West Coast Cities</p> <p>F. Wage Rates, 500K-1M Population</p> <p>Acknowledgements</p> |

as appropriate for Hawaiian words and names, were not included; whereas this online version does include them to the extent html codes allow, except when rendering the names of ships, institutions and/or organizations that did not at the time employ them.

INTRODUCTION

The relationship between the growth and development of organized labor in Hawai'i and the development of much of the state's social, political and economic character is undeniable. For better or for worse, it is probably a closer relationship than one is likely to find in any other state in our nation.

And yet, despite the few good books on the subject currently available, the vast majority of Hawaii's labor history remains unwritten. In the past few years, thanks largely to the interest prompted by the celebrations memorializing the arrival of the various contract laborers, a considerable amount of the history relating to the early ethnic sugar strikes as well as the birth of the International Longshoremen's and Warehousemen's Union (I.L.W.U.) has been published. But the surface has only just been scratched.

The history of organized labor, particularly after World War II and outside of the I.L.W.U., has been almost totally overlooked. It is, therefore, especially good to see Mr. Stern's study of the unique style of Rutledge Unionism.

Though Stern's work does not attempt the in-depth, definitive biographical detail of the sort Zalburg wrote about Jack Hall, this relatively short study of Art Rutledge's leadership of the transit workers' union accomplishes what many weightier books tend to miss. Stern shows us simply and directly the evolution of a leadership style and the building of a distinctive strategy for union representation.

The particular value of Stern's approach is that he is able to bring us well beyond the simple headline confrontations into the underlying economic issues. He sees this history with the trained eye of a negotiator. For this reason, the book is almost as much about Harry Weinberg as it is about Art Rutledge. But actually Stern's story of the Rutledge-Weinberg struggle is the most appropriate way to reveal the Rutledge technique, which was, after all, a method both forged and tempered in conflict.

The student of Hawaii's social history as well as the student of industrial relations and the aspiring union agent should find in this work a highly useful guide to the mind of one of the state's most successful labor leaders.

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PREFACE

This study of labor relations in the Honolulu transit industry has a relatively narrow focus. That choice of focus was impelled by the following personal considerations: 1) labor relations is one area

in which, after many years of experience, I can claim some degree of expertise; and 2) the time available to me for research and writing, because of other commitments, does not allow for a fuller, more comprehensive treatment of Rutledge and his extensive union career in Hawaii. Hence the limitation to one sector of his unions.

What this study covers can best be shown by listing the areas that are not treated.

1. This is not intended as a Rutledge biography, although some future biographer may find some of the material in this study helpful in providing clues for further research. Such personal details of Rutledge's life as have been included are limited to those that impinge on the basic subject matter.
2. No effort has been made to cover Rutledge's long involvement with the Hotel Workers Union, Local 5; his loss of the leadership of that local to Richard Tarn, a former business agent, in 1980; and the apparently interminable conflict that has been waged since then on issues arising out of their past association and Rutledge's efforts to regain control of organized hotel employees.
3. Another uncovered area is Rutledge's long political association with Tom Gill, a Teamster employee for a brief period who later went on to a prominent political career. Rutledge and his unions consistently supported Gill in his many political campaigns -as a state legislator (1959-1961), U.S. Congressman (1962), Hawaii Lieutenant Governor (1966), and his unsuccessful bids for U.S. Senate (1964) and for Governor of Hawaii (1970 and 1974). Gill's law firm, since the late 1970's, has represented Richard Tarn and Hotel Workers Union, Local 5 in their many wrangles, in the courts and before government agencies, with Rutledge.
4. Rutledge's relationship with Jack Hall and the International Longshoremen's and Warehousemen's Union over many years, mostly adversarial, should constitute an interesting and essential part of any history of Hawaii labor but is only incidentally treated in this study as aspects of that relationship bear on the transit workers' situation.
5. A history of Hawai'i Teamsters Local 996 should obviously cover more than just the transit workers unit, which is one of the oldest and largest units in the local. The changing composition of the local with the decline of such sectors as trucking, warehousing, and dairy; the rise of membership among hospitals and other service industries; and the separation of concrete workers into a local of their own, is a long and involved narrative that I have not attempted to cover in this study.

The history of the transit workers unit is illustrative, but for reasons later explained, not necessarily typical of other Local 996 units. The bus company employees had a peculiar history of their own-one that, I believe, sheds a revealing light on Rutledge's operating style, and forms a significant part of Hawaiian labor history.

BERNARD W. STERN

AUTHOR'S ADDITIONAL NOTE:

This study is based mainly on news accounts of happenings as reported in the two Honolulu dailies, interviews with participants, company annual reports, union files (correspondence, minutes, publications), Hawaii Employer Council files covering the period that it handled negotiations for Honolulu Rapid Transit (roughly 1944 to 1958), and books and periodicals dealing with aspects of the labor movement, the transit situation, and specific incidents covered in the study. My personal knowledge of many of the reported events and the personalities involved, acquired through three years as an Administrative Assistant to Rutledge (1962-1965) and some 18 years as a benefits consultant to the Teamsters, helped in the sifting and interpretation of information.

Any attempt to footnote items based on news stories would unnecessarily clutter the record and do little to clarify matters. We have accordingly omitted any identification of such items except where the story, or a quote of what some person said, helps our understanding of what was going on.

PROLOGUE

Arthur A. Rutledge has been a vital force on the Hawai'i labor scene for over forty-five years—both as the head of Hawaii Teamsters Local 996 and, until 1980, the head of Hotel Workers Local 5. He has been revered and reviled by many, but generally respected by all with whom he dealt.

In December, 1984, shortly before his 78th birthday, he was reelected as President of the Teamsters local with the largest plurality yet gained since he first faced an organized opposition some ten years earlier. When asked when he intends to retire, Rutledge answers with a story about Henry J. Kaiser, the prominent builder and industrialist who, relatively late in a very active life, settled in Hawai'i. There, while still in his seventies, he built a hotel (Kaiser Hawaiian Village), a hospital and health plan (Kaiser Foundation Health Plan), and a moderate priced housing development (Hawaii Kai). Rutledge got to know Kaiser through union dealings with him for hotel and hospital employees.

As Rutledge tells the story, shortly after the hotel opened he and Kaiser were in one of those relaxed "talk story" sessions in which Kaiser was expanding on some of the problems facing his many interests. He bragged slightly about his son who had just concluded a deal with Peron, the President of Argentina, involving the building of a steel mill and auto plant in that country. He then spoke of a strike that was going on at the Kaiser Fontana steel plant in California that was costing the company several hundred thousand dollars a day,

"I could settle that strike in very short order," said Kaiser, "but I won't. The management there doesn't want me involved and they're going to have to learn how to handle such problems by themselves."

Then, with sudden animation, he turned to Rutledge and said, "Guess how much money this hotel took in last weekend?" Rutledge had no idea. Said Kaiser, "The weekend before last we took in about \$800. This past weekend, we took in over \$1,100."

Rutledge hesitated a moment, and then said, "You know, Mr. Kaiser, I feel as if I've been on a roller coaster. A few minutes ago you were talking about weighty matters involving millions of dollars. Now you're all excited about \$1,100."

"You don't understand," replied Kaiser. "The money isn't important. What matters is to be able to move things."

How Rutledge "moved things" in one unit of the Teamsters local over a period of 45 years is the subject of this study. A logical question arises: What makes the transit employees worthy of study?

There are at least two answers to this question. First, the transit workers are one of the oldest organized union groups in Hawai'i. They have been in one or another independent trade union since 1937 and make up an important part of Hawaiian labor history. Second, they are a prime example of what we call Rutledge Unionism, a kind of unionism that flourished in at least two industries in Hawai'i and left a distinct imprint upon the state's bargaining scene.

Independent unionism for transit employees has undergone several transformations since 1937 when the Honolulu Rapid Transit (HRT), as the employer, hastily helped to organize and then recognized, without an election, an American Federation of Labor (AFL) affiliate, Division 1173 of the Amalgamated Association of Street and Electric Railway Employees. The company had done this in order to prevent a more militant group affiliated with the Congress of Industrial Organizations (CIO) from gaining recognition.

That year, 1937, was a year of labor ferment in the United States. The CIO was on the march, making daily headlines with its organizing in mass production industries. It was also the year in which the Supreme Court upheld the constitutionality of the National Labor Relations Act (NLRA), better known as the Wagner Act. Validation of the NLRA also meant that the HRT Employees' Council, a company union set up in 1920, was now illegal and would have to be disbanded. Hence, the company's interest in recognizing the Amalgamated.

Division 1173 of the Amalgamated was replaced in 1946 by an unaffiliated Transit Workers Union, which later became part of Hawaii Teamsters Union, Local 996. From about 1939 to date, the organized group of transit workers has been within the Rutledge orbit. Throughout this period, he was the guiding spirit, as a behind-the-scene adviser until 1946 and, thereafter, as the open and recognized leader of the group.

What do we mean by Rutledge Unionism? We are talking about both a structure and a style of operation. Rutledge Unionism, in structure, can be seen in the two separate local unions he's run: the Hotel, Restaurant and Bartenders Union, Local 5, an American Federation of Labor-Congress of Industrial Organizations [AFL-CIO] affiliate, and the Hawaii Teamsters Union, Local 996, an affiliate of an International expelled from the AFL-CIO in 1957.

Rutledge was drafted as the business agent for the Hotel Workers Union in June 1939, one year after his arrival in Hawai'i. The local grew from a small bartenders unit into an industrial unit that organized employees of major hotel chains on Oahu and several units on the Neighbor Islands (where the International Longshoremen and Warehousemen Union [ILWU] represents the larger group of hotel employees). In 1980, Rutledge was displaced as head of Local 5 and shortly thereafter the new leadership moved the local out of Unity House, the Honolulu office building in which both locals had been housed.

The Teamster local was welded together by Rutledge in the 1940s from separately organized groups of workers. Starting with brewery, quarry, dairy, warehouse, trucking, and the gas company, Rutledge went on to organize these and other industries.

These two separate unions shared physical quarters and, in varying degrees, clerical and administrative staff. Unity House, in addition to being the name of a building, was also the name of an entity that served as the custodian of the real property of both locals. Another part of the superstructure, Unity Council, which provided administrative services to Unity House locals, ceased functioning in 1979. And dominating all aspects of this unusual, if not unique, setup, has been Arthur A. Rutledge, a complex, contradictory and paradoxical character.

Rutledge Unionism as a style of operation has three main ingredients: 1) business unionism¹; 2) direct militant action; and 3) the Rutledge personality. The first two ingredients fall squarely within the traditional strands of the American labor movement. The Rutledge personality added a distinctive personal flavor to the practice of business unionism and militant union action. His operational style reflected several personality traits-among them, tenacity and a strong sense of loyalty to those who have helped him in any way.

Business Unionism

Rutledge has been, first and foremost, a business unionist who runs his unions like any other business. His main concern has been to satisfy his customers (the membership)-to secure practical gains in the here and now. Not for him were the long range programs for social betterment nor the

class struggle concept of unionism.

When deemed necessary to make advances for his members he did not hesitate to join ranks with employers on behalf of industry or company objectives.

He has made deals with other unions when it suited his purposes. His interest in politics and legislative action, aside from repayment of obligations to those who have helped him in the past, has usually been restricted to what will best serve his members in the immediate future.

His every move, whether in organizing, negotiating a contract, or administering existing contracts, has been almost instinctively calculated on a cost-benefit basis-are the possible gains worth the costs involved? And like many another successful businessman, he has sought to train and nurture as his successor, his son Tony, in hopes of passing the business on.

The essence of business unionism is pragmatism, the testing of a concept by its practical consequences. Rutledge has probably been more pragmatic than most in making use of those who could help him in his union business affairs. Although openly opposed to communism, he has frequently sought out ex-left wing union leaders, for whom he generally had a high regard as unionists, to work for him. Nor did he hesitate to use communists or ex-communists when they could be useful.

Another favorite Rutledge tactic has been to hire former adversaries to work for him. Unity House, in one of its few bursts of intensive political activity, insured the political demise of ex-House Speaker Charles E. Kauhane when he ran for the State Senate in 1959. Wherever and whenever Kauhane spoke at an election rally, there would be Unity House people passing out leaflets criticizing his legislative record and accusing him of having worked against the interests of the people of Hawai'i. Within two years after his ouster from office, Rutledge hired Kauhane as legislative lobbyist for Unity House. As Rutledge put it, "He's the one person who knows where all the bodies are buried."

There is nothing unusual about Rutledge's approach to unionism. Business unionism has been the most enduring form of American trade unionism despite the influence of liberals and radicals in many unions at different times in labor history. This has also been true in Hawai'i. What is different about Rutledge is that he has been more of a business unionist than most.

Rutledge has been described by some of his associates as a "frustrated business man", probably because of his pastime of frequenting auctions and discount houses in search of bargains in office equipment and furniture. His admiration for successful businessmen is evident in many ways. Three of the walls of his second floor office in Unity House are hung with the pictures of eight individuals, paintings based on photographs. Of the eight paintings, five are of businessmen with whom he has had dealings-four through the Hotel Union, one through the Teamsters. The four hotel people are Henry J. Kaiser, now deceased, of the original Kaiser hotel and the Kaiser Health Foundation; Richard Holtzman, former head of Sheraton hotels in Hawaii, now head of the Rockefeller hotel chain; Roy Kelley, founder and still head of the Kelley hotel chain; Ed Hastings, deceased, former head of the Hilton hotels in the Pacific. The fifth businessman, one with whom the Teamsters dealt, is Harry Weinberg, financier and former president of Honolulu Rapid Transit, with whom Rutledge has carried on a love-hate relationship for over twenty-five years.

On one of the remaining walls are three other pictures: Arnold Wills, regional director of the National Labor Relations Board in Hawaii for sixteen years; John Reinecke, who worked with Rutledge as a volunteer and, later, as a paid researcher for many years; and James Chock, financial secretary of Hotel Workers, Local 5 for eighteen years. These three, all now dead, are persons who helped Rutledge in his union work.

Says Rutledge of the men in the pictures: "Each has made a contribution in his time." Another indication of the compatibility of Rutledge Unionism and a business outlook has been the ease with which many former business agents, all selected and appointed by Rutledge, have moved into management labor relations positions. Movement from union's ranks into management positions has been fairly common in Hawai'i's mobile social structure, especially since statehood, but no other union group in Hawai'i can claim as many higher echelon management representatives as alumni.

Direct Militant Action

Rutledge differentiated himself from Jack Hall, Regional Director of the Hawai'i ILWU, a one-time friend and a long-time union adversary, at the time of Hall's death:

We had many differences as to methods. He believed he could accomplish much through politics while I believed in direct action.

The use of direct action by Rutledge has waned over the years. There was a lot more of it in the early years when he was struggling for respect and recognition. As recognition grew and more mature collective bargaining relationships developed, there was less need for the resort to militant actions.

But there never was a time when you could not count on some familiar Rutledge tactic being used by one of his union groups. Probably no labor leader in the United States, certainly none in Hawai'i, has developed as varied and extensive an arsenal of guerrilla tactics with which to harass and compel action by a reluctant employer. In this regard, he was undoubtedly influenced by the CIO which, shortly before Rutledge's entry into the labor movement, had gained national attention by its use of the illegal but effective "sitdown strike" as an organizing weapon. Tactics developed in the course of the transit workers history include the slowdown (driving in strict accordance with regulations); mass marches on the governor's office and the legislature; the refusal of bus operators to collect fares; sympathy strikes by related union groups; the one-day strike and the weekend strike; unannounced stop work meetings; the informational picket line; and, of course, the regular strike.

Early strikes by the transit workers influenced Rutledge's generally cautious attitude toward regular strikes. In 1941, HRT workers, then organized by the Amalgamated Association of Street and Electric Railway Employees, failed to achieve their major objective of a union shop after a twenty-eight day strike. While Rutledge was not directly involved in that strike, he was in constant touch with local leaders of the walkout. Poorly organized, the strike was eventually settled by a mainland official from the International. Again, in its first big postwar strike with the company in 1948, the Transit Workers Union, this time led by Rutledge, went out on strike for thirty-six days. The union suffered the humiliating experience of having to accept a contract without retroactivity—a contract that had been rejected by the Union before the strike.

There were more long strikes after these early experiences, usually better prepared and better organized. Sometimes these strikes were provoked by an unmovable employer obstinacy, as in the Weinberg era at HRT. In general, though, as Rutledge frequently admonished his business agents, "You never lead workers out on strike unless you know when and how you're going to get them back to work." He preferred short strikes with quick gains and frequently resisted pressure from members and business agents to call strikes when he figured the odds were against winning. On at least two occasions, important hotel units were lost through strikes called by impetuous subordinates without Rutledge's knowledge. Rather than publicly expose his otherwise loyal agents, he sought without success to make the best of hopeless situations.

One can find varying opinions of Rutledge's bargaining skills. In the early 1960's, the Hawaii

Employers Council did a study of his negotiations. They concluded that one could generally count on a two to three-day strike in most negotiations after which he returned to the bargaining table to accept a settlement that could have been reached without a strike.

Rutledge supporters refute such charges with the record of wage and benefit gains in Honolulu transit, the hotels, dairies, gas company, and other industrial sectors organized by his unions. One of his staunchest admirers, a transit worker who has been in negotiations with Rutledge for over forty years, says of him, "He knows when to hit, how hard to hit, and exactly when to settle."

Personal Traits

Persistence and a doggedness that frequently baffles his opposition typify Rutledge's operational style. Many are the times he has bounced back from what seemed a totally lost situation to recover and gain an objective. After a four year struggle, he ultimately defeated efforts of the United State Immigration authorities to have him deported for illegal entry. ²

In 1953, an Immigration examiner recommended that Rutledge be deported. In 1954, the Immigration Appeals Board set aside the deportation order. Among those helping Rutledge in his fight were Ben Dillingham of the Dillingham Corporation; Frank Fasi, then a politically active employer, presently the mayor of Honolulu; and Senator Hubert H. Humphrey of Minnesota.

Again, in 1960, Rutledge's tenacity overcame efforts by the Hotel Workers International to remove him from office and to place Local 5 under trusteeship. The charge against Rutledge was misuse of funds, based on the financial arrangements between Local 5 and Unity House and Unity Council. Rutledge won strong support from his membership and local political figures. At one Union rally, Lt. Governor James Kealoha of Hawai'i and Honolulu Mayor Neal Blaisdell spoke on his behalf.

The membership voted to join the Teamsters. James Hoffa, the International President of the Teamsters, interceded with the Hotel Workers International leaders and shortly thereafter the Hotel leaders restored Rutledge to office and withdrew from the scene.

Rutledge has been zealous in defense of his leadership against all takeover attempts. He suffered one actual defeat-the loss of the Local 5 leadership to Richard Tarn in 1980.

Since 1975, he has successfully resisted strong efforts to displace him in Teamsters Local 996. There have been other instances in which aspiring successors to the helm have suddenly found themselves on the outside looking in, without quite knowing how they got there.

Personal loyalty looms large in the Rutledge scale of values. The one-time immigrant boy who suffered from the breakup of his childhood family, has been fiercely loyal to the interests of his family. His active support of political candidates, not counting the frequently nominal endorsements that typify many union efforts, has been spread over a wide political spectrum, from ultra liberal to ultra conservative, the common thread being the repayment of past obligations. At times he has refrained from seeking help or support in certain situations when he felt that the possible gains did not warrant the incurring of new obligations.

Rutledge and Reinecke

Rutledge's personal sense of loyalty is most evident in his forty year relationship with John

Reinecke, a known leftist, who served as the Teamster Research Director for thirteen years of that time. Despite his personal opposition to communism and during a period when McCarthyism was rampant in the United States, Rutledge resisted many pressures and retained Reinecke because of his sense of obligation to one who had helped him in his early union days.

Reinecke, with a masters degree in sociology from the University of Hawai'i and a doctorate from the Department of Racial Relations at Yale, returned to the University of Hawaii as an instructor in Sociology in 1937. He and Rutledge first met about 1939, when Reinecke was teaching at McKinley High School. For about the next ten years, Reinecke was a volunteer adviser whom Rutledge consulted for occasional help in drafting statements, briefs, and publicity releases. In 1948 Reinecke and his wife, after a seven-week hearing by the Board of Education, were discharged as teachers on the grounds that they "lacked the ideals of democracy and for the good of the department."³ After his 1948 discharge, Rutledge hired Reinecke as the Research Director for the Teamsters; two years later, while Rutledge was under pressure from the Western Conference of Teamsters to discharge him, Reinecke resigned in order to save Rutledge further embarrassment.

Reinecke and six others, including Jack Hall, were arrested in 1951 by the FBI on charges that they had violated the Smith Act by conspiring to advocate the overthrow of the government by force and violence. After long delays and a seven and a half month trial, all seven were found guilty in June 1953. That conviction was reversed four and a half years later, in June 1958, by the United States Circuit Court, on the basis of a previous Supreme Court decision that "conspiracy to advocate" cannot be made a crime. Six months later, Reinecke was back on the Teamster payroll where he remained until his retirement in December, 1969.

Reinecke was totally dedicated to unionism and a great admirer of Rutledge as a union leader. Whatever their differences on other issues, and there were many, they were never made public. Reinecke was a scholarly, forthright person in all of his dealings. Typical of his character is a conversation in the early 1960s between Reinecke and Harry Weinberg, then President of HRT. Weinberg was then living in an apartment across the street from Unity House and visited there almost daily, both to read the Wall Street Journal and for social contact. On one of these visits, he became engaged in a conversation with Reinecke in which Reinecke made reference to his involvement in the Smith Act trial.

"Oh", said Weinberg, "Were you one of those alleged communists?" Replied Reinecke, "I wasn't just 'alleged', I was a communist."⁴

Throughout his employment by the Teamsters, Reinecke remained an activist, frequently seen on picket lines and at demonstrations on peace and civil liberties issues. After Reinecke's retirement from the Union, and until his death ten years later, Rutledge never let any public occasion at which Reinecke was present go by without publicly acknowledging how much he owed to Reinecke.

In January 1966, Vice President Humphrey came to Hawai'i to deliver an address at the East-West Center. A local peace group made known that it would demonstrate against Humphrey to protest United States involvement in Vietnam. Rutledge, both as a matter of principle and because of his special indebtedness to Humphrey, who had intervened to prevent his deportation, organized a counter demonstration of Unity House members and other unionists to support Humphrey. When the two picket lines passed each other, Rutledge was at the head of one line, Reinecke was prominent in the other. An irate union member went up to Rutledge, "Why don't you fire that guy?" Rutledge shrugged his shoulders and countered with, "He's entitled to his opinion."

NOTES:

1. Our use of the term "business unionism" leans heavily on those aspects of the term as formulated by Robert F. Hoxie, a pioneer student of the labor movement in the early 1900s; ". . . It is essentially trade conscious, rather than class conscious. . . . It expresses the interests of the workers in a craft or industry rather than those of the working class as a whole. It aims chiefly at more, here and now, for the organized workers of the craft or industry, in terms mainly of higher wages, shorter hours, and better working conditions, regardless for the most part of the workers outside the particular organic group, and regardless in general of political and social considerations, except in so far as these bear directly upon its own economic ends." Robert F. Hoxie, *Trade Unionism in the United States* (New York: D. Appleton and Company, 1920) p.45.
2. Rutledge was born in Poland, named Avrom Rotleider, and brought to America as a small child. His parents separated while he was a small boy, and his mother died soon thereafter. He and a younger brother were raised in an orphanage. He assumed that he was an American citizen through his father's naturalization. The deportation against Rutledge was based on the fact that in 1934, on an early trip to Hawai'i, he had taken passage from Vancouver, B.C., thereby leaving and reentering the United States in Hawai'i without obtaining a reentry permit.
3. Some thirty years later, the State made an out-of-court settlement of \$250,000 to the Reineckes in satisfaction of a suit brought by them for their wrongful discharge in 1948.
4. This scene, in a union office, between the state's wealthiest individual and an avowed ex-communist probably could not have occurred anywhere else in the United States. Harry Weinberg, frequently referred to as the "wealthiest individual" in the state, has been listed among the 400 wealthiest people in the United States for several years by *Forbes* magazine in its annual surveys. Its October 1, 1985 issue estimated Weinberg's net worth as \$550 million.

AUTHOR'S ADDITIONAL NOTE:

Much of the information in this section is based on personal knowledge and discussions with Rutledge and Teamster members.

Among former Teamster business agents who later became prominent as management industrial relations executives are: Laurence (Pat) Perry, Vice-President, Industrial Relations, Amfac Corporation; Claude Matsumoto, Vice-President in charge of negotiations, Hawaii Employers Council; James (Kimo) Peltier, Industrial Relations Director, Interisland Hotels; Mel Vios, Industrial Relations Director, Kuakini Hospital and later, Assistant to the Industrial Relations Director of Sheraton Hotels in Hawaii.

The quotation on the differences in methods between Rutledge and Hall is taken from a printed obituary folder issued at the time of Hall's death.

On the effectiveness of the "sitdown strike" as an organizing weapon, see Sidney Fine's *Sit-Down: The General Motors Strike, 1936-1937* (Ann Arbor: University of Michigan Press, 1961). "The example set by Flint's workers proved contagious. The year 1937 experienced 477 sitdown strikes affecting 400,000 workers" (p. 331).

The Hawaii Employers Council study of Rutledge's negotiations was told to me by a former Council negotiator.

I was a witness to the conversation between Reinecke and Weinberg. The incident involving the two picket lines at the East-West Center was related to me by several of the participants.

PART I EARLY YEARS

(1937 -1945)

When Arthur A. Rutledge arrived in Honolulu in early 1938,⁵ he carried with him a transfer card from San Francisco Bartenders Local 41 but no experience in union organizing or negotiations. Within less than a year he was drafted to run against the incumbent and won the election for financial secretary of the Hotel Restaurant and Bar Caterers Association of Honolulu, Local 5. In June 1939 he became business agent of Local 5, originally on a non-paid basis.

What Rutledge lacked in previous experience was soon more than made up by what he absorbed from his new experiences and his many discussions with others.

He was never much of a reader but he loved long talk sessions in which he soaked up ideas and advice from those with greater knowledge or experience. Three men in particular helped to shape his early thinking on labor matters: Arnold L. Wills, the first regional director of the Hawai'i National Labor Relations Board (NLRB) office; Jack Hall, who later became Hawaii Regional Director of the International Longshoremen and Warehousemen's Union (ILWU); and John E. Reinecke, then a teacher at McKinley High School. To what they offered there was added a special ingredient, what Rutledge later termed his "cockiness," his willingness to dare and take risks where others might have been more cautious.

Wills, until his death some 16 years later, was an outspoken union supporter and was always available for advice and counsel on almost any problem that Rutledge faced.

Hall, when Rutledge first met him, was helping to edit the Voice of Labor, a pro-Congress of Industrial Organizations (CIO) paper. He also helped to organize seamen, longshoremen and agricultural workers. In recalling their first encounter (he had gone to the paper's office to seek help on a bartenders strike), Rutledge insisted that as a result of that experience he never really trusted Hall. After he explained his problem, he remembers Hall's saying, "That's great, we can take over."

Despite his alleged mistrust of Hall, Rutledge saw him frequently over the next eight to nine years. There was a constant visiting back and forth in each other's homes and many long night sessions in which they discussed union problems. There is no question that Hall was a major resource for Rutledge. Their relationship later cooled because of their many conflicts on policies, jurisdiction, politics, and probably just plain personal rivalry; thereafter, there were hot and cold periods, but mostly cold.

Rutledge first met Reinecke through the Honolulu Inter-Professional Association, a discussion group of university faculty and others that met from time to time to discuss current issues, including unionism. Their relationship lasted for over 40 years. In the early days Reinecke helped Rutledge with statements, briefs, speeches and press releases. In Rutledge's words, "John prepared the snowballs, I threw them."

There was also frequent contact with Louis Welch, an ex-seaman who became CIO organizer for Hawai'i, and with Louis Goldblatt, Secretary Treasurer of the International ILWU, on his visits to Hawaii.

Rutledge's job as the Bartenders business agent brought him into the Honolulu Central Labor Council (chartered August 1, 1938), of which he became Secretary. From that vantage point he soon established contact with other recently organized locals, including the Amalgamated Association of Street and Electric Railway Employees of America (Amalgamated) Division 1173, which represented Honolulu Rapid Transit (HRT) workers. When that union conducted a 28-day strike in February 1941, the first in the company's history, Rutledge was deeply involved. A brief review of

the company's labor history up to then may help clarify his role.

