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CHAPTER 11

KEY INSTITUTIONS

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"Can you name the Big Five?"

Most of us would have an easier time naming the Fabulous Five, that great UH basketball team. Long gone are the days when five large businesses monopolized the marketplace and exerted collective clout over everything else.

It's harder than ever to put your finger on what has replaced Hawai'i's oligarchy. At the same time, power abhors a vacuum. Private sector institutions *are* shaking and moving their way into the picture. They are diverse, constantly changing, and they seldom take action hand-in-hand. They're here, just harder to find.

So name your Big Five. Remember, they have to be private sector institutions with political know-how, an information network, and the ability to shape public opinion. Here are my nominees for today's Big Five:

The big banks. Almost by default. They know money and marketing. Walter Dods at First Hawaiian Bank is a marketing whiz who has lent his talents to many winning political campaigns. Dolly Ching at Bank of Hawaii possesses an extraordinary political eye. Officers from financial institutions serve on scores of voluntary boards and commissions and are among the state's leading corporate citizens.

Some critics would say that our banks get a return on their investment. For example, according to a Bureau of National Affairs banking report, Hawai'i is the only state in America without an interstate banking law (Montana, the next-to-last holdout, enacted a law in 1993). Does this mean Hawai'i's banks are unduly protected from outside competition?

Let's take a look. On the mainland, a bank may be headquartered in one state, with operations in surrounding states. The arguments *for* interstate banking are that it serves customers who cross state lines, consolidates operations, and reduces administrative expenses and other costs. Risk is also spread around: if a bank from one region is doing badly, it can utilize funds from a sister bank of another region.

Hawai'i bankers argue that their customers don't regularly cross state lines and that home-based banks can best understand Island uniqueness. They remind us that when Hawai'i Kai was flooded, local banks immediately stepped forward with low-interest loans, with no mainland clearances required. On the issue of spreading risk they ask, why should Hawai'i's strong banks be the deep pockets for a weaker mainland institution?

Legendary bank robber Willie Sutton once was asked why he robbed banks. Without a moment's hesitation he replied, "Because that's where the money is." Sounds easy. But Hawai'i's big banks didn't make my list of key institutions just because of the money they control. They're there because they haven't hesitated to use the power money provides *and* because they've readily accepted the role of community leader. Bank of Hawaii's Howard Stephenson and First Hawaiian's Walter Dods, for example, have insisted that their respective institutions "give back" to the community. As long as they and their successors do that, their spot on my list is secure.

Bishop Estate. What we have here is an institution with lofty, charitable ends and a developer's means. The estate's critical mass (of land and wealth), more than its schizophrenic constitution, is enough to make it a major player in the Islands. It makes decisions on whether to invest funds in Hawai'i or elsewhere, what business and housing projects to develop, and how much rent to charge leaseholders. Any way you cut it, when the estate shakes, the marketplace moves.

Ten years ago Bishop Estate was not the visible player it is today. The politicizing of the leasehold question and the push for land use initiatives changed all that. So did the selection of activist trustees like Henry Peters, Oswald Stender, Dickie Wong, and Lokelani Lindsay.

Bishop Estate has always needed a strong and steady revenue stream for the education of Hawaiian children. What's new is that the estate has decided to establish a visible political presence. It has the leaders and the "people network" to sustain it. The question now is, what will the estate do with it?

Labor unions. The unions face a changing economy, a changing workforce, and changing values. Ah, for the good old days when the biggest enemy was management.

"FELLAS, FELLAS–THIS IS A LABOR DAY UNITY PICNIC, FOR HEAVENS SAKE!..."

For a half century, union power was personified by the International Longshoremen's and Warehousemen's Union (ILWU). The ILWU represented workers from the agrarian industries that built modern Hawai'i. It used its neighbor island presence to leverage power at the state legislature.

With the decline of Hamakua Sugar, we are seeing the end of more than an industry. We are bidding aloha to a political power base spawned by the labor movement and rooted in a way of life. Hawai'i will never be the same, and neither will the power structure within the state legislature.

But don't blink. Hawai'i's still a "labor" state, and its unions still have some degree of political clout, especially the Hawai'i Government Employees Association and the United Public Workers. The unions' greatest strength is their numbers and the message that, "If you do it to one of mine, you do it to me." In the right circumstances, that credo builds armies.

