



VOICE OF THE ILWU

HONOLULU HAWAII
© 2009
LOCAL 142

Volume 49 • No. 1

The VOICE of the ILWU—Published by Local 142, International Longshore & Warehouse Union

January/February 2009



Photo by Tyrone Tahara

ADDRESS LABEL

ILWU scores victory for mistreated mariners

Solidarity and action by ILWU members in Hawaii helped score a Christmas-time victory for a group of exploited merchant mariners late last year. The crew of 20 from the small tanker, *Japan Tuna* #3, arrived at the islands after a lengthy voyage deep into the tropical Pacific where their ship provides fuel and supplies for a commercial tuna fishing fleet that remains at sea for months at a time. Years of low pay and discrimination finally moved crewmembers to sign a petition that was delivered to U.S. Coast Guard officials when the ship docked in Hawaii. A Coast Guard Lt. Commander contacted ILWU-member Jeff Engels who coordinates work on the West Coast for the International Transport Workers Federation (ITF)—a global network of unions that includes the ILWU.

Last March, Engels conducted a training in Hawaii for volunteers from Local 142 longshore and the IBU who wanted to learn how to respond to incidents like the one that was now unfolding in Honolulu.

Engles also met with Coast Guard officials in Hawaii, and it complained about conditions aboard the *Japan Tuna*. ILWU International President Bob McEllrath and Vice President for Hawaii, Wesley Furtado, were contacted by Engels to review the action plan. Engels then called Local 142 Business Agent Tyrone Tahara and IBU Regional Director Warren Ditch, who, along with Local 142 longshoremen Brad Scott, Dennis Morton, and Sean Dacuycuy, had all attended last year's training session.

The Hawaii team quickly decided they should visit with the *Japan Tuna* crew to gather evidence and provide moral support. After Engels called the *Japan Tuna's* management company in Singapore to explain that the crew wanted a union contract, he boarded the next flight to Hawaii.

The *Japan Tuna's* crewmembers came from the Philippines, Korea, and China, but they had no problem making their demands clear for better pay, an end to discrimination, and insistence on a contract. Word

about the crew's desire for a union contract spread quickly on the waterfront by word-of-mouth and through the Ports Council that helps coordinate efforts between Hawaii's waterfront unions. The company felt pressure from inquiries that were

—Continued on page 8

Credit crisis cuts into global shipping

At the Port of Los Angeles, 7.3 million containers moved across the docks from January through November, down more than 5 percent. The drop was bigger in Long Beach, with 6 million containers moving through the port, down about 10 percent.

On both coasts of the U.S. and in the Gulf, ports that were expecting continued growth in ships packed with Asian imports are instead seeing sharp declines in imports and exports.

The once booming container traffic from Asia has slowed dramatically as the bad news in the financial markets cause US and European consumers to

cut back on their spending. With less demand for finished products, exports of raw materials have also fallen.

A shortage of credit has also taken a toll on global shipping. As much as 90 percent of international trade relies on letters of credit, trade insurance, and other forms of commercial IOUs that transfer payments to suppliers and shippers once the goods are delivered.

World credit is in short supply as international banks are hoarding their cash to cover losses from the billions of dollars of mortgage-backed securities they bought from the US. To make more credit available, many European and Asian governments are injecting cash into their financial systems by buying preferred stocks in their banks.

With cargo bookings down, shipping companies are cutting rates, reducing their capacity, and laying up ships. APL and its partners plan to take 60 ships out of service. To make matters worse, a record number of newly constructed ships with a total capacity of 1.6 million TEUs are scheduled to be delivered in 2009.

The over capacity will start fare wars, loss of revenues, and will likely force weaker shipping lines to merge or go out of business.

How the economic crisis affects us

Most economic forecasts, including that of the Federal Reserve Bank, predict the U.S. economy will remain in recession throughout 2009 and may begin a slight recovery around the middle of 2010 with modest growth in 2011.

The U.S. economy goes into recession about once every 10 years and usually recovers in one or two years. Past recessions have also been milder for Hawaii than other states, because military spending continues and Japanese visitors make up for declines

in mainland visitors.

This recession, however, is worldwide and will lead to declines in both Japanese and mainland visitors. This recession also threatens to be more serious and last longer than any other recession since the so-called Great Depression which lasted ten years from 1929 to 1939.

The slowdown in economic activity and tourism means smaller paychecks for Hawaii workers and less tax revenues collected by the State and Counties. It also means the union's

income has fallen because members are paying less union dues.

This means the State, Counties, and the union must be prepared to cut expenses and operate with less income for two or more years. While the state may raise some fees, the ILWU's officers will not be asking for a dues increase.

The ILWU officers have been cutting expenses for several years, and the union's spending is actually less than it spent in 2003. The one

Continued on page 6

The next Local 142 Executive Board meeting is set for March 20, 2009, in Honolulu at the ILWU building on 451 Atkinson Dr.

2009 ILWU legislative priorities set

ILWU union political action will focus on passing legislation in five areas during the 2009 Legislative Session. The top priority will be the passage of an Employee Free Choice Act for union recognition. This came close to passing in 2008 but failed to get enough support to override Governor Lingle's veto.

1. Employee Right to Join Unions. Provides for card check union recognition under the Hawaii Labor Relations Act and for mediated and arbitrated first contracts. This change would provide an alternative to the secret ballot elections under current law, which allows some employers to abuse the process and prevent a fair election.

2. Employee Retention. Provides for workers to retain their jobs when companies are purchased, when ownership or management changes, when a lease is transferred, or when assets are sold and/or transferred and the business operations continue in a similar mode as under the previous owner or management. The US lags far behind most Western European countries, which have strong laws that protect worker's rights and jobs.

3. Protect Workers Compensation. Maintain the existing

"presumption clause" in the Workers' Compensation law. Provide that injured workers continue to receive workers' compensation benefits (wages and medical treatment) during any period that their claim is being investigated or under appeal. Provide for timely payments when a claim is made. Provide that if an injured worker is denied compensability and then wins compensability on appeal, the cost of the appeal will be paid by the insurance carrier. Address problem of physicians declining to treat Workers' Compensation cases because of the paperwork and/or the medical fee schedule. Establish panels of medical providers from which the claimant and insurer shall mutually elect a physician to perform an Independent Medical Examination (IME). A rating shall not be performed at the same time as the IME.