NOTE:

5. There had been a previous short visit in 1934.

AUTHOR'S ADDITIONAL NOTE:

Information on Rutledge's early years in Hawaii, his association with Arnold Wills, Jack Hall, John Reinecke, and on his early role in the Honolulu Central Labor Council is mainly based on interviews with Rutledge conducted from February through May 1984. Honolulu newspapers also carried occasional stories on Central Labor Union activities.

CHAPTER 1 HRT's Pre-1941 Labor History

HRT, originally known as Honolulu Rapid Transit and Land Company, officially came into being on July 6, 1898, the same day on which Hawai'i was annexed to the United States. On that day both houses of the Hawai'i legislature approved the company's request for a franchise to operate an electric railway system in Honolulu. Final approval of the franchise was voted on June 25, 1900, when the United States Congress enacted the Organic Act, which validated all franchises granted after July 7, 1898. The first electric streetcar in the islands ran on August 31, 1901.

Some 19 years later, Alfred Castle, then Secretary and Director of HRT, joined Prince Kuhio in Washington to lobby successfully for a perpetual franchise for HRT, an arrangement virtually unheard of on the mainland but fairly customary in Hawai'i.

The original owners and directors of HRT were mainly "mission boys" (direct descendants of missionaries) and those related to missionary families by marriage. The original directors included Lorrin A. Thurston, publisher of the *Advertiser*, and W. R. Castle, a prominent attorney, both of whom had been actively engaged in the overthrow of the monarchy in 1893 and in the government of the Hawaii Republic that ruled the islands until annexation in 1898. Their heirs were part of the HRT Board until the late 1950's when an outsider, Harry Weinberg, took over control of the company.

The HRT Boards were part of the power structure that dominated Hawai'i politics and industry for the next 40-50 years; they were related to practically every other important business in Hawai'i by either kinship or interlocking directorates.

The company's work force in its early years was predominantly *haole* (Caucasian). Later the majority of the employees were Hawaiians and Portuguese. Orientals were not hired until the early 1940's when the outflow of workers to the higher paid Pearl Harbor jobs created acute labor shortages for the company.

World War I and the years immediately after was a period of general labor unrest both on the mainland and in Hawai'i. Wages, especially in Hawai'i, where labor was almost totally unorganized, lagged far behind the sharp increase in living costs.

At HRT in 1919, two men had been discharged for union activities. On August 15, 1919, a group of motormen and conductors met to discuss a protest against the discharge of these two men, wage demands, and possible affiliation with the Amalgamated. The starting wage for trolley car operators was at that time 35 cents an hour with annual increases up to 45 cents only after 12 years. A sore

point among the men was that they had to buy their own uniforms (about \$45), caps and punches. Out of that meeting came this petition addressed to the company.

We, the undersigned, respectfully appeal for the consideration of the company in the matter of the improvement of working conditions and the increase of wages.

Without waiting for an answer from the company, 75 employees formed a union and sought affiliation with the Amalgamated. After receipt of the petition, the company met with a committee of the men, agreed to reinstate the two discharged men and granted a 5 cents an-hour wage increase effective September 1, 1919.

The newly formed Amalgamated local, on January 16, 1920, presented a petition to the company, proposing a 10 cent wage increase, maximum pay to be reached in two years instead of ten, and adjustments in overtime pay and hours of work.

The company had good reason to be concerned. There was a lot of other union activity going on at this same time in Hawaii. Japanese workers in sugar had just moved to join Filipino workers already out on strike. The Teamsters were then involved in two strikes-at California Feed Company and Honolulu Construction and Draying Company (HCD). The HRT Board of Directors felt that the situation called for a light touch. On January 20, 1920, they authorized the posting of a notice to set up an "Employees' Council" of nine men-four to represent 137 motormen and conductors, five to represent 90 employees in the other five departments. The Council was almost immediately established with Hugh G. Davis, the company's chief statistician, as its President. Within three days it negotiated a first and last time contract that provided a two cents raise on minimum pay and a five cent increase in maximum pay for motormen and coachmen.

Amalgamated Division No. 942 held on to its charter until the end of 1924 when the company fired J. R. Souza, the Division President. Soon after this the local disbanded and returned its charter.

The Employees' Council, after its first negotiations, functioned solely as a grievance committee until late 1937. In April of that year the Supreme Court's validation of the National Labor Relations Act (the Wagner Act) made it apparent that the Employees' Council was clearly illegal under that Act, as a company controlled union, and would soon have to be disbanded. Unionism, although still very weak in the islands, was starting to spread in many areas-on the waterfront and the plantations, among quarry workers, bartenders, brewery workers and others.

A group of HRT workers, in November 1937, had received a charter from the Congress of Industrial Organizations (CIO) as Local Industrial Union No. 679, United Transport Workers. The HRT Board, which in 1920 had installed a company union to thwart the organization of an Amalgamated local, now used the Amalgamated to thwart the organization of what it regarded as a militant CIO union. The company, with the aid of labor spies and a group of loyal employees, quickly signed up workers on company time and on company property. The newly organized Division No. 1173 then presented a petition to management requesting recognition as the sole bargaining agent under the Wagner Act.

The company reported to its stockholders in its 1937 annual report: "After determining that a majority of employees had requested the recognition voluntarily, the company recognized the union."

First negotiations resulted in a contract by February 23, 1938, retroactive to January 1, that provided union recognition with check-off of union dues and a grievance procedure; wages and other conditions were to remain as they were on January 1, 1938 except that the company ". . . could modify rules, regulations and orders as conditions required." The contract was to remain in fore until June 30, 1938. The dominant figure in the new Amalgamate local was Charles Wright, a managerial employee who headed up the company's Division of Consumer Services, and who had pre viously

served several terms on the Employees' Council.

The new contract was not too well received by HRT worker; who had expected more. In the next negotiations that started in May 1938, the Amalgamated, prodded by criticism from leaders of the CIO United Transport Workers, took a more aggressive position-the men took a strike vote on the union shop issue. The International, however, refused permission for a strike and after five months of negotiations, the local settled for a five cent increase, free uniforms, fourteen days vacation after one year and a reopening each June 30. In 1939 the contract was renewed without any change. It was again renewed in September 1940 with a five cents wage increase (see [Appendix B](#)).

By 1940, Charles Wright was President of the Amalgamated local. Another organizational change of greater significance for the future of labor relations at HRT was that the CIO United Transport Workers, under guidance from Louis Welch and Arthur Rutledge, disbanded in June 1940. Its members then joined the Amalgamated and infused it with a new sense of militancy. Within a few months, several former CIO members, including Henry Gonsalves, who became President of Division 1173 in 1943, assumed leadership roles in the Amalgamated and were actively involved in 1940-1941 negotiations.

AUTHOR'S ADDITIONAL NOTES:

Major sources for information on HRT's early labor history are:

1. *Up From Company Unionism: The Rise of the Transit Workers Union* (not bearing any author's name, although written by John E. Reinecke), issued by the Transit Workers Union, Honolulu, Hawai'i, May 12, 1949.
2. Frank Vaughan, "A History of Industrial Relations at Honolulu Rapid Transit Company, Ltd." Paper for Economics 294, University of Hawaii, 1954. Only one microfilm copy of this paper exists in the University of Hawaii Hamilton library. It is a remarkably complete and objective account of industrial relations up to about 1953, written by an undergraduate. Vaughan, in 1955, went to work for T. H. Davies in personnel administration and labor relations. As later head of that department until his retirement in 1984, he frequently dealt with Rutledge in negotiations covering Teamster organized employees.

Identification of early directors of HRT made through Company annual reports. Their role in early Hawaiian history is described in Lawrence H. Fuchs, *Hawaii Pono. A Social History* (New York: Harcourt, Brace & World, Inc., 1961), and in Gavan Daws, *Shoal of Time: A History of the Hawaiian Islands* (New York: Macillan Co., 1968).

The ethnic makeup of the work force until the early 1940s was described by former HRT employees who first went to work for the Company at that time.

The use of labor spies by HRT in 1937 is mentioned by both Reinecke and Vaughan who quotes an unidentified company official as the source for his information.

CHAPTER 2

The "Union Shop' Strike

The thousands of defense workers who poured into Honolulu during 1940 and 1941 included large numbers of mainland union workers who swelled the ranks of existing local unions and also imbued them with a new awareness of basic union principles. There was more organizing of new members than had occurred in almost any previous year. Organized labor, although still relatively weak, reached its pre-World War II peak of about 10,000, up from a mere 3,500 just two years earlier. By 1941, the union shop had been established at two operations that were later to become Teamster

units: Primo Brewery after a 50-day strike that ended in February 1938, and at the Dairymen's Association in January 1941.

HRT, then enjoying a sharp increase in bus riders as a result of the defense boom, was willing to make many concessions in 1940-1941 negotiations but remained adamant on the union shop issue. In a full page ad they stated their firm belief that the company must have the full right to select each and every employee with care because they were responsible for the women, little children, and the aged and the infirm, who rode the buses.

On January 23, 1941, Amalgamated members, by a vote of 237 to 57 agreed to strike for the establishment of a union shop. Nine days later, on February 1, the men walked off the job in the first strike in HRT history.

The *Honolulu Advertiser*, previously noted for its virulent racism, strongly opposed the strike in an editorial in its February 2, 1941, issue with a rather unusual argument:

The same things said in these columns during the Inter-Island shipping strike can be restated with even greater emphasis today. Every other principle of union labor is acceptable in Hawaii for collective bargaining. The closed shop is not . . . The closed shop would eventually crowd out the Hawaiian worker. In this mainland form of unionism, he would find himself outside the closed door. The American-born Japanese, laborer or artisan, would be discriminated against . . . The closed shop is the rallying cry of radical West Coast labor leaders for Nordic immigration to replace Asiatic Americans in Hawaii. The minute it gets a foothold, out the window goes the slogan 'Hawaii for the Hawaiians'!

The inexperienced strike committee was a mixed group-it included former Employees' Council leaders as well as former CIO members. Charles Wright, a former leader of the Council and then of the Amalgamated, retained a position on the negotiations committee and, within six days after the strike started, managed to have three of the more active members of the committee removed. On the 14th day of the strike, Governor Poindexter appointed a three man emergency board which, together with the Federal Conciliator, Howard E. Durham, vainly sought to bring about a compromise settlement. The International sent Oswald A. Rowan, an International Executive Board member from Oakland, California, to help settle the strike. He arrived in Honolulu on February 16 and then stated that he thought the men had a 100 percent chance of winning the strike.

The strikers, by overwhelming votes, twice rejected a company offer that differed only slightly from the original offer. At the conclusion of one of these meetings, Rutledge, as the head of the bartenders union, spoke and told the strikers that they were obligated to the brewery workers, who had given financial support to the strike, and to organized labor to hold out for the union shop.

On February 24, four buses, escorted by police, started operating. Two days later, 20 new men were moved into the HRT building. At a union negotiating committee session on February 27, Rowan strongly suggested that the men accept a compromise on the union shop issue. One day later, the union membership voted 265-15 to accept a company offer that had been previously rejected.

The settlement, except for the absence of a union shop, contained some fairly good improvements. There were increased wages, improved vacations, greater job security and other improved conditions, but, considering that the main issue in the strike was the union shop demand, the result could only be regarded as a serious defeat for the Amalgamated.

An aftermath of the strike was the passage of the Public Utilities Labor Act which called for a "cooling off" period of at least one month before a strike could be called against a public utility, with penalties for violation of a fine or up to six months in jail. This was later amended in 1949, after the 1948 strike, to provide for even tougher provisions.

AUTHOR'S ADDITIONAL NOTES:

The impact of imported defense workers on the Hawaiian labor movement is described in J. Garner Anthony's *Hawaii Under Army Rule* (Palo Alto: Stanford University Press, c. 1955).

Information on union membership and activities in Hawai'i is taken from the invaluable mimeographed "Unity House Chronology, 1937-1963," Honolulu, March 1965. The chronology was prepared by John E. Reinecke, then Research Director for Hawaii Teamster Local 996. A few copies of this manuscript may still be found in public libraries and at the Center for Labor Education & Research of the University of Hawai'i. A supplementary study, "Unity House Chronology 1964-1965" was issued in October 1968.

Bus ridership, according to Company annual reports, increased from 19.4 million in 1939 to 29.0 million in 1941.

The third version of the Hawai'i Public Utility Labor Act, enacted in 1949, contained a new paragraph providing for the use of injunctions. That provision was never used according to Paul F. Brissenden, "The Labor Injunction in Hawaii," *Annals of American Economics*, Washington, D.C.; Public Affairs Press, 1956.

CHAPTER 3

A One Man Labor Movement

The bombs that fell on Pearl Harbor on December 7, 1941, radically changed ways of life in Hawaii. Within a few hours after the first bombs, Hawai'i was placed under military rule which lasted until October 24, 1944, when it was terminated by Presidential proclamation.

The Office of the Military Governor (OMG), irreverently referred to by some union leaders as "One Mighty God," assumed full control of all labor matters. A series of three General Orders, issued over a four month period, froze wages, froze men to their jobs unless formally released, provided penalties for changing jobs without a formal release or for failing to report to jobs selected by the military, and also banned all meetings. The ban on meetings, after many arguments and pleadings by union leaders, was finally relaxed. An OMG section of Labor Control, headed by the personnel director of one of the leading plantations, handled all labor grievances. The general orders relating to labor control were produced by the same law firm that represented the Big 5 companies.

The net effect of these restrictions was that union organizing virtually ceased, and many unions went into a deep freeze for at least two years. Bartenders Union Local 5 almost died as the Navy took over Matson hotels and dismissed all civilian employees. Bars, after being closed for three months, reopened but refused to abide by their pre-war contracts.

There were only two strikes of any significance during this period of martial law: a 10-day strike against Theo. H. Davies by the Teamsters, settled by arbitration; and a later strike by AFL drivers of the Moanalua Dairy.

Union membership in the early war years dropped by about half to around 5,000, but began picking up as the military situation later improved. Rutledge's personal situation, in this same period, despite a drastic loss in Local 5 membership, vastly improved. He acquired new positions, many new supporters and greatly enhanced his popularity among Hawaii's workers, especially Japanese-Americans.

With time on his hands because of very limited activity in Local 5, he handled negotiations for the electrical workers at Hawaiian Electric Company and for the dairy workers at Hind-Clarke. These last negotiations resulted in a contract that brought wage increases of from 39 to 62 percent. On the

mainland, under the Little Steel Formula imposed by the War Labor Board, wage increases were limited to the increase in the cost of living since the last increase, 10 to 15 percent in most cases.⁶

Hind-Clarke workers were almost entirely Japanese-Americans. The *Hawaii Herald*, an English language Japanese paper, was most enthusiastic about the settlement.

. . . The result was the negotiation of a contract that gave them the highest increase in wages and the greatest concessions ever won by any organized group of employees in the territory. (June 12, 1943)

Rutledge, in 1943, was retained as business agent for the Dairy Workers and the Teamsters, both separate locals at the time. A year later, he was hired by the gas workers. All of these groups, plus several others, were several years later merged into Teamsters Local 996.

Rutledge's stock among Hawai'i workers was also boosted by his public stands against racial discrimination. On August 1943, on a motion introduced by Bartenders Local 5, the Honolulu Central Labor Council adopted a motion calling for the naturalization of Chinese and Filipino aliens, contrary to the position then taken by the national AFL.

Again, in 1943, Rutledge openly opposed the position taken by the Hotel Workers International President Edward Flore in refusing to cooperate with the War Relocation Authority in placing Japanese-American workers in union jobs; Flore argued that they were of doubtful loyalty and also tended to work for lower wages.

Rutledge, with Reinecke's assistance, wrote an open letter to the International's official organ, the *Catering Industry Employee* in which he stated.

Man for man, we will match these 'Japs' against the same number of members of any other local in the United States. . . , The Hawaiian Japanese-American makes a good union man because he knows that the unions are the one force against the damnable dual standard of wages for Orientals and whites, which local big business instituted and would like to perpetuate. . . . He knows that in a union, he is an American.

The letter was reproduced in many Hawaiian newspapers as well as some on the mainland.

It was also during this period that Rutledge made a brief feint at organizing plantation workers. At the end of 1943, he and Jack Kawano of the ILWU visited Hilo on the Big Island of Hawai'i to sound out organizing possibilities on the plantations. Three days after their arrival, on December 13th, both men issued a joint statement proposing formation of an independent Big Island Labor Council. Almost immediately thereafter, on a motion by his old adversary in the Amalgamated, Charles M. Wright, Rutledge was suspended from office as Secretary of the Honolulu Labor Council and charged with "malfeasance of office."

A trial committee, headed by Wright, was set up to try the case. Over a period of three months the trial was postponed several times for lack of a quorum. Rutledge argued that since he had been suspended, he was no longer a member and, therefore, couldn't be tried. He then secured a court injunction against the holding of the trial, and the Council finally dismissed the charges.

It was of this period that Arnold L. Wills of the NLRB is reported to have responded to a question about the labor movement in Hawai'i: "There isn't any-there's just one man running around loose."

NOTE:

6. Hawaiian labor settlements were under military control until June 1944 when, after a visit by the Chairman of the Board, the War Labor Board revoked Hawaii's previous exemption from federal wage controls.

AUTHOR'S ADDITIONAL NOTE:

The role played by the Office of the Military Governor in World War II labor activities is taken from J. Garner Anthony's book, *Hawaii Under Army Rule*; Mark Perlman's "Organized Labor in Hawaii," *Labor Law Journal*, April 1952; and from John E. Reinecke's *A History of Local 5: Hotel and Restaurant Employees and Bartenders International Union AFL-CIO* (Honolulu: Industrial Relations Center, University of Hawai'i, May 1970). This last named study is also the source for the quotation from the *Catering Industry Employee* and the quote of Arnold L. Wills. The information about the use of a Big 5 law firm to draft the general orders regarding labor is from an attorney who worked for the firm at that time.

CHAPTER 4

Driving By The Rules

HRT drivers under military rule were frozen to their jobs, put on a seven-day-a-week basis with no overtime for the seventh day. Passenger traffic in 1943 was nearly three times what it was before Pearl Harbor, buses were crowded, some drivers were held to a 14-hour spread, and there was the additional strain of driving in the blackout and with frequently unruly GIs. When the Amalgamated moved to open their contract in early 1943, Addison Kirk, company president, who also doubled as Director of Land Transportation for the Military Governor, turned them down on the grounds that wages were frozen. An appeal to the Military Government's Section of Labor Control got nowhere. Finally, after a memo to OMG (prepared by Reinecke, signed by Rutledge and two others) that accused both HRT and the Section of Labor Control of giving them the runaround, the Military Government called in management and the union and dictated a new contract to become effective July 1, 1943. The terms included an average wage increase of 24 cents per hour, improved sick leave and overtime provisions, and a higher starting pay for bus drivers (see [Appendix B](#)).

Shortly before July 1, the company announced a reduction in fares, a reduction made necessary by its excessive earnings. Company revenues had soared to the point where its rate of return was close to eight percent instead of the usual six percent allowed by the Public Utilities Commission. The fare reduction was estimated to amount to about half a million dollars.

About this same time, a bus driver was disciplined for not following one of the company's many rules. Thereafter, according to a *Honolulu Advertiser* story on June 30, all drivers were urged by the Union to adhere to all company rules, "although one union official said that observance of all rules will make it impossible for the drivers to give good service to the public."

The union, it was reported, had adopted a resolution urging drivers to adhere diligently to company requirements in order to meet the threat of a company "crackdown." It was explained that no fewer than 200 rules were listed. The company, according to the same story, said it had no knowledge of any "crackdown."

The next day, the same day that their new wage increase went into effect and a new method of issuing tokens was to be instituted, some 1,000 Pearl Harbor workers, plus many working elsewhere, were from one to two hours late for work as buses slowed down. On strict observance of the rules, all passengers had to move beyond the white line in the front of the bus; stops were skipped when the buses were full; buses did not pass any bus ahead of them; and transfers were very carefully examined at each stop. At one time, a long line of about 20-30 buses going into Waikiki were strung out for several miles. Other traffic was also stalled. Police, called to the scene, arrested 56 operators for obstructing traffic; they reported that many of the operators were proceeding as slow as five miles per hour in the 20-mile-per-hour zone and that none was driving more than 15 miles per hour.

One driver, after listening to complaints from many riders, is reported to have taken off his cap during one of several long stops and in his loudest voice to have said:

Folks, I know you're wondering what's going on. So for your own information I want to tell you this. The company has asked us to observe the rules going into effect today. We're doing the best we can to get you down to work on time but because of the rules, we are delayed. Right now I know many drivers are behind their schedule but we can't help that. I think the best thing for you to do is for you to petition the company and ask that some of the regulations be overlooked. I feel we can give you as fast and safe a ride as before if some of the rules were relaxed. It's up to you to ask the company for us. Thank you. (*Star Bulletin*, July 1, 1943)

Union officials, according to news reports, said that they had heard that there had been a suspension of rules but hadn't been notified officially. They were afraid to advise the men not to follow the rules because, "if we pick the wrong one we're liable to severe penalties. Our members have been fined and laid off for such action many times in the past," (*Star Bulletin*, July 1, 1943)

The next day, Henry Gonsalves, President, and Ernest Bulem, Secretary of the Amalgamated local, met with the Military Governor, Lt. General Robert C. Richardson, Jr., to protest the "persecution of its drivers by the City police department."

On Saturday, July 3, a union committee met with Addison Kirk. The company agreed to modify two of the rules immediately and to suspend four others pending investigation. Kirk admitted that some of the company rules were obsolete and probably needed change from time to time.

The Amalgamated paid the bail forfeitures of its driver-members, a total of \$110. The Advertiser, in an editorial on the same day as the meeting, attributed the action of the drivers to pique because the company had reduced fares instead of turning the money over to them as a bonus. The editorial went on to state:

The busmen have put themselves on the spot. They have followed a course that can be regarded in no other light than as direct aid to Hirohito and his Tokyo butchers. This is particularly unfortunate because of the preponderance of young American-born Japanese among the driversâ€

Old timers among HRT employees recall that the plan for driving according to the rules originated with Henry Gonsalves. Art Rutledge was also involved in many discussions with the local leadership. Regardless of who started it, the tactic was clearly in the Rutledge style and one that he was to use again on more than one occasion, even into the 1980's.

AUTHOR'S ADDITIONAL NOTES:

Something of the feeling of utility employees (including HRT employees) is conveyed by this quote from J. Garner Anthony's book:

...employees of utilities were frozen to their jobs (under General Order No, 91) ... This resulted In great dissatisfaction, particularly in view of the higher wages received by others doing similar work. . . . Whatever might be said for industrial mobilization carried out by the government under a general law, there is little to be said for the freezing of men to their jobs for the benefit of private employees who stood to profit as the result of a job freeze, (p. 43).

Anthony also says of the memo to OMG, ". . . the first articulate protest was set forth by a local of the AFL Teamsters Union" and quotes from it extensively (p. 44).

The need for the Company to reduce its fares in order to avoid excessive earnings is first mentioned in Frank Vaughan's paper.

PART II

THE FORMATIVE YEARS

(1946-1953)

The eight year span following the end of World War II was a period of turbulence. Rutledge unionism, as exemplified by the HRT workers, engaged in a series of head on clashes with the economic power structure. It suffered its share of losses and gains, and ultimately emerged as a respected and recognized adversary to be taken seriously at all times. These were the years in which the membership, while tackling the company on several fronts, completely broke with Amalgamated Division 1173, established its own independent union (Transit Workers Union of Hawaii) and decisively defeated attempted comebacks by the Amalgamated in three NLRB elections (see [Appendix A](#)).

The period was marked by a series of mass actions, led by Rutledge, that fully engaged the membership. These were bold, daring, innovative actions, illegal in some cases, but actions that fired up the members and infused them with a sense of identity and loyalty to the union. This was the period in which drivers first provided "free rides?" in which members engaged in organized marches on the Governor's office? packed court room demonstrations? conducted regular strikes, quickie strikes, and weekend strikes. Except for the relatively quiet years of 1949 and 1952, job actions occurred in every year of the period (see [Appendix C](#)). These were, in a sense, formative years for Rutledge in which tactics were first tested, modified and developed. They became part of the Rutledge operational style that remained with him for the rest of his organizational life.

CHAPTER 5

An Independent Union and the "Free Ride" Tactic

In 1944, Henry Gonsalves, former president of Amalgamated Division 1173, attempted to lead a movement out of the Amalgamated, which he felt was under pro-company influence. He wrote a sharply critical letter to the *Advertiser* pointing out the many shortcomings of the Amalgamated leadership. For this he was suspended by the Amalgamated for 99 years. He then left HRT and was immediately hired as a business agent for the Teamsters.

The company during the war years had prospered as the result of the vast increase in revenue passengers. In one year, 1943, it had paid over one million dollars in excess profits tax. It had also reduced fares in order to cut back on excessive earnings and, throughout the war years, had greatly increased its "contingency" and "depreciation" reserves, all of which would be seized by Harry Weinberg after he took over control of the company some 1415 years later.

HRT workers, in addition to the OMG dictated 24 cents average increase in 1943, received only one additional increase in the war years: a negotiated ten cents increase in the form of an overtime and bonus plan, finally approved by the War Labor Board in December 1944 (retroactive to July 1, 1944) after two previous rejections by that agency (see Appendix B). They hoped to do some "catching up" to wages and conditions in other industries in the postwar years. This was the year (1946) in which over five million workers on the mainland, through industry-wide strikes, secured an 18 1/2 cents "pattern" wage increase in such basic industries as steel, auto, electrical, nonferrous metals, and others.

The company's financial picture changed with the end of the war. There began a steady decline in

passenger traffic and revenues which, although comfortable by prewar standards, was a persistent downward trend. The Hawaii Public Utilities Commission, in an effort to relieve that situation, authorized an interim increase in token fares to five for 40 cents (previously six for 40 cents).

Negotiations for a new contract started on May 16, 1946. At a special meeting on June 27, 1946, the Amalgamated negotiating committee, led by L. A. Olney, business agent, and Claude W. Tebeau, president, reported that the company would consider an eight cent wage increase if the union would agree to give up sick leave. A new element had entered the bargaining scene-the company had designated the Hawaii Employers Council (set up three years before) as its "accredited representative for collective bargaining purposes."

At another special meeting four days later, the membership, after agreeing to admit Rutledge and Henry Gonsalves to the meeting, voted to reject the company's offer, to disband the existing negotiating committee and to appoint a new negotiating committee consisting of four HRT employees plus Rutledge and Gonsalves, with Rutledge to serve as chairman. There was no apparent action for the next nine days, and then things moved quickly.

At a regular meeting on July 10, President Tebeau opened the meeting by asking if the members would follow the constitution or not. When asked to explain himself, Tebeau walked out. The remaining members were then asked to leave the school auditorium where the meeting was being held? it had been reserved on behalf of Tebeau. The group then marched over to the Bartenders Hall where the meeting was resumed. Tebeau, by membership vote, was suspended from the Amalgamated Association, and Edward (Chick) Collier was elected as President ProTern.

At another special meeting on the very next night, July 11, Rutledge and Gonsalves reported that the Hawaii Employers Council, on behalf of the company, refused to meet with this new negotiating committee. The Council had been notified by the Tebeau faction that they were still the official negotiating committee. An Advertiser reporter, present at the meeting, wrote that in the course of an hour long speech, Rutledge, "demanded that the union unite under his leadership to fight the communist inspired CIO trying to tie up all harbors in the area . . ." and that he hinted that further action might include giving the public free rides while continuing service. This was applauded loudly by the members.

The minutes of that July 11 meeting are silent on what was actually said with regard to the "free rides." What is clear is that no formal action was taken on this at that meeting. The union, because of the 30-day cooling off period required under the Hawai'i Public Utilities Labor Act could not legally strike. Rutledge's recollection is that at about that time the Amalgamated's official journal, Motorman, ran an article on a "no fares" action taken by a Japanese bus drivers group in Tokyo where strikes were then forbidden, and that there had been much talk of this among the men.

Honolulu's public transportation was badly crippled on Friday, July 12, as drivers placed their caps or handkerchiefs over the fare boxes or merely told passengers that no fares were required. Company inspectors spent most of the day looking for bus drivers guilty of failing to collect fares; several were discharged and replaced with relief drivers. Traffic was jammed for several blocks in the vicinity of the HRT terminal as sightseers flocked to the scene.

