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A FEW FACTS

CONCERNING THE

HAWAIIAN RECIPROcity TREATY,

BY

JOHN E. SEARLES, JR.,

ONE OF THE

Commissioners to the Sandwich Islands by appointment of the
Secretary of the Treasury.

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THE HAWAIIAN TREATY.

NEW YORK, *February* 16, 1886.

SIR: In response to your request for information concerning the workings of the reciprocity treaty with the Hawaiian Islands, I have the honor to submit the following paper, giving some of the facts ascertained in connection with my visit to the islands as commissioner, by appointment of the Secretary of the Treasury, and my deductions therefrom.

Yours, respectfully,

JNO. E. SEARLES, JR.

Hon. ROGER Q. MILLS,

*Chairman of Sub-Committee on Hawaiian Treaty,
House of Representatives, Washington, D. C.*

A Few Facts Concerning the Hawaiian Treaty.

THE COMMERCIAL ASPECT.

In the first session of the Forty-fourth Congress, when the treaty was under discussion in the House of Representatives, it was steadfastly maintained by the advocates of the treaty that, commercially, it would prove beneficial to the United States, and the opinion of the Treasury Department was submitted, wherein it was stated that the estimated loss of revenue would be about \$370,000, and as the total production of the islands could not be largely increased, and would not under any circumstances exceed 25,000,000 pounds per annum, that our increased exports would certainly offset this amount, and that we could afford the loss of revenue of \$500,000 or thereabouts, which the treaty would involve.

The opponents of the treaty, on the other hand, maintained that it would stimulate the sugar production until our imports would amount to not less than 50,000,000 pounds, and the

loss in revenue would reach \$1,200,000 per annum. In the light of these conjectures let us examine the facts.

The importations of sugar and rice—the two principal articles produced in the Hawaiian Islands—for the five years prior to the treaty were, according to official figures,* as follows (pp. 391-395):

Years.	Sugar.	Value.	Rice.	Value.	Total imports.
	<i>Pounds.</i>		<i>Pounds.</i>		
1871.....	15,018,469	\$935,909	599,320	\$15,654	\$1,143,244
1872.....	15,357,784	923,441	1,018,196	35,840	1,280,833
1873.....	15,743,146	934,824	1,697,401	62,574	1,275,061
1874.....	13,575,674	740,786	1,087,785	40,110	1,016,952
1875.....	17,888,000	938,676	1,588,232	60,131	1,227,191
1876.....	20,978,374	1,051,987	2,074,506	77,576	1,376,681

It will be noticed that prior to 1875 the importation of sugar was quite uniform, averaging about 15,000,000 pounds per annum. In 1875, in anticipation of the treaty, the crop was increased, and imports reached nearly 18,000,000, and in 1876 nearly 21,000,000 pounds. In 1877 and 1878 there was a large increase, the receipts amounting to:

Years.	Sugar.	Value.	Rice.	Value.	Total value.
	<i>Pounds.</i>		<i>Pounds.</i>		
1877.....	32,767,544	\$2,233,534	3,870,794	\$158,100	\$2,550,335
1878.....	30,433,917	2,280,350	6,063,514	209,042	2,678,830

It is only fair to state, however, that, according to the report of a Government commission in San Francisco, made in October, 1877, the importations of 1877 were not all the product of that year, but consisted in part of sugars *exported and reimported to avoid duty*. The report says: "It is within the knowledge of the commission that large quantities of sugars, the production of the year previous, were withheld from market in Hawaii, in anticipation of the passage of the

* All the tables in this paper, unless otherwise specified, are from Quarterly Report Foreign Commerce, &c., No. 2, 1885-'86, Bureau of Statistics, Treasury Department.

Act of August 15, 1876, which subsequently sought this market, and were entered duty free. There were also, at the date of the passage of the act referred to, considerable quantities of Hawaiian sugar stored in bond at this port, (San Francisco,) which were subsequently re-exported to Honolulu in bond, and then returned here under the operation of the treaty without being charged with duty. For these reasons the importations of sugar for the year were considerably in excess of the actual product of the islands for the same period."