4. Harbor Development. Strong

support for harbor development throughout the State of Hawaii. Waterfront development must prioritize the need to provide for growing manifested cargo operations and not compromise the safe working conditions for the employees.

5. Senior Programs. Strong support for programs that benefit senior citizens.

Hawaii Division is also strongly supporting priority funding of

buildings already under construction for the Hawaii Community College in West Hawaii (Kona).

All legislators are given a copy of the entire ILWU Legislature Program for 2009 which contains 97 points that cover a wide range of issues such as education, health and social programs, economic development, protecting the environment, civil rights, culture and the arts.



ILWU members and retirees from each island work in teams to visit their representatives on the opening day of Hawaii's State Legislature on January 21, 2009. Their presence reminds lawmakers that the union has a strong and active political action program and will be watching what the Legislature does. Maui Division's Ruby Yoshisato, Perlita Manlansing and Lourdes Rivera with Senator Roslyn Baker (second from right).

International President's Message

Thoughts about the New Year

By Robert McEllrath
International President

Like most of us, the New Year has me thinking about the challenges that we'll be facing ahead in 2009, and reflecting back on the ILWU's accomplishments during the past year.

Everybody's worried about the economy as we enter 2009, and for good reason. Things are bad and getting worse. As I write this in mid-December, more than one million workers have lost their jobs in the past three months. With so many people out of work, most of us know someone who's recently lost a job or can't find one. In the ILWU, we're hearing about plants and warehouses that are closing. The ports have fewer ships and less work than a few months ago. Everyday there's more news about cutbacks, closures, and consolidations. Most working families are either hurting or scared about the future.

When somebody loses a job, it hits a family hard, but the damage goes much deeper. With fewer people working, less revenue in company coffers, and the stock market at record lows, our health and retirement funds are under pressure. Everyone with a 401(k) knows what

it's like to see half your nest egg disappear. And while the defined benefit pensions that many of us have are a lot better than a 401(k), nobody's pension and welfare plan is immune from a volatile stock market.

The economic damage caused by George W. Bush and his free-market followers – in both political parties – has been staggering. The war in Iraq alone will cost us three trillion dollars. And when you include all the losses from unemployment, home foreclosures, personal and business bankruptcies, and a falling stock market, the total is mind-boggling.

With all this doom and gloom, most of us cannot wait for President Obama and his family to move into the White House, so we can start putting people back to work, providing health care to all Americans, getting out of Iraq, and passing the Employee Free Choice Act (EFCA). It's a very tough economic time to accomplish all these goals, and President Obama will need our support.

I wonder if there isn't more we could do to ease the pain of this recession in our ILWU family, especially among workers who have dispatch halls.

I think part of the answer comes from studying the situation Harry Bridges faced in 1934. The stock market had crashed in 1929 and the United States was trying to recover from a depression. The unemployment rate was 25 percent and workers were literally fighting each other over jobs. On the waterfront, employers used the

"shape-up" system to pick who they wanted for each shift, often with pay-offs and favors.

But a man named Harry Bridges won support from his co-workers with a simple, but remarkably powerful idea: organize the men, form a union, and demand a dispatch hall that would allocate the jobs fairly and equally. Think about it. The hall is a place to go when your job is completed. Most people report to their state unemployment office when they're laid-off and no longer needed by their employer. Being released to the dispatch hall is not a penalty, but a hard-fought privilege. This year on July 5th, we'll celebrate 75 years of ILWU history. We honor the men who fought and died for the right to dispatch themselves fairly and equally, regardless of who you were, who you knew, the color of your skin, or the country you came from. The system allowed every man a day's work. These principles became the foundation of our ILWU union.

Today these principles are more important than ever. Our economy is in a tailspin, and we all must take a long hard look at what's happening in our own house. For example, is it fair for an individual to have two jobs in one day, when others cannot get even one? It's easy to make a political issue out of the situation, to sit back and endlessly argue the problem. However, the work opportunities are likely to get worse before they get better. We all like to say that we're "good union people" in good times. Well, these are the times when we will be tested. This



recession may be the deepest our present union members have ever experienced. It's time to ask yourself, "Is it fair for me to have two jobs in one day when others don't get even one?" Our union must be prepared to re-affirm the principles established by Harry Bridges. I urge each local and individual to adhere to the spirit of fairness that founded our union, put personal gain aside, and take care of each other. "An injury to one is an injury to all."



VOICE OF THE ILWU

The VOICE of the ILWU is published monthly by Hawaii International Longshore & Warehouse Union.

The VOICE of the ILWU (ISSN 0505-8791) is published every two months for \$2 per year by Hawaii International Longshore & Warehouse Union, 451 Atkinson Drive, Honolulu, Hawaii 96814. Periodicals postage paid at the post office of Honolulu, Hawaii.

POSTMASTER: Send address changes to VOICE of the ILWU, c/o ILWU Local 142, 451 Atkinson Drive, Honolulu, HI 96814. Editorial Board: Fred Galdones, Donna Domingo and Guy K. Fujimura.

Editor: Mel Chang

CORRECTIONS

November/December 2008
Voice of the ILWU

Our apologies to Department of Education Superintendent Patricia Hamamoto who was incorrectly identified as Patricia Hashimoto.

The Economy

Understanding what caused the economic crisis

Government regulation and oversight of the banking and investment industry could have prevented the economic crisis. Instead, Bush and the Republicans dismantled any effective regulation of the financial industry. They continue to believe less government and less regulation is good.

Most unionized workers have pension plans that are insured and guaranteed by the federal government, through the Pension Benefit Guaranty Corporation (PBGC).

All defined benefit pension plans must pay for this insurance and must follow very strict rules and regulations set by the government. One rule requires pension plans to have enough cash and assets to cover 60 percent of the benefits earned by workers covered by the plan.

While the federal government has very strict regulations for pension funds, there were no rules or regulations on the mortgage-backed securities sold by banks and investment brokers which caused this worldwide economic crisis. In fact, Republican-backed legislation in 2001 actually forbid any government regulation of these securities.