That night, as quoted in the press, Rutledge stated:

As far as the union is concerned, all drivers will report for work tomorrow [Saturday] but will collect no fares. If the company does not approve of this, it had better get busy and fire all the drivers. Our people are calling the bluff of the company and the Employers Council of pretending to be concerned with the public welfare. We will continue to give service, but only on a free basis. In this way the public really will be served.

Saturday, July 13, saw the complete collapse of public transportation. By then, some 24 drivers (later raised to 29) had been discharged for refusing to collect fares, and more than 107 reported on the sick list (about three times the normal number). The company ordered all buses off the streets. At about 10 a.m. some 300 HRT employees gathered at the company's terminal at King and Alapai; yelled taunts at the company's president, Addison E. Kirk, who was behind the second floor window: "Kirk, Kirk, let's get to work"; then formed into a long line and, escorted by police, marched several blocks to the Iolani Palace grounds where Rutledge addressed the crowd and called for the Governor to intercede in the dispute.

The Rutledge faction, by Saturday, had made some important initial gains: Business Agent Lyman Olney and President Claude W. Tebeau of the Amalgamated faction wrote a letter to the company conceding that the Rutledge faction represented more HRT workers than they did. The company then immediately wrote to George Kaisan, who was both secretary of the Amalgamated and on the Rutledge negotiating committee, that they would deal with Rutledge's committee. Contact was soon established with James Blaisdell of the Hawaii Employers Council (for the company) but negotiations snagged on the union's insistence that all 29 discharged drivers be reinstated to their jobs. When the employers, after long sessions on Sunday, refused to budge on that issue, the union went into a two-hour meeting in which they voted not to return to work unless the drivers were rehired.

Rutledge, on Sunday, threatened to call out Honolulu Gas Company employees as the start of a tie-up of all utilities. On Monday, he called a meeting of Teamsters Local 904 (of which he was Business Agent), and 60 gas and oil drivers voted to strike in support of the HRT drivers. By early morning several filling stations (Shell, Tidewater Associated, and Union Oil) had dried up, and others were expected to be out of gasoline by noon. At this point, the Governor intervened directly in the dispute and, at a meeting with company and union representatives and the Territorial Attorney General, virtually dictated the terms of the settlement.

1. The 29 drivers were to be reemployed without loss of any of their rights.
2. Bus operators were to forfeit two days pay for Friday and Saturday (July 12, 13).
3. Upon return to work, all employees would perform the duties of their job faithfully and fully.

Speaking of that settlement some 38 years later, George Kaisan, who had been a member of the 1946 negotiating committee (and every subsequent negotiating committee until his retirement in April 1984) recalled:

When we forced the company to rehire those 29 drivers that was the first time the members got a taste of their strength. The members were in favor of giving up two days pay because getting that agreement meant that the company had recognized this new group as the union, as an independent body separate from the company dominated Amalgamated. Just the recognition was worth all that.

The men all returned to work on Tuesday, July 16. One day later, O. A. Rowan, of the Amalgamated's International Executive Board, flew in from Detroit. Within a few days, he froze the Amalgamated's bank account of \$10,000, and then wrote to HRT that all of the Amalgamated's committees were dissolved and that he, alone, was authorized to negotiate for the union. After several futile efforts to have the International release the local's funds, the HRT workers on July 19, 1946, voted to disaffiliate from the Amalgamated and set up their own independent union, the Transit Workers Union of Hawaii.⁷ On July 22, the new union was formally organized: Edward B. (Chick) Collier was elected President and George K. Kaisan, Secretary.

Rutledge and five other members of the 1946 negotiating committee (Collier, Gonsalves, Kaisan, Lopes, Dias) were indicted in September of that year for "conspiring ... to hinder and prevent passengers . . . paying their fares" (so as to defraud and cheat the Honolulu Rapid Transit Company)

and also for "... conspiring ... by instigating . . . the drivers ... to refuse to accept and collect the fares of passengers."

By the time the case came to trial over a year after the events involved had occurred, several important changes in the union situation had taken place. The new Transit Workers Union, by a better than 10 to 1 margin had won bargaining rights through an NLRB election? it had negotiated its first contract with the company, retroactive to July 1, 1946 (gains nearly twice as large as the company had offered the Amalgamated)? and the parties were in the midst of new negotiations under a wage reopening clause in the 1946 contract.

At the trial, which lasted eight days, a young company bookkeeper, Albert Moniz (who, 24 years later, was to become the first president of the city owned bus system) estimated that the "free rides" had cost the company \$9,108.

One witness, Joe Turosh, an inspector, testified that, on company orders, he had tracked down various buses and where he found that fares were not being collected, he ordered the operator to drive the bus back to the car barn. In some instances, he himself took over the operation of the bus. He was then asked, "When you drove the bus, did you collect fares?" He responded, "Oh no-I'm a good union man, too."

Major testimony came from three police officers. Officer Sheather said that on July 12, 1946 (Friday), he heard Rutledge tell the men at the Alapai Street barn that the "free ride" plan was not a union action, that the men could use their own judgment about collecting fares. Officer Case testified that at that same meeting he heard drivers yelling, "free rides, free rides." On cross examination, he could not recall that Rutledge had ever said anything about this tactic originating in Japan. The third officer, Buckman, said that Rutledge told him, after the dispute had been settled, that the entire membership suggested the plan not to collect fares.

Rutledge was the only defendant to testify. He stated that he first heard about men planning to give free rides after meeting with the Governor on the morning of July 12. He heard men at the car barns talking about free rides but didn't give it a thought because it appeared "fantastic." At the time there was a meeting of bus drivers in progress. He yelled, "Let's have order, you can't do that"? then the men took off.

The union's attorneys, Richard S. Mirikitani and Ernest E. Wiles, argued that the government had failed to prove any criminal intent on the part of the defendants. Some 21 hours later the case was given to the jury. After 12 hours of deliberation, all defendants were acquitted.

"Upon hearing the verdict," reported the *Star Bulletin* August 1, "the reportedly 'hard boiled' labor leader, Mr. Rutledge, broke down and cried."

NOTE:

7. The Teamsters, as an affiliate of the AFL at the time, could not accept members from the Amalgamated, another AFL affiliate, on orders from their International.

AUTHOR'S ADDITIONAL NOTES:

Company finances and passenger traffic information taken from the company's annual reports.

The Hawai'i Public Utilities Commissions decision is Decision No. 82, Order No. 500.

The events that occurred at various union meetings are covered in typewritten minutes in Teamster Union files.

Details of what happened on the July 13, 1946, march through town, in addition to newspaper accounts, were also provided by Teamster members who were there.

The quote by George Kaisan is from a story on his retirement in *The Hawaii Teamster* of April 1985.

The Joe Turosh testimony at the trial, not mentioned in any of the newspaper accounts, is recalled by both Rutledge and Kaisan.

CHAPTER 6

The Three Clauses and A General Utility Strike

As if he were not busy enough with the "free ride" controversy to compel company recognition of the new Transit Workers Union of Hawaii; preparations for an NLRB election; and negotiations for a new contract, Rutledge, with the help of several other AFL Unions, most of which he controlled or influenced, determined that the year 1946 was the appropriate time in which to take on the recently organized Hawaii Employers Council on a basic issue of principle.

Hawaiian big business, as the end of World War II approached, realized that they would soon be facing an unprecedented, wide-ranging union organizing effort and that, just as the unions had to import persons with the necessary organizational experience and skills, they too needed help beyond what was locally available. The autocratic management style that may have sufficed in the days before the national government threw its weight behind labor's right to organize and bargain collectively would no longer do.

An organizational meeting of the Hawaii Employers Council, attended by some 46 persons representing the large businesses and agencies (the companies that dominated sugar, pineapple, inter-ocean travel) was held in July 1943. Soon thereafter, organizational preliminaries were completed and arrangements were made to bring James P. Blaisdell, a West Coast attorney and former president of the San Francisco Distributors Association, to Hawaii as the first President of the Council.⁸

Shortly after his arrival in Hawaii in January 1944, Blaisdell participated in negotiations on behalf of Theo. H. Davies & Company with Local 996 of the Teamsters. A contract was executed which contained two of what became known as the Three Clauses: "No Strikes or Lockouts", "No Discrimination" and "Discharge."⁹

A few weeks later Rutledge negotiated a contract with Honolulu Construction and Draying Company, Ltd. (HCD) which contained the Three Clauses. At one of the negotiating sessions, one of the workers asked if the Discharge Clause could be used to prohibit crossing picket lines which might be established at plants of other employers. Rutledge stated that they had a right to refuse to cross picket lines and that right was guaranteed by the National Labor Relations Act. His statement was made in the presence of E. C. Rinehart, a negotiator for the Hawaii Employers Council, and Leroy Bush, President of the company. In their silence, he and the rest of his committee assumed that they agreed with his conclusions. That assumption proved to be incorrect.

An arbitration board, in October 1945, found that HCD was justified in discharging six employees for refusing to cross a picket line set up by Local 996 at the Davies plant. The arbitrators found that by accepting the Discharge Clause HCD employees had surrendered certain rights guaranteed under the National Labor Relations Act.

Thereafter, the Hawaii Employers Council insisted that all member companies include the Three

Clauses (or a slight modification thereof) in all of their contracts. There were several instances in which unions would conclude an agreement with an employer only to find that the Hawai'i Employers Council had insisted that the contract be rewritten so as to include the Three Clauses. Particularly in dealing with a small employer, whose business depended on the goodwill of the larger businesses, there was always the implied threat of economic sanctions.

The unions, in practically all such instances, reluctantly yielded to the pressures exerted by the Employers Council.

The Honolulu Central Labor Council, at Rutledge's urging, decided to strike back. On July 2, 1946, it urged all affiliates to declare a one-day holiday on August 1 to protest Employer Council insistence on the Three Clauses. They then sent a letter to the Employer Council notifying it of their intentions. Local 904, the AFL Gas and Oil Drivers Union, served notice on Honolulu Gas, under the Hawai'i Public Utility Labor Act, that it planned to declare a work stoppage on August 1 "or any other day and stay out as long as deemed necessary" to make the Employers Council change its position. Similar notices were served on Hawaiian Electric by the IBEW local and on HRT by the Transit Workers Union.

The employer counteroffensive built up quickly and then burst forth in a massive blast against the union. A front page banner headline appeared in the *Star-Bulletin* of July 18-"AFL Unions Draw Lines for Oahu Work TieUp. Widespread Stoppage is Planned" followed by a detailed story warning, "indications are that the strike might be territory-wide and would paralyze almost every community, at least on Oahu."

At about this same time, Rutledge received a call at home one evening inviting him to a meeting of Employer Council members at the Smyth Auditorium on the grounds of the Queens Medical Center. When he appeared, he was physically grabbed and virtually hauled to the platform amid boos and shouts of "throw him out." He barely got started on his explanation when he was asked to leave.

He also later appeared at a meeting of about 200 women, We the Women. Again he found it almost impossible to speak amidst the boos, hisses, and catcalls that greeted him.

There were daily stories, usually front page, in both Honolulu papers for the next two weeks. Probably the heaviest fire came in a full page ad on July 24 signed by the presidents of Hawaiian Electric, Honolulu Gas, Mutual Telephone, and Honolulu Rapid Transit. The dire consequences of what a general utility strike would mean was spelled out in great detail.

There will be misery and tragedy such as no American city has ever known ... no refrigeration, ice shortage . . . hospitals paralyzed, public health threatened, danger of epidemic, water shortage, sewerage disposal blockade, no lighting, cooking or water heating by electricity or gas, no street or traffic lights, food spoilage, gas stoppage within a few hours, no public transportation, telephone service stopped, fire protection hampered, no milk supply, bakeries closed, industrial plants and canneries closed, restaurants, laundries, dry cleaning closed. ...

There was another full page advertisement in that same issue of the paper by Hawaiian Electric, a three-quarters page ad by the Hawaii Employers Council and individual appeals by We the Women, the Hospital Council, Honolulu Board of Supervisors, the Veterans of Foreign Wars, and local church leaders.

Whatever the original intentions of Rutledge and other AFL leaders may have been with regard to the August 1 general utility strike (and there are indications that they were at least partially serious), it was obvious that they had a bear by the tail and some kind of orderly retreat was called for.

Rutledge announced, on July 24, the same day that all of these ads appeared, that there would be no

general strike in Honolulu for at least 50 days. The Central Labor Council, two days later, dropped its threat of a utility tieup. It stated:

It never was the intent nor the policy of the AFL to cause the untold suffering as advertised in the hysterical newspaper propaganda and radio programs and trumpedup meetings of the Employers Council. . . .

The Central Labor Council, on July 29, said it would leave it up to the NLRB to decide the issue of the controversial Three Clauses.

The ILWU, which had never gone along with the idea of the utility strike, in a newspaper ad "Let's Clear the Air" (July 31, 1946) stated:

The 'threat' of a utility strike was carefully played up by certain antiunion employers, who maneuvered the utility workers into a position where they could be used to arouse the public as well as organized labor. Even after the workers had stated that they intended no strike, the newspapers continued to play up the coming strike and to assert that a strike 'threat' is still present.

From a personal point of view it was probably just as well for Rutledge that the strike never materialized-his wife gave birth to his first son on July 21, 1946, in Kapiolani Maternity Hospital, an event that would have been loaded with difficulties if the strike had been on.

About six months before the Central Labor Council adopted its recommendation on the general walkout over the Three Clauses, Teamsters Local 904 had filed unfair labor practice charges with the NLRB against three oil companies (Shell, Union and Tidewater) for insisting on the Three Clauses in their contracts. With the abandonment of the threatened August 1st walkout, the entire labor movement looked to the NLRB, undoubtedly with some encouragement from its Regional Director, Arnold L. Wills, for some relief from what they considered an onerous burden. An NLRB trial examiner started hearings on the Teamsters complaint on August 7, 1946. His Intermediate Report, issued some eight months later, supported the union charges in nearly every respect, but 15 months after his report, a new labor board, operating under a revised National Labor Relations Act (Taft-Hartley), with little comment, curtly dismissed all charges against the companies.

The Labor Board, in its final report, took about four and a half printed pages to dismiss charges of refusing to bargain against the oil companies and unfair labor practices against the Employers Council. In an unusual departure from its customary procedure, it then reprinted, as an appendage to its decision, a 54 printed page Trial Examiner's report, which it rejected.

Union representatives who testified in support of the complaint against the companies and the Employers Council included, in addition to Rutledge, the AFL organizer for Hawai'i, two representatives of the Machinists Union, a Local 904 representative, and Jack Hall, ILWU Regional Director.

The Trial Examiner, Howard Myers, concluded that:

. . . The Council, soon after its formation, realized that organization of employees in Hawaii was rapidly becoming a factor with which the employers had to deal and the Council adopted the theory that if successful union organization was to be forestalled, and the purposes of the Act thus defeated, it could only be accomplished, if at all, by a uniform and consistently adhered to strategy. This gave rise to the inclusion of the three clauses in all labor contracts. By thus forcing employees, through their chosen representatives, to execute contracts which would entail the relinquishment of the rights of self-organization as guaranteed in the Act, before the employees could obtain wage increases and improved working conditions, is one of the more reprehensible elements in the entire anti-union program of the Council.

The NLRB proceeding was thus an "almost" victory but an ultimate defeat for Hawai'i's labor unions. An interesting speculation, for those who are so inclined, is what the result would have been if the decision had come down a year or two earlier under an Act and a Board committed to strong support

of labor's enunciated rights, instead of the more ambivalent language in the Taft-Hartley Act. The NLRB decision in this case was one of many signals that the prolabor NLRB tide had decisively turned.

The official NLRB position failed to persuade Arnold Wills, its Hawai'i Regional Director. In a speech delivered more than two years after the decision was issued, he stated:

I know of no single item which in the last few years has caused so much bitterness and hostility and frustration among union employees in general as employer insistence that the Three Clauses go into every single contract.

One ironic note needs to be added to this story of the battle over the Three Clauses. Although HRT officials were active in the leadership of the Hawaii Employers Council, and Art Rutledge led the union fight against the Three Clauses, none of the standard Employer Council clauses was ever included in any HRT contract. One suggested reason for this is that there were enough controversies going on at any one time without taking on any new ones. Also, the kind of work done by HRT employees did not ordinarily bring them into contact with picket lines set up at other companies.

NOTES:

8. Leslie Hicks of Hawaiian Electric served as temporary President for a brief period before Blaisdell's appointment.

9. The three clauses read:

No Strikes or Lockouts

The parties hereto agree that during the term of this agreement any past, existing, or future custom or practice of the Employer or the Union to the contrary notwithstanding, there shall be no lockout by the Employer, nor any strike, sit-down, refusal to work, stoppage of work, slow-down, retardation of production or picketing of the Employer on the part of the Union or its representative or on the part of any employee covered by the terms of this agreement.

No Discrimination

Employer will not discriminate against any employee because of his membership in the Union or for legitimate Union activities; provided, however, that such activity shall not interfere with Employer's operations and must not be conducted during working hours unless expressly provided for in this agreement. The Union agrees for itself and its members that neither it, its representatives or members will attempt to intimidate or coerce any employee of the Employer for the purpose of compelling such employee to join the Union.

Discharge

Employees shall be subject to discharge by the Employer for insubordination, pilferage, drunkenness, incompetence or failure to perform the work as required, or for failure to observe safety rules and regulations and employer's house rules which shall be conspicuously posted. Any discharged employee shall, upon request, be furnished the reason for such discharge in writing. Probationary and temporary employees may be summarily discharged.

AUTHOR'S ADDITIONAL NOTES:

The organization of the Hawaii Employers Council and their involvement with the "three clauses" are described in the Intermediate Report of Trial Examiner Howard Myers contained in NLRB decision In *the Matter of Shell Oil Company . . . Union OH Company of California . . . Tidewater Associated Oil Company . . . and Hawaii Employers Council and Gasoline and Oil Drivers, Warehousemen and Helpers Union Local 904 . . . International Brotherhood of Teamsters . . . AFL*, Cases Nos. 23-[-40, 23-[-43 and 23-[-44. Decided June 22, 1948, 77 NERB1315.

The quote from Arnold L. Wills' speech is contained in Paul F. Brissenden's article, "The Three Clauses in Hawaiian Labor Agreements," *Political Science Quarterly* (March 1953), p. 105.

CHAPTER 7

Strike Losses and Wins

Strikes run by Honolulu transit workers in the years 1948-1953 played a crucial role in helping to determine Rutledge's attitude toward strikes in general. Over this six-year period there was a big loss (1948), a big win (1950-1951) and some experimental strategies that "almost" but finally failed to win NLRB approval. In between these confrontations the union sought safe havens when the going was rough, only to prepare for future battles at a more propitious time.

Out of these experiences, there developed a reluctance to engage in long strikes (not always adhered to when conditions seemed right or when the Union was backed into a corner), and preference for "quickie" actions despite NLRB disapproval and possible court action.

A Big Loss: The 1948 Strike

The 1948 strike came after unusually long and protracted negotiations that stretched over 15 months, involved five separate fact finding and mediation boards, the use of a court injunction, and many of the usual Rutledge dramatic touches, such as mass marches through town and courtroom demonstrations. There was also, for a period, rare support by the Honolulu Star Bulletin of the union's campaign to have the negotiations settled by arbitration.

The union looked on the 1948 negotiations as an outgrowth of the December 1946 settlement. In December 1946, when the union settled its first contract with HRT, that contract was regarded as a down payment on what was owed to its members—an adjustment to compensate for loss of take home pay because of the postwar cutback in hours. The year 1946 had been a tough one for the union. It had pressured the company into a recognition of its bargaining rights by use of the "no fares" demonstration, had won NLRB certification in October (see Appendix A), and still faced a court trial of its leadership after their indictment for conspiracy in the "no fares" incident. This was a good time to pin down what was available while continuing to negotiate for the balance of what they regarded as due to them, particularly in comparison with mainland settlements.

The 1946 settlement was for two years, with a wage reopener on July 1, 1947. When the union filed its reopener notice in early 1947, it met with a flat refusal by the company to consider any wage increase, based on its declining postwar ridership. The Territorial Director of Labor, under the "cooling off" provisions of the Hawaii Public Utility Labor Act, appointed a mediation board which failed to settle the dispute. The Governor then appointed an emergency board which found that the company could not, "pay additional wages or increase other costs in its present financial condition." It did urge the parties to continue collective bargaining and also recommended that the Public Utilities Commission be instructed to examine at the "earliest possible moment" the figures upon which the company based its claims.¹⁰ This the PUC immediately refused to do, insisting that it was not an agency for investigating labor disputes.

There were to be three more boards appointed in 1948 (one by the Territorial Director of Labor? two by the Governor) before a settlement was reached. Together, these five boards add up to almost a textbook illustration of the futility of conducting mediation and fact finding by political or public spirited appointees who, whatever their merits, lack both the expertise to function in such capacities and the power to enforce their recommendations.

In November 1947, TWU filed a strike notice as required under the Public Utility Labor Act. When HRT petitioned the PUC in February 1948 for a fare increase, the Union intervened and, despite

some reservations about salaries paid by the Company to its executive staff, supported the company's petition as a means of getting their wage increase.

The PUC, on May 24, authorized the fare increase (to a straight ten cents cash, eliminating the five tokens for 40 cents option) to become effective on June 1, 1948.

The union, meantime, in addition to the wage reopener and strike notice filed in 1947, served notice on April 30, 1948, that it was cancelling its existing contract as of June 30, the expiration date. The members, shortly before June 30, voted eight to one by secret referendum ballot to strike and on June 30 walked out at midnight.

The company immediately rushed to court claiming that a new "cooling off" period was required for the 1948 negotiations, separate and apart from the notice filed under the 1947 wage reopener. For the one and only time in its history, it also sought an injunction against the strike. The union claimed that what it did in 1948 was merely a continuation of the 1947 dispute. Judge Cristy granted a preliminary restraining order, sending the men back to work after 36 hours of strike and setting a future date for a hearing by Judge Moore on the granting of a permanent injunction.

Individual restraining orders were served on 675 strikers. At a union meeting to explain the situation, the men decided that all of them would comply with the letter of the court's order and appear in court at 9 a.m. when the case was to come up for hearing. The men then formed a marching column about two blocks long and, led by Rutledge and their attorney, Myer Symonds, marched through town, escorted by three motorcycle police, on their way from the union hall to the courtroom.

In order to avert another bus tieup, Judge Moore then set the hearings for two a.m. on July 8. At the first session, 400 members crowded into the courtroom with another 100 or so standing outside. At the next three sessions there were from 300 to 350 in attendance.

On July 24, Judge Moore upheld the company's contention that the 1948 negotiations were a separate dispute and replaced Judge Cristy's temporary restraining order with a preliminary injunction.

The union then filed a new strike notice, resumed bargaining on August 17, 1948, and soon reached another impasse. The Governor's Special Conciliation Board (the last of the five boards) on September 2 then suggested a "peace formula": six cents an hour raise for operators, five cents for other workers, both retroactive to June 1, 1948; operators to receive an additional increase (up to four cents an hour) if fare revenues in any month exceeded a specified sum. The union insisted that this was the same as the company's last offer and turned it down. The company accepted it. At midnight of the same day as the "peace formula" was proposed, the union struck.

At the Governor's insistence, negotiations were reopened on September 14 by got nowhere fast. The company rescinded its previous acceptance of the conciliation boards "peace formula," claiming that, because of the revenue losses due to the strike, it could no longer afford that increase in wages and that negotiations would have to start "from scratch" (the existing wage scale).

Early in the strike the union proposed that the entire dispute be submitted to binding arbitration. Its members circulated a petition calling for arbitration and gathered nearly 25,000 signatures. The Star Bulletin, in a rare support of a striking union's position, ran a series of articles showing that arbitration was the usual procedure for settling transit disputes on the mainland and urged HRT to accept it here. To all such appeals the HRT responded with a flat "no."

Finally, on October 9, after 36 days of strike, the union accepted the company's previous offer five and six cents an hour without, however, any retroactive pay to June 1, as was originally offered. This

last provision was at the insistence of E.C. (Bill) Rinehart, the Hawaii Employer's Council rough and tough negotiator who knew when and how to apply the pressure. Thus the union after the strike received less than was available before the strike.

Why did the union capitulate when it did? Some of those who participated in the strike say their members had reached the limit of their staying power-this was their first postwar strike, not too well organized, and behind the scene was the Amalgamated, still alive after two NLRB defeats (see [Appendix A](#)), preparing to start a back-to-work movement.

Rutledge, in a statement to the press, said that the fight for decent working conditions, hours, and a living wage, was not over and that the incident should be considered only the first round.

The majority of the members of the union have learned much from their strike experience which will be put to good use in the future. (*Star Bulletin*, October 9, 1948)

The return match in which the union would recover from this defeat and itself apply the pressure for additional gains would not take place for another two years.

Kitchen Negotiations

Whatever hopes the TWU may have had for recouping some of the losses suffered in the 1948 strike in the next year were dashed by a combination of circumstances beyond the union's control.

HRT, for the second time in its history, showed a net loss for the year 1948 of \$90,873, a loss that was soon rectified by a fare increase and uninterrupted operations for a long period of months but, at the time of negotiations, created some support for the company's position that a wage increase was not affordable. The most critical event impinging on the 1949 negotiations was the 177 day ILWU strike against the Hawai'i stevedoring companies. The main issue there was the union effort to reduce the wage differential between Hawaii and West Coast longshore contracts. This was undoubtedly the most economically devastating strike in Hawaii history. At its height some 25,000 people (not all because of the strike but it was difficult to differentiate), were out of work. Many small businesses had collapsed without the flow of materials and supplies from the mainland on which they depended. Others had reduced wages. There were shortages of many food and merchandise items. The most damaging impact of the strike, so far as the rest of the labor movement was concerned, was the extremely hostile environment created by both the strike and the steady barrage of anti-ILWU and anti-labor editorials carried by both Honolulu newspapers.

Rutledge, at the time of the longshore strike, was in one of his rare "warm" periods in his relations with the ILWU. In 1948 and 1949, ILWU's research director, Theodora Kreps, had presented the TWU's case before the various mediation and fact finding boards. Hotel Workers Local 5, the other Rutledge union, had donated the use of its meeting and mess halls to the ILWU strikers. In August of 1949, Rutledge, at the invitation of Harry Bridges, the ILWU International President, joined him in a two-man picketing of the docks in defiance of a circuit court order. The two marched together for some 35 minutes-their picture made the front page of the next morning's *Advertiser*.

The longshore strike had been on for about two and a half months when TWU opened negotiations in July, 1949, with proposals for a 23 1/2 percent wage increase and a 40-hour week with no cut in pay among its major demands. Rutledge, at about the time the Union's proposal was presented to the company, publicly asked the Attorney General to rule on whether a 24-hour "stop work" meeting would be considered a violation of the Public Utility Act which required a ten-day strike notice. He had previously been advised by the Territorial Labor Department that it would, but Rutledge never

overlooked an opportunity to taunt the opposition and to provoke outbursts from the press.

The union's demands had nowhere to go except through the Emergency Board fact finding procedure established by the recently amended Public Utilities Labor Act (1949). This at least gave the appearance of activity while nothing was really happening. In the meantime, the press continued its drumbeat of opposition.

The *Honolulu Advertiser*, in a front page editorial on July 15, 1949, asked for a new law to prohibit aliens who were working in public utilities, shipping, transportation and communications from participating in a strike vote: "Never again should nationals or aliens be allowed to cast deciding votes to crucify American citizens."

The *Star Bulletin* in an editorial, "Not Much 'Percentage' in a Strike Today" (September 6, 1949), warned the TWU against calling a strike against HRT.

A strike against the Rapid Transit Co. now would probably mean a long period of idleness for the busmen, and a return to work on a wage basis that will make them very unhappy.
The Transit Workers should take a good look around at what's going on in the community.

When Rutledge protested that the editors were uninformed on the facts, the paper ran his letter two days later with this "Editor's Note" appended.

The *Star Bulletin* has accorded Mr. Rutledge more than the usual space because he undertakes to show that this newspaper is uninformed. Maybe in some details-but not on Mr. Rutledge's tactics. We've seen them too often.

In the meantime, the Amalgamated, in its third and final effort to regain bargaining rights for transit workers, lost an NLRB election but by a closer margin (268-145) than in the two previous elections (see [Appendix A](#)).