The production of 1878 was but little more than in 1877, and expressed the limit of capacity for sugar manufacture with the labor and machinery existing prior to the treaty.

In the following year, with a largely increased acreage and new machinery, principally from *England and Scotland*, the crop was largely augmented, and the official figures of the Treasury Department since 1878 show the following imports:

Years.	Sugar.	Value.	Rice.	Value.	Total.
	<i>Pounds.</i>		<i>Pounds.</i>		
1879.....	41,696,674	\$2,807,675	5,553,676	\$270,781	\$3,257,938
1880.....	61,556,708	4,135,531	5,062,646	294,186	4,606,444
1881.....	76,907,247	4,927,021	6,984,406	389,017	5,553,000
1882.....	106,181,858	6,918,083	10,135,678	499,825	7,646,294
1883.....	114,132,670	7,340,033	12,926,951	610,324	8,238,461
1884.....	125,158,677	7,108,292	12,378,433	558,476	7,925,965
1885.....	169,652,603	8,198,164	8,291,360	404,478	8,857,497

Thus it will be seen that from an average of about 15,000,000 pounds prior to the treaty, our importations have risen to nearly 170,000,000 in 1885, and from a value of less than \$1,000,000 to more than \$8,000,000 in the single item of sugar; and in the article of rice the same proportions hold good, the increase being from 600,000 pounds in 1871 to 12,926,951 pounds in 1883. Nor is this the end, for the sugar crop of 1886 will be still larger than last year, and according to Hawaiian estimates will amount to 100,000 tons or 200,000,000 pounds, in value not less than \$11,000,000.

It is true that our exports to the islands have increased under the treaty, but in no such ratio as our imports.

The official tables (pp. 402-407) show our total exports of domestic merchandise, as follows:

PRIOR TO TREATY.		UNDER THE TREATY.	
Years.	Value.	Years.	Value.
1871.....	\$814,885	1877.....	\$1,109,429
1872.....	590,295	1878.....	1,683,446
1873.....	631,103	1879.....	2,288,178
1874.....	588,280	1880.....	1,985,506
1875.....	621,974	1881.....	2,694,583
1876.....	724,267	1882.....	3,272,172
		1883.....	3,683,460
		1884.....	3,446,024
		1885.....	2,709,573
		Total.....	\$22,872,371

These figures show clearly that the maximum of our *exports* was reached in 1883, since when they have declined 25 per cent.; while our imports have been, and are still, steadily advancing at an enormous rate. But while we contemplate this growth in our export business we must also consider its cost, which is in part represented by the amount of duty remitted on the articles admitted free of duty under the treaty, and these, according to the official figures of the Department (p. 410), were:

Years.	Amount.
1877.....	\$1,064,225
1878.....	1,029,854
1879.....	1,387,380
1880.....	2,009,060
1881.....	2,604,776
1882.....	3,539,293
1883.....	*4,279,975
1884.....	*3,307,270
1885.....	*4,103,775
Total.....	\$23,325,608

* At the reduced duty.

Making a total of duties remitted during the nine years of \$23,325,608, while the *total value* of our domestic exports for the same period was only \$22,872,371, or, in other words, if we had made the islands a present of every dollar's worth of goods they have bought in this country and collected duty on their sugars, we should have made a gain. In the year 1885 the amount of duty remitted was \$1,394,202 *more* than the *total value* of our exports, and this amount will be increased in 1886, according to their own estimates of the crop, so that we shall give them \$2,000,000, beside presenting them with all they buy of our products.

Another fact is of interest in this connection ; while it is true that the islanders have increased their imports from this country to a considerable extent, their imports from other countries, with whom they have no treaties, have increased in very nearly the same proportion. The tables furnished in the report of the Treasury Department (page 418) show that while in 1875-76, prior to the treaty, the islands bought from us 59½ per cent. of all their imports, the amount under the treaty 1877-85 has been only 67½ per cent., an increase of but 8 per cent. in the products of this country.