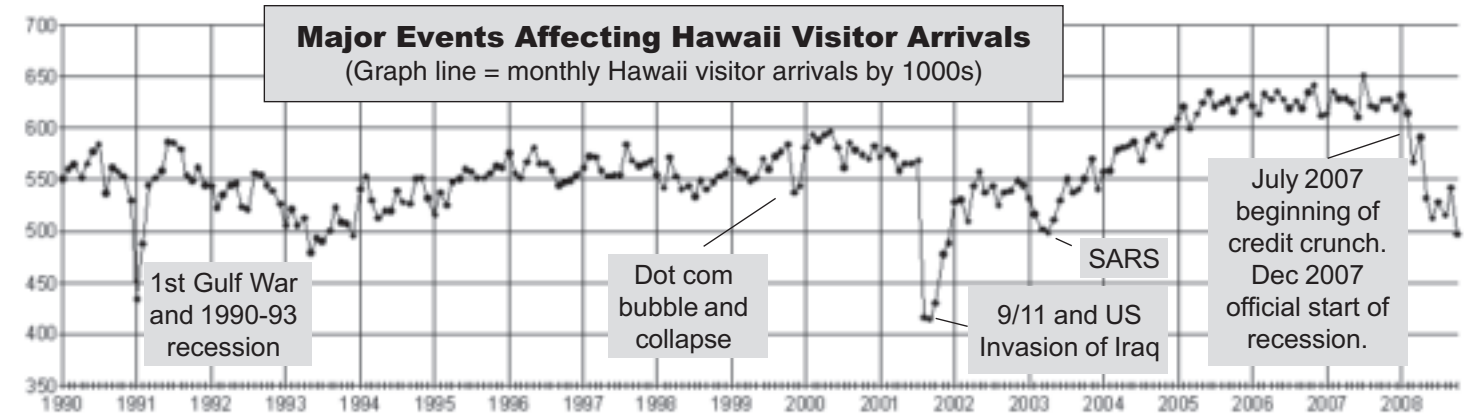
The banks sold these securities and were not required to have the cash to back these securities. The ILWU staff pension plan has to guarantee 60 percent of our pension benefits. Lehman Brothers had enough cash to cover maybe 3 percent of their financial commitments and that's why they had to seek bankruptcy protection. This is why governments around the world are forced to spend billions of dollars to bail out their banks.

Worldwide credit shortage

By the end of 2006, US investment banks had sold over \$2 trillion of mortgage backed securities and Collateralized Debt Obligations or CDOs, which were bought by US and foreign banks, pension funds, investment funds, and individuals. These CDOs were supposed to be low risk, high quality investments which returned a very high rate of 10 and even 20 percent a year, which was two to four times more than normal investments.

In reality, CDOs contained mostly high risk assets such as sub-prime mortgages and were not worth what was paid for them, and were likely to lose value over time. Investors and banks around the world had paid far too much for CDOs which may only be worth half their face value or less.

In 2005, thousands of adjustable rate mortgages kicked up monthly payments and sub-prime borrowers defaulted on their loans. Over 200 US mortgage companies declared bank-



ruptcy, unable to repay their loans from bigger banks. The big banks themselves had raised money by selling CDOs and faced potential losses of billions of dollars and didn't have enough cash to cover these losses. In 2007, Lehman Brothers was forced into bankruptcy when banks refused to loan them money to pay off their debts. Bear Stearns and French investment bank, BNP Paribas, froze several of their funds which contained CDOs.

Worldwide credit shortage

Banks began hoarding cash to cover potential losses and stopped lending money to each other, fearing they would not be repaid. This caused a shortage of credit that affected all areas of the economy and pushed the economy further into recession.

Businesses rely on short term loans and credit from banks for their normal day-to-day operations. Banks cut back on short-term credit and stopped making loans for construction projects and to consumers who wanted to buy cars and houses. This forced businesses to sell stock or layoff workers to raise cash for their operations. The large sell-off of stocks pushed stock prices down, leading to huge losses in the stock market.

Consumers stop buying

While the biggest losers were the investors and banks on Wall Street, the constant bad news eroded US consumer confidence. Consumers cut back on their Christmas spending and purchase of higher cost items such as automobiles and household appliances. Unusually bad weather also kept consumers at home and away from the shopping malls on important shopping days such as the day after

Thanksgiving and the day after Christmas. The combination of devalued CDOs, stock market losses, and weak consumer spending played off each other causing a downward spiral of the US economy. As the US economy sank it began to drag the world economy down.

Sub-prime mortgages

Sound banking/lending practices in the past required homebuyers to pass strict standards to qualify for a loan or mortgage. Buyers had to put a down payment of 10 to 20 percent. They had to earn enough income to pay the monthly payments, along with any other loans and expenses such as car payments. They had to have a good credit history of paying their bills on time, and low or no balances on their credit cards. They had to have an assessment of the value of the house they were buying, and they had to carry insurance on the house. All of this guaranteed the bank would profit from making this loan. These were prime mortgages, good as cash in the bank, and were often sold and resold to other banks and investment companies at a profit.

In the 1990s, many of the laws regulating banks, securities, mortgages, and investments were changed to reduce government regulations which would supposedly be good for business and the economy. To further stimulate the economy after a mild recession, the Federal Reserve cut interest rates from 6.5 percent in 2000 to 1.75 percent in December 2001.

With plenty of money available at low interest rates, banks and mortgage companies began making home loans to millions of people who could never afford to qualify for a conven-

tional mortgage. There were various gimmicks used to make the loans seem affordable, such as no down-payments, interest-only loans, and adjustable-rate mortgages. The monthly payments would be affordable for a few years, then the monthly payments or interest rates would increase. These were called sub-prime mortgages.