Finally, on September 29, the fact-finding board released its long-awaited report-what the *Star Bulletin* termed "a 50 page dilemma." Under the recently amended public utility labor law, the public member and the industry members felt that they were barred from making recommendations. The result was that each board member wrote a separate report merely reciting what they saw as the issues in dispute. The union was free but obviously in no position to strike five days after the report was submitted to the Governor.

Rutledge at this time, despite all his press statements regarding "stop work" meetings and possible future actions, faced a dilemma of which the press was apparently not aware. He was unable to call a meeting of his TWU members. The constant pounding by the press had effectively intimidated his own followers-the ILWU strike was still on at the time and the members, fearful that any meeting might result in strike action, just rejected all efforts to bring them together in formal session.

Rutledge then pulled an end run that at least momentarily saved the situation. In a meeting with George N. Voorhees, HRT Vice-Chairman, in the kitchen of Voorhees' home, agreement was reached on a five cent wage increase and some minor adjustments in other conditions in a new two-year agreement. The agreement was confirmed by a later formal bargaining session.

The members, who until then were fearful of more strike action to get any kind of settlement, tended to regard Rutledge as some kind of magician who had produced this totally unexpected bonanza. In fact, the settlement was probably only slightly above the average achieved by labor unions in 1949.¹¹

The Big Win

The 1950-1951 strike, despite a faulty start in negotiations, proved to be the most successful strike run against HRT up to that time. The union, through better preparation and organization of its forces, and in a more favorable economic climate than had existed in either of the two previous years, was able to wrest from the company wage gains well in excess of anything previously offered in negotiations.

Negotiations were opened in July 1950 under a wage re-opener clause in the existing contract and continued, relatively peacefully, over a four month period with agreement reached, subject to ratification by the union membership, on November 8, 1950. During these negotiations, many of the bitter after-effects of the 1949 longshore strike had been dissipated. The number of unemployed in Hawaii, for example, had dropped by more than 50 percent from 33,451 in January 1950 to 16,396 in October. There was also a sounder business climate based in large part on United States involvement in the Korean War which, among other things, brought greater federal income to Hawai'i.

The agreement reached by HRT and TWU on November 8 provided for:

1. a five cent per hour wage increase?
2. an insured pension plan to replace the long existing informal plan with the company agreeing to supplement wage rates by three percent to cover employees' cost of contributions to the insured pension plan, and
3. company payment of half of the employee cost of a medical plan.

Although the agreement, technically speaking, was open only on wages, the company persuaded the union to extend the discussions to cover the pension plan as well. Then, in order to sweeten the package, the company threw in the proposed medical plan.

HRT, over many years, had had an informal pension arrangement. Whenever a long service employee (whether in the bargaining unit or not) reached retirement age, the Board of Directors, depending on the situation as it existed at the time and taking into account whatever factors it then considered relevant, would decide on the amount of pension for the particular employee. This "rough and tumble" approach, not uncommon among many Hawaiian companies, was obviously unsuited to any sizeable enterprise and, sooner or later, would have to be replaced by a more formal arrangement with a definite pension formula. Whatever the original cost of an insured plan might be, it would in the long run save money for the company, especially when pensions for non-bargaining unit employees are covered by the same plan. It would also result in a generally more equitable and nondiscriminatory method of providing pensions. This was something the company very much wanted, and it was able to persuade the union negotiating committee to consider the proposal.

The difficulty for the union negotiators was that none of them knew anything about pensions and, as it later turned out, HRT members knew even less and were unwilling to buy something they didn't understand. When the negotiating committee was first presented with the proposed pension plan, they submitted it to a mainland research organization for analysis and comments. On the basis of that organization's report, they did agree to accept the plan but were never really able to explain it to their members. At the end of December, after the strike had been on for ten days, some 150 striking HRT workers, as reported by the *Star Bulletin*, were asked to raise their hands if they didn't understand the proposed pension plan-nearly all of the 150 men present raised their hands.

At a meeting of about 100 HRT employees on November 15, one week after the tentative agreement was reached, it was unanimously rejected. The men, as Rutledge explained in a letter to the company, wanted "no part" of an insured pension system and medical plan proposed by the company. "They want a substantial wage increase." To counter company claims that the meeting did not truly

represent the HRT employees, the union later conducted a secret ballot vote. Of 165 votes cast, only 28 voted for the negotiated settlement.

From then until the final settlement on January 25, 1951—after a 35 day strike—the company and the union were engaged on a direct collision course. The company was trying to saddle the union with its previously negotiated settlement, the union was seeking to separate the pension plan out of negotiations and to raise substantially the wage increase.

After a brief and fruitless effort by the Territorial labor department to mediate the dispute, acting Governor Oren E. Long appointed an emergency fact finding board to investigate the dispute and make recommendations within 30 days. The members of the board were Lee Maice, executive director of the Hawai'i Housing Authority; Leroy C. Bush, president of Honolulu Construction & Draying, also a director of HRT; and Theodora Kreps, research director for the ILWU. In the meantime, the union made careful preparations for a strike. The ILWU, still in a friendly relation with Rutledge, loaned the TWU the services of Takumi Akama, an experienced sugar union strike leader from Kaua'i, to help coordinate the strike effort.

The fact finding board, 25 days after its appointment, on December 22, 1950, released a majority report which fully supported the company's position and a minority report which fully supported the union's position. The maintenance men, without filing any notice of intent to strike as required by the Public Utilities Labor Act,¹² just walked off their jobs. They were joined at midnight by the bus drivers. The strike was on at the height of the pre-Christmas shopping season. About a week after the strike started, the union formalized its action by a strike vote taken at the Lincoln School with 213 voting in favor of continuing the strike, 14 against (three ballots void).

Efforts to resume negotiations during the early days of the strike got nowhere with the union insisting that the sole issue to be discussed was basic wage rates. During this same time period, the union announced formation of a strike policy committee to oversee the activities of a number of subcommittees. Teams of strikers were sent out on house-to-house visits to raise money and food contributions and to explain the issues of the strike. Picket line committees were established and provision was made to provide free meals and barber services to all strikers. The setting up of soup kitchens, as one reporter noted (*Advertiser*, December 30, 1950), was a way of sending a message to the company since "soup kitchens . . . sometimes accompanied protracted strikes."

Finally, on the 20th day of the strike, after mounting pressure from newspaper editorials and the badly hurt retail merchants, the company did agree to resume negotiations solely on the wage issue. One week later, the *Honolulu Advertiser* in a front page editorial, "Give Public The Facts on Bus Strike Situation" (this was after the United States Immigration and Naturalization Service publicly revealed that Rutledge was not a U.S. citizen), injected a new note into the strike situation.

It is timely in this relation to ask why no official action is taken by the proper authorities to clear up the question of the citizenship of Arthur Rutledge. If he has no right to be here, or in a position of union leadership, why is he being protected? If he is in the right the public has the right to know it. (January 20, 1951)

At about this same time, Louis Stambler, a Honolulu merchant and friend of Rutledge, announced that he was seeking a temporary permit to operate seven buses (surplus Navy buses) on an emergency basis and that the TWU had agreed to furnish mechanics and drivers to keep the buses running. Some might have regarded this as another Rutledge barb thrown at the company. HRT, however took it all very seriously and issued a long statement criticizing the union for undermining its own strike.

Finally, after 35 days of strike, agreement was reached on an immediate eight cent wage increase; an

additional seven cents about six months later? upgrading of 53 drivers (an additional three cents); and elimination of third class mechanics (15 men, an additional 20 cents). In return for these wage increases, the company gained an extension of the existing contract from July 1, 1951, to January 15, 1952, thus minimizing the possibility of another pre-Christmas strike.

NOTES:

10. One of the three members of the emergency board was Henry Gonsalves, former President of the Transit Workers Union and, at the time, a business agent for the Teamsters. Despite Gonsalves' position, the Union rejected the report.
11. An exhibit prepared by the Hawaii Employers Council, introduced into the 1950 fact finding hearings, showed that of 140 contracts negotiated between October 1, 1949 and October 1950, 65 had no increases and 75 had varying increases with five cents the most frequent gain.
12. By this time, even the state's attorney general had serious questions as to the constitutionality of the Public Utilities Labor Act because of its having been superseded by the federal Taft-Hartley, and no effort was ever made to prosecute the Union or any of its leaders for their failure to abide by the Act's notice requirements.

AUTHOR'S ADDITIONAL NOTES:

Events involving Honolulu transit workers (mostly strikes and negotiations) for the period from mid-1949 to about 1979 are covered in an unpublished type written manuscript, "Ass-Wy Hard" (That's Why Hard), by R. B. Sheetz and John E. Reinecke, both employed by the Teamsters. The paper, intended as a follow-up to the earlier "Up From Company Unionism", has been helpful in identifying significant occurrences and in providing the Union's view of what happened. Our approach, while utilizing much of the same basic information, uses very different emphases.

A Big Loss: 1948 Strike: The Transit Workers Union, in a brief filed with the Governor's Fact Finding Board, explained its view of the 1946 settlement:

... It was at that time and still is the contention of the Union that the wage adjustment effected December 1, 1946 was properly made to off-set a reduced work week and in most instances did not actually increase the take home pay of the Employees involved.

Rutledge testified before the Emergency Fact Finding Board that the Union had supported the Company's request for a fare increase (Transcript, August 3, 1948).

The *Star Bulletin* of September 3, 1948, carried a chronology of events leading up to the strike. The detailed happenings after that date until the settlement on October 9 were reported in both daily papers.

Union members who participated in the strike provided the analysis of why the Union capitulated when it did.

Kitchen Negotiations: The impact of the 1949 longshore strike on the Hawaiian economy is described in many books and articles. We have mainly relied on Paul F. Brissenden's article, "The Great Hawaiian Dock Strike" in the April, 1953, issue of *Labor Law Journal*.

George Kaisan recalled the situation in which Rutledge was unable to get his TWU members to a meeting. Rutledge is the source of the story about his negotiations with Voorhees.

The Big Win: The more favorable economic climate for 1950 negotiations is detailed in the Union's *Statement of Position of the Transit Workers Union* before the Governor's Emergency Board in late 1950.

The proposed new pension plan was analyzed for the Union by Clifford D. O'Brien of the National Labor Board; his analysis is contained in a letter of August 28, 1950, to the Union.

CHAPTER 8 Weekend Strikes

In every year except one (1949) from 1948 through 1952, TWU members had been involved in some form of strike action, ranging from a short weekend strike in support of a recognition strike by the newly organized inspectors, checkers and dispatchers unit of the Teamsters Union, to the 36 day strike in 1948 (see [Appendix C](#)). By now, Rutledge concluded, there must be some better way for the union to gain its objectives—one that would require minimum cost to the union and its members, would not greatly inconvenience the public, and would still inflict economic damage on the company.

About one month after 1953 negotiations were under way on April 30, Rutledge informed E. C. Rinehart, the Hawaii Employers Council negotiator for the company, that the union would employ a "new gimmick" in that year—a weekend strike. Thus if a settlement was not reached by May 9, employees would strike that weekend and thereafter would work only five days each week but would not work on Saturdays or Sundays.

On May 9 and 10, and for four consecutive weekends, employees scheduled for weekend work did not report for duty, except for one Sunday, May 24, at the request of a church group and again on Memorial Day to oblige a veterans association.

After three strike weekends, the company notified all employees that if they did not report for "scheduled assignments at the regular time" they would be laid off, not only for that day but also for another full day. When this failed to bring out the required number of employees, the company then announced, on June 5, that thereafter any employee refusing to work as scheduled would be suspended from work for a 15-day period. The union struck again on June 6 and 7. Two hundred and fourteen employees who refused to work on June 7 were told to remain away from work for two weeks and 38 more were similarly laid off after June 8.

The union's immediate response was to stage a demonstration at Iolani Palace where the Governor had his office. As a result of the company's suspension of striking employees, only 21 buses, instead of the usual 192, were operating on Monday, June 8. The union set up a picket line on Friday, June 12, and again on the following Saturday and Sunday, June 20 and 21. During this same period, a five man Emergency Fact Finding board was plowing through its usual round of exhibits, briefs and arguments. At the end of June, it issued its report, generally supporting the company's position.¹³

Finally, on July 17, agreement was reached on a new one-year contract granting a 40-hour week for all employees previously on 44 hours, with no loss in pay, five to eight cents an hour increase for other employees, and a medical plan for employees and their dependents. The union, despite the settlement, filed unfair labor practice charges with the NLRB because of the company's suspension of striking weekend employees. Once again, the union almost won its case, caused considerable consternation among Hawaii Employers Council leaders¹⁴ and was ultimately defeated by the NLRB itself.

Some eight months after the 1953 settlement was reached, the NLRB trial examiner found, in an intermediate report, that HRT by suspending certain of its employees because they "concertedly engaged in work stoppages" had discriminated in regard to the hire and tenure of employees thereby discouraging membership in the union. The company was ordered to cease and desist from such tactics but, because the suspended men had not made an unconditional offer to return to work, there was no back pay award. Thomas P. Gill, the union attorney, stated that the ruling made "legal and valid" the weekend walkout type of strike employed by the transit workers.

About two months after the intermediate report was issued (May 13, 1954), the president of TWU, David Naumu¹⁵, sent a letter to HRT president Edward DeHarne opening 1954 negotiations. Lest the

import of the intermediate report be overlooked, Naumu wrote:

... if no agreement is reached (before the expiration date of July 14, 1954) we intend to strike in accordance with rights guaranteed under the NLRA. . . . which Act permits weekend strikes. We feel free at this time to engage in such weekend strikes because of your company's unsettled, unfair labor practices before the NLRB. . . . Please do not misconstrue our position. This is a strike notice of weekend strikes or other permissible strikes under the NLRA."

Both Gill and Naumu apparently underestimated the distance between the Trial Examiner's thinking and that of the full Board. Four of the five man board, in two separate opinions, held that:

. . . part-time weekend strikes in which the employees engaged did not constitute ... the kind of concerted activity that was protected by the Act and that therefore the company, by suspending these employees, did not violate the Act.

Two of these four found it necessary to issue a separate opinion making clear that while the employer in this case was justified in taking action to carry on his business, they would not approve "any and all forms of retaliatory or unlawfully motivated discrimination." They were here "dealing with a twilight zone of 'unprotected conduct' which is not defined in specific language in the Statute." Board member Murdock dissented, holding that the company violated the Act by suspending its employees for engaging in peaceful concerted activity.

The NLRB decision ended use of the weekend strike by transit workers-until it was revived again seven years later.

NOTES:

13. A minority of the Board (Father John A. McDonald, Superintendent of Catholic Schools, and the Reverend Harry S. Komono) in a separate opinion supported the union's demand for a union shop "or any modification of the union shop which will confer the added security the union is seeking." This was the first support by a third party of the union's position on the union shop, ultimately gained in 1956..
14. Hawaii Employers Council files for this period show that the Council sought and received divided opinions from outside counsel on the legitimacy of the weekend strike, issued bulletins to other employer groups in other cities urging that they join in amicus curae (friend of the court) briefs before the NLRB, filed an amicus brief on its own behalf.
15. Naumu in 1962 became manager of Wahiawa Transit after its purchase by Harry Weinberg. He then became strongly antiunion, succeeded in replacing Local 996 with an "independent" union which he controlled until Local 996 again won bargaining rights in August 1970.

AUTHOR'S ADDITIONAL NOTES:

Rutledge's informing Rinehart of the proposed weekend strikes is reported in a memo in Hawaii Employer Council files.

The details on actual weekend strikes are taken from NLRB decision In re Honolulu Rapid Transit Company . . . and Transit Workers Unions of Hawaii, Ind., Case No. 37-[A-77, December 16, 1954. 110 NLRB No. 244.

PART III

THE WEINBERG ERA

What proved to be the stormiest period in HRT's labor relations -from the time Harry Weinberg took over control of the company until its purchase by the city in 1971-was preceded by the calmest period (1954-1961) since Rutledge unionism appeared on the scene. After the 1953 settlement, there were eight years of peaceful dealings. Three negotiations during that period resulted in relative long term agreements that provided modest increases in wages and benefits (see Appendix B). The union, which finally became an official part of Hawaii Teamsters Local 996 in 1955 (see Appendix A), gained its long sought goal of a modified union shop in 1956.¹⁶

These peaceful years came after the NLRB had clearly defined the limits of permissible strike activity by the union in its 1954 decision. A warm respect for each other's strengths had also developed between Rutledge and Frank Judd, the former Hawaii Employers Council negotiator who was HRT's industrial relations director during this period, so that there was no need for further testing by either side. Partly as a result of this calm on the labor front, but also contributing to it, was the relative stability of passenger revenues, halting the sharp decline that came after World War II. Although the company continued to complain of the low return on its investment, the Public Utilities Commission did grant two increases in school fares in 1957 and 1959, and a slight increase in adult token fares in 1960-all of which helped to maintain the company's earning level.

How did the union membership react to these quiet years? An election for Teamsters Local 996 officers was held in early 1959. Rutledge, who had previously run unopposed for the presidency of the local, persuaded a relatively unknown dairy worker, Tom Takiguchi, to run against him. Rutledge said he was anxious to test the extent to which a Japanese name, regardless of the person's record, might attract votes. The results astonished even Rutledge: he won by a vote of 912 to 575 for the "unknown."

Commenting on this, Rutledge said that the comparatively tough race by a 35 year old Teamster "proves just one thing. It appears that what the membership has been telling me is true. They want to see more of that old style militancy. Apparently I'm getting old and soft." (*Advertiser*, February 24, 1959)

All of this was to change with the arrival of Harry Weinberg on the scene.

NOTE:

16. All present union members and all future employees were required to retain their membership as a condition of their employment.

AUTHOR'S ADDITIONAL NOTES:

Our account of Rutledge's relationship with Judd is based on interviews with Rutledge and other union members.

The Hawai'i Public Utilities Commission's report, In the Matter of the Application of Honolulu Rapid Transit Co., Ltd. . . . Docket No. 1405, as amended. Decision and Order No. 1061, effective May 29, 1961, Filed August 16, 1961, contains details on revenue passengers and prior rate increases.

CHAPTER 9

The Weinberg Takeover

Harry Weinberg's economic career could be summed up in the phrase: "From grade school dropout [6th grade] to multi-millionaire."¹⁷ Much of his wealth is in Hawai'i and mainland real estate --land, shopping centers, office buildings, plus large blocks of corporate stock. A large part of his holdings were bought with money made through purchase, control, and ultimate sale of transit systems.

Weinberg's early life paralleled that of Rutledge in many respects, which may account for the close personal relationship that developed between the two men despite the vituperation and hostility that erupted at many negotiating sessions. Both came of Jewish background; both were immigrants into the United States at an early age; both were grade school dropouts; and both made it "on their own," although along different paths.

Weinberg, after dropping out of school, worked in his father's auto repair shop for many years. During the depression years he and his brother, William, bought houses at tax sales; fixed them up; and then resold them at a profit. Money thus made was invested in securities with Weinberg developing a sharp eye for undervalued situations.

He became one of the largest investors in Baltimore Transit Company as the result of heavy purchases in 1948 of defaulted bonds, on which he later made a killing. He was also a heavy purchaser of bonds of Scranton's transit system. These investments and participation in affairs of the companies undoubtedly provided his basic training in understanding the finances of transit systems.

Weinberg started buying into Hawaiian companies, including HRT, about 1955. What apparently attracted him to HRT was the relatively low cost of the stock, the large non-utility assets, especially real estate¹⁸, and the sizeable reserves established by the company. His purchases of stock were persistent, so that by late 1957 he was the largest single stockholder and owned over ten percent of HRT.

HRT directors, alarmed at what they regarded as a hostile invasion, began to take defensive action. J. Garner Anthony, former Territorial Attorney General and a prominent corporate attorney, was recruited to serve as Chairman of the Board and to direct the counter offensive. HRT directors began to buy up company stock, and Honolulu, Ltd. sought bank loans to be used in purchase of HRT stock.

A truce in the takeover effort was reached in February 1958, when HRT directors agreed that Weinberg's representative, Howard Hoddick, a former United States District Attorney and Weinberg's attorney from his earliest days in Hawaii, would be elected to the board at their next meeting one month later. Hoddick, in a statement to the papers, said ". . . his client definitely isn't seeking control of HRT. In fact, he's pleased with HRT's management." (*Advertiser*, February 21, 1958)

Later that year, Weinberg, who by then owned over 35 percent of HRT stock, asked that he be put on the board and given operational control of HRT. When his request for an HRT board seat was denied, Weinberg started a proxy fight to place himself on the board. The board countered by reducing its seats to six so as to reduce the voting effect of Weinberg's holdings in any cumulative voting, and proposing a real estate spin-off of Honolulu, Ltd. The spin-off would result in direct payments to all stockholders and would require, in the case of Weinberg (or so it was assumed), large income tax payments. Weinberg pointed out that most of the stock he controlled was in the names of separate investment companies that he headed and that stock spun off to these corporations would be taxed at the lower rate applied to intercorporate transfers. Therefore, the proposed spin-off, which was intended to hurt him financially, would probably have a worse effect on most other stockholders.

Finally, in February 1959, another compromise was reached. HRT agreed to put Weinberg on the board of Honolulu, Ltd.; Hoddick was to remain on the HRT board; J. Garner Anthony resigned as Chairman; boards of both companies were reduced to six members; and the proposed real estate spin-off was cancelled.

Weinberg, in a public statement, then indicated the direction in which he hoped to move HRT:

By retaining the non-utility assets instead of the spin-off suggested earlier, Honolulu, Ltd. will be made into an investment company presenting wholly new opportunities for strengthening HRT. (*Advertiser*, February 7, 1959)

Five months later, at a specially called meeting, Weinberg was elected an HRT director. The board also voted to cancel HRT's depreciation reserve and to transfer \$400,000 of HRT's earned surplus to Honolulu, Ltd., which, in turn, used \$540,000 of its funds to buy stock in Dallas Transit Company. Another \$100,000 of Honolulu, Ltd.'s funds was invested in American Factors, one of Hawai'i's major corporations.

The Hawai'i Public Utilities Commission, in a public blast at Weinberg, termed the use of HRT's money to purchase control of Dallas Transit, "indefensible and certainly not in the public interest" and ordered the money refunded to HRT "immediately." Weinberg, in what later proved to be a fairly typical style of operation, practically ignored the order. And, when some two years later he worked out a settlement with the PUC, he virtually secured what he set out to achieve. {Details on later PUC settlements are provided in the next chapter.}

Weinberg also transferred HRT's bus advertising and charter bus business to Honolulu, Ltd.

By early 1960, Weinberg's control of HRT was complete. At the March board meetings, he was elected Chairman of the Board of both Honolulu, Ltd. and HRT. The board was then increased from six to eight with Lawrence Weisman, an attorney and old Weinberg associate from Baltimore, added as a director. The board included four pre-Weinberg directors: Chinn Ho, L. C. Bush, Jr., J. Howard Worrall, and Edward DeHarne. By mid-1960, all of this group except DeHarne, who was retained as president and general manager of HRT, had resigned from HRT.

One of Weinberg's earliest moves as chairman was to seek to make Honolulu, Ltd. the parent company and HRT the subsidiary. The effect of this move, if successful, would have been to remove HRT's land and investment holdings out of the jurisdiction of the PUC. The PUC immediately ordered an investigation to seek to prevent these changes.

Another Weinberg move was to tighten his control of the company by further stock purchases at the lowest possible cost. In 1960, HRT cut its second quarter dividend by 50 percent and omitted dividends for the last two quarters of 1960 and the first two quarters of 1961. This caused many stockholders to unload their holdings. Weinberg kept buying-his order to his broker was to buy HRT stock at 14½, only slightly above the low for the year and considerably below the high at 173/8. By March 1961, Weinberg owned 60 percent of HRT.¹⁹

There were other by-products of Weinberg's take-over. The executive staff was drastically reduced and many "full" positions, such as those connected with public relations and industrial relations, were completely eliminated²⁰. The Hawaii Employers Council was no longer retained. Information contained in the company's annual reports, now distributed to fewer and fewer stockholders, kept shrinking. What required twelve pages of printed text in 1958 was covered in five pages by 1962.

And Harry Weinberg himself took charge of the company's negotiations with the Hawaii Teamsters union.

NOTES:

17. *Forbes*, Fall 1985, lists Weinberg among the wealthiest four hundred persons in the United States, his net worth estimated at over \$550 million. This author recalls an incident in 1964 in Weinberg's office in the HRT building on Alapai Street in Honolulu. Weinberg, although president of the company, occupied a small office with a steel desk that was almost completely covered with annual corporate reports. The entire setting to a stranger unfamiliar with who Weinberg was might suggest the office of a bookkeeper or minor clerk. Out of curiosity, I picked up one of the corporate reports on his desk and asked Weinberg to explain to me what he might see in that particular report. In his own halting speech, he proceeded to an analysis of the financial data, with special emphasis on the footnotes, which would have done justice to any college professor of finance. His special interest appeared to be in looking for assets, particularly land, that were carried on the books at values well below their current market value.
18. Honolulu, Ltd., a wholly owned subsidiary of HRT, was formed in November 1954; all non-utility property was turned over to the new corporation.
19. Weinberg's holdings eventually reached 95 percent.
20. As the result of the elimination of many jobs, the total expenditures for wages, salaries and employee benefits in 1962—after a 30 cent wage increase to bargaining unit employees—was less than it had been in any of the three previous years, according to data contained in the company's annual reports. After this was pointed out by the Union in 1963 negotiations, these figures were no longer published in later company reports.

AUTHOR'S ADDITIONAL NOTES:

Biographical details regarding Weinberg's pre-Honolulu life are provided by a variety of newspaper and magazine articles including, in addition to Honolulu newspapers, *Business Week*, *Time*, *Forbes*, *Hawaii Business*, *New York Times*, many of which borrowed details (including erroneous ones) from each other. Some specific articles will be more closely identified later in these notes.

Two of the most informative articles were in *Business Week*. "Would-Be King of Transit," July 16, 1960, and "Fifth Avenue Coach Lines: Winner of Bus Prizes Faces More Battles," February 24, 1962.

CHAPTER 10

The Weinberg Transit Pattern

What Weinberg had in mind for HRT can be inferred, with some hindsight, from what he actually did with three other transit systems—Scranton, Dallas, and New York's Fifth Avenue Coach Company—that he controlled for different periods of time. In each of these situations, after gaining control he moved on a multi-front blitz to raise profits through higher fares and reduced costs, paring payroll and cutting back on services and siphoning off assets for his personal gain. At the appropriate time, he would either sell what was left of the company to the city for a handsome profit or, as in the case of Scranton, abandon it.

These tactics were only partially successful in Honolulu. Although Weinberg certainly realized millions from his control of HRT, his gains were less than what he expected, based on his record in other transit situations. His efforts in Honolulu were thwarted, in part, by a more determined resistance than he had previously encountered from public officials (after 1961) and the union. The development of the *Weinberg Transit Pattern* can be better understood by a brief review of its history in those other situations.

Scranton

Weinberg had been buying Scranton Transit Company bonds since 1953. As the largest bondholder, in 1956, he threw the company into receivership and was then appointed receiver by the court. Just before this, the company had suffered a crippling eight month strike called by a local of the Amalgamated Association of Street and Electric Railway Employees. The union was defeated thoroughly and finally agreed to return to work without a contract.

One of Weinberg's first acts as receiver was to force the union, whose driver members had been making \$1.72 an hour, to accept a wage cut to \$1.50 without a contract. He also cut services drastically and is generally credited, by use of such measures, with having put the company in the black. The city at first, because of reduced services, strongly opposed Weinberg's request for the increases before the Public Utilities Commission. Before the Commission acted, Weinberg and the city came to terms.

Weinberg then moved to strengthen his control of the company by submitting a reorganization plan under which bonds would be devalued by 50 percent and converted into stock. This plan was approved by the court, and, when the company came out of receivership in 1958, Weinberg, by now the largest single stockholder, was named president. He then continued to buy Scranton stock, mostly with money that came from his other transit holdings. By 1966, for example, Honolulu, Ltd. owned a 58.68 percent interest in Scranton Transit. He eventually owned nearly all of the stock plus a majority of the bonds.

Weinberg wasn't always successful in his dealings with the union at Scranton. In 1960, he insisted that a wage increase which he offered be tied to assurances that the city wouldn't oppose his bid for a two cent fare increase. The city solicitor insisted that the fare increase should be opposed. Weinberg, he claimed, dared not expose to public scrutiny, as would be necessary at a hearing on a proposed fare increase, his handling of the company's affairs. The union refused to go along with Weinberg's offer and, after a three day strike, won a 15 cent wage increase not tied to any fare increase.