The reason for this will be apparent when it is understood that the duty paid from other countries on the goods admitted free from the United States is in nearly every case only 10 per cent., and several of them are free from *all* countries. The total duty remitted by the Hawaiian Government on their imports for nine years under the treaty would not exceed \$2,000,000 against the \$23,000,000 remitted by the United States.

Strenuous efforts have been made to explain away or modify these figures, but they nevertheless represent the actual facts as to the trade between this country and the Hawaiian Islands as developed by the treaty.

The very rapid and enormous increase in the imports and the exceptionally high grades of the sugars imported from the islands created a general impression in Congress and throughout the country that under color of the treaty, sugars were imported from the Hawaiian Islands into ports of the United States which were not entitled to exemption from duty there-

under, and in May, 1883, the Secretary of the Treasury appointed a commission to investigate these charges; and from their report, bearing date August 29, 1883, I quote. They say:

“We found the charges above referred to to consist mainly of two:

“First. That the class of sugars imported since the treaty went into effect *differs* from that contemplated in the language of the treaty itself and from the importations from the Hawaiian Islands prior to said treaty; that, in fact, the process of manufacture in the islands had been radically changed, vacuum-pans and centrifugals having been substituted for the open kettles and ordinary methods of purging muscovado sugars.

“Second. That sugars from other countries were imported into the Sandwich Islands, and fraudulently exported to the United States as Hawaiian sugars.”

A very thorough investigation was made of both these matters. With respect to the first charge the commission report that the class of sugars imported *differs entirely* from that contemplated in *the language of the treaty*, but is not different from that imported prior to the treaty. Note the language of the treaty: “Muscovado, brown, and all other unrefined sugar,” which means, distinctly, sugars of the lower grades, boiled in the open train, as was the almost universal custom of our sugar makers in Louisiana and Texas at the time the treaty was made. But in the absence of knowledge on the part of Congress as to the facts, by the adroit insertion of the words “meaning hereby the grades of sugar heretofore commonly imported from the Hawaiian Islands, and now known in the markets of San Francisco and Portland as ‘Sandwich Island sugar,’” the treaty secured the introduction into the United States free of duty of semi-refined sugars, a thing never contemplated by Congress for a moment, as is evident by the debate in both the Senate and the House, where they are invariably described as *low grade* sugars.

Referring to a memorial of Eastern sugar merchants on this subject sent to the Secretary of the Treasury, and by him transmitted to the commission, the report says :

“They rested their charges upon the language of the treaty itself, claiming ‘that it provides only for the admission of muscovado, brown, and unrefined sugars, whereas no muscovado sugars have been imported under the treaty, while large quantities have been received of what are known commercially as semi-refined sugars, such as are, by reason of their color, fit for consumption without refining.’ They further claimed that ‘No. 13 Dutch standard is the clearly established dividing line between raw or unrefined and refined sugar, and that this principle was recognized by Congress in its recent legislation on the sugar tariff.’ In the absence of any knowledge of Sandwich Islands sugars in the Eastern markets, the refiners and merchants were doubtless justified in the inference that the term ‘muscovado’ was introduced because the islands produced drained sugars of this character. The non-importation] under the treaty of this class of sugar naturally led to the belief that the process of manufacture had undergone a change; the fact is, however, *no muscovado sugar had been made in the islands for more than twenty years prior to the treaty.* Centrifugals were manufactured and introduced in the islands as early as 1850 or 1851, and have been in use exclusively for purging sugars since that date. Vacuum-pans were also generally used as early as 1865, and in 1870 but few planters boiled their sugar in the open train. In 1875 there was but one or possibly two mills which retained the open train, and every mill started since that date has been equipped with vacuum-pans and centrifugals. The process of sugar making is, therefore, unquestionably the same as prior to the treaty, and accounts for the fact previously ascertained, that the quality of the sugars was substantially the same before as since the treaty. Why the term ‘muscovado’ was used we are not informed. It certainly *had no place in the treaty*, and has tended to *mislead* since, if not at the time of its adoption.”