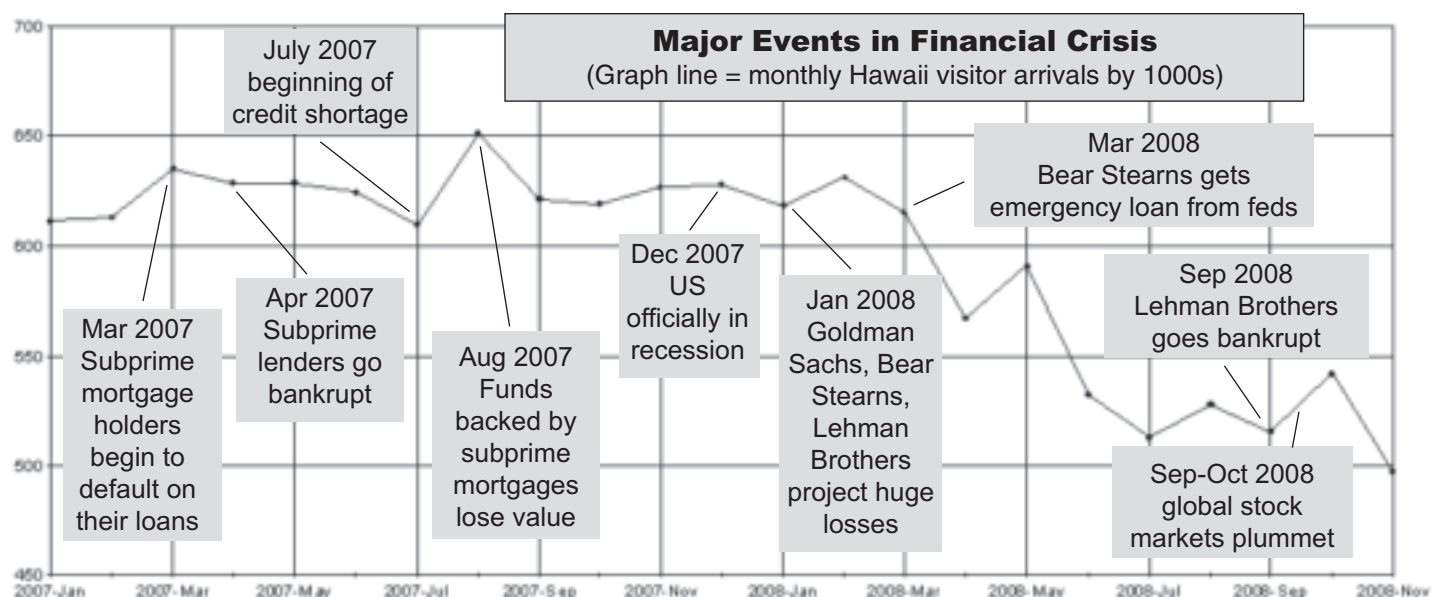
The tremendous increase in housing sales led to huge jumps in home prices in states such as Nevada, California, and Florida. There were many stories of people buying property and selling them a few months later for huge profits. New housing developments would be sold out before homes were even built.

Investment banks and sub-prime borrowers were not thinking about the risk. They assumed the value of the houses would increase forever, and they could always sell the property for a big profit. To raise even more money and make more loans, banks packaged these sub-prime mortgages together with prime mortgages and sold them as mortgage-backed securities called Collateralized Debt Obligations (CDOs).

These CDOs were sold to investors, hedge funds and banks all over the world. Some of these mortgages were guaranteed by Fannie Mae and Freddie Mac and appeared to be safe investments. Fannie Mae is the Federal National Mortgage Association and Freddie Mac is the Federal Home Mortgage Corporation. These are privately owned mortgage companies, backed by the financial resources of the US government.

Around 2005, thousands of adjustable rate mortgages reset at higher rates and sub-prime borrowers were faced with huge increases in their

—continued on page 6



Ah Quon McElrath, ILWU Social Worker



ILWU longshoreman and union organizer Joe "Blurr" Kealialo, actor, singer, and trade union activist Paul Robeson, and Ah Quon in 1948.

Ah Quon Leong was born on December 15, 1915. She overcame the hardship and difficulty of growing up the second youngest of a poor, immigrant family in Hawaii. Her father died when she was five, leaving her mother to raise the family. Her older brother stopped going to school to help support the family. All the children would help by collecting kiawe beans, dried bones and scrap metal to supplement the family income. They even made and sold charcoal to help support the family.

Despite the financial hardship, Ah Quon was able to acquire an advanced education—graduating from the University of Hawaii in 1938 with a degree in sociology and anthropology and later attending the University of Michigan in social work. But, instead of using her education for her own financial gain,

she dedicated her energy, skills and knowledge to help others.

She worked first as a volunteer and then as a full-time social worker with the Hawaii Territorial Board of Public Welfare from 1938 to 1946, where she organized an industrial association that won raises for professional and clerical workers. She did volunteer work for Hawaii's struggling labor movement, using her social work training to help workers and their families during the 1938 Inlandboatmen's Union strike and victims of the 1946 tsunami which devastated Hilo.

It was during this time that Ah Quon met and married Robert (Bob) McElrath, who was helping Jack Hall publish the *Kauai Herald* and organize sugar and pineapple workers. In 1942, Bob got a job as a machinist at the Inter-Island Steam Navigation Company dry-dock in

A Celebration of Ah Quon



(Above) Ah Quon addresses Maui Pine workers in 1961. (Above, right) Conducting a workshop at the Kauai Division office in Lihue.

Honolulu, where he organized the independent Marine Engineering and Dry Dock Workers Union of Hawaii. Bob and his union organized workers at Hawaiian Tuna Packers, the American Can Plant, and the Hawaiian Pineapple Company (Dole cannery). Ah Quon was actively involved in helping to organize pineapple workers. Many of the organizing meetings with workers were held in the living room of the McElraths' home on Elm Street in the old Sheridan Tract.

In 1945, the dry-dock and pineapple workers voted to affiliate with the ILWU as Local 150 and Bob was named the information director of the ILWU. [Bob McElrath ran the union's radio program, negotiated

contracts, and was appointed as the ILWU's Regional Director in 1969 when Jack Hall was elected as the International ILWU vice-president. McElrath retired in 1978 and passed away in 1995.]

In 1946, Ah Quon did volunteer support work for ILWU members during the 1946 sugar strike which involved 26,000 workers and tens of thousands of their family members. She helped survey and assess members' needs, helped organize the union soup kitchens to provide thousands of balanced and nutritional meals, and helped members with a wide variety of medical and social problems. The successful organization of sugar workers, based on racial unity, laid the foundation for Hawaii to evolve into a modern, democratic society.

Ah Quon continued her work with the union during the 1947 pineapple lockout and again in 1949 during the longshore strike.