News media. It's ironic that the least "covered" of the agenda-setting institutions are the news media themselves. After all, these folks define reality on a daily basis.

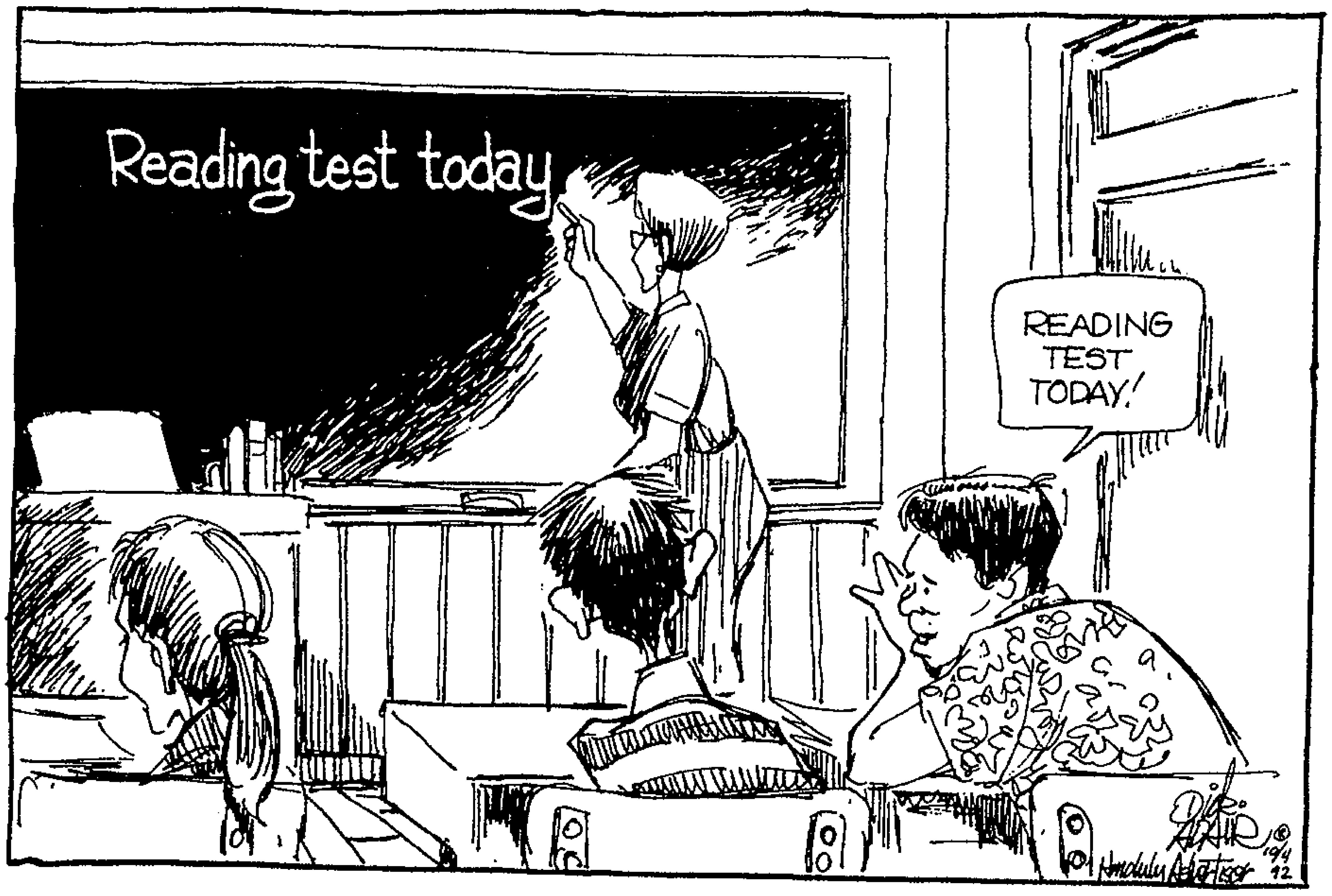
Everyone knows that TV leaves lasting impressions and, more than any other single entity, shapes public opinion. The untold story with local TV stations is that there is seldom a political bias in their news reporting. Their flaws instead come from time constraints, the psychology of sound bites, the if-it-bleeds-it-leads mentality, and a news anchorperson having a bad hair day.