What did Weinberg derive from his ownership and control of Scranton Transit? Much of the land owned by the company was sold or leased at a handsome profit. In 1971, when there was virtually nothing left to dispose of and when there was no profit in just running the bus operation, Weinberg gave up the certificate that entitled him to run the system, and the city of Scranton took over the operation.

Dallas

Weinberg gained control of Dallas Transit by a \$540,000 purchase of its stock by Honolulu Ltd. in late 1959. He had previously bought some Dallas Transit stock on his own account. In January of 1960 he took over as chairman of the board of Dallas.

As chairman, he personally stepped into a deadlocked labor contract negotiation. He offered the union a 33 cent an hour increase over a three year period (the union had originally asked for a 35 cent increase) provided the city granted him a two cent fare increase. When the city denied the fare increase, Weinberg withdrew his offer.

Two months after he became chairman of Dallas Transit, Weinberg cut service on 47 Dallas lines, seven percent of all mileage.

In late June, after Weinberg had withdrawn his request for a fare increase, the union called a strike, then postponed it at Weinberg's request. He then offered a temporary 15 cent increase for a four month period, with the contract to expire at the time of a big state fair. The union accepted the proposed increase and in August of that year agreed on a contract that provided 18 cents in total increases over three years. Soon thereafter, the company fired or retired many veteran employees of Dallas Transit. Dallas Transit, following the pattern set by HRT, set up an investment subsidiary, Dal-Tran Service Co., into which it transferred \$1.7 million in non-utility assets. Dal-Tran in turn used most of that money to buy into Fifth Avenue Coach.

The city administration then hired an attorney to investigate Dallas Transit's financial moves. After some months of investigation, he publicly charged that Weinberg ". . . may be trying to milk the company dry with eventually dumping the remains in the lap of the city." As indications of Dallas Transit's desire to liquidate, he pointed to: 1) transfer of huge amounts of assets to subsidiaries; 2) selection of new part-time officers at large salaries²¹, and 3) the company's purchase of its own stocks and bonds.

The attorney also charged that although the company had accumulated a depreciation reserve of several million dollars, it had not bought a single new bus since 1956.

Weinberg continued wrangling with the city and the union over a period of years although he, through sheer tenacity, managed to secure most of what he sought. Finally, in 1964, the city bought out the bus system at \$5.5 million. Weinberg retained ownership of all the non-utility assets that had been siphoned out of the company.

Fifth Avenue Coach

Weinberg had been a stockholder in Fifth Avenue Coach since 1953. With money made available by Dal-Tran Service, the investment arm of Dallas Transit, he controlled about 26 percent of the company by February 1962. He was then named chairman of the board, as well as chairman of the executive and finance committees, after 11 members of the board resigned.

He had earlier made clear his plans with regard to Fifth Avenue Coach: "Two pennies a ride more in New York could bring in \$8 million a year annually."

One of his first moves as chairman was to ask for a fare increase from 15 cents to 20 cents. When that request was turned down, he warned that Fifth Avenue Coach would have to lay off 1,500 workers and cut down Sunday and night service. He then laid off 29 workers, mostly long service employees who had become disabled on the job. The Transit Workers Union, led by President Mike Quill, responded by calling some 6,500 workers out on strike. At a mass meeting of strikers, Quill pledged a year's strike if necessary to get rid of Weinberg.

Shortly after the strike started, Mayor Wagner, on behalf of the city, condemned and seized the bus system. The price to be paid for the condemned bus lines was then tied up in litigation for over two years, but, long before it was settled, Weinberg himself had sold out his holdings to business associates at a reported profit of \$1.3 million.

At the April 1963 board meeting of Fifth Avenue Coach, Weinberg, in a surprise development, was ousted as chairman in a dispute with his own associates over what to do with the money that the company expected to receive from New York City for the seized property. Weinberg, according to reports, was outvoted in his effort to have the money invested in the Honolulu based Amfac. Voting

against him were Lawrence Weisman, his longtime associate in various enterprises; Roy Cohn, the former counsel for Senator McCarthy's Internal Security Committee; and his own son, Morton Weinberg.²² The three then moved to control the company as a triumverate with Weisman as president. A few days later, the reorganized board issued a statement saying that the older Weinberg's withdrawal was voluntary.

In June of 1963, an expert witness retained by the company, testifying in New York's Supreme Court, set the value of Fifth Avenue Coach and its subsidiary, Surface Transit, at \$92.5 million, about five times what the city was willing to pay for it. The news set off frenzied trading in the company's stock on the New York Stock Exchange, which was halted when the stock rose four and an eighth points to 35 $\frac{1}{2}$.

Weinberg, in a separate move, disposed of the 32,500 shares that he controlled.

NOTE:

21. Harry Weinberg, chairman, at \$25,000 per year; Lawrence Weisman, vice chairman, at \$12,500 per year; and Nathan W. Weinberg, executive vice president, at \$12,500 per year.
22. Lawrence Weisman some years later again became associated with Weinberg in various Hawaii ventures, and then returned to the mainland. Morton Weinberg's vote against his father terminated any business relationship between them. Harry, shortly after this dispute, turned over a sum of money to his son. The remainder of his huge holdings, on his death, are to go into a trust fund to provide for his wife in her lifetime and then used, according to Weinberg, "for the poor". Morton works in Los Angeles for Matson Navigation Co., the largest subsidiary of Alexander & Baldwin, in which Weinberg is the largest single stockholder. Roy Cohn, in August of 1963, resigned as director and chairman of the executive and finance committees of Fifth Avenue Coach.

AUTHOR'S ADDITIONAL NOTES:

Details on Weinberg's interests in the Scranton Transit Company are pieced together from Honolulu newspaper stories: *Advertiser*, February 21, 1958, *Star Bulletin*, August 21, 1960; the two *Business Week* articles cited previously (Chapter 9); the HRT Annual Report, 1966; and informants in Scranton.

The account of Weinberg's Dallas operations is based on eight different stories in Honolulu papers plus the *Business Week* February 24, 1962, story.

Our main source for the Fifth Avenue Coach story is the *New York Times* for the periods from February through May 1962, April and June, 1963; Honolulu newspapers; *Time*, March 16, 1962; and the previously cited *Business Week* stories.

CHAPTER 11

Uproar" Negotiations

There were four separate negotiations with HRT during the time that Weinberg controlled the company-in 1961, 1963, 1966-1967, 1969-1970. The last two negotiations involved long and costly strikes. In all of the negotiations the union created a high tension level by frequent threats and participation in a variety of job actions-weekend strikes, "no fare" days, "driving by the rules" (slowdowns), worker refusal to work overtime, frequent sick call-ins-many of which had previously been termed "illegal" by the courts or "unprotected" by the NLRB.

Although there were common elements in all of the negotiations, there was a qualitative difference between the first two, in which most sessions ended in a general "uproar" of shouting and ranting, and the last two by which time Weinberg appeared more relaxed and resigned to waiting out strikes

in a vain effort to get what he wanted.

Invariably the union entered negotiations with a strike authorization or an announced threat of a strike at a particular date. Weinberg, at the beginning of the negotiations, would announce that there would be no wage or benefit gains without a fare increase. There would always be an application for higher fares before the PUC while bargaining was going on. Inevitably, state and city officials became involved in the protracted negotiations, never shorter than three months.

In the twelve years that Weinberg ran the company, only one fare increase, from 20 to 25 cents in adult fares, was granted by the PUC, in 1961. This was the first increase in such fares since 1953. After 1961, all fare increase applications were rejected, with harsh criticisms by the PUC of HRT's bookkeeping practices and orders, all of which were ignored. HRT continued its former ways of accounting for company finances.

Weinberg himself engaged in a wild swinging and erratic style of negotiating. One day he might offer a wage increase contingent upon a fare increase, which the union generally rejected. In response to union pressure tactics, he would propose or, in some cases, announce wage cuts or the elimination of fringe benefits during negotiations. On more than one occasion he would agree to some contract improvement, then rescind it a day or two later because of PUC failure to agree to a fare increase or because of some union action.

Weinberg's volatile temperament added an explosive element to all bargaining sessions. He frequently engaged in long tirades replete with expletives and warnings to the union. Many times he interrupted his own people when not entirely pleased with their presentations. Weinberg rarely spoke in complete sentences and when explaining something would usually interrupt himself with, "you follow me?" One of his favorite reactions to union arguments was, "Don't give me any of that bull crap."

A Teamster bulletin issued to HRT members during the 1963 negotiations describes a typical Weinberg performance. Headed "Humbug, Raving and Table Pounding" the bulletin reported;

. . . Arthur A. Rutledge, Local 996 President and the HRT negotiations committee were a captive audience to a frenzied solo act of humbug, raving, ranting, cussing and hollering by a very upset Harry Weinberg, HRT majority stockholder and board chairman. . . he blew his stack when Rutledge asked George Kaisan, recording secretary, to bring in a tape recorder and tape the session. He subsided, however, and the recorder was brought in.

Weinberg generally subsided after a temper outburst. Paradoxically, he maintained a close personal relationship with Rutledge and also tried to deal personally with many of his employees. In the early sixties, Weinberg rented an apartment across the street from Unity House and both during negotiations and at other times would wander over to the Teamsters office, one of the few places in town where he could find the *Wall Street Journal* and companionship. Typically, he would remove his shoes, plant his feet on Rutledge's desk, and, while reading the Journal, engage in chitchat over many items, including the day's happenings.

During the first negotiations, the union, in February 1961, issued an invitation to Governor Quinn, Mayor Blaisdell, the chairman of the PUC, J. M. O'Dowda, and Weinberg, to attend a union meeting at the Linekona School that was to consider possible strike action. Only Mayor Blaisdell and Weinberg appeared. Weinberg won a rousing ovation from his union audience when he told them, "I know you need more money to take care of your wife and kids and you're entitled to it."

It took Rutledge to bring his members down to earth. "Does that mean," he asked Weinberg, "that you're ready to give a wage increase?"

"Oh, no-any wage increase must come out of the fare box. That's why we need a fare increase." Some three months later, the minutes of a union negotiating committee meeting (May 11, 1961) called to discuss the company's final settlement offer, had this one sentence without any comment: "Mr. Weinberg walked in as an observer."

After the storm and strife of the first three negotiations,²³ which included the longest bus strike (67 days) in the city's history, the record shows that despite Weinberg's inability to secure the PUC increases that he requested, the Hawaii Teamsters in this period secured the largest gains in wages and benefits made up to that time (see Appendix B). This contrasted sharply with the record made by unions in Scranton and Dallas.

The First Encounter

The first Teamster negotiations with Weinberg in 1961 established a pattern that was generally repeated in future negotiations but also had some unique features of its own. To the union negotiating committee, he was a revelation-never before had they encountered a negotiator like him nor would they ever again.

The negotiations extended over a three month period, in the course of which Weinberg, at different times: 1) offered to sell HRT to the workers on a profit-sharing basis; 2) twice proposed, and for a few days put into effect, a substantial wage cut; 3) offered a 10 cent an hour wage increase if and when the PUC granted the company's fare increase request; 4) proposed a one month contract with no fringe benefits or, as a second choice, that the employees continue work on a day-to-day basis without a contract. All of these proposals were rejected by the union.

At one point, Weinberg, accompanied by four other HRT officials-Edward DeHarne (President), Howard Hoddick (Attorney), Larry Weisman (Director), and James Woolsey (Director)- personally delivered to Rutledge's home at 8:30 p.m. on a Saturday night, a one page unsigned announcement of a 50 cents an hour wage cut. The notice was posted on the company bulletin board the next day, rescinded a few days later at the request of Mayor Blaisdell. The union, in return, agreed to end a slowdown of service that it had initiated.

The union finally announced a strike date of April 11. Following an eight hour mediation session with Governor Quinn and Mayor Blaisdell on April 10, the union agreed to postpone the strike deadline until May 8. Both sides were to continue operating under the old contract.

Company resistance to any wage increase folded on May 2 after the PUC granted HRT a temporary rate increase of five cents in adult fares. HRT's proposal of an immediate 20 cents an hour wage increase plus another 10 cents one year later, was accepted by the union on May 8. One day later, the company withdrew its offer because the PUC refused to grant a permanent fare increase until after the company entered into a firm agreement calling for a wage increase. Faced with a new strike threat, the company, on May 11, gave the union a letter guaranteeing a 20 cent wage increase retroactive to May 8. One month later, agreement was reached on the additional 10 cents to be effective on May 8, 1962.

In the 1959-1961 period the PUC played a kind of "lion and the lamb" game with Weinberg. It roared like a lion with sharply worded press releases whenever it initiated some action against any of his moves but ultimately proved most compliant in settling its differences with Weinberg. In an unprecedented and probably improper action, the PUC wrote HRT President Edward M. DeHarne on April 4, 1961:

The Public Utilities Commission, meeting in special quorum in the public interest and in an effort to assist the company in its negotiations [our emphasis-this is clearly not the function of the PUC] has agreed that an interim increase be granted ... in the adult ticket fare from five tickets for 75 cents to five tickets for 85 cents as soon as it is practicable.

This did not meet the company's declared needs, so about one month later the PUC in another "meeting in Special Quorum" on May 2, 1961, in the public interest ". . . granted a temporary increase in adult cash fares from 20 to 25 cents."

On August 16 the temporary increase in cash fares and the higher ticket fares were made permanent. The PUC decision of that date also ordered the company: 1) to treat all revenues from charter bus operations and advertising as revenues of the utility operation (an order that was to be repeated and again disregarded by the company nearly five and a half years later); 2) to recover an additional \$200,000 (beyond the original \$400,000) transferred to Dallas Transit Co.; 3) to restore and maintain the Depreciation Reserve Fund; and 4) to not transfer any assets, loan any funds or enter into any investments . . . without prior approval of the Commission.²⁴

The whole decision, beyond the permanent fare increases proved to be so much excess verbiage. HRT, in its 1961 report, stated:

In 1961 the company was able to settle its many cases before the Public Utilities Commission and the Supreme Court of the State of Hawai'i. The settlement of these disturbing situations enabled the company to proceed with its long term plans.

The proposed return of funds from Dallas Transit to HRT was resolved by a PUC order in December, 1961, in which dividend earnings of HRT on 33,334 shares of Dallas Transit stock or \$24,000 (6 percent of \$400,000) whichever was greater, were to be deemed a part of the allowed utility earnings of \$467,100 for rate making purposes. No further mention is made of the additional \$200,000 that was ordered returned in August 1961.

The ease with which Weinberg got what he wanted from the PUC in the early 1960s may have contributed to the difficulties he encountered in later years. It may have caused him to underestimate the resistance that would be mounted against further fare increases.

1963 Negotiations. More of the Same

The 1963 negotiations were in many ways a repeat of the first round in 1961. There were many stormy sessions, the usual company proposals for a wage reduction and elimination of some fringes, intervention by the Mayor, and harassing tactics by the union (two "no fare" days and three days of weekend strikes).

There was one significant difference in 1963. This time the company did not apply for a rate increase. They were still enjoying the benefit of the 1961 fare increase. That a little fare increase can go a long way is shown by the company's reported figures on net profits for the years 1960-1963.

Net Profits

| Year | HRT | %Change from 1960 | Honolulu Ltd. ^a | %Change from 1960 |
|------|----------------------|----------------------|----------------------------|----------------------|
| 1960 | \$111,787 | | \$126,130 | |
| 1961 | 268,293 ^b | +140 | 191,062 | +151.5 |

| | | | | |
|------|---------|------|---------|--------|
| 1962 | 437,032 | +291 | 292,253 | +231.7 |
| 1963 | 726,613 | +550 | 366,272 | +290.4 |

a) Portion of income attributable to revenue from car advertising and charter bus operations formerly carried on by HRT.

b) Five cents adult fare increase effective May 8, 1961.

The gross from the fare increase more than compensated for the decline in bus patronage.²⁵ Part of the decline could be traced directly to the fare increase, but every bus system also faces competition from improved highways and the growing ownership of automobiles. From 1960 through 1963, the number of revenue passengers dropped from 29.1 million to 22.9, a 22.2 percent decline. During the eight years previous to 1961 there had been relative stability in bus patronage at around 29 million. There was also a 25 percent drop in employment between 1960 to mid-1963.

Faced with a situation of rising profits in the face of lower patronage and a smaller work force, the union asked for a substantial package: 25 cents wage increase, plus improvements in pensions and other benefits. Ultimately, after two and a half months of negotiations; several strike threats; and a one-day Saturday strike, agreement was reached on a three year contract with big gains for union members {see [Appendix B](#)}.

In the wake of this settlement, HRT clerical workers who, in 1946, had voted for "no union" in the NLRB election, voted 23-0 out of 29 eligibles to be represented by the Teamsters Union.

NOTES:

23. The fourth negotiation was never completed. After a 60 day strike, the city formed its own transit company, Mass Transit Lines (MTL) which replaced HRT's bus system and eventually took over HRT property
24. These included PUC "show cause orders" and legal actions to have funds transferred by the company to Dallas Transit returned to HRT to return card advertising and bus charter operations from Honolulu, Ltd. to HRT, to halt proposed exchange of stock that would result in Honolulu, Ltd. becoming the parent company, and to not transfer any additional funds to Honolulu, Ltd. or Honolulu Scenic Tours.
25. It has been estimated that each one percent increase in fares produces a .2 to .33 percent decrease in ridership.

AUTHOR'S ADDITIONAL NOTES:

Union files, particularly minutes of negotiations and bulletins issued to HRT employees, plus newspaper stories, describe much of what went on during contract negotiations. The author participated in 1963 and 1966 negotiations; he was also a witness to many of the non-bargaining session encounters between Weinberg and Rutledge.

Weinberg's speech at the Linekona school is partially covered in union minutes; more detail is provided by Rutledge.

The PUC's temporary granting of the five cent fare increase is explained in Docket No. 1405, Order No. 1057, filed May 2, 1961. The permanent increase was granted in the Commission's Decision and Order No. 1061, filed August 16, 1961. Settlement of the dispute over the transfer of HRT funds to Dallas Transit is explained in Decision and Order No. 1090, filed December 20, 1961.

The estimated relationship between fare increases and ridership is taken from Joe Brady's "No Fare's Role in Mass Transit," *American Federatiortist*, May 1978.

Figures on bus ridership and HRT employment taken from company records.

CHAPTER 12

The Longest Strike

The 1966-1967 negotiations resulted in the longest strike in the history of the Honolulu Transit industry --a 67 day ordeal that greatly inconvenienced the public, drastically affected the income of downtown merchants, drew strong editorial and verbal attacks on Weinberg by newspapers and public officials, and confirmed in the minds of many the ultimate need for municipal ownership and control of the bus system.

There were actually two sets of negotiations extending over a one year period before a settlement was reached. The previous contract expired on June 30, 1966. Some 10½ weeks later, a two day strike by the union ended with a most unusual interim contract. There were to be substantial gains for the unions--67½ cents in wage increases, improved pensions, health and welfare benefits, vacations, holidays, seniority--over a four year period, provided the HRT got a five cents fare increase within 60 days. The company also had the right to cancel the contract at any time between October 13 and November 11.

The union had never before, and would never again, agree to this type of a contingent contract, something that Weinberg had successfully employed in Scranton and Dallas. Apparently, the union as well as the company believed some kind of fare increase was in the offing. HRT filed an application for a fare increase just a few days after the settlement, and it had been more than five years since the last increase had been granted.

Negotiations then followed their more usual erratic pattern. HRT announced a wage cut; cancelled the contract; withdrew its application from the PUC? then backed down on its decision to cut wages; settled with the union for a continuation of the old contract? and reapplied for a fare increase. A month later, Weinberg again announced that the contract would be cancelled and that a ten cents wage increase due on March 1 would not be forthcoming.

What proved to be one of the costliest and most peculiar strikes in transit history started on March 1, 1967. The day before the strike began, Weinberg left for the mainland. Before leaving, he arranged for the strikers to use the HRT carbarn as their picketing headquarters, where the company served fresh coffee each day. Weinberg did not again appear in Honolulu until some 25 days later when he was summoned back to Honolulu by a phone call from Mayor Blaisdell, who was trying to get negotiations resumed. And even then stayed in town only for about four days, again left for the mainland, and thereafter was in and out as his presence was required. Apparently, he was determined to sit this one out until he got what he wanted --a PUC fare increase or, possibly, a purchase offer from the city although he denied that this was so.

When the strike started, Rutledge charged that HRT management was "bound and determined that the City should take over." (*Advertiser*, March 2, 1967)

A week later, the *Honolulu Advertiser* (March 8) editorialized:

It is unfortunate, but the impression of many is that HRT and the union are now in something that looks like a voluntary stalemate aimed at (1) forcing a fare increase and (2) pushing toward eventual City takeover of the bus company.

A later editorial suggested that the City get itself "in position to acquire HRT if a thorough study in less hectic atmosphere shows this to be desirable." (*Advertiser*, March 20, 1967)

During the strike, both the City council and the State legislature considered measures that would authorize takeover of the bus system. The legislature later passed a bill giving the City the right to

buy HRT. It was during hearings on that bill before the Senate Public Utilities Committee that Weinberg stated, in answer to questions about his wanting to quit the business that, "I am interested in running a bus company" and, "My buses are not for sale." (*Star Bulletin*, April 12, 1967)

Weinberg's hopes for higher fares were thwarted when the PUC, on March 24, announced that it had rejected HRT's request for a fare increase. The company, it claimed, had failed to show that it needed additional money to operate. In a formal order, issued about a month later, it detailed its findings. The company, in violation of a previous PUC order, had diverted funds received from car advertising, chartered bus service, and other miscellaneous revenues to its subsidiaries and had improperly charged certain expenses of its subsidiary companies to the mass transit system.

In response to anguished appeals from downtown merchants, some of whom reported as much as a 60 percent dropoff in sales, and the persistent prodding from both Honolulu dailies, Mayor Blaisdell continued efforts to get the company and the union back into serious negotiations. Governor Burns, at the union's request, asked Attorney General Kobayashi to attempt to mediate the dispute. When, in mid-April, Weinberg proposed a new four year contract which hinged on a fare increase, the Governor publicly blasted the proposal as "a gross insult to the people of Hawai'i." (*Star Bulletin*, April 20, 1967)

Some movement in the long stalled negotiations developed after Leeward Bus Company, which normally operated in rural areas, arranged with the union (after PUC authorization) to provide emergency service on three major routes. That service started on April 18.

HRT then made two final efforts to rescue its faltering position.

It moved, in Federal Court, for a temporary restraining order to halt the Leeward Bus Company's interim bus service, as authorized by the PUC—a move opposed by both the PUC and the Teamsters Union. When the case came before Federal Judge C. Nils Tavares, he, at the company's request, gave it two weeks in which to bring in evidence of "actual collusion" between the PUC and the union, as charged by the company. "If I have to rule now," the Judge stated, "I would not grant any kind of injunction" (April 28, 1967). Before the two weeks were up, the strike was settled.

On the last day of April, HRT advertised for drivers and mechanics to apply for work on the next day. Some 80 pickets appeared before the company offices but not a single applicant showed up. An Advertiser story on May 1 noted that the ad was in violation of a new anti-strikebreaking law, signed by Governor Burns a little more than a week previously, in these respects: it failed to state 1) that a labor dispute existed at the time, and 2) the name of the agent placing the ad and the name of the client.

On May 2, Weinberg made a new offer: A 40 month contract with a total package price of about 90 cents, virtually everything that had previously been offered in negotiations without any strings attached (see [Appendix B](#)). The offer was accepted, ratified by the union on May 6, with buses in operation two days later.

The agreement, the last signed by HRT, represented a complete defeat for Weinberg, paid for at an exorbitant price by both the union and the public. Within a month after the settlement, HRT was back again before the PUC for a fare increase. He was again turned down.

One can only speculate as to what caused Weinberg's final capitulation. The questions persist: if he could offer a 90 cent package at the end of nearly one year of negotiations, why couldn't he have offered a less costlier package that the union would undoubtedly have accepted at a much earlier date? Had he merely miscalculated the resistance that he did encounter from the union or the PUC?

Or had he just been worn down by the steady fire of hostile criticism from public officials, the press, and the public generally?

The possibility that the PUC, after the substantial increases agreed to in the final settlement, would now relax its rigid anti-fare increase position may have influenced his final decision to settle. Here too, the hostility that he had engendered from years of thumbing his nose at the PUC did not help his case.

AUTHOR'S ADDITIONAL NOTE:

The PUC's formal order denying the Company's fare increase application is Docket No. 1730: Decision and Order No. 1922, filed April 26, 1967.

The post-strike HRT fare increase application was turned down in Docket No. 1730: Decision and Order No. 2203, filed March 19, 1968.

CHAPTER 13

The 1970 - 1971 Strike and the MTL Takeover

The negotiations (if they could be called that) which occurred after the expiration of the 1966-1970 contract on September 1, 1970, were just one part of the main show that was being played out at that time, namely the effort by the City to buy out HRT and develop its own bus operation.

There was general recognition by late 1970 of the inevitability of municipal ownership of the Honolulu transit system. This was in line both with local sentiment and national trends.

The 1966-1967 strike of 67 days had convinced public officials and both Honolulu newspapers that such costly disputes could be avoided in the future only if the transit system was operated as a public service rather than as a "for higher and higher profits" operation. This was something that Rutledge had advocated for many years-at least since the 1948 strike and throughout the 1966-1967 negotiations and strike. More recently since January 1969, he again urged the creation of a City-County transit authority as the solution to Honolulu's bus problems.

The trend toward publicly owned bus systems on the mainland had accelerated with the passage of the Urban Mass Transportation Act of 1964 under which the Federal Department of Transportation would provide up to two-thirds of the acquisition costs of bus systems by municipalities. Increasing operational costs and declining patronage had caused many bus companies to sell out to cities. There were about 25 such sales throughout the 1950s; 27 in the first half of the 1960s; and 51 in the 1965-1970 period. By 1974, according to one estimate based on statistics gathered by the American Public Transit Association in their 1974-1975 *Transit Fact Book*, publicly owned systems employed 84 percent of all workers in the industry, earned 86 percent of the operating revenue, and carried 90 percent of the revenue passengers.

As early as August 1970, the Federal Department of Transportation, in response to an inquiry, advised Honolulu Mayor Frank Fasi that Honolulu was eligible to receive two-thirds of the acquisition costs of HRT, Wahiawa Transport,²⁶ and Leeward Bus Company.²⁷ The total cost, not including Leeward, was later set at \$10.4 million.

With public ownership approaching, all of the parties involved, HRT, the union and public officials each began maneuvers to position themselves so as to get the best possible deal for their interest.

From Weinberg's point of view there was nothing to be gained in paying more to HRT workers until the City took over, unless the additional costs were provided through a fare increase or by some other

means.

In the summer of 1970 the PUC again rejected HRT's request for a five cents fare increase. The commission's chief auditor testified that the requested fare increase would double the Company's net income. In its formal order, that body stated that it would not grant any fare hike until the company raised wages, upgraded its equipment and services, and included revenue from its charter and tour business in its revenue base.

Later, in November of that year, Weinberg again went before the PUC, this time to ask for a ten cents fare increase until the City took over, as an emergency measure to halt declining revenues. Rutledge estimated that the ten cents increase was about five times as much as was needed to pay all the Teamsters wage demands. That request by HRT was also denied.

There were about three meetings between the union and HRT in the entire period between the expiration of the previous contract on September 1, 1970, and the end of the strike on March 1, 1971. The strike, more like a lockout, was practically forced on the union when HRT announced in late December that it would cut wages and fringe benefits for a total of about \$1.15 an hour, effective January 1, 1971.

Before the actual walkout the Union had postponed announced strike dates three times--once, on September 1, the second on October 19, and then on November 18.

Earlier, in late August, in answer to a Weinberg statement that the company would have to cut wages by one dollar an hour, the union called a one day Saturday strike. Rutledge was quoted as saying, "Weinberg has the City by the throat. He's a ruthless businessman . . . [I]t appears that Weinberg is hell bent for a strike so the City will take over his bus line." (*Advertiser*, August 25, 1970)

Weinberg, in one of his rare meetings with the union in September, charged that that one day strike had cost HRT a lot of charter business.

The scheduled September 1 strike was called off after Mayor Frank F. Fasi and federal mediator, Reynold F. Hagist, intervened to get the parties together.