When amidst anti-communist hysteria of the 1950s the "Hawaii 7" defendants were accused in a Smith Act case of teaching the overthrow of the government by force and violence, Ah Quon was office manager for their defense. In fact, this was an attempt to break the ILWU, which failed.

In 1954, the ILWU finally started paying Ah Quon for her work and hired her to provide social services to union members, mostly immigrants. She helped them with the medical and health benefits they received as a collectively bargained benefit. She also worked with the union's growing elderly population of single, Filipino plantation workers, helping many of them return to the Philippines when they retired.

Ah Quon believed in training and

Testifying before the

Your mission is to organize

"We all gain a measure of immortality in families and friends who remain after us and in being part of the human gene pool. But primarily a measure of our immortality is preserved in the building of a union, the ILWU, which is nearly 70 years old and which, through good times and bad, through good leaders and bad, through good members and bad, through good policies and bad, continues as an organization through which working people can still exercise a measure control over the nature of their work, that which continues to define who we are and what we are.

"The lessons are many that we can learn from the history of our union. Only you can learn from those lessons and pass on what you learned to others. Only you, in concert with others, can prevent moving into the bowels of a police state. You can do it, but only if you are willing to participate in the life of your local, only if you do not become smug in your protected jobs with adequate wages and fringe benefits, only if you recognize that there are many more of us who slave 40 or more hours a week at two or three jobs to put food on the table, pay the rent, send our children to school, and get health care only if we do without a meal.

"The 16.1 million of us in unions have a refuge only so long as we are willing to organize the 129 unorganized million workers subject to layoffs, bad working conditions, low pay because business and industry concentrate on their bottom line by exporting capital and jobs abroad...

"That is your mission in the 21st Century. To ignore that mission is to condemn your children and your grandchildren and the rest of the working class to lives with debts, no education, no health care, no hope for the future.

"The cudgel is there for you to pick up. You can do it. Will you do it?"

—Ah Quon McElrath, 32nd Convention of the ILWU, San Francisco, California, April 28 - May 2, 2003

Ah Quon McElrath, ILWU Social Worker

Quon McElrath



State Senate in 1961.

developing union members to help themselves and their fellow workers. She worked with the ILWU's membership service committees composed of worker volunteers who would counsel other workers and refer them to the appropriate social agencies.

Active in retirement

Ah Quon retired from the ILWU in 1981, but never retired from her life-long mission of helping working people help themselves, of defending civil rights, and of advocating for fair treatment of the underprivileged.

In 1983, she attended the founding convention of the Nuclear-Free Pacific Community in Vanuatu where the people of many of the Pacific island nations came together to call for an end to nuclear waste dumping and nuclear bomb testing in the Pacific. Later that year, Ah Quon moved to Washington, D.C. to work with the Villers Foundations on national legislation on issues concerning the elderly.

On her return to Hawaii in 1985, she co-founded the Committee on Welfare Concerns which helped focus the previously separate lobbying efforts of individuals and organizations concerned with the elderly, welfare rights, the handicapped, civil rights, and social programs.

During many sessions of the Hawaii State Legislature, Ah Quon would

Ah Quon with ILWU International Vice President Curtis McClain.

camp out at the State Capitol and sift through hundreds of proposed bills, looking for proposals that would impact the lives of the poor and the elderly, erode civil rights, or increase the cost of living. Then she and the Committee on Welfare Concerns, an organization of individuals and 24 organizations which Ah Quon co-founded in 1985, would lobby lawmakers on behalf of and with poor men, women, and children. She sought most of all to establish a universal health care system that

would cover everyone.

In 1998, Ah Quon fought for legislation that would allow for dying with dignity and doctor assisted death. She was instrumental in the formation of Governor Cayetano's Blue Ribbon panel on Living and Dying with Dignity. She worked hard to promote greater public awareness of how current medical practices often prolong death, of the difficult choices faced by families and the individuals with terminal illness, and of the cost of dying with dignity.

Ah Quon honored at a dinner held by The People's Fund on November 1, 2008. (L-r) ILWU Local President Fred Galdones, Kenneth Ige of Unit 4412-Servco Pacific Inc., Oahu Business Agent Tyrone Tahara, Sean Dacuycuy and Dennis Morton of Unit 4201-Hawaii Stevedores.

Ah Quon was appointed to the Board of Regents of the University of Hawaii from 1995 to 2003 where she brought a unique perspective to the governing body of the University of Hawaii system. She was a strong and passionate advocate for students and faculty, serving as the chair of the Regent's Academic Affairs Committee and Committee on Student Affairs.

Educate ILWU members

Ah Quon continued to educate ILWU members—both here in Hawaii and on the Mainland—about the union's progressive history and the need for union members to work for peace and justice. She was a featured speaker at a number of ILWU conventions, pensioners conferences, at educational LEAD Institutes on the West Coast, and the Labor Institutes in Hawaii.

Ah Quon received recognition for her lifetime work in advancing the cause of working people, the poor, the elderly and the disadvantaged by numerous community organizations and groups, not only in Hawaii but nationally as well. She was recognized by the Asian Pacific Americans Labor Alliance, by Na Loio, the YWCA of Hawaii, the University of Hawaii School of Social Work, the Hawaii Institute for Public Affairs, the Hawaii People's Fund, and many other organizations.

Ah Quon touched the lives of thousands of Hawaii's people. Ah Quon passed away with dignity on Dec. 11, 2008, just a few days short of her 93rd birthday. She is survived by a daughter, Gail, a son, Brett, two grandchildren, one great-grand daughter, brother Ah Nee Leong and a sister Mabel Abili.

You can do it..will you?

"You are the union. All you need do to carry on that noble tradition of your ancestors to become good union members—attend all your meetings; ask questions when you are unsure; make suggestions when you think things are going wrong; an elected official who doesn't represent you and the rank and file; a worker who is not getting the attention when a grievance is filed; know your contract well so you can represent a worker on the job and when there is trouble. Belly aching is not enough.

"There's a lot you can do; in concert with other working people, with all the mothers and fathers and children of this world in international solidarity we can live in peace, with enough food to eat, enough water to drink, health care when needed; education for children.