With reference to the second charge that “sugars from other countries were imported into the Sandwich Islands, and fraudulently exported to the United States as Hawaiian sugars,” the report says:

“The allegation seems to have no other foundation than the fact there has been a large increase in the quantity of sugars sent to the United States since the treaty; but this increase can be otherwise accounted for. It is the legitimate result of the treaty itself. Immediately on the consummation of the treaty, which transferred the duty of \$50 or \$60 per ton from the United States Treasury into the pockets of the

planters, a great impetus was given to the sugar industry of the islands. The acreage of old plantations was at once increased, and new plantations started. From statistics obtained in the islands it appears that three new plantations went into operation in 1875, five in 1876, eight in 1877, nine in 1878, eight in 1879, four in 1880, and one in 1882, bringing into cultivation over 20,000 acres of land additional, with a new capital investment of about \$10,000,000."

Certainly there was no need to resort to fraud to increase their output of sugar; when the inducement to raise it themselves was \$50 to \$60 per ton—the *largest bounty enjoyed by any sugar-producing country on the globe*, and that, too, in a country where the climate and soil are exceptionally favorable, the yield being, according to this report, from 2 to 5½ tons per acre, which exceeds the best yield in Cuba, and is from three to eight times what our Louisiana planters get. (In 1885 the yield of Louisiana cane was from 1475 to 2215 pounds per acre, the latter figure only where vacuum-pans were used.)

The value of the bounty paid the Hawaiian sugar-growers is further illustrated by the fact that they find it to their advantage to sell all their own product to the United States and buy in this country the sugar they consume. The report of the commission says:

"It came to our notice during the investigation that American refined sugar consumed in the islands is manufactured of duty-paid raw sugar, and is exported from San Francisco to Honolulu with benefit of drawback. Thus under the operation of the treaty and existing laws, the United States not only allows the Hawaiians the full amount of duty on the sugars they produce, but also on the American refined sugar they consume, such sugar being sold in Honolulu cheaper than in San Francisco."

It has been claimed repeatedly that the islands were practically American, and that whatever advantages were realized were for the benefit of American citizens resident in the islands or United States; but this is flatly denied by the commissioners, who say on this point:

"The statement which has been frequently made that the greater proportion of the sugar-planters are American citizens

we found to be without foundation. Careful inquiry on this point regarding each of the estates on the islands shows that, aside from the Hawaiian Commercial and Sugar Company (a company organized in San Francisco), less than one-fourth of the owners of sugar estates and persons engaged in the sugar business are citizens of the United States. With a few exceptions, the business is in the hands of German and English citizens or Hawaiians. Among the latter are some who were born in the United States and have renounced allegiance to our Government, or who, born in the islands of American parentage, claim Hawaiian citizenship."

I confess I was not prepared to see the Hawaiian minister, Mr. Carter,—who, being interested in a commercial house in Honolulu, certainly has abundant facilities for knowing it to be untrue,—file a statement with this Committee claiming that two-thirds of the estates in these islands belonged to Americans. This claim so oft repeated has been the main reliance of the parties interested in perpetuating the treaty, and for that reason has been persistently put forward, regardless of the facts which utterly disprove it.

When the commissioners visited the islands they found that every plantation was represented by an agency in Honolulu, and they prepared a series of questions to be answered concerning each plantation, comprising name and location of plantation and mills; name of owner or stockholders; when started; capital invested; acreage under cane and ratoon; acreage cultivated; production in 1875 and 1882; cost of machinery—when imported, and whence imported; labor employed; amount of sugars exported, &c.

The commission houses or agents responded in each instance to these inquiries, and we were thus furnished with the list of owners. Careful inquiry was then made as to the nationality of each of the owners, and the result authorized the above report.