Just three days before the October 19 deadline, Mayor Fasi offered to use \$40,000 out of his campaign funds (acquired over a series of birthday parties to finance his various electoral campaigns) to provide a one month, interim wage increase to HRT employees, if they would postpone their strike for one month. The union accepted the offer, effective October 19, the strike deadline.

The Mayor also appealed to the public to contribute funds for further wage increases so that the buses could keep rolling. The total response was meager --about \$15,000 over several months.

The November 18 strike deadline was also cancelled in order not to inconvenience the public during the coming holiday season. Rutledge, it was clear, was trying in every possible way to postpone strike action. However, under mounting pressure from his members and, finally, faced with an announcement from RRT on December 30 of a pending wage cut, the strike was set for 1:30 a.m. on January 1, 1971.

The strike officially was to last 60 days, only seven days short of the 1966-1967 "longest strike." When the City-owned MTL buses started rolling on March 1, 1971, there were still over 100 drivers who could not return to work until more buses arrived from the mainland. Full pre-strike operations were not resumed until October. Thus, in terms of wage losses only, this strike was probably the most costly to Honolulu transit employees.

When the strike started, Weinberg assumed the role of the aggrieved party. He claimed, in a public statement:

We were willing to negotiate on the amount to be cut [in wages] but he [Rutledge] would not accept any reduction at all ... not even a penny. (*Advertiser*, January 4, 1971)

Rutledge, on the first day of the strike, charged that HRT:

... is bound and determined to get us out on strike. It's a sort of strong arm tactic that the community and PUC will not go for-to get him more money because he has us out on strike. (*Star Bulletin*, January 1, 1971)

Probably no public figure, and certainly no businessman, in Hawaii has been the target of such consistent hostile criticism as Weinberg was subjected to from public officials and the two Honolulu daily newspapers during the 1971 strike.²⁸

Seemingly unperturbed, Weinberg, between trips to the mainland, spent most of his time in Honolulu considering possible ways of profitably disposing of HRT to the City. He was in frequent meetings with the Mayor and kept in telephone contact with Rutledge, but there were no negotiations with the union committee.

Some relief to the stranded bus riders was afforded by the use of 13 buses from Leeward Bus Company on an interim basis, as in the 1967 strike. These buses, operated by HRT drivers, were not used until February 8 after two one-day strikes against Leeward over wage increases. There was a later two day stoppage in April over company payment of overtime.

With no movement in collective bargaining between HRT and the union, renewed efforts were being made to displace HRT by a publicly owned bus system. The Federal Transportation Department in August 1970 advised Mayor Fasi that the City was eligible for federal funds for bus purchases. Soon after, a transit consultant firm retained by the City (Alan M. Voorhees & Associates) recommended immediate purchase of HRT. That same firm estimated the value of HRT and Wahiawa as \$6.4 million, a figure which Weinberg termed "ridiculous."

While still engaged in efforts to prevent a bus strike, the Mayor and the City Council, after some political jockeying on the procedure to be followed, did take a series of steps to prepare for the City takeover. These were the developments in late 1970:

1. September 14: Mass Transit Lines, Inc. [MTL], a transit management firm, was incorporated.
2. September 23: The City Council on final reading adopted an ordinance authorizing the Mayor to purchase HRT. The ordinance asked the PUC to determine HRT's value.
3. October 20: The Council voted \$2 million for a down payment on HRT plus \$1 million for purchase of new buses.
4. Early November: City officials were in Dallas to check on possible purchase of 50 used buses and in Pontiac, Michigan, for 17 new buses.
5. November 24: The Council approved \$1.7 million for purchase of new buses.
6. December 28: Agreement was signed by the City, MTL and Teamsters Local 996 guaranteeing that when the City acquired HRT, all rights of workers represented by their union would be continued. MTL would recognize Local 996 as the bargaining representative and any unsettled disputes would be submitted to arbitration.

In late January, Mayor Fasi and Corporation Counsel Paul Devens, went to the mainland to make final arrangements for the purchase of buses in Dallas and Pontiac. The first 17 buses arrived in Honolulu on February 24. That same day, the City Council, meeting in special session, approved a contract authorizing MTL, Inc. to manage the City's transit system. MTL officers consisted of the

former HRT management with Albert P. Moniz as President.

Three days later, Local 996 negotiated a one year contract with MTL. It provided for a 50 cents hourly increase in wages plus 15 cents in benefits. On March 1, 1971, MTL began operations with 67 City owned buses (See Appendix B).

PUC hearings on HRT's valuation started on March 8.

The \$6.4 million estimate of HRT's value by the Voorhees consultant firm was based on the company's value as a "going concern" including current market values of physical property and intangibles such as "good will." The 1921 HRT franchise, however, specifically provided (Section 20) that in the event of purchase of HRT by the City, the amount to be paid for such purchase was to be determined by the PUC ,but:

. . . shall in no case exceed the actual cost of the physical property thereof, or the actual value of the tangible property so purchased. . . . The value of the franchise or good will or other intangible element shall not be considered in determining the amount to be paid.

Shortly after the City Council voted to ask the PUC to determine HRT's value, the company asked for a Circuit Court injunction to stop any PUC proceedings, which was denied. At a one day hearing before the PUC on its right to conduct a valuation hearing, Howard K. Hoddick, HRT's attorney, argued that the HRT franchise was not really a franchise but merely a license to conduct business. To this, City Corporation Counsel Paul Devens, replied that this was nonsense and that HRT, which had been enjoying "luscious profit and whipped cream" for 50 years was now trying to gain additional benefits (*Advertiser*, January 13, 1971).

Before the PUC, the City argued for a total valuation of \$3.1 million for land and tangibles. HRT asked for \$9.4 million including \$1.2 million for intangibles.

On July 20, 1971, the PUC upheld, in essence, the City's position which was strictly in accordance with the 1921 franchise. The total valuation was \$2,917,711²⁹, of which \$970,704 went for land and buildings instead of the \$6,143,900 claimed by HRT. Nearly two years later, on March 8, 1973, a unanimous Hawai'i Supreme Court upheld the PUC's valuation. In the meantime, HRT had, after the State Circuit Court rejected its move for an injunction, gone through five court proceedings up to the United States Supreme Court in a vain effort to halt the PUC proceedings.

Weinberg was bitterly disappointed in the outcome of the City's takeover of the bus system. Some 13 years later, he insisted that he had been given a raw deal by the City. In retrospect, he had really done very well. In addition to the profits enjoyed each year by HRT during Weinberg's control, HRT, through transfer of its depreciation reserve and earned surplus to Honolulu Ltd., provided the grubstake that enabled Weinberg to gain control of Dallas Transit and then, through Dallas of Fifth Avenue Coach, both of which produced large cash settlements that were then plowed back into further investments in Hawaiian companies. After the buyout of HRT by the City, Weinberg still owned and controlled the real estate and financial assets held by HRT Ltd. and Honolulu Ltd. HRT actually provided the basis upon which a large part of Weinberg's later fortune and huge land holdings were built.³⁰

For the union, municipal ownership of the bus system meant playing in a whole new ball game. There were many advantages in this new game. But the union and Rutledge, in the course of this game, also encountered many new problems.

NOTES:

26. Wahiawa Transport was a rural bus company with 36 buses, bought by Weinberg in January 1962, organized by the Teamsters and finally certified as the bargaining representative, after much resistance by Weinberg, on January 12, 1971. They were shut down by the strike after a futile five day effort to continue operations.
27. A privately owned rural transit firm with 140 buses, organized by the Teamsters in August 1969. This is the company that provided interim emergency service during the 1966-1967 strike and again, as will be seen, in 1971.
28. Examples: Mayor Fasi on day one of the strike, said he couldn't blame the bus drivers for striking: "It's a shame that a man of his [Weinberg's] wealth . . . and power in the community can come to the point where he completely disregards the needs of the people. . . . I hope he can sleep well nights."

The *Honolulu Star Bulletin*, in a front page editorial on January 1, 1971: "These tactics reflect basically Mr. Weinberg's efforts to squeeze the last possible nickel out of an investment that already has earned him millions and millions of dollars."

The *Honolulu Advertiser*, in an editorial on January 8, 1971: "Weinberg's concern for profits is understandable in strictly business terms. The tragedy is he seems to have no concern for the bus riding public he is franchised to serve."

29. There were some changes from the original City position in properties to be covered.
30. An account of Weinberg's financial maneuvers, if they ever could be disentangled, would probably require a full volume of its own. We may note, however, how through stock purchases and actual or threatened proxy fights, he did realize huge profits on many of his Hawaiian deals. At one time, HRT bought large blocks of stock in Amfac, Dillingham Hawaii Corporation, Maui Land & Pine, Alexander & Baldwin, C. Brewer, and Hawaiian Airlines. In early 1967, Amfac bought out his shares in that company for cash. As a special inducement, he was also sold, at modest prices, valuable real estate in Lihue and on Oahu. Also in 1967, Dillingham traded about \$7 million in land for the \$5.3 million in Dillingham stock that Weinberg had accumulated. When Dillingham, in 1983, went private, Weinberg had 1.3 million shares, much of it reaccumulated more than ten years after his original sellout, for which he reportedly received \$32 million in cash. He also still held an interest in Dillingham's property division, which had previously been spun off as a separate company. Thus far, he has been thwarted in his efforts to gain control of Maui Land and Pine, in which he is still the largest outside shareholder. HRT's 1983 annual report shows that it then held \$41.8 million of Alexander and Baldwin stock and \$13.9 million of Maui Land and Pine. Weinberg has sold at a profit his holdings in Hawaii Corporation and Hawaiian Airlines.

In April 1985, despite ownership of over 25 percent of Alexander and Baldwin's stock, he was defeated by the stockholders in an effort to win control of the Board.

AUTHOR'S ADDITIONAL NOTES:

Figures on trends in public ownership of bus systems and the impact of the Urban Mass Transportation Act of 1964 are found in two articles by Darold T. Barnum: "From Private to Public: Labor Relations in Urban Transit," *Industrial and Labor Relations Review*, October 1971, and later in "National Public Labor Relations Legislation. The Case of Urban Mass Transportation," *Labor Law Journal*, March 1976.

Weinberg's disappointment in the outcome of the city's takeover of the bus system was expressed to the author in a brief telephone discussion on March 1, 1984.

A fairly full account of Weinberg's financial activities in Hawaii to 1980 including HRT and other companies, is contained in Exhibit A, "Summary or Facts Relating To The Business History Of Harry Weinberg, 1958-1980," of Dillingham Corporation, *Notice of 1980 Annual Meeting and Proxy Statement*, issued at a time when Weinberg was threatening a proxy fight against that company.

PART IV

MTL: A WHOLE NEW BALLGAME

The Honolulu transit system was greatly expanded and extended after the City took over its operation on March 1, 1971. From a fleet of 67 buses for 12 routes, the system grew to 108 buses for 15 routes by October 1971, roughly the level at which HRT had operated before the 1971 strike. Thereafter, there was a constant addition of buses and new routes, so that after five years of operation by Mass Transit Lines (MTL), the transit management firm, there were 350 buses and 37 routes. As of the end of 1984, 440 buses were available to cover 53 routes. The bus operation, previously confined to a relatively narrow strip around Honolulu proper, became island-wide, offering rides of up to 87 miles (around the island) for a single 25 cent fare before 1979, when it was raised to 60 cents.

The municipally owned system, in terms of service, efficiency and economy, compared favorably with almost any similar operation on the mainland. Figures provided by the National Urban Mass Transportation Administration show, for example, that in 1982, the latest year for which figures at this writing were available, Honolulu, with a much smaller population base, carried more passengers per mile at a lower cost per passenger than almost any mainland large city system.³¹

The vast growth of the operation brought an increase in the number of employees, from 355 in 1971 to over 1,000 four years later. This larger group had a varied impact. It provided the nucleus of an anti-Rutledge opposition within Local 996; caused changes in the union's negotiation strategy; and also attracted efforts by rival unions to take over the MTL membership. Within one year, both Rutledge's leadership and the Teamsters bargaining rights for MTL employees faced serious challenges.

The many new employees, generally younger, had different interests and concerns from the older union members who had participated in the earlier conflicts with the company under Rutledge's leadership. They had no special sense of loyalty to Rutledge and tended to be more demanding and questioning in their approach to union actions. They were a new group that had to be wooed and won over.

The MTL unit of Teamsters Local 996 assumed a greater influence in the politics of the local; they were one of the units that showed a big increase in members at the same time that the Local was losing members in such areas as trucking, where federal deregulation caused the elimination of many companies. Thus, a small group of MTL members made up the core of an organized opposition to Rutledge that almost toppled him from his post as president in 1975 and challenged him in every subsequent election.

The development of an opposition group also affected the union's negotiations with MTL. A greater degree of accountability to the membership was now required of the local's leadership. Whereas before, a proposal or report by Rutledge was generally accepted at face value, there was now a more skeptical membership that raised issues on their own and played a larger role in the formulation of demands and approval of settlements, usually by referendum votes instead of the previous voice votes. And with an opposition group scrutinizing and frequently criticizing Rutledge's every move in negotiations, the consequent demands made on the company and settlements reached, as usually happens in such situations, frequently exceeded what might have previously been regarded as an acceptable level.

The enlarged MTL unit now attracted the interest of two rival unions, the Hawaii Government Employees Association and the United Public Workers, both affiliates of the American Federation of State, County and Municipal Employees. On the basis of claims that MTL employees were public employees, these rival unions sought to take over this membership. They were not interested in the usual method of signing up members and then winning an election, but sought an administrative order that would split up the existing bargaining unit and transfer different portions to them, even if against the wishes of the members themselves. Although the Teamsters ultimately defeated these take-over efforts, it required six years of litigation before state and federal agencies and the Hawaiian Circuit Court finally settled the issue.

There were further efforts by the City itself to link MTL bargaining to what public employee unions, operating within much tighter legal restraints than the Teamsters, were able to achieve. It took some nimble maneuvering by Rutledge to establish an independent negotiating strategy that brought greater gains than the public employee unions were able to achieve.

There was one further significant change in the negotiating process as the result of the City takeover of the bus system. Negotiations became more politicized. There had always been some involvement in negotiations by political figures such as the Mayor of Honolulu or the Governor of Hawaii, especially when a strike threatened. Usually, they acted as mediators working in the public interest to prevent interruptions in bus service. Now that the city became the ultimate employer, the Mayor was an interested and responsible party in negotiations. Every negotiation after 1971 ultimately ended with the Mayor making the final decision. As Rutledge told an MTL unit meeting, no Mayor who wants to get reelected or who aspires to higher office wants a strike.

NOTE:

31. New Orleans, in 1982, was the only large city in a sample of 18 cities (population from 674,000 to 1.8 million) that had a lower cost per passenger, \$.47 as compared to Honolulu's \$.62

AUTHOR'S ADDITIONAL NOTE:

Figures on increased number of buses and routes were provided by MTL.

CHAPTER 14

Rutledge's Near Extinction

The strongest threat ever to Rutledge's leadership of Local 996 came in 1974-1976, when Michael Chambrella, an MTL bus driver, appeared to have defeated Rutledge in an election for the local presidency. In a subsequent recount, however, he was found to have lost by the margin of 21 votes. Chambrella was supported by Josiah (Joe) K. Li'i, a very influential former Teamster business agent.

Li'i had a long history with the Teamsters, dating from 1955 when he worked as a truck driver for Fisher, a large stationary company in Honolulu. Shortly thereafter, Rutledge hired him as a business agent for the Teamsters, a position that he held, off and on, until 1967. Morris Weisberger, head of the West Coast Seafarers Union and a close friend of Rutledge, then retained Li'i as a port agent for the Honolulu branch of the Inland Boatmen's Union (a Seafarers' Union affiliate). Four years later, Li'i was promoted to Vice President of the Boatmen's Union.

As a paid Teamster business agent and sometimes on a volunteer basis, Li'i was probably the most

effective organizer the Teamsters ever had. An ex-boxer who spoke in a rapid-fire pidgin, he was widely known and popular among local people. He single-handedly organized most of the trucking companies in Hawaii plus many others and assisted in the organizing of Hotel Workers' units when Rutledge headed up Local 5 of that International.

"Joe's" relationship with Rutledge was stormy and mixed. He looked on Art in many lights-as a father figure from whom he sought appreciation and approval, as a teacher who taught him things he never learned in his own limited education, and as an intruding mainland *haole* (foreigner) who never really understood or valued local people.³² That Lii basically valued his relationship with Rutledge is shown by the fact that he named his youngest child, the last of 11, after him.

For Rutledge, "Joe" was also a mixed blessing. Despite his valuable contributions to the union, his high sensitivity to criticism and low boiling point made him difficult to deal with and frequently uncontrollable. On more than one occasion, Li'i's impulsiveness got either the Teamsters or the Hotel Workers entangled in some fracas or incident that brought unfavorable publicity to the organizations and frequently cost substantial sums either in damages or legal fees.

There was rarely a continuous period of more than one year at a time during which Lii was employed by the Teamsters. Typically, during his employment, "Joe," either because of a real or imagined slight by Rutledge, would explode and quit, usually to take off on a several months ocean voyage as an able bodied seaman,³³ or occasionally for other employment. He would invariably come back to work as a Teamsters business agent. Even after he became employed by the Inland Boatmen's Union, he maintained a close association with the Teamsters and frequently took on short term assignments on a "volunteer" basis.

In early December 1974, Li'i, in a letter sent to Local 996 members, announced that he would seek the office of local president and planned to be nominated at the forthcoming December 22 meeting. Even before the meeting, Rutledge announced that Li'i was ineligible because he was not in "good standing," that he was not qualified because he had been issued an honorary withdrawal card-all of which Li'i challenged.

The December 22 nominating meeting lasted long into the night, full of "confusion and uncertainty." Rutledge met with Li'i before the meeting in an effort to convince him of his ineligibility. At the meeting, after much wrangling, Li'i announced that he was withdrawing from the race because the Inland Boatmen's Union constitution required that he resign as Vice President the moment he accepted a nomination for office in another union.³⁴ The meeting adjourned without any nominations being made and another nominating meeting was set for February 16, 1975.

At the February 16 meeting, Michael Chambrella, an MTL bus driver for 17 years, was nominated to run against Rutledge together with a full slate of veteran unionists, mostly shop stewards from other basic Teamster units. "Joe" Li'i was obviously responsible for putting together most of the Chambrella slate.

In explaining why he had to withdraw his own candidacy for local president, Li'i still felt obliged to acknowledge his debt to Rutledge,

I owe him a lot. He taught me what I know about union work. But I've paid him back by helping him when he needed help. (*Star Bulletin*, January 9, 1975)

Why did Li'i choose this particular time to challenge Rutledge's leadership of the Teamsters, when he had been off the Teamsters payroll for over seven years and seemingly well-placed in another union career? Part of the explanation lies in "Joe" Li'i's attachment to the Teamsters and its members with whom he had strong personal ties. There are also two other possible explanations.

At about that time, Li'i was very critical of the way the Teamsters had handled a grievance filed by Joe Richardson, a friend of his, who had been fired by a trucking company.³⁵ Richards was one of the candidates on the Chambrella slate.

Another, perhaps more compelling reason for Li'i's opposition to Rutledge at that time was that shortly before the December 1974 nominating meeting, he and Harry Kuhia, another of the Teamsters' Hawaiian business agents, in a meeting with Rutledge, had been told of Art's intention to withdraw gradually from responsibility for the Teamsters and to turn over much of the control of the local to one of his staff, a college educated, locally-raised *haole*.

This, to Li'i, was just one more proof of Rutledge's under-estimation of Hawaiians.

The Chambrella forces, with assistance from a small group of professional advisers, mostly ex-Rutledge associates, mounted an organized and consistent campaign against Rutledge. They regularly issued a mimeographed bulletin, *Traffic News: Voice of the Rank and File Industry Caucus*, which harped mostly on the need for greater democracy in Local 996's affairs and the need for better training of business agents and shop stewards. One particularly effective issue dealt with the gap between bus driver wages in Honolulu and several West Coast cities. West Coast drivers, it was pointed out, in some cases received more than \$2 an hour over Honolulu drivers despite much lower living costs in those cities.

Local 996 was vulnerable on this comparison with the West Coast. The gap with the Coast had widened during the last eight month period of the Weinberg era during which there was no wage increase (see Appendix B). A more important reason for the widening gap was the fact that the negotiated West Coast contracts, unlike Honolulu, contained "cost of living" escalator clauses under which there had been consistent wage increases during the term of contracts.³⁶

Once the issue of narrowing the gap with West Coast transit companies was publicly raised, Rutledge felt that he had to meet that challenge. The union had originally asked for a \$1.00 an hour increase plus a cost of living increase tied to the Labor Department's Consumer Price Index. In May 1975, Rutledge announced that the union had rejected a 90 cents an hour increase and would strike unless wages were hiked by \$2.00 an hour. One month later, settlement was reached with the company on the basis of the largest wage increase ever granted by the bus company-\$2.00 an hour in two annual installments plus other benefits (see [Appendix B](#)). Despite opposition by the Chambrella forces, the agreement was ratified by referendum vote, 561-552.

While negotiations were being carried on by Rutledge,³⁷ Chambrella's followers attempted some Rutledge-type moves against Rutledge himself. On March 1, 1975, about 35 of his supporters marched about one half of a city block to the second floor of Unity House, where Rutledge had his office, shouting, "Workers unite, make the union fight." They gave Rutledge's secretary a petition, with about 400 signatures, asking for a meeting with Rutledge to determine how negotiations were going with MTL. Rutledge did not bow to pressure as easily as did some of his adversaries; he refused to meet with what he termed "a mob."

Rutledge recognized that in this election he faced strong opposition and that he would need all the time he could get to rally his forces and prepare his own campaign. Under the local's by-laws, the Executive Board sets the time and place of the election, and Rutledge, who controlled the Board, was in no great rush.

Four months after the nomination of candidates, on May 18, a meeting of Local 996 shop stewards, by a vote of 108-6, adopted a resolution requiring the local: 1) to support efforts of the Local 996

administration to conclude negotiations (about 50 percent of all 996 members were then working under contracts that were open for negotiation) at the earliest possible time; 2) to support a plan for education of all shop stewards on new provisions of union contracts; 3) to hold an election not less than 30 days thereafter; and 4) to favor a merger of Local 996 and Local 427. The latter local had been set up in January of 1971, as an offshoot of Local 996, under the leadership of Tony Rutledge, Art's son. It was composed of several former 996 units, all service units (laundries, car rentals, small shops, etc.), with a total of 400-500 members.³⁸

At about this same time, there was a flurry of sensational news stories connected with the forthcoming election, none of which were ever satisfactorily explained. Two bus drivers, both of whom were on the Chambrella slate claimed that on May 18 they were the victims of shooting and tire slashing. Richard Lewis claimed that five shots hit his cars, boat and home early Sunday morning. John Young, another driver, said that four tires on his Chevrolet truck had been slashed during the night.

This was shortly after Lewis and Young, together with Chambrella and another supporter, had been ordered to face trial on misconduct charges because of their "disorderly and disruptive manners" during a negotiating session with MTL.

Just one day after the news story of the attacks on Lewis and Young, Rutledge reported that a shot had been fired through the sliding door in front of his home at about 10:45 p.m.; nobody was home at the time.

On that same day, Rutledge charged:

It has been known to members of our staff and many of our shop stewards that there are alarming outside influences who are trying to take over-by intimidation and threats of violence-this union. (*Advertiser*, May 20, 1975)

Rutledge made similar charges ten days later in a federal court hearing on Chambrella's move to bar the Teamsters from holding a union trial for him and Michael Lewis. The morning *Advertiser* (May 30, 1975), under the front page headline, "Teamster Boss Blames Syndicate," reported:

. . . Arthur A. Rutledge testified that he lost at least two business agents who "told me straight that they'd like to live instead of die." He said the agents left the Teamsters after being told by certain powerful people . . . that the boys are taking over.

There was never any explanation of what Rutledge meant by these charges nor was there any link ever established between these "certain powerful people" and Rutledge's opponents in the election.³⁹

Efforts to discipline Charnbrella and Lewis for their alleged misconduct during negotiations were thwarted by Federal Judge Samuel P. King who enjoined the local from placing them on trial. At the same time, Judge King dismissed a suit brought by Charnbrella to compel a union election. Only the U.S. Labor Department, he said, could compel the Teamsters to conduct an election. That was where Chambrella finally got some action when he filed a complaint with the department some three months later. Rutledge tried one more move to delay an election. At an MTL unit meeting on July 1, 1975, he called on the members to back a move that would place the local under International trusteeship. Rutledge later said that the motion calling for trusteeship had passed, but both a reporter who attended the meeting and several members who participated said that the motion had failed. In any event, no further efforts to have the International move in were made.

In late October, the Labor Department, acting on Chambrella's complaint and a request for more time by Rutledge, approved a two month extension of time in which the department would be required to seek court action to force the holding of an election. At a special membership meeting held on

November 23, at the urging of the Labor Department, the two slates were again nominated.

At an election held on January 9, 1976, supervised by the chairman of the Hawai'i Public Employment Relations Board, Chambrella had 784 votes against 764 for Rutledge. All of the other candidates on the Rutledge slate won by substantial majorities. For various reasons, some 566 votes were not counted.

For the first time in his thirty-seven years as a union official it appeared that Rutledge had lost a union election, but that appearance was only temporary. An appeal to Judge King resulted in his impounding of the ballots, later releasing them to the U.S. Labor Department for a recount.

The new count by the Labor Department, on February 16, showed Rutledge with a 21 vote margin over Chambrella-1,016 to 995. The count this time included nearly 500 challenged ballots that were not included in the earlier count.

In view of the closeness of the final vote and charges filed against Rutledge of improper election activities, it was agreed by all parties to hold still one more election to be supervised by the U.S. Labor Department. At this election, held on May 15, 1976, Rutledge defeated Chambrella by a 206 vote margin-1,552 to 1,286. All other incumbents on the Rutledge ticket were re-elected to office.

One month later, the Labor Department issued an official Determination stating that the "probable" violations of Title IV of the Landrum-Griffin Act had been remedied by the supervised election conducted on May 15, 1976. For the time being, and some 18 months after nominations for union office were first held, Rutledge had beat off an attack on his leadership from within the local. But there was still the attack being mounted by other unions that had been going on during the election campaign and continued for a long time after.

NOTES:

32. Li'i had limited contact with his own father during his childhood and youth. His mother died in giving birth to him (the 25th child she bore) and he was raised by his grandparents. Li'i completed grade school, dropped out of Kamehameha, a school for Hawaiians only, in the first grade after he was disciplined for some infraction of the rules.
33. Li'i held a certificate as a merchant seaman since the age of 17.
34. This was the last discussion held between the two. On May 6, 1977, Li'i was shot to death in his union office by two members of Henry Huihui's gang. Huihui, indicted for racketeering, later turned government witness and informed against his own men.
35. The union lost the case in an arbitration hearing but then filed a charge with the National Labor Relations Board. Four years later, the NLRB awarded Richardson's reinstatement and back pay to the date of his firing.
36. No major contract in private or public employment in Hawai'i, to this day, has an escalator clause—a result brought about by the solid and determined opposition of the Hawaii Employers Council, the negotiating agency for most Hawaiian industries, and the state government. Rutledge, on many occasions, has told his MTL members that they could strike, if they so decided, for an escalator clause, but warned them that it would be a long and grueling fight with little chance of success. The members never chose to do battle on that issue. On the final day of the 1975 settlement, June 10, 1975, the company offered an additional 25 cents across the board wage increase in each of two years in exchange for the union's dropping of its proposed escalator clause.
37. As a result of internal arguments between Rutledge and Chambrella forces within the negotiating committee, the committee agreed in writing, with three members opposed, to authorize Rutledge to get the best deal possible from the company and submit it to them.

38. The actual merger didn't occur until 1978, just before another local election. By that time Local 427 had about 800 members.
39. About nine years later, Henry Huihui, reported gang leader who became a government witness after pleading guilty to two murders and racketeering charges, reportedly told government officials that he had been part of Wilford "Nappy" Pulawa's crime organization and that, in the early 1970's, Pulawa considered having Arthur Rutledge killed as a means of taking control of the union. Others in his organization thought the better way to get rid of Rutledge "would be to back another candidate in a union election. They would do this by providing an opposition candidate with 'money and strong-arm type support' ". According to Huihui, nothing was ever done by Pulawa about Rutledge. Years later, ". . . members of a crime organization led by Alema Leota warned him to stay out of the way of Leota's own union takeover attempts."