Most significant, TV news is undergoing fundamental change for two basic reasons: first, deregulation of the airwaves, more competition, and eroding audience shares; second, higher costs to run a station and produce news.

No one knows where local broadcast news is going. Joe Moore for free at six o'clock may soon be another TV memory, replaced by pay-as-you-use, round-the-clock news services. Because TV understands the increasingly segmented market it serves, its services will become more tailored to types of customers and their information needs. There are good TV journalists who worry about the Orwellian implications of this change. Stay tuned.

The Honolulu daily newspapers are a new pair of shoes, having undergone extraordinary ownership changes, with Gannett, the largest newspaper company in America, selling the *Honolulu Star-Bulletin* and buying the locally owned *Advertiser*.

Based on past performance, you should be able to count on the *Advertiser* and editor Gerry Keir to drive an agenda. Keir brought us Hawai'i's first published political polls and championed the cause of education reform with news coverage and editorials. Internally he'll have some hard choices. He faces the problems of a shrinking news section, an 18- to 30-year-old population that doesn't read newspapers, and nonlocal ownership. This shoe could be a tight fit.



Less predictable is the *Star-Bulletin*. Its newsroom is still overcoming a massive anxiety attack following the paper's sale. The *Bulletin* may be shedding its traditions as a more conservative and conventional newspaper, which old-timers will miss. Editor-publisher John Flanagan has made a long-term commitment to an evening paper. The hiring of political reporter Ian Lind and business *akamai* Diane Chang as editorial page editor are hints of change. This shoe isn't out of the box yet.

Sadly, as the news media move through a time of rapid change in which their own existence is threatened, no one analyzes and reports this important story. Not since Bob Dye stopped writing for *Honolulu Magazine* have we seen a solid piece on the subject. News reporting isn't newsworthy, it seems.

The anti-establishment establishment. Committee On Sensible Transit (COST), Mothers against Drunk Driving (MADD), Save Our Surf (SOS), countless community organizations (CCO), and many others who dare challenge the status quo (MOWDCTSQ)—who are these people anyway?

Generally they are "real people" committed to a cause and ready to rattle society's cage. They are inventive and quick to learn how to communicate a point of view. They're usually better at advocating change than actually implementing anything specific. No single person or style dominates the arena. Skip Spaulding with a law book, Cliff Slater with a calculator, and Carol McNamee with traffic statistics have successfully protected the environment, stopped rapid transit, and curbed drunk driving. And when the battle was done, the gored oxen outnumbered the sacred cows.