Immediately the report of the commission was published it was seen that this statement as to American ownership would damage the treaty, and its friends set to work to break, if possible, its force. In lieu, however, of any *official* statement from owners or agents a newspaper report was prepared, a

copy of which Mr. Carter has filed as evidence, and while Secretary Folger was preparing his annual report the representative in Washington of the Hawaiian Government called his attention to these figures, and in the absence of the members of the commission he was led to insert as "from the Hawaiian Government" these unofficial, irresponsible and utterly incorrect figures, as also other statements from the same source and which are equally unreliable. The claim made in this statement is that \$10,000,000 out of \$15,886,800 of sugar property in the islands belongs to American citizens. In examining the list of the estates in the light of the official statements of agents as to ownership—the originals of which I propose to place in the hands of the Committee—I find in the first place a large number classed as Americans who are Hawaiians, born in the islands, others who went from this country twenty and thirty years ago, married native women, have become Hawaiian citizens, and held office under that government. These people, who by birth, citizenship and interest are Hawaiians, all stand up to be counted as Americans whenever the subject of the treaty is broached, but have no more right to that honorable distinction than have Mr. Spreckels and his sons to be called Germans.

These go to make up the largest part of Mr. Carter's newspaper list of Americans when he counts his \$10,000,000 capital. Aside from the Hawaiian Company referred to, the stock of which has little or no value, the actual American capital invested in the sugar estates will not exceed \$3,000,000. In this particular the treaty has been sailing under false colors long enough. The real American interest in the islands, like the truly American population, is very small in proportion to other nationalities. American capitalists have found abundant opportunity for use of their capital at home, while our laboring classes found no temptation in the competition with coolies and Portuguese. Meantime foreigners, especially Germans and English, have been quick to see the opening under the treaty for their surplus capital, and these two nationalities alone number to-day nearly *one-half more* than the entire American population. Respecting the laborers, the report of the commission says:

"The laborers on the sugar plantations are native Hawaiians, Portuguese, Chinese, Germans, and Norwegians, with a few of the natives of the South Sea Islands and New Hebrides, and are generally esteemed in the order named. There having been no restriction upon the importation of the Chinese, the number of these who have come to the islands is greater than all other nationalities combined."

Since the above report was made, a census has been taken, (December 27th, 1884,) and the following is the official report of the population at that time: * (See page 388 of report.) Total population, 80,578, of whom 40,014 are natives, 4,218 half caste, 2,040 born of foreign parents, 2,066 American, 1,282 British, 1,600 German, 192 French, 9,377 Portuguese, 17,939 Chinese, 1,850 miscellaneous. Of the Chinese 17,068 are males, and as they are all adults, they *outnumber* the male adults of *all the other nationalities combined*, including the natives.

It is said that an order was issued by the Hawaiian Government in March, 1884, prohibiting the further importation of the Chinese; but according to the official report of the Collector-General of Customs at Honolulu, the net increase in the first nine months of 1885 was 1,789, making a total of 19,728, besides which there were landed 1,961 Japanese under a treaty between King Kalakaua and the Emperor of Japan, with "more to follow."

The benefit of the duty remitted on rice goes entirely to the Chinese, who, either by purchase or lease of lands, have secured the control of the rice cultivation.

The fact is, the United States Government has paid the bounty, while Hawaiians, English, Germans, and Chinese have pocketed the great bulk of the profits, laughing in their sleeves, and often openly, when anybody talks of American influence and dominance in the islands.

THE EFFECT OF THE TREATY ON THE ISLANDS.

What has been the effect upon the government and people of the islands? Has there been, as the result of this immense

* It is claimed by residents of the islands that "for reasons best known to the government," the above classification is not reliable, but that "the natives are classed too high and the Chinese too low."

outlay upon these islands in the Pacific, 2000 miles from our coast, any compensation in the increased influence of this Government or the improved condition of the native population which in any degree warrants the expenditure? I believe the treaty has been a curse to the Hawaiian Islands as it has been a wanton waste of the money of the American people. Prior to the passage of the treaty the American missionary influence was dominant. It controlled the legislature and cabinet, and was respected by the people. Americans outnumbered the English, Germans, and French combined, and the United States was regarded as the paternal Government. Prohibitory liquor laws were enforced and drunkenness was comparatively unknown, while the natives were contented and happy. But the fruit of the treaty has been the reversal of all these conditions, and has utterly demoralized and debauched the native population. The advent of the Chinese, who landed in hordes without wife or child, without social or moral check, and without any perception of either moral or social obligations other than those imposed by the law of the land, soon commenced to bear fruit. The Chinese are the stronger race and very aggressive, and while they debauch the native women they are rapidly crowding out the race. Their introduction seems to have aggravated the diseases which are common to the natives, and, backed by vital decline, the leprosy is proving increasingly fatal, and within the past few months this fearful scourge, heretofore confined to the natives, has attacked some of the white population in Honolulu. This terrible disease promises to sweep away all but a moiety of the native population before the close of the present century, the decrease since the last census—six years—being over four thousand. The Chinese are armed and have their secret societies, into which the government has been unable to penetrate, and are under sworn obligations to maintain rates or figures established by their societies. On this point the Hawaiian Annual, one of the most reliable authorities, said: "To secure sufficient to break such a monopoly would be to endanger our commercial relations and lose our autonomy. It is to be hoped that wise statesmanship will