We have no way of determining the truth or falsity of any of these claims nor whether any of these alleged efforts by "crime organizations" took place at the time of the union elections. Over the years, several union staff people did receive anonymous telephone threats for a variety of reasons, some were contacted by outsiders seeking information about Rutledge, but definite criminal involvement in Teamster affairs has never been established.

AUTHOR'S ADDITIONAL NOTE:

Background information on Josiah (Joe) K. Li'i, his feelings and attitudes, mainly provided by his widow, Donna Li'i. The author also developed impressions from having worked with Li'i over a period of several years.

Events surrounding all union elections in the MTL period were fully described in both Honolulu newspapers. Union files also have fairly complete information on these elections contained in correspondence, minutes of meetings, bulletins issued by the contending parties, and legal documents.

CHAPTER 15

The Threat From Other Unions

In the midst of 1975 negotiations and the heated election campaign, Rutledge and the MTL Teamsters suddenly found themselves confronted with a new threat to their continued existence, this time from two other Hawaiian local unions-the Hawaii Government Employees' Association, Local 152 (HGEA), of the American Federation of State, County and Municipal Employees (AFSCME), and a sister local of the same international, United Public Workers, Local 646 (UPW).

Under the Hawai'i Public Employment Relations Act, enacted in 1970, all public employees (state and county) are divided into 13 bargaining units with one union to be elected and certified as the exclusive bargaining representative for each unit. The units are state-wide occupational groups (e.g., nonsupervisory blue collar workers, blue collar supervisors, white collar supervisors, professional and scientific, etc.) cutting across agency lines. As new agencies or departments might be added, the employees thereof are slotted into the particular appropriate units.⁴⁰

HGEA, in a petition filed with the Hawai'i Public Employment Relations Board on April 5, 1975, asked that the Board include MTL employees within certifications establishing HGEA as the bargaining representative for Unit 2 (supervisory blue collar); unit 3 (nonsupervisory white collar); unit 4 (supervisory white collar); and unit 13 (professional and scientific) on the ground that they were public employees. Some six weeks later, HGEA filed another petition for a Declaratory Ruling as to the status of employees in these units. These employees, HGEA claimed, should come under the state employment collective bargaining law because of the enormous control the City exercises over MTL operations.

The UPW then intervened in the proceedings, claiming that bus operators and maintenance employees, the largest group of MTL employees, should be slotted into Unit 1 (nonsupervisory blue collar) for which they were the certified bargaining representative. Had HGEA and UPW been sustained in their positions, all MTL employees would have been split into five different state-wide bargaining groups without ever having been consulted or given an opportunity to vote on their preferences. David Trask, HGEA executive director, explained to his members his very literal interpretation of the law.

If these workers are government employees, then they should follow the law that says they belong in the units that are already certified by an election.

Your director has never spoke [sic] to anybody . . . who works at MTL.

... If HGEA loses this case it loses. However, if we win and the workers are government employees, there is no problem. They are going into the units where they are supposed to belong according to the law.

Rutledge was disturbed by these moves of the two government unions, not solely because of the time and expense involved in resisting their efforts at a time when he was very much involved in other matters. His main cause for concern was the strong political clout exercised by Trask and the HGEA in the state administration and the legislature, both of which, it was feared, might take steps to help HGEA's efforts.

Final resolution of the representation issue took over seven years, as the case wended its way through HPERB, then to the U.S. National Labor Relations Board (NLRB), back to HPERB, to the Hawai'i Employment Relations Board (HERB), to the Hawaii Circuit Court, again back to HPERB, and then, for a final decision, to the Hawai'i Circuit Court. At each step of these involved proceedings, the Teamsters were joined by MTL and the City of Honolulu.

Rutledge's major objective from the start of these proceedings was to retain MTL employees as a single bargaining unit and to seek certification, whether by a U.S. or State board, of the Teamsters as their bargaining representative.

Within seven weeks after HPERB started its hearings on the Declaratory Ruling petitions, those hearings were suspended in order to give the Teamsters an opportunity to seek certification by the NLRB. Nine months later, on April 26, 1976, the NLRB dismissed the Teamster petition on the grounds that MTL was an instrumentality of the City and County of Honolulu and thus an employer exempt from the provisions of the National Labor Relations Act.

The NLRB decision seemingly supported the HGEA position, but any celebration on that score was very premature.

Thwarted at the national level by NLRB's dismissal of their petition, the Teamsters then filed a petition in June of 1976 for an election with HERB, the state agency authorized to handle such matters for companies not covered by the NLRB or the State's public sector bargaining law, HPERA. That agency held hearings and expressed willingness to proceed. But before they could act, they were stopped cold by a Circuit Court injunction that HGEA had sought.

Throughout the hearings and in further proceedings before HPERB, HGEA reiterated its constant theme that "no elections are required."

As the HPERB hearings progressed, it became apparent that converting MTL employees into "public employees" would entail considerable costs to the City. Under a provision {Section 13c) of the Urban Mass Transportation Act, which provided subsidies to the City to operate its bus system, the City would be held financially responsible for any obligations that might result from the worsening

of employee rights and benefits.⁴¹ If, for example, the collective bargaining contract with MTL were wiped out, it was estimated that at least 250 MTL employees might be entitled to severance pay ranging from \$2,027 to \$11,930 each. To provide pension rights equivalent to what MTL employees were getting from their existing pension plan, according to an estimate provided by the actuaries for the State Retirement System, would require \$3 million per year for approximately 39 years. HPERB, on November 1, 1977, dismissed the petitions filed by HGEA and UPW. In its decision it ruled that:

Although MTL, Inc., is an instrumentality of the City and County of Honolulu and its employees are, in fact, employed by the City in the operation of its public bus system, said employees are not, at this time, "public employees" within the meaning of Chapter 89, HRS. Only the legislature or the City Council of the City and County, on the facts in this case, can make them public employees for purposes of Chapter 89 [HPERA],

The Board held that MTL employees were not in that group of government employees to whom the HPER Act was intended to apply. They were outside of this group because of:

... their unique history as former HRT employees, the failure of government to convert them to full fledged government employee status when HRT was acquired, the separate and distinct collective bargaining status they have occupied for years, the presence of the nominal corporate employer, the separate and distinct work regulations under which they function. These workers are hybrids and this Board believes that this hybrid status creates a barrier to their inclusion in that group of employees properly covered by Chapter 89, HRS.

Thus, the HPERB decision, when viewed together with the NLRB decision and the court's enjoining of HERB acting in this matter, meant that MTL employees were in a kind of no man's land, a situation that still exists.

The Board's decision, although ultimately upheld, did not immediately settle the issue of who was to represent MTL employees. There were to be four more years of litigation through the Circuit Court and HPERB before a final decision was rendered.

HGEA and UPW appealed the Board's decision to the Circuit Court. Judge Robert Won Bae Chang, on May 15, 1979, sent the case back to HPERB to determine whether the City's receipt of federal funds under the Urban Mass Transportation Act would be jeopardized if MTL employees were held to be public employees under the Hawaii Public Employment Relations Act. Section 89-20 of that Act held that if any provision of Chapter 89 (HPERA) jeopardizes the receipt of any federal money, the provision shall be deemed to be inoperative. The Board was also directed to make findings as to whether the application of Chapter 89 might adversely affect rights and benefits of MTL employees to the extent that the Secretary of Labor could terminate federal funds.

The Board, after a hearing on these matters issued its new decision in January 1981, in which it concluded that:

... it can find no present grounds upon which the Secretary of Labor could deny federal funds, and therefore the Board cannot conclude that jeopardy of federal funds exists.

The case was now before the Circuit Court on the basic issue of whether or not MTL employees were "public employees" within the meaning of Chapter 89, HRS, as determined by HPERB.

Judge Chang, in a little publicized and well-reasoned decision, issued on December 9, 1981, completely upheld the Board's original decision. A literal construction of Chapter 89, Chang held, "wholly ignores the unjust consequences that would result" if MTL workers were deemed to be "public employees." They would lose their right to select an exclusive representative of their choice "and would suffer a detrimental dilution" of "their special interests and demands as transit workers" because they would be placed in bargaining units with nontransit workers. They would suffer financially because of lower Civil Service wages, inferior pensions, medical and dental benefits. Lastly, the scope of items the MTL employees could bargain for would be restricted. They:

... could no longer negotiate on classifications, classifications, pensions, health benefits, retirement benefits. Also their right to strike, as public employees would be much more limited than as private employees.

He concluded that the state legislature:

... could [not] have intended to deprive these employees of the significant interests in their bargained for rights and benefits which they have secured for themselves over the years.

Judge Chang affirmed HPERB's original decision. That decision was the last word on efforts to move unionized MTL employees into other unions since no one has ever taken an appeal of this matter to a higher court.

Seven months after Judge Chang's decision, Rutledge reacted quickly and firmly to what he saw as a possible entering wedge for HGEA to gain members among MTL supervisory employees. Roy A. Parker, head of the City Department of Transportation Services, on the occasion of a renewal of MTL's contract with the City, proposed that the City, for the first time, have direct control over salaries and benefits for non-bargaining unit employees (namely supervisory personnel). The proposal might have been made for any number of reasons, but Rutledge saw it as a possible new threat, and in collaboration with MTL itself, was quick to protest. The proposal was ultimately withdrawn.

NOTES:

40. The blue collar workers, for example, would go into Unit 1, covering all state-wide blue collar employees; the blue collar supervisors into Unit 2; nonsupervisory white collar workers into Unit 3, etc. HGEA, since the units were first established, has been the certified representative of all white collar workers (other than school teachers and college faculty) in seven separate units. UPW has been the representative of all blue collar workers (other than firemen and police officers) in two separate units.
41. A condition of providing funds to any local public body is that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees involved. Such protective arrangements include: 1) continuation of pension rights and benefits; 2) continuation of collective bargaining rights; 3) protection of individual employees against a worsening of their positions; 4) assurances of employment to employees of acquired systems and priority of reemployment if employees are terminated or laid off; 5) provision of paid training or retraining programs.

AUTHOR'S ADDITIONAL NOTES:

A detailed summary of the various legal actions that culminated in Judge Chang's decision disposing of petitions by HGEA and UPW is reported in his "Statement of the Case" in his decision of December 9, 1981. *Hawaii Government Employees Association Local 152, AFSCME, AFL-CIO, Petitioner Appellant vs. Mack H. Hamada, Chairman, Hawaii Public Employment Relations Board . . . and MTL Inc., Frank E Fasi, Mayor of the City and County of Honolulu; United Public Workers, Local 646, . . . Hawaii Teamsters, Local 996 . . . and George Kaisan and Arthur Ohelo, Intervenor Appellees*, Civil No. 53212 and Civil No. 53221, On the Circuit Court of the First Circuit, State of Hawaii.

The most significant legal decisions, in addition to the Circuit Court decision of December 1981, are: NLRB. *MTL Inc. and Hawaii Teamster & Allied Workers, Local 996*, 223 NLRB No. 157, 92 LRRM 1029 (1976); HPERB. In re *Hawaii Government Employees Association, Local 152 vs. Frank E Fasi*. 1 HPERB 774 (1977); HPERB. In re *Hawaii Government Employees Association Local 152 vs. Frank Fasi*. 2 HPERB 635 (1981).

The quotation from David Trask appears in a column, "The Steward's Steward" of the union's publication *Public Employee*, June 20, 1975. Rutledge's concern over the attempt by HGEA and UPW to take over MTL employees was expressed in letters written to the International and to the Western Conference of Teamsters at

the time. Estimated costs for severance pay and pension benefits, if MTL employees became "public employees" are provided in a mimeographed paper, "The Bus: A Report Examining Alternatives For Management" prepared by the Office of the Managing Director, January 1976.

CHAPTER 16

After 1975

The events of 1975 in which Rutledge's leadership first faced organized opposition foreshadowed the pattern of union politics that was to prevail for the next nine years. There was an anti-Rutledge slate, or slates, in each of the three local union elections that occurred after 1975 (1978, 1981, 1984). The results of each of these elections was protested by one of the losing candidates, but the slow pace at which the federal bureaucracy moved in such matters reduced these protests to meaningless rhetoric. While the federal district court was considering motions based on protests of the 1981 election (which in turn was held under Department of Labor supervision on the basis of a stipulation settling the 1978 protest), the union proceeded with its 1984 election in which Rutledge received the largest plurality (58.1%) of any of these "1975 and after" elections.

The opposition to Rutledge in union elections spilled over into the collective bargaining area so that in each negotiation, Rutledge, in addition to the expected opposition from management, had to deal with a constant sniping from within his own ranks. Throughout these extended encounters (and they were deliberately extended by Rutledge in order to steer clear of public employee bargaining going on at the same time) there was a constant stream of mimeographed bulletins to MTL members, usually unsigned, criticizing Rutledge's handling of the situation. These criticisms were often vague, general admonitions to "encourage our present union leadership to settle a GOOD CONTRACT as soon as possible . . ." or complaints about the length of time involved in getting a settlement, or occasionally objections to specific negotiated features. Despite the opposition, each settlement received overwhelming membership approval in secret ballot ratification votes.

Each new round of talks required renewed efforts to prove again that transit workers were not public employees, at least for purposes of collective bargaining, as had previously been determined by the Hawai'i Public Employment Relations Board and affirmed by the Hawai'i Circuit Court. Management, at each opportunity, sought to tie transit worker gains to patterns established in public sector negotiations. Rutledge, by a combination of frequent strike threats (a tactic not readily available to these other unions) and repeated contract extensions, was able to reach much better settlements than those of any public employee union. His settlements, often reached from seven to as long as 11 months after the previous contract expired, generally, except in one instance, provided for gains to be made retroactive to the date on which the new contract should have been effective.

There was one other significant development in these "post-1975" negotiations: the emergence of Tony Rutledge, Arthur's son, as a negotiator in his own right. He participated in all of these negotiations, first as a member of the committee, but by 1984 as lead negotiator, with his father assuming the role of back-room consultant and advisor.

More Elections

After the May 1976 election, held under Labor Department supervision, Michael Chambrella participated in three more elections against Rutledge. He reached his peak strength in 1978, when he trailed Rutledge by 138 votes (1,446 against 1,554), but thereafter his following dwindled. With the

entry of another anti-Rutledge candidate, John K. Keli'iholokai, in the 1981 and 1984 elections, he ran a poor third in both of these contests. In the last election in 1984, Chambrella received a mere 13.3 percent of the total vote.

In June 1978, the Local 996 Executive Board voted to bring Local 427, the Miscellaneous Service Workers Union, back into Local 996, a move that had been discussed but not acted upon three years earlier. This was just about seven years after Local 427 was first split off from the large local in order to facilitate setting up a joint council, a type of administrative unit that carried more weight with the International. The reuniting of the two locals, done in accordance with procedures established by the International, brought back nearly 800 members, most of whom could be counted on to support the Rutledge slate in the election held later that year.

This merger action was a major reason for Chambrella's protest against the election to the International. He also claimed to have been misled as to the mailing dates for ballots. A committee of two International officials (Vice-President George Mock and Earl D. Bush, General Organizer) held hearings in Honolulu in February 1979 and concluded that the protest should be denied because, ". . . the protestors failed to establish that the Local Union had not conducted its election in accordance with the provisions of the International Constitution, Local 996 Bylaws or applicable federal law." The committee's report was later upheld by the International Executive Board.

Chambrella's 1978 campaign appeared to have gotten off to a bad start. Within two weeks after his slate was nominated at a November meeting, three members of the slate dropped out, "apparently because they were scared, or for some other strange reason," (*Star Bulletin*, November 21, 1978)⁴² according to Chambrella --an intimation of a charge that was never documented. Thereafter, these vacancies were never filled and the entire Chambrella slate consisted of four bus drivers.

The campaign against Rutledge consisted mainly of mimeographed leaflets containing broad sweeping charges: "End The Do-Nothing Rutledge Dictatorship" and "Bring Democracy To Your Teamster Local 996." Promises made by the Chambrella team included, "regular meetings of membership," a "first class training program for all shop stewards," a "copy of the constitution and bylaws to every member." "Retirees," it was charged, "were eating down at the Salvation Army." Another claim was that Rutledge treats "his own staff like Scrooge." The staff lacked union representation and had no pension plan although Rutledge himself had a "lucrative" one.

The Rutledge camp levelled a charge of "financial irresponsibility" against Chambrella. In April 1966, according to a leaflet issued by them, Chambrella had filed for bankruptcy, leaving six co-signers, all MTL employees, on a loan from the Credit Union to pay \$7,084.98 by garnishment of their wages. Another leaflet, signed by a Rutledge appointed business agent, claimed that Chambrella ". . . has never in his life negotiated a contract on his own."

One other move against Rutledge made newspaper headlines. In early December 1978, three weeks before the election, Chambrella joined five others (four members of the Hotel Union and one MTL employee) in petitioning the Court to place Unity House, the entity that held real estate owned by the Teamsters and the Hotel Union, in receivership and to keep Rutledge from having anything to do with the organization. Among other things, the petition charged that Rutledge had personally appointed Unity House directors and officers without any annual meetings or assent of members; that he had borrowed \$25,000 from Unity House in 1964, paid no interest until 1977 and had not repaid any of the principal; and that he had used Unity House assets to enhance a personal real estate investment in Windward Partners. Rutledge denied the charges, said that he did borrow \$25,000 but had repaid it with interest a year ago, and that there were reasons for not holding elections of officers and directors.

About seven years later, on November 8, 1985 Circuit Court Judge Richard Au found in favor of Unity House and that Rutledge had not violated his fiduciary duty. The decision was immediately appealed to the Hawai'i Supreme Court. The airing of these charges against Rutledge just before the 1978 local union election undoubtedly cost him votes in that election. The election, conducted by the League of Women Voters, who were to conduct all local union elections and ratification votes thereafter, was a complete sweep for the Rutledge slate, but Rutledge himself received fewer votes than any other winning candidate.

After the International Executive Board rejected his protest, Chambrella then filed a complaint with the United States Department of Labor, charging that the local discriminated against some candidates and used its resources to favor the candidacy of incumbent officers in violation of federal law. The Labor Department, on the basis of investigation that found "probable cause" to uphold these charges, then filed a lawsuit against the Union in July 1979.

Nearly two years later, that lawsuit was settled by a stipulation between the Labor Department and Local 996. Without admitting any violation of federal law, the Local agreed that the next election, to be held in November and December of 1981, would be conducted under the supervision of the Department. The stipulation was filed in U.S. District Court, with the Court to retain jurisdiction until the election results were certified and the Court entered an order declaring such persons elected. There were two anti-Rutledge candidates in the 1981 election. John "K." Keli'iholokai, who was the Vice-Presidential candidate on the Rutledge slate in 1978, now decided to run against Rutledge and Chambrella. His campaign theme stressed the need for better servicing of contracts. With the anti-Rutledge vote split, Rutledge won easily with 1,276 votes {45.4 percent of ballots counted) against 824 for Keli'iholokai and 690 for Chambrella. Left uncounted were some 230 challenged votes cast by recently organized hospital workers, most of which would probably have gone for Rutledge.

Again, there were protests against the election-this time because shortly before the election, Local 996 had printed 7,500 copies of a glossy anniversary album, Road to Dignity; Forty Years of the Hawaii Teamsters, that featured Rutledge's leadership of the Local during that period. The album was dedicated to John Reinecke, the former Teamsters' Research Director who had recently died. According to a motion for summary judgement declaring the 1981 election null and void, filed by the U.S. Secretary of Labor, 1,100 copies of the album had been placed in MTL offices and 2,781 copies had been mailed to Local 996 members.

That motion was still pending when the 1984 election was held. Again, Rutledge faced opposition from both Johnny "K" and Chambrella. This time, he won by the largest margin ever, with a clear majority (58.1 percent) over both of his opponents. Keli'iholokai immediately protested the "conduct and outcome" of the election with the International.

In that same election, Tony Rutledge, in his first race for elective office in Local 996, polled 1,662 votes (62.5 percent) of ballots cast, the largest total polled by any candidate. Young Rutledge faced only one opponent, the other officer candidates all ran in three candidate contests.

On November 15, 1985 Judge Harold M. Fong of the U.S. District Court for the District of Hawai'i ordered a new election based on his findings that, 1) the union, in changing the timing of nominations and elections, had failed to provide the required thirty-day period before the election, thereby foreclosing the challengers from a meaningful period to complain; and 2) union money had been used for a survey and report that was prepared and used for the promotion of the Rutledge slate in the election. The judge's order was in response to a motion filed by the U.S. Department of Labor as the result of a complaint made by John Keli'iholokai, one of the two candidates who lost to the Rutledge slate in November 1984.

In the court-ordered election, supervised by the U.S. Department of Labor, the count of the mailed ballots on March 12, 1985 showed a complete victory for the Rutledge slate. The results for the presidency of the Local were as follows:

| | Votes | Percentage |
|---------------------------|--------------|-------------------|
| Arthur A. Rutledge | 1211 | 59.1% |
| Michael Chambrella | 487 | 23.8 % |
| John Keli'iholokai | 350 | 17.1 % |

Rutledge appeared, at last, firmly entrenched in the leadership of Local 996 through 1987.

More Negotiated Gains

The one dollar an hour wage increases won in 1975 and 1976, the highest in the history of the transit system, substantially narrowed and in many cases eliminated the differential between Honolulu wages and those paid by similar mainland operations. Gains negotiated after 1975, although on a more modest scale, compared favorably with what was being negotiated elsewhere and generally exceeded other settlements made in Hawaii. These "post 1975" settlements, in addition to wage increases, included significant fringe benefit improvements in such areas as pensions, medical and dental benefits for retirees, sick leave pay, and a group legal services plan (see [Appendix B](#)).

In each of the four negotiations that occurred after 1975, Rutledge successfully resisted management's efforts to limit MTL gains to patterns established by public employee unions. Rutledge's main tactic in avoiding such tie-ins was patience. He never felt obliged to conclude negotiations by a contract's expiration date and, if, as frequently happened, an expiration date did not appear to be the "right time" for a settlement, he was perfectly content to sit back and wait for a more favorable time despite pressures from management and from within his own ranks. The "right time" for a settlement in this period was a time as far removed as possible from public employee negotiations so as to avoid any association in the public's mind between the two. The "right-time" might also be when other conditions as, for example, a recent fare increase (in October 1979), or a one day slowdown (October 1981), or a strong strike vote helped to create a propitious climate. That this waiting-game approach succeeded is shown in the following summary of relevant data regarding these four negotiations.

Negotiations

| Year | Expiration Date-Last Contract | Waiting¹ Time | Retroactive Dates of Gains | Teamster Gains | "Public Employee" Patterns |
|-------------|--------------------------------------|---------------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| 1977 | 2/28/77 | 255 days | 3/1/77 | 5.14 to 5.58% ² | 4.5% |
| | | | 3/1/78 | | 4.5% |
| 1979 | 2/28/79 | 294 days | 3/1/79 | 22% 2 years ³ | 17%-18% 2 years |
| 1981 | 2/28/81 | 244 days | 3/1/81 | 24% 28 months | 18% - 19% 2 years |

| | | | | | |
|------|---------|----------|--------|---------|----------------------|
| 1984 | 3/30/83 | 309 days | 1/1/84 | 13.1% | 5% |
| | | | | 3 years | 2 years ⁵ |

1. Days between expiration date of last contract and settlement date.
2. Plus 22 cents per hour more in pension contributions. (Employer contributions for public employee pensions are based on a percentage of payroll so that any increase in wages has a built-in automatic increase in pension contributions.)
3. Plus increased pension contributions and medical and dental benefits for retirees between ages 62 and 65.
4. Plus seven cents more each year for pensions.
5. Plus increased employer contributions to Health Fund.

The unusual success achieved through use of the "waiting-game" tactic failed to deter Rutledge's critics from frequently faulting him for failure to reach settlements by the expiration date of the previous contract. In 1979, an anonymous leaflet circulated among MTL employees charged that Rutledge "failed to meet the February 28 deadline." Again, in 1984, another leaflet criticized the settlement, in a period when the "give back" and other concessions were fairly common, because it took 11 months to negotiate the contract, and also because the union had given up six months of retroactive pay.

The rank and file members by overwhelming votes, in secret ballot referenda, as high as 91 percent in 1981, ratified each of these settlements. The smallest ratification vote, about 68 percent in 1984, probably represented a reaction to the six months loss of retroactive pay. That only 120 members even showed up at the MTL unit meeting specifically called to discuss possible strike action, two and a half months before the settlement, indicated a reluctance to consider more militant action.

NOTE:

42. Immediately after the election, Rutledge filed a Circuit Court libel suit against Chambrella and ten others for this and other statements. Apparently, the suit was later dropped.

AUTHOR'S ADDITIONAL NOTE:

Details on post-1975 union elections are taken from newspaper accounts, union files and issues of the Hawaii Teamster. That publication's September 1978 issue carried the story of Local 427's merger with Local 996

SUMMARY AND CONCLUSIONS

A life-long student of the labor movement has observed that the two essential ingredients of successful union leadership (which he terms "imperatives"), regardless of differences in ideologies, are: 1) "sensitivity to the union interests of his constituents," and 2) "a recognition that the union is a political organization." The second "imperative" is further clarified.

...he has to function politically to get or stay in office. Functioning politically means that the union leader is sensitive to the nature of group interest within the union, and that he needs to contend with these group interests, he cannot ignore them.

Rutledge's record as a leader of Honolulu transit workers is an impressive display of his possession of both ingredients. None would dispute his role as a consummate politician in recognizing and adapting to the changing composition of the transit work force. His solid core of support came from the older members who were with him in the many encounters that he led for recognition and early

gains. This was the group for which, in the recent decade, he negotiated increasing pension contributions, longevity pay increases, and retiree health benefits. At the same time, he recognized the need for more "here and now" for the younger members who clamored for greater parity with mainland systems. With exceptional wage gains in 1975 and 1976 and substantial increases since then, he has greatly improved the comparative position of Honolulu transit workers as against mainland employees.

That the union interests of Honolulu transit workers have been well served by Rutledge unionism is shown in the wage and other gains recorded in the Appendices at the end of this study.

Wage Gains

The wage rates traced in Appendix D, in their way, recount much of the story told in these pages. Throughout the years, there have been "spurts" of wage gains (sharp departures from the apparent patterns of yearly increases) that greatly advanced rates. These "spurts" and their history can be briefly summarized.

- 1943: The 23 cent wage increase for operators {24 cents average for all employees) after a total of 10 cents in the three previous years, was the result of the Office of Military Governor's dictated settlement.
- 1946: The 15 cent increase for operators {more for mechanics) was contained in the first TWUH contract, after a year of hectic activity-formation of the independent union, the "free rides" incident, NLRB certification-that started with membership revolt against the Amalgamated's effort to sell an "eight cents increase in exchange for sick leave" settlement.
- 1951: The two wage gains in 1951 {total 13 cents plus some reclassifications), as contrasted with the two earlier settlements- two cents (1949) and six cents {1948)-was the result of the 35 day strike in 1950-1951, the most successful strike run by the Union up to that time.
- 1961: The 20 cent increase in 1961, after mostly nickel increases {one dime increase, one seven cents) for the previous eight settlements, came after Weinberg won his one and only five cent fare increase. This was followed by four successive increases of 10 cents, a new and higher "norm" than had previously prevailed.
- 1967: Following the 67 day strike that ended in May of '67, Weinberg capitulated with a 90 cent wage increase over 40 months, including 25 cents in one year, 1967, in two installments.
- 1975, 1976: In these two years, transit workers made the largest wage gains in their history: a \$1 per hour increase in each of two years. This was the Union's response to the growing gap between West Coast wages {where most bus system contracts provided automatic escalator clauses) and Honolulu.

As of December 1984, after nearly 14 years of MTL control, wages for bus drivers had increased by \$8.82^A, for first class mechanics by \$9.11^{V2}. The "norms" for wage increases during the first ten years of this period were generally higher, because of the high inflation rate that prevailed, more than in any previous period. Due credit must also be given for the negotiating skills and the ability to create and exploit favorable situations shown by Rutledge. This was particularly evident in the most recent four year period, when small increases in most industries with many wage freezes and "give backs" were the "norm." The Union in these years continued to register very substantial gains.