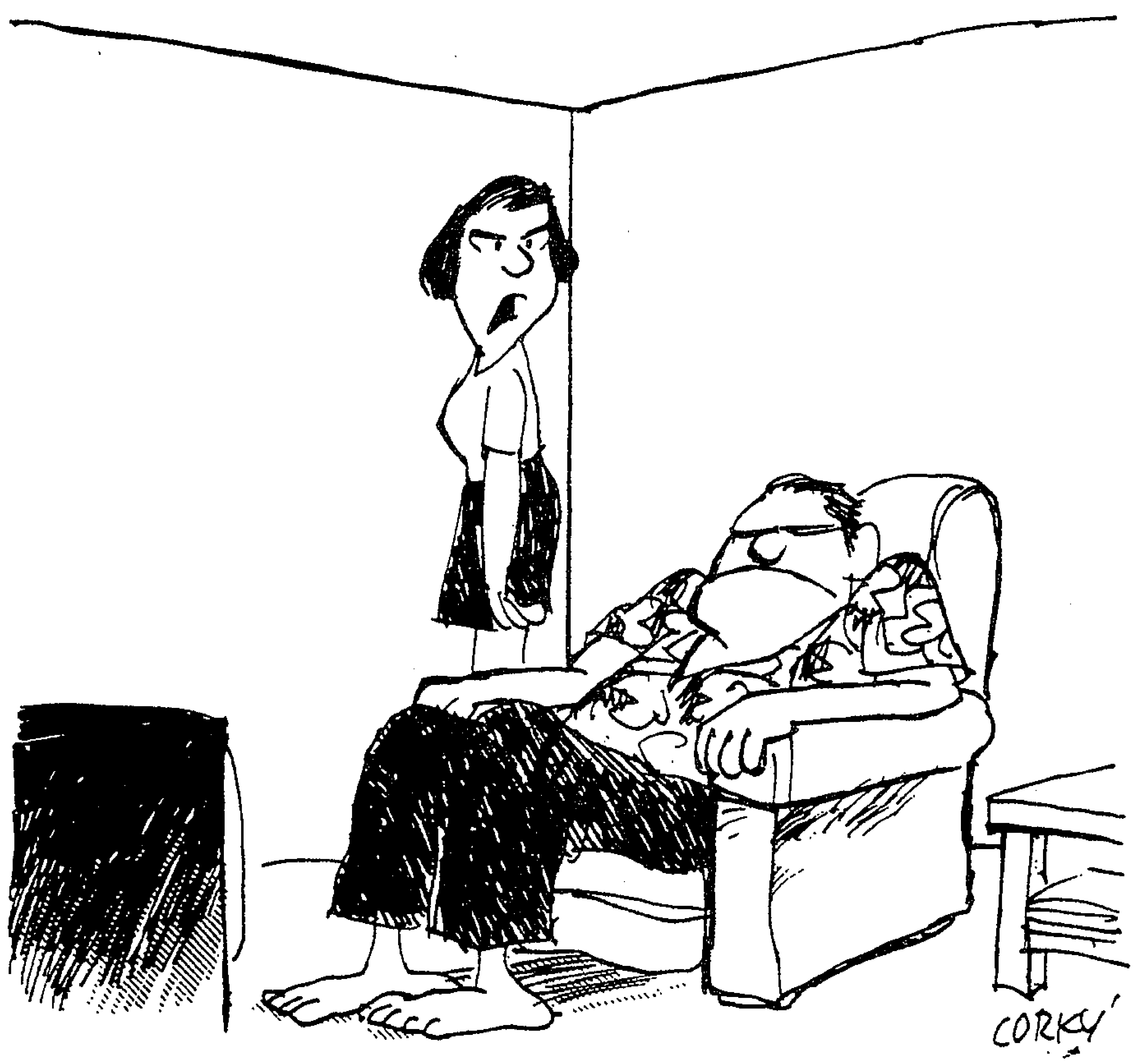
Taken as a whole, the anti-establishment establishment is clearly a shaker and mover, vital to the yang and yin of Hawai'i's democracy. The Buster generation (18- to 30-year-olds) may not read newspapers, but they're not brain-dead either. Look for them to show us a whole new look and game plan. Pay attention. Governors, supreme court justices, union leaders, Bishop Estate trustees, and more than one journalist have passed through the gates of the anti-establishment establishment.

Missing in action. Surprisingly absent as forces in Hawai'i are the visitor industry and foreign investors. The industry is so important and yet lacks a unified voice or clear direction. Richard Kelley, scion of the Outrigger Hotels, has had some interesting ideas and hasn't hesitated to share them. But where's the rest of the industry?

Foreign investors own everything from bakeries to hotels. They are big-time employers here, but they have not emerged as political players or social movers. Is this discretion, ignorance, or simply a phase they're passing through? Probably the latter.

Over the past hundred years, people have used power to take control of Hawai'i from native Hawaiians; to build a military stronghold in the Pacific; to develop blockbuster industries from sugar to travel; and to make Hawai'i the fiftieth American state. Especially since statehood, Hawai'i has looked for what Governor John Burns called "its rightful place in the Pacific sun." Whether you like it or not, key institutions will figure prominently in that search.

The Big Five may be an exclusive club. But hopes for Hawai'i belong to all of us. Remember . . . "power" is a neutral term. It's how people use power that makes it good or bad. Those who have it are worth watching. They may even be worth joining. And if they're not, they're certainly worth changing.



"THOSE WHO COMPLAIN THE MOST ABOUT GOVERNMENT ARE USUALLY THOSE WHO DON'T VOTE..."