"Will you do your part with other workers and families in Hawaii, in the United States, in the rest of the world? Are you willing to become a leader? Are you willing to carry the torch your ancestors lit for unions, still the only social organization in whose hands workers can manage to control the conditions of work which defines you and all other workers who produce the goods and services, the art and music, the literature and dance which nourish the human spirit and mind in freedom and love and with equality and justice? Will you do it?

—Ah Quon McElrath. 23rd Convention of ILWU Local 142 Honolulu, Hawaii, September 15-19, 2003.

The Economy

Hawaii law requires service charge disclosure

In December 2008, a number of Hawaii hotels were sued for not informing customers that management was keeping some of the service charge or gratuity fee automatically added to banquets and food and beverage functions.

A Hawaii law passed in 2000 (HRS §481B-14) requires any hotel or restaurant that applies a service charge for the sale of food or beverage services to distribute the service charge directly to its employees as tip income or clearly disclose to the purchaser of the services that the service charge is being used to pay for costs or expenses other than wages and tips of employees.

The Hawaii law sought to protect consumers by preventing deceptive practices and unfair competition. It's common for many restaurants to automatically add a service charge of 15-18 percent to a group of 6 or more people. Most hotels add a service charge to food and beverage functions at the hotel. Customers assume that all or 100 percent of this service charge is given to employees as tips. If management keeps some of the

service charge, then they must inform their customers.

One of the lawsuits is against the Kahala Hotel & Resort in Honolulu. It was filed by a man who paid more than \$15,000 for a wedding reception. He paid a 19 percent service charge on food and beverage, but the hotel did not tell him that management kept some of the service charge.

A second lawsuit was filed by the same law firm against the Hilton Hawaiian Village in Waikiki over not disclosing that 100 percent of service charges for a \$22,700 wedding reception were not given directly to tipping employees.

The law firm is seeking to establish a class action lawsuit for all customers who paid service charges to the hotel for the last four years. The Hawaii law allows for triple

damages plus attorney and court fees. However, if the lawsuits are won, it is not clear how the courts will calculate damages.

Workers sue

In a third lawsuit, a former waiter at the Pacific Beach Hotel in Waikiki is suing hotel owner HTH Corporation for keeping part of the 17 percent service fee it charged for banquets and group functions. His

suit seeks full payment of the service fee for the last four years for all tipping employees who worked at the Pacific Beach and Pagoda hotels owned by HTH.

Unlike the other lawsuits which involve customers, this suit seeks to establish workers as the injured party. This is the first such case filed in Hawaii and the VOICE will keep you informed of what happens when this case goes to trial.

Workers win tip pooling lawsuits

The states of California, New York, and Massachusetts have laws that prohibit management from requiring their employees to share tips with management or certain non-tipped employees. Employers may violate the law when they require tip-pooling arrangements which give some of the tips to supervisors and back-of-the-house workers who have no customer contact.

It took almost four years, but an October 8, 2004, lawsuit against Starbucks for allowing shift supervisors to share in a tip pool finally went to trial. It was certified as a

class action lawsuit in 2006. In March 2008, a San Diego County Superior Court ruled against Starbucks and ordered the company to pay as much as \$100 million to 120,000 current and former employees as their share of tips illegally paid to shift supervisors for the last eight years.

Starbucks maintains the shift supervisors are ordinary workers who should be allowed a share of the tip pool. The company has appealed the court's ruling.

Similar cases are going to trial or have been settled in other states.

How the economic crisis affects us—from page 1

exception is contributions to the union's staff pension fund, which has to be increased to make up for losses in the stock market.

The officers met with the union's elected rank-and-file trustees on January 5, 2009, to explore other ways to reduce expenses. The officers and trustees agree that layoffs or cuts in wages and benefits of personnel would only be made as a last resort.

One cost cutting measure will reduce two-day meetings to one day. This is why the March 2009 Local Executive Board meeting is scheduled

for one day. The Executive Committee and trustees will also try to complete their work in one day meetings.

Hawaii's tourism industry will be hit hard as two of our largest and most important sources of visitors, Japan and California, are in recession. Military spending is expected to grow and the construction industry will benefit as work begins on the rail system for Honolulu. However, this economic activity is mostly on Oahu and does little to benefit the neighbor islands.

Hawaii Island has been hardest hit

by the downturn in visitor counts—almost every hotel on the island lost revenue.

Some of the drop in visitor counts in 2008 was due to the sudden closure and bankruptcy of Aloha Airlines and ATA, the relocation of two NCL cruise ships out of Hawaii, and record high fuel prices which caused airlines to add fuel surcharges to their fares. In mid 2008, Japanese visitors, for example, were paying Japan Airlines an extra \$282 in fuel charges alone. JAL has lowered the surcharge to \$82

in January 2009. Korean Air Lines and other carriers have also lowered their fuel surcharges for 2009.

Maui's visitor industry was both up and down. Some hotels lost business and some hotels gained business. The people who can afford to stay at luxury hotels continue to go on vacation even during recessions, and ILWU organized hotels on Kauai and Lanai did better than most. However, there is growing evidence that even the very wealthy are beginning to cut back on their spending.

Understanding what caused the economic crisis—from page 3

monthly payments. Housing prices also began to fall and many new home owners found they owed more money than their homes were worth.

Home owners did what they could to keep up with payments—they took a second job, cut back on their spending, moved in with their parents and rented their house, or sold their homes at a loss. Some were able to refinance their loans, but about 25 percent of the sub-prime borrowers just stopped paying their loans.

Mortgage companies and banks took possession of these homes, but as housing prices fell, many of these properties were sold at a loss. Over 200 mortgage companies went bankrupt.

About 1 million ARM mortgages are scheduled to reset each year in 2009 and 2010, leading to more foreclosures and bankruptcies.

Lack of government regulation and

Collateralized Debt Obligations (CDOs) were the primary cause of the crisis. They were a new product pushed by the biggest and most respected investment banks such as Lehman Brothers, Bear Stearns, Wachovia, and Goldman Sachs that boasted yearly returns of 10% and even 20%—compared to 5 percent or less from the best business stocks.

Rating agencies such as Standard and Poor gave these bonds their highest rating of AAA because they believed them to be sound.

