

Hawaii Gains Some, Loses Bit as State

By WALTER S. PRIEST

WASHINGTON — (UPI) — At some time during the next three weeks President Eisenhower is expected to issue his historic proclamation making Hawaii the 50th state in the union.

There will be celebrations both here and in the Pacific islands. Two new senators and a representative will take their places in Congress.

Nevertheless, for better or worse, with or without hangers-on and hoarse voices, Hawaiians must start writing the history of their state.

The big questions then become just what does the future hold for Hawaiians and how will they meet the new challenge.

On paper at least, islanders paint a bold picture of growth and development.

For example, by 1980 they see a "gross state product" of \$1,300,000, or more than double the 1958 output of goods and services, a \$400,000 tourist industry per-

sonal income totaling \$2,000,000,000 or again more than twice the 1958 level; a 1,380 population of 1,400,000 and a labor force of 450,000.

Such figures don't take into account wars, recessions, and other economic setbacks.

Even the island's planners also term them "guesstimates" or "guesses" of the future.

But the new states' hard-headed businessmen — and there are plenty of these — think they are realistic goals.

THEY ARGUE that the best way to find out where Hawaii is going is to look back at where it has been.

First, how much will statehood cost? According to estimates by Dr. Roy E. Brown, former director of Hawaii's tax foundation, statehood has added about \$35,000,000 a year to the federal government.

This averages out to a modest 88 cents a head for the 385,625 people of Hawaii. It also takes into account the fact Hawaiians were already paying federal \$164,479,000

in 1957) and local (\$103,574,000 in 1957) taxes as residents of the territory.

Federal officials, now working on omnibus legislation designed to ease the territory into the federal-state system, also figure that federal government saved little by making Hawaii a state.

Compared to Alaska, the federal government had few special responsibilities in Hawaii. Furthermore, Congress voted the island into the union in the midst of an economic boom.

For these reasons there will be no \$25,500,000 federal grant to tide Hawaii over the lean years as in Alaska's case.

As a territory, Hawaii was a part of most federal-state programs, although it often complained it was being short-changed under some.

Foreign authorities estimate the state will receive about \$400,000 extra under annual health, education and welfare programs, plus a big about

the same sum in matching funds.

Otherwise, a great deal of money will not exchange hands because of statehood itself. Hawaiians never expected it would.

IN ANY EVENT, such dollars and cents figuring is overshadowed by the seating of three congressmen. The immense but intangible power of this direct representation can not be tallied on a balance sheet.

(Puerto Rico this session becomes the only major offshore area without a voting voice in Congress.)

With all of this in mind, Hawaiians today ponder their future, not in terms of what they will get by statehood, but rather in what statehood will not prevent, not change, namely, some of the hard facts of island life.

Statehood did not bring the Pacific island chain one inch closer to the mainland, it can't create a single acre of land

Nor did statehood lower the cost of living (20 per cent above Washington), add to the relatively meager mineral resources, or alter the fact that nearly everything consumed must arrive aboard a ship or plane.

The brand-new state government must somehow manage to finance a gross national product estimated to total \$1,300,000,000, constructed by the territory.

Likewise, it will have to pay \$2,500,000 a year in interest over a 10-year period. It will also have to pay the cost of territorial operations, a total of \$75,000,000 more than it spent under some special laws.

The territory's cost of operations, amounting to \$75,000,000, has increased to \$100,000,000 since 1955. It is expected to reach \$150,000,000 by 1960. The territory's cost of operations, amounting to \$75,000,000, has increased to \$100,000,000 since 1955. It is expected to reach \$150,000,000 by 1960.

needs industrial diversification.

But neither as a territory nor state could it hold out the freedom from federal taxation used as a lure for new industries under Puerto Rico's famed "Operation Bootstrap."

Hawaiians like to point out that all of these problems existed before the territory joined Congress and the territory hopes for statehood.

The fact that an impressive number of people have emigrated, especially since the war, is some hard painful evidence.

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