Another measure of the Union's success in advancing the interests of its members is the comparison

of Honolulu wages with those paid by similar mainland bus systems. How Honolulu's wages compare depends on which mainland systems are chosen for comparison. When comparison is limited to West Coast cities regardless of size (a comparison favored by Rutledge's opponents in the Union) then Honolulu trails Sacramento, a city of comparable size, plus such larger metropolitan areas as Los Angeles; Portland, Oregon; San Francisco; San Jose, California; Seattle, Washington. Our comparison is based on figures provided by the American Public Transit Association for mid-1984 (see Appendix E). Most of these higher paying systems have cost of living escalator clauses that automatically, although with less frequency in recent years, grant increases based on cost of living changes.

Honolulu's relative standing changes when comparison is made with all cities listed by the American Transit Association in the 500,000 to one million population class (see Appendix F). Among this group, Honolulu wages exceeded those of any other system except Sacramento, where periodic cost of living adjustments caused that system's wages to move ahead of Honolulu's fixed rates. What needs to be borne in mind in any of these comparisons is Honolulu's much higher cost of living, a significant fact not shown in any of these comparisons.

Other Benefits

MTL employees enjoy an unusually high level of fringe benefits as compared with almost any mainland system. A detailed comparison of benefits is beyond the scope of this study, but in general it can be said that in almost any benefit area, except possibly life insurance, Honolulu ranks among the best in the country.

Pensions: An MTL worker with 30 years of service at age 65 could retire with a \$786 monthly benefit (as of 1984), paid by two pension plans, the Western Conference of Teamsters Pension Plan plus a supplemental benefit paid out of the MTL-Hawaii Teamsters Retirement Plan.⁴³ Many mainland systems provide higher retirement benefits, but, except in a few rare cases {Sacramento, San Diego), these higher benefits are partially paid for by employee contributions. In Honolulu, all pension benefits are entirely paid for by employer contributions.

Health and Welfare: MTL workers and their families are covered by a most comprehensive package of health care benefits through their participation in the Hawaii Teamsters Health and Welfare Fund, entirely paid for by the employer. The benefits, although superior to those provided by most mainland systems, are not, it should be noted, unusual for Hawaii where, for a variety of reasons, employer paid comprehensive health care has been prevalent for many years.

Employees have a choice of an indemnity plan provided by the Hawaii Medical Services Association (HMSA), or a prepaid health plan, the Kaiser Foundation Health Plan. There is also prepaid dental care, vision care, and a prescription drug plan. Unlike most plans both in Hawaii and on the mainland, retirees and active disabled employees are also covered for health benefits.

Life insurance benefits of \$4,000 for MTL employees, provided by the same health and welfare fund, are at the lower end of prevailing benefits.

Honolulu Transit Workers have generally superior benefits in other areas, including holidays (14 per year), sick leave (15 days per year with unlimited accumulation), vacations (21 working days per year after one year's employment), and prepaid legal services.

The Rutledge Imprint

Honolulu transit workers, more so than perhaps any other unit of the Hawaii Teamsters Union, bear

the Rutledge mark. Over more than 40 years, he helped to lead the group in breaking away from employer control, securing recognition, respect, and generally superior wages and working conditions. Throughout these years he personally participated in every negotiation. He pioneered various forms of innovative, direct, militant action; sometimes, but not always, successful. He also proved adept at maneuvering out of tight and difficult situations with outside help from political or community sources as needed. And, above all, despite some close calls, he maintained control of both the transit workers unit and the Teamsters union.

Rutledge is obviously not the whole story—there were also economic circumstances that made things relatively easier for transit employees. The bus company, as a monopoly without serious competition,⁴⁴ could, except for the eight year period when Weinberg feuded with the Public Utilities Commission, ultimately count on recovering the cost of any wage or benefit gains through either a fare increase or public subsidy. To that extent, the history of labor relations in the Honolulu transit industry is not typical of all Hawaii Teamster units. Where Rutledge counted, however, was in knowing how to exploit the economic situations, favorable as well as unfavorable, for maximum advantage.

While this study characterizes Rutledge unionism as essentially business unionism it might have equally termed it as an extreme form of "personal unionism." Domination of a local union by a single individual is certainly not unique either in Hawaii or on the mainland, but there are still few local unions in which one person has run the show for over 40 years. He not only controlled the local union apparatus; in many respects he was the apparatus. At no time did he face any serious opposition from any Executive Board member. He determined when to call Executive Board and unit meetings, the agendas for these and regular Union meetings, when the local union paper would appear⁴⁵ when and what to negotiate (for major contracts), when and what forms of direct action to apply, when to strike, and when to settle. Nor has he had an equal at any time in being able to sway an audience of his members for or against a particular action that he favored (although he has had some share of rejections).

The dilemma posed by this kind of personal unionism is this: Can the union maintain its consistent record of gains when the "person" who ran it is no longer at the helm? The question is particularly pertinent for transit worker members. Budgeting constraints imposed by both the federal government and the city administrations that took over in January 1985,⁴⁶ make further contract advances that much more difficult.

The question of who succeeds the present leader is very much on the agenda when the present leader is 79 years of age and has another year and a half to serve. Although some very competent and qualified business agents have served under Rutledge, there are, at the time of this writing, only two such staff persons including Rutledge's son Tony, who can presently lay claim to more than five years of staff seniority. Rutledge has obviously chosen his son as his successor and, in recent years, Tony has emerged as more of an independent force in both negotiating and organizing. What he lacks—and this is true of any other potential successor—is the rich experience that Arthur Rutledge has gained in long years with the Teamsters during which he grew and developed with the Union.

The future of Honolulu's transit workers and other Teamster locals in Hawaii will depend on many factors, few of which are now predictable. We can assume the continued use of a basic bus system despite current debate about the need for a fixed rail system to relieve growing traffic congestion.⁴⁷ How changing economic conditions will affect other Teamster units is far less definite. The Teamsters Union may not be the same without Arthur Rutledge, but will survive and, paralleling what has been happening in the business community, could conceivably draw strength from mainland sources or possibly merge with another local union.⁴⁸

Whatever the future may bring, and there are many possibilities, Honolulu transit workers, as of early 1986, were reaping the benefits of a long established and firmly grounded collective bargaining relationship. For those who rode THE BUS and those who depended on it to bring shoppers to their doors there had been 15 years of uninterrupted service.

NOTES:

43. The supplemental plan was established in 1982 as the result of actuarial studies showing that the additional pension contributions negotiated for 1982 and 1983 could produce higher benefits in a separate plan than if those contributions were added to those already being made to the Western Conference Plan.
44. There is obviously some competition from private cars and taxi services but over the years these have not been a significant factor in Honolulu.
45. Since 1958, as far back as we could find issues in the files, the Teamster Union publication has appeared in several different formats with frequent long periods in which no paper was issued. The publication has borne at least five different names during this time: *Unity House Reporter*, *Hawaiian Teamsters Report*, *Hawaii Labor Reporter*, *Hawaiian Teamster* and *Local 5 Report*, *Hawaiian Teamster*.
46. Since 1971, when MTL first took over operation of the bus system to July 1986, its operating budget (excluding federal grants for purchase of equipment) has been subsidized by the city and county of Honolulu to a total of \$318,839,791. Honolulu, in return, has received operating subsidies from the federal Urban Mass Transportation Authority. Although this subsidy makes up a relatively small part of the total operating budget, the proposed cuts in the federal budget for Mass Transportation, if enacted, will probably mean an ultimate reduction of margins available for wages and benefits.
47. A study on the feasibility of a rail transit system authorized by Mayor Frank Fasi before 1981 was scrapped by his successor, Mayor Eileen Anderson in 1981 and then revived by Fasi when he regained the mayor's office in 1985. As of March 1985, the city was seeking federal money for the study.
48. A possible merger with the Alaska Teamster Union Local 959 was seriously considered and then dropped in 1979. The issue was again revived with Jesse Carr, Western Conference of Teamsters Director and also head of the Alaska local before his sudden untimely death in January 1985. While this means an indefinite postponement of any new talks, it is still not to be ruled out as a possibility. Also in the realm of possibility is merger with another Teamster local or with a local of another International.

AUTHOR'S ADDITIONAL NOTE:

The quotation on the "imperatives" of successful union leadership is from Jack Barbash, *The Practice of Unionism* (New York: Harper, 1956), p. 138.

APPENDIX A

Transit Workers Union Organization

| | |
|---------------------|--|
| 1919 – November 1 | Amalgamated Division 942 chartered. |
| 1920 – January 24 | Employees Council, company union, formed. |
| 1924 – December 4 | Division 942 disbanded and charter returned. |
| 1937 - November | Local Industrial Union No. 679, United Transport Workers, CIO, chartered. |
| 1937 – December 7 | Amalgamated Division 1173 chartered. |
| 1937 – December 11 | HRT recognizes Division 1173 a bargaining agent. |
| 1940 - June | L.I.U. No. 679, United Transport Workers, CIO, disbanded. |
| 1946 – July 19 | HRT workers form independent Transit Workers Union of Hawaii (TWUH). |
| 1946 – October 11 | TWUH wins HLRB election: TWUH469, Amalgamated-43 (621 eligible). Clerical unit lost by 25-17 vote for no union. |
| 1947 - October | Teamsters International charters Local 998, Taxi, Automotive, Maintenance and Service Workers to absorb TWUH, then cancelled charter because of protests from Amalgamated. |
| 1948 – April 28 | TWUH wins another NLRB election. TWUH-441, |
| 1948 – April 28 | TWUH wins another NLRB election. TWUH-441, Amalgamated -85. |
| 1949 – September 15 | TWUH wins third and final NLRB election with Amalgamated. TWUH-268, Amalgamated-145. |
| 1952 – August 15 | Teamsters Local 996 wins NLRB election for inspectors and dispatchers unit, 201. |
| 1955 - January | TWUH officially becomes part of Teamsters Local 996. |

APPENDIX B

Honolulu Transit Workers Negotiations, 1937 – 1984

| | | | Gains | |
|-------------|---------------|----------------|---|---|
| Union | Date Executed | Effective Date | Wages | Other Gains |
| Amalgamated | 2/15/38 | 1/1/38 | 0 ¹ | Dues checkoff; arbitration of grievances. |
| Amalgamated | 10/5/38 | 7/1/38 | 5¢ Wage reopener each June 30 | Free uniforms; 14 days vacation after one year. |
| Amalgamated | 8/2/39 | 7/1/39 | 0 | |
| Amalgamated | 9/30/40 | 10/1/40 | 10% increase | |
| Amalgamated | 3/1/41 | 3/1/41 | Wage spread for operators reduced from 10 to 5 years; Minimum for operators | Job security committee; voluntary check-off of union dues up to \$2; overtime |

| | | | | |
|------------------------|----------|---------------------|--|--|
| | | | - 60¢ (3¢ increase for beginners); shop minimum - 50¢. | before and after scheduled runs; 15 days vacation with 13 days sick pay; sick leave to be negotiated; 85% of runs to be completed within 13 consecutive hours. |
| Amalgamated | 4/20/43 | 7/1/43 ² | 24¢ average increase; Bus drivers minimum to 90¢ from 86¢. | Sick leave, 12 paid days, cumulative; 1.5 pay for first 5 hours of overtime, the double time. |
| Amalgamated | 8/11/44 | 7/1/44 | | Overtime and bonus plan. ³ |
| TWUH ⁴ | 12/7/46 | 7/1/46 | 406 drivers - +15¢; 33 maintenance - +10%; 6 receivers +\$25/month; 14 cafeteria +10-15¢; 8¢ of increase retroactive to 7/1/46. | |
| TWUH | 10/11/48 | 10/9/48 | Drivers - 6¢ ⁵ ; inside workers - 5¢. | |
| TWUH | 10/21/49 | 10/1/49 | 5¢ | |
| TWUH | 1/25/51 | 1/26/51 | 8¢ on 1/26/51 7¢ on 7/1/51 Some classification and shorter time to reaching maximums; 53 drivers upgraded (3¢/hour); 15 mechanics upgraded (20¢/hour). | |
| TWUH | 5/24/52 | 5/3/52 ⁶ | 8¢ additional 12¢ for drivers. ⁷ | 44 hour week for drivers ⁷ ; double time for work on 5 specific holidays ⁷ . |
| TWUH | 7/20/53 | 7/16/53 | 7¢ additional 11¢ for drivers. ⁷ | 40 hour week for drivers. ⁷ |
| Local 996 | 7/16/54 | 7/17/54 | 5¢ - 7/1/55 | Two more paid holidays; clarification of sick leave and holiday provisions. |
| Local 996 ⁸ | 11/9/54 | 7/17/54 | 5¢ in second year; longevity pay. | 4 more holidays. |
| Local 996 | 12/12/56 | 12/12/56 | 5¢ - 7/17/56 5¢ - 7/1/57 | Modified union shop ⁹ ; immediate pension plan; Co. to pay \$10/ |

| | | | | |
|-----------|-----------------------|----------------------|--|---|
| | | | | month into Health & Welfare plan on 2/1/57 – then \$13.50, 2d year; improve overtime, sick leave. |
| Local 996 | 12/11/58 | 12/1/58 | 10¢ – 12/1/58 5¢ – 12/1/59 | Company health & welfare benefit increased to \$17, 12/1/58; severance pay. |
| Local 996 | 5/8/61 ¹⁰ | 5/8/61 | 20¢ – 5/8/61 10¢ – 5/8/62 | |
| Local 996 | 7/5/63 | 7/1/63 | 10¢ – 7/1/63 10¢ – 7/1/64 10¢ – 7/1/65 | Union security improved (non-members to join or pay equivalent of initiation fee and dues); disability benefits; pension plan-insured plan assigned to joint trustees of trustee plan-Co. to contribute 1½¢ per compensable hour; pension transferred to Western Conference of Teamsters. |
| Local 996 | 6/26/67 | 9/12/66 | 15¢ – 7/1/66 10¢ – 5/7/67 15¢ – 9/1/67 15¢ – 9/1/68 1½¢ – 9/1/69 | Increased pension contributions; 5¢ – 5/7/67 2½¢ – 3/1/68 5¢ – 9/1/69 Vacations: 4 weeks after 20 yrs effective 1/1/68; improved holiday, health & welfare benefits. |
| Local 996 | 2/28/71 ¹¹ | 3/1/71 | 50¢ | 15¢ in benefits to be negotiated |
| Local 996 | 4/3/72 | 3/1/72 ¹² | 5½%; 22½¢ for drivers | Pension contributions to 35¢/hr; increased holidays to 14 (previously 9); improved vacations; paid sick leave; funeral leave. |
| Local 996 | 7/19/73 | 3/1/73 | 23¢ Reopeners – 3/1/74 and 3/1/75 on wages + 2 unspecified items. | Pension Contributions +5¢ (to 40¢) |

| | | | | |
|-----------|----------|--------|--|--|
| Local 996 | 7/9/74 | 3/1/74 | 35¢; increased longevity pay | Pension contributions +5¢ (to 45¢). |
| Local 996 | 6/10/75 | 3/1/75 | \$1 – 1975+2¢/step of longevity pay; \$1 – 1976+2¢/step of longevity pay; Clerical - 75¢/yr.; Reopener on 3/1/77. | Drug plan (3½¢); pension contributions + 10¢ (to 55¢); reclassification of clerical employees |
| Local 996 | 11/10/77 | 3/1/77 | 40¢ – 3/1/77 40¢ – 3/1/78 Additional longevity increases: 5¢ – 9-13 years 8¢ – each 5 years thereafter | Pension contributions + 22¢ (to 77¢). |
| Local 996 | 12/20/79 | 3/1/79 | Bus Drivers: 50¢ – 3/1/79 50¢ – 9/1/79 40¢ – 3/1/80 40¢ – 9/1/80 Others: 9% - 3/1/79 9% - 3/1/80 | Pension contributions increased by 40% effective 1/1/79 ¹³ . Over age 62 retirees to receive medical & dental benefits until age 65; \$40/yr. uniform allowance for drivers effective 12/1/79. |
| Local 996 | 10/30/81 | 3/1/81 | 10% - 3/1/81 6% - 3/1/82 6% - 11/1/82 | Additional pension contributions: 7¢ – 3/1/82 7¢ – 11/1/82 7¢ – 4/1/83 |
| Local 996 | 5/4/84 | 1/1/84 | 35¢ – 1/1/84 35¢ – 10/1/84 35¢ – 7/1/85 35¢ – 1/1/86 Additional longevity pay: 10¢ for 10 th year and 10¢ additional for each 5 yrs thereafter. | 15 days sick leave pay (previously 12) for employees after 5 yrs.; 2¢/hr. for supplemental health benefits for retirees over 65 and active disabled employees; 5¢/hr. for group legal services. |

1. Wage increases of from 5 to 15% given to some employees before January 1, 1938.
2. Settlement virtually dictated by Office of Military Governor.
3. Originally negotiated as a 10¢ increase, the settlement was twice rejected by the War Labor Board and finally approved as an overtime and bonus plan in December 1944.
4. Transit Workers Union of Hawaii
5. The 6¢ for drivers to be increased by one cent/hour (up to 10¢ maximum) for each full \$100 of average monthly daily transportation revenue above \$14,110.
6. Approved by Wage Stabilization Board retroactive to April 1, 1952.
7. Hourly wage adjusted after increase to produce same take home pay on shorter work week.
8. Hawaii Teamsters Union, Local 996, Inspectors, dispatchers, etc.
9. Present nonmembers not required to join union.

10. Handwritten Memorandum of Agreement dated May 8, 1961, later replaced by typed Memorandum "accepted and approved" on June 8, 1961.
11. First contact with Mass Transit Lines (MTL).
12. Contract rejected three times by Pay Board under Nixon wage stabilization program? term of agreement finally extended for additional year.
13. Increase used solely to maintain current level of benefits.

APPENDIX C

Honolulu Transit Workers Job Actions, 1941 – 1984

| UNION | Job Action | Dates | Purpose | Result |
|-------------|---|---|---|---|
| Amalgamated | Strike | 2/1-28/41 | Union Shop | Lost ¹ |
| Amalgamated | Slowdown | 7/1/43 | Protest vs. tight rule enforcement | Some rules modified |
| TWUH | "No fare" rides | 7/12-15/46 | To compel company recognition of TWUH in negotiations | Company negotiated with TWUH ² |
| TWUH | Strike | 7/1-2/48 | Contract gains | Ended by restraining order |
| TWUH | Strike | 9/3-10/8/48 | Contract gains | Lost ³ |
| TWUH | Strike | 12/21/50-1/26/51 | Contract gains | Substantial gains ⁴ |
| TWUH | Strike | 5/24-25/52 | Weekend strike support of inspectors unit recognition claim | Pressure on company and NLRB ⁵ |
| TWUH | Weekend strikes | 5 weekends starting 5/9-10/53 | Contract gains | Settlement reached 7/20/53 ⁷ |
| Local 996 | Picket lines ⁶ Saturday strike; Slowdown; Refusal of overtime; Massive daily sick leave call-ins | 6/12 (Friday) At various times during 1961 negotiations. No official strike called. | Contract gains | Settlement reached 5/8/61 |
| Local 996 | Three one-day work stoppages: "No fare" rides on two days. | At various times during 1963 negotiations. | Contract gains | Settlement reached 7/5/63 |
| Local 996 | Strike | 9/10/56 | Contract gains | Settlement reached 9/11/66 ⁸ |

| | | | | |
|-----------|----------|------------|--|--|
| Local 996 | Strike | 3/1-5/8/67 | Contract gains | Settlement ⁹ reached 5/6/67 |
| Local 996 | Strike | 8/22/70 | Contract gains ¹⁰ | |
| Local 996 | Strike | 1/1-3/1/71 | Contract gains | MTL took over operation of bus system. |
| Local 996 | Slowdown | 10/29/81 | Protest against delay in settlement | |

1. Settlement included some gains but basic strike objective not gained.
2. Formal recognition not granted until after NLRB elections in October
3. After 35 days strike, Union settled for what had been offered before.
4. Gained substantially in excess of what had been offered before strike. See Appendix B for details.
5. NLRB hearing on Teamsters Local 996 representation petition held about week before strike. NLRB election held on August 15: Teamsters, 20 votes; against, 1 vote.
6. Equivalent to strike since employees refused to go through picketed premises.
7. After settlement reached, Union's filed unfair labor practice charge with NLRB because of suspension of striking workers. NLRB, in December 1954, decision held weekend strikes were unprotected activity.
8. Contract, contingent on fare increase, was later cancelled by HRT.
9. Substantial gains for Union. See Appendix B. This was the last contract signed by HRT.
10. Union called one day strike to protest Weinberg threat to cut wages.

* See Appendix A for full names of involved unions.

APPENDIX D

Honolulu Transit Workers Wage Rates, 1938-1986

| <i>Effective Date</i> | <i>Operator (3rd year)</i> | <i>First Class Mechanic</i> |
|---|--------------------------------|-----------------------------|
| 09/01/38 | \$.60 | \$.60 - \$.70 |
| 07/01/39 | .66 | .66 - .77 |
| 03/01/41 | .69 | .75 - .85 |
| 07/01/42 | .76 | .82 - .99 |
| 07/01/43 | .99 | 1.25 |
| 07/01/44 | 1.00 | 1.25 |
| 07/01/45 | 1.09 | 1.25 |
| 12/01/46 | 1.24 | 1.50 |
| 10/09/48 | 1.30 | 1.55 |
| 10/01/49 | 1.35 | 1.60 |
| 01/26/51 | 1.45 | 1.68 |
| 07/01/51 | 1.52 | 1.75 |
| 04/01/52 | 1.58 (48 hours) | 1.83 |
| After Wage Stabilization Board Approval | 1.72* (44 hours) | 1.83 |

| | | |
|----------|------------------|-------|
| 07/16/53 | 1.90* (40 hours) | 1.90 |
| 07/17/55 | 1.95 | 1.95 |
| 07/17/56 | 2.00 | 2.00 |
| 12/12/57 | 2.05 | 2.05 |
| 12/01/58 | 2.15 | 2.20 |
| 12/01/59 | 2.20 | 2.30 |
| 05/08/61 | 2.40 | 2.50 |
| 05/08/62 | 2.50 | 2.60 |
| 07/01/63 | 2.60 | 2.70 |
| 07/01/64 | 2.70 | 2.80 |
| 07/01/65 | 2.80 | 2.90 |
| 07/01/66 | 2.95 | 3.05 |
| 05/07/67 | 3.05 | 3.15 |
| 09/01/67 | 3.20 | 3.30 |
| 09/01/68 | 3.35 | 3.45 |
| 09/01/69 | 3.475 | 3.575 |
| 03/01/71 | 3.975 | 4.075 |
| 03/01/72 | 4.20 | 4.30 |
| 03/01/73 | 4.43 | 4.53 |
| 03/01/74 | 4.78 | 5.38 |
| 03/01/75 | 5.78 | 6.38 |
| 03/01/76 | 6.78 | 7.38 |
| 03/01/77 | 7.18 | 7.78 |
| 03/01/78 | 7.58 | 8.18 |
| 03/01/79 | 8.08 | 8.92 |
| 09/01/79 | 8.58 | --- |
| 03/01/80 | 8.98 | 9.72 |
| 09/01/80 | 9.38 | --- |
| 03/01/81 | 10.32 | 10.69 |
| 03/01/82 | 10.94 | 11.33 |
| 11/01/82 | 11.60 | 12.01 |
| 01/01/84 | 11.95 | 12.36 |
| 10/01/84 | 12.30 | 12.71 |
| 07/01/85 | 12.65 | 13.06 |
| 01/01/86 | 12.95 | 13.36 |

* These relatively high hourly increases, as contrasted with maintenance employees, resulted from maintaining same weekly earnings while reducing hours in work week.

APPENDIX E

Hourly Wage Rates ¹, July 1984, Buses and Trolley Coaches, West Coast Cities

| | Effective Date | Bus Operator | Maintenance Employee | Next Wage Rate Change |
|---|-----------------|--------------|----------------------|-----------------------|
| Seattle WA | 05/01/84 | 13.16 (.11) | 14.48 (.11) | 11/01/84 |
| San Jose CA | 07/02/84 | 13.10 (.02) | 14.92 (.02) | 12/03/84 |
| Portland OR | 04/01/84 | 12.78 | 13.21 | 10/01/84 |
| San Francisco CA | 03/07/84 | 12.7025 | | 07/01/84 |
| Seattle WA | 05/01/84 | 12.66 (.11) | 14.59 (.11) | 11/01/84 |
| Tacoma WA | 01/01/84 | 12.51 | 13.69 | 01/01/85 |
| Los Angeles CA | 06/01/84 | 12.43 (.21) | 14.68 (.21) | 09/01/84 |
| Sacramento CA | 03/01/84 | 12.29 | 13.47 | 09/01/84 ² |
| San Diego CA | 05/01/84 | 12.065 | | 09/01/84 |
| Honolulu HI | 01/01/84 | 11.95 | 12.36 | 10/01/84 |
| Spokane WA | 06/01/84 | 11.84 (.73) | 12.97 (.73) | 09/01/84 |
| Stockton CA | 07/01/84 | 11.56 | 13.17 | 01/01/85 |
| Eugene OR | 07/01/84 | 9.85 | 11.11 | 1/13/85 |
| Bakersfield CA | 09/08/83 | 9.70 | 12.13 | 09/08/84 |
| Fresno CA | 07/01/84 | 9.55 | | 01/01/85 |
| <p>1. West Coast Cities not including Alaska. Figures in parentheses are amounts paid because of escalator clauses. 2. Maintenance wages due to change on 3/1/85.</p> <p>SOURCE: American Public Transit Association, Labor Information Service.</p> | | | | |

APPENDIX F

Hourly Wage Rates¹, July 1984, Buses and Trolley Coaches, Cities 500,000 – Million Population

| | Effective Date | Bus Operator | Maintenance Employee | Next Wage Rate Change |
|---------------------|-----------------|--------------|----------------------|-----------------------|
| Akron, OH | 05/01/84 | 9.87 (.09) | | 08/01/84 |
| Birmingham, AL | 04/01/84 | 9.42 | 9.76 | 04/01/85 |
| Columbus, OH | 05/21/84 | 11.40 (.22) | 12.36 (.22) | 11/20/84 |
| Dayton, OH | 07/01/84 | 10.90 (.07) | 11.57 (.08) | 10/07/84 |
| Hartford, CT | 05/01/84 | 11.11 (.03) | 11.79 (.03) | 08/01/84 |
| Honolulu, HI | 01/01/84 | 11.95 | 12.36 | 10/01/84 |
| Indianapolis, IN | 07/01/84 | 9.7875 | 10.0125 | 10/01/84 |

| | | | | |
|---|----------|-------------|--------------|-----------------------|
| Jacksonville, FL | 10/31/84 | 9.25 | 10.31 | 11/05/84 |
| Louisville, KY | 03/01/84 | 9.25 | 10.43 | 09/01/84 |
| Memphis, TN | 07/01/84 | 11.27 | 11.57 | 07/01/85 |
| Nashville, TN | 07/01/84 | 9.80 | 10.775 | 10/01/84 |
| Norfolk, VA | 06/01/84 | 10.02 | 10.62 | 10/01/84 |
| Oklahoma City, OK | 07/01/84 | 8.24 | 9.53 | 01/01/85 |
| Providence, RI | 06/30/84 | 11.01 | 11.21 | 10/06/84 |
| Rochester, NY | 08/01/84 | 10.70 (.04) | 11.32 (.04) | 08/01/84 |
| Sacramento, CA | 03/01/84 | 12.29 (.00) | 13.47 (.00) | 09/01/84 ² |
| Salt Lake City, UT | 06/11/84 | 8.82 | 11.05 | 09/11/84 |
| San Antonio, TX | 08/01/84 | 8.89 | 10.67 | 08/10/85 |
| San Bernardino, CA | 01/09/84 | 9.40 | 11.58 | 07/01/84 |
| Springfield, MA | 01/01/84 | 10.20 (.29) | 10.505 (.30) | 07/01/84 |
| St. Petersburg, FL | 01/01/84 | 8.10 | 9.40 | 12/01/84 |
| Tampa, FL | 04/24/84 | 7.45 | 9.60 | 10/24/84 |
| <p>1. West Coast Cities not including Alaska. Figures in parentheses are amounts paid because of escalator clauses. 2. Maintenance wages due to change on 3/1/85.</p> <p>SOURCE: American Public Transit Association, Labor Information Service.</p> | | | | |

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The author assumes sole responsibility for the final text.

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BERNARD W. STERN

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