By the end of 2006, it is estimated that US investment banks sold close to \$2 trillion of CDOs in the global market. Pension funds bought as much as \$500 billion of these CDOs.

In April 2007, sub-prime borrowers began to default on their loans, leading to the bankruptcy of New Century Financial which specialized in sub-prime mortgages.

Banks began taking a closer look

at their investments to determine their potential losses from sub-prime defaults. The banks realized there was no way to assign a value to these CDO investments because they were bundled together with other assets, and no one knew how much of it was backed by sub-prime mortgages, which could be anywhere from 45 to 70%.

By 2007, the questionable value of mortgage-backed securities became a major problem. How much of these securities were based on sub-prime mortgages? How many of these sub-prime mortgages would foreclose at a loss? Foreclosures can take months to complete but usually result in a loss of around 20-25 percent. Individual CDOs are based on hundreds or even thousands of mortgages and it was nearly impossible to quickly place a real value on the CDO. The CDOs couldn't be sold and couldn't be cashed out. For all practical pur-

poses, CDOs had to be valued as worthless.

Lehman Brothers became the first casualty when they were forced into Chapter 11 bankruptcy in September 2008. The company had invested heavily in mortgage backed securities and was supposed to worth \$600 billion. Over 100 hedge funds used Lehman as their broker.

Merrill Lynch also found itself writing down billions in losses. The company was bought by Bank of America.

Many of these companies had purchased Credit Default Swaps which was supposed to limit their losses. But AIG and Lehman Brothers had sold billions of dollars of Credit Default Swaps and didn't have the cash to pay. Lehman Brothers went bankrupt and AIG would also have gone bankrupt if the US government had not given them an emergency loan of \$85 billion.

Tips on tips

Proven techniques to increase your tips - Part 2

Are you a tipping category hotel worker? Do you want to increase your tipping income by 10 to 30 percent?

Yes? Then read Michael Lynn's "Mega Tips: Scientifically Tested Techniques to Increase Your Tips." Lynn explains 14 methods that are proven to increase your tips. Prof. Lynn's has given us permission to reprint his tips in the Voice of the ILWU. In the Nov-Dec 2008 issue we printed Tip #7 - Repeat Customers's Order and #11 Smile.

"Mega Tips" can be freely downloaded from--www.hotelschool.cornell.edu/chr/pdf/showpdf/chr/research/tools/LynnMegaTipsFinal.pdf. Or call your ILWU Division Office or write to ILWU, 451 Atkinson Drive, Honolulu, HI 96814 and we'll mail you a copy.

MEGA Tip #1: WEAR SOMETHING UNUSUAL

Although you must usually wear a server's uniform at work, add a distinctive element of clothing, jewelry, or other adornment to your uniforms so that you stand out. This will help customers perceive you as an individual person rather than a faceless member of the staff. Along that line, I still remember one waitress at a NYC restaurant who waited on me several years ago. She wore a goofy hat that no one else in the restaurant was wearing. Wearing that hat made the waitress seem more interesting and personable, and it increased the tip she got from me.

More formally, similar effects of adornment on tipping were observed in a study by Jeri-Jayne Stillman and Wayne Hensley. For this study, six waitresses at an upscale restaurant agreed to record information about their dining parties for four nights and to wear a flower in their hair for two of those nights. Which two of the four nights the flower was worn was determined randomly for each server. Each night, those waitresses in the "flower condition" were "provided a selection of flowers from which one was chosen for the evening." The results indicated that the waitress' tips increased from about \$1.50 per customer in the control condition to about \$1.75 per customer in the flower condition. Thus, they earned 17 percent more in tips simply by wearing flowers in their hair.

The results of this study suggest that (if possible) you should wear something distinctive or unusual when you work. Whether it is a flower in your hair, a loud tie around your neck, or a funny button on your shirt, wearing something that stands out will personalize you to your customers and should result in larger tips. However, take care not to wear things with political, religious, or otherwise controversial messages and meanings so as not to offend those customers with different points of view.

14 methods of increasing your tips

Last month we covered tip numbers 7 & 11, and this month we cover numbers 1, 2, and 12. Look for next issue of VOICE of the ILWU, when we will give your more "tips on tips"!

1. Wear something unusual (like a flower) - increases tip by 17% (Jan./Feb. 2009 VOICE)
2. Introduce yourself by name - increases tip by 53% (Jan./Feb. 2009 VOICE)
3. Suggesting drinks, appetizers, deserts - increases tip by 23%.
4. Squat next to the table - increases tip by 20-25%.
5. Touch your customers - increases tip by 22 to 42%.
6. Telling customers a joke - increases tip by 40%.
7. Repeat customers' orders - increases tip by 100% (Nov./Dec. 2008 VOICE)
8. Call your customers by name - increases tip by 10%.
9. Draw on the check - increases tip by 18%.
10. Use check folder with credit card insignia - increases tip by 25%.
11. Big Smile - increases tip by 140% (Nov./Dec. 2008)
12. Write "Thank you" on the check - increases tip by 13% (Jan./Feb. 2009 VOICE)
13. Forecast good weather - increases tip by 18%.
14. Give customers candy - increases tip by 18-21%.

Mega Tip #2: INTRODUCE YOURSELF BY NAME

Introduce yourself by name when greeting your customers. If done properly, these introductions make you seem friendly and polite and make the customer feel more empathy for you. Both of these effects should increase tips.

Kimberly Garrity and Douglas Begelman tested this expectation in an experiment conducted at a Charlie Brown's restaurant in southern California. The study tested two-person parties who came to the restaurant for Sunday brunch. Each of these parties was randomly assigned to one of two conditions. In the "name condition," a waitress approached her tables, smiled, and said "Good morning. My name is Kim, and I will be serving you this morning. Have you ever been to Charlie Brown's for brunch before?" In the "no-name condition," the waitress used the same approach, smile, and greeting, except that she didn't give her name. This manipulation had a large and statistically significant effect on tips. The waitress received an average tip of \$3.49 (15%) when she did not give her name, but she received an average tip of \$5.44 (23%) when she did give her name. So, this waitress earned almost \$2.00 more from each table simply by introducing herself by name!