solve the difficulties of this Chinese question, which is rapidly assuming alarming proportions."

Under the inspiration of the other nationalities who, while quite ready to profit by the treaty, are steadily undermining what there is of Americanism in the islands, the natives, who do the voting, have become jealous of the presence of Americans in the legislature and cabinet, and these places have been more largely filled by natives, the effect of which has been disastrous to good government. The King has wielded his influence to the same end, and assisted in procuring the removal of Americans in favor of others whom he might better use for the consummation of his own plans. On this point the Annual, of 1883, says :

"The latter part of last and early part of the present year was occupied by certain parties in obtaining the election of representatives to the legislature who would prove pliant tools for the promotion of selfish objects that had no 'good of the public' embodied therein in any degree. The events of the previous election were repeated with even greater flagrancy, not only in Honolulu, but in many other districts. It is a matter of common regret that the candidates on the 'King's tickets' have been men notoriously wanting in principle to legislate for their country's good, but who have, instead, evinced a readiness to favor lavish expenditures and enact laws that are fraught with mischief and evil for Hawaii, especially sapping the life-chords of her strong young men, and undermining the efforts made for their sanitary improvement, as also aiming a blow at the bulwark of national pride and strength heretofore existing in her judiciary department. In no year has so much determined evil been accomplished by any Hawaiian legislature as in the present. From the methods employed to secure the coveted positions and the character of the majority of those elected, a troublesome session was naturally looked for, and soon after the opening of the legislature, the ministry seeing the element they had to contend with, resigned their portfolios. Their places were filled by others, with W. M. Gibson as premier, who boasted that they could control and lead the assembly. Since their acts have become history this vaunt brings no laurels to them, inasmuch as incompetency stamps itself on the few acts yet undertaken, the principal ones of the premier's boast being board of health and immigration matters, while the removal of liquor restrictions from Hawaiians, the two million loan and coronation

folly, evince the character of statesmanship displayed. The spirit of opposition that has been engendered by this policy of the administration has been dignified and persistent, while the mouth-piece of the self-styled 'palace party' has openly defended the King's interference in the politics of the country."

A year later, in 1884, the situation had not improved, as will be seen by the following extracts from the Annual of that year :

"Leprosy, that plague spot of Hawaii's fair name and fame, has been and is yet being trifled with for political ends in spite of public opinion and the condemnation of the press. The health of the native race is being sadly undermined through the removal last year of the restriction to them on liquor. Their constitutions are no more proof against the inroads of disease hastened by alcoholic drinks than their white brethren of older civilized lands. A recently published table for the past nine months showed that over 32,000 gallons of liquors had been taken out of bond for consumption over the same period the preceding year. The debauching habit is growing fast on them, while poverty, crime, and sickness are growing at a ratio that portends an alarming increase in the death rate of Hawaiians. The condition of affairs political have in no-wise improved. The utter disregard of the will of the people in the administration of government, as shown in last year's retrospect, still exists, and has been shown on several occasions during the year in a very defiant manner. Moneys have been spent recklessly on appropriations pertaining directly and indirectly to royalty, while other and needed improvements for the development of the country and the care of the sick have been deferred for want of funds. The coronation of the King and Queen took place February 12th, the anniversary of Kalakaua's election. This was followed by a period of nightly hula festivities that was a retrograde step of heathenism and a disgrace to the age. The balance in the treasury, February 20, with the taxes all in, was \$35,917.05, as against a balance February 18, of the preceding year, \$270,130.88. And while these and kindred affairs have revealed the evidences of internal mismanagement of the government, it is to be regretted that a foreign policy should be adopted that brings Hawaii into ridicule before the world. Under the pretense of inquiring into the feasibility of obtaining immigrants from Japan a commissioner and secretary was sent thither who wasted time and money, and brought back not a report, but a Japanese commission to attend the coronation. Shortly after this event transpired another commissioner and secretary