The results of this study suggest that you should introduce yourself by name to your tables. Of course, these self-introductions need to be made with a genuine and professional attitude. Surly or insincere introductions are likely to backfire. The words "Hi, I'm ... and I will be serving you this evening" can be irritating if said in an uncaring or automatic way—especially if they sound scripted. However, if you introduce yourself in a sincere and professional way, customers should leave you larger tips.

MEGA Tip #12 : WRITE "THANK YOU" ON CHECKS

Try writing "Thank you" and signing your name on the backs of checks before you deliver them to your customers. These expressions of gratitude will make you seem friendlier, which should increase your tips. Expressions of gratitude may also make customers feel obligated to earn that gratitude by leaving larger tips. Whatever the mechanism involved, expressions of gratitude are likely to increase the tips you receive.

Bruce Rind and Prashant Bordia tested this expectation at an upscale restaurant in Philadelphia (where they also tested Smiley faces). A waitress, whom we will call Anne, conducted this study by randomly assigning her lunch customers to one of three conditions. On the back of the check she wrote nothing, "Thank you," or "Thank you, Anne." As expected, this manipulation significantly affected the size of the waitress's tips. She received an average tip of 16 percent when she wrote nothing at all, but she received an average tip of 18 percent when she wrote "Thank you" on the back of the check. Adding her signature made no further difference in tip levels, compared to thanks alone.

Since there is little downside to expressions of gratitude, you should always write "Thank you" or some comparable message on the backs of your checks. To avoid time pressures during busy shifts, you can write these messages on your checks before customers arrive. Doing so will only take a few minutes of your time and should increase your tip income.

"Mega Tips" can be freely downloaded from

www.hotelschool.cornell.edu/chr/pdf/showpdf/chr/research/tools/LynnMegaTipsFinal.pdf.

VEBA Retiree Benefit Plan - On Oahu - 441-8600 or Neighbor Islands Toll Free (888) 256-3573.

News Around the Union

Organizing success at Yukio Okutsu State Veterans Home



Newly organized ILWU members of the Yukio Okutsu State Veterans Home in Hilo approved a new contract. The 95-bed facility provides long-term care to eligible US veterans. It opened in 2007 and is the first veterans home to be built in Hawaii. (L-r) BJ Greig, Rachel Segawa, Business Agent Isaac Fiesta Jr., and organizer Raynette Filoteo.



Pineapple industry caucus held Jan. 16

Pineapple caucus members from Dole Pineapple and Maui Land & Pineapple met on January 16 to discuss their upcoming contract negotiations. Seated: Samuel Ramirez, Harold Gouveia, Douglas Cabading, Mathew Rodrigues, and Avelino Martin. Standing: Oahu Division Director Dave Mori, Maui Business Agents Delbert DeRego and Teddy Espeleta, Oahu Business Agent Brandon Bajo-Daniels, Arnold Kalilikane, and Glenn E. Murayama.

Harriet Bouslog Labor Scholarship changes

Harriet Bouslog Labor Scholarship will increase to 10 statewide for \$1,000 a semester, up to 8 semesters, at any UH campus offering bachelor's degrees. This will include UH-West Oahu as well as Maui, which is now offering bachelor's degrees.

Scholarship applicants will be required to interview their family member who is an active or retired ILWU member. If the family member is deceased or otherwise unavailable for interview, another ILWU member may be interviewed. The interview should be at least 30 minutes in length.

The applicant will also be required to write an essay about lessons from the interview and what the role of the ILWU and other unions should be for the applicant and others in the future.

Applications will be available at Division Offices soon; contact the office nearest you for more information

Applications must be submitted by April 2009.



Hapuna wins state basketball tourney

HONOLULU—The Hapuna Beach Hotel basketball team beat out ILWU champs from the Big Island, Mauna Lani, to make it to the state tournament—then blew away the competition from Kauai and Oahu to become the ILWU 2008 basketball champions on December 13.

Hapuna beat Ball Corp. 46-27 in one semi-final, and Pepsi defeated Team Kauai 55-33 in the other. The consolation bracket saw Team Kauai edging past Ball Corp 40-38, and Hapuna beat Pepsi 46-40 for the championship

The All Tournament Team members were: Alston Viernes, Brennen

Pasco (Hapuna); David Zane (Pepsi-Oahu); Felipe Aguiaho, Joel Green (Team Kauai); and Mike Monis (Ball Corp.)

The tournament Most Valuable Player was Alston Viernes, and Brennen Pasco won the half-time Three-point Shooting Contest.

Thanks go out to Division Sports Coordinators Brian Tanaka and Larry Ruiz, Lance Kamada of the Honolulu Advertiser for volunteering as scorekeeper/statistician for the tournament, and Kenneth Ige of Servco Pacific Inc. for serving as scorekeeper/statistician for the Oahu Division regular season basketball.

Photos by Reynelle Tabanao.

Mauna Kea Beach Hotel reopens

Built in 1968, the Mauna Kea Beach Hotel was severely damaged in the 2006 earthquake and had to close for almost two years to make extensive repairs. The hotel reopened in December 2008 and most of the workers will be recalled to work this year.

Victory for mistreated mariners

—continued from page 1

made by Local 142 longshore workers and from concerns expressed by members of the *Masters, Mates, and Pilots Union* who operate tugs needed to move the vessel.

After some negotiating, the company agreed to sign an ITF- approved union contract providing crewmembers with \$1,000 in back pay, raises of 30%, and contract language prohibiting discrimination. Also included in the agreement were replenished medical supplies, better safety training, and a new stock of fresh fruit and vegetables. A Christmas tree, long sought by many crewmembers, was the deal-closer.

ILWU International Vice President for Hawaii, Wesley Furtado, feels that the groundwork for the victory came from last year's training effort. "When Jeff came to Hawaii

last March, he trained Tyrone Tahara, Warren Ditch, Brad Scott, Dennis Morton, and Sean Dacuycuy to respond to situations exactly like the *Japan Tuna* incident. All our local guys deserve credit for applying that training and succeeding on behalf of these Filipino seaman. This was the first opportunity for our guys to prove themselves, and they really stepped up."

The exploitation of maritime workers, including crews of ships, is a longstanding problem, but Engels is confident that the Hawaii team can handle the next situation on their own. "It's a great feeling that the ILWU and ITF now have teams in place that can help workers win some justice with solidarity and action."