was delegated to represent Hawaii at the coronation of the Czar of Russia, after which a roving commission is indulged in to various countries, for what purpose the dear public, who are expected to foot the bills, are not advised."

Thus it will be seen there has been an actual decadence of American influence, and the development in the islands of a new order of things, under the scramble for the benefits of the treaty.

The social conditions, together with the lack of political intelligence and integrity of the natives, give no confidence in the stability of the present government, and the temporary prosperity which the treaty brings to the islands is fostering interests which are hostile to American supremacy, tending rather to promote an Asiatic nationality. The better class of Americans in the islands, not interested in sugar estates, saw this in advance and deplored the passage of the treaty, and such are now the changed conditions of society that no American will live there longer than his financial interests bind him.

So much for the effects of the treaty on the Hawaiian Islands. On the other hand,

WHAT HAS THE TREATY DONE FOR US?

Have the people of this country profited in the cheapening of their sugar by the remission of \$23,000,000 in duties?

Prior to the reduction in duty made by the tariff of 1884 the average rate paid on raw sugars imported on the Atlantic seaboard was about 2.40 cents per pound, but the sugars admitted from the Hawaiian Islands, as has been stated before, were and are of a higher grade than on this coast, and the average duty would, according to the report of the commission, have been 3.17 cents per pound, and if, as claimed by the friends of the treaty, the consumers of this country were to have the benefit, sugars should have been fully 3 cents per pound cheaper in San Francisco than in New York. What are the facts? The price of refined sugar in San Francisco since the treaty went into effect has averaged *over 2 cents a pound higher* than in New York, where every pound has paid the full duty.

The following table shows the comparative prices of standard granulated sugar from 1872 to 1885, inclusive :

Average prices standard granulated sugar in New York and San Francisco.

Years.	New York.	San Francisco.	Difference.
	<i>Cts. per lb.</i>	<i>Cts. per lb.</i>	
1872	12.48	12.30 gold
1873	11.02	10.91 "
1874	10.38	10.96
1875	10.60	11.67
1876	10.69	12	1.31
1877	10.89	12.69	1.80
1878	9.22	11.44	2.22
1879	8.61	10.58	1.97
1880	9.55	11.40	1.85
1881	9.68	12.25	2.57
1882	9.27	11.62	2.35
1883	8.65	11	2.35
1884	6.77	8.87	2.10
1885	6.55	7.34	.79

Prior to the treaty a considerable proportion of the Sandwich Islands sugars of the better grades went into direct consumption, and a direct business was done in these sugars by merchants not only in San Francisco but in Portland, Oregon ; but under the treaty this business has disappeared, and with it an important commerce. The commissioners report as follows :

“ It is worthy of notice that for the fiscal year ending June 30, 1883, there have been no importations at Portland of Sandwich Islands sugars. It appeared from the statements of merchants in Portland that the direct trade between Portland and the islands, which before the treaty had supported regular lines of vessels, taking out assorted cargoes of merchandise and bringing back cargoes of sugar (which was sold for direct consumption without refining), has been broken up, the business being entirely controlled by the San Francisco refinery. Such vessels, being thus left without return freights, have been withdrawn, and direct shipments of American goods from Portland have been discontinued.”

This may readily be accounted for by the fact that no sooner was the treaty ratified than the California sugar king,

Claus Spreckels, started for the islands, where he secured the control of the entire sugar crop, and later, by skillful manipulation and loans made to His Majesty to enable him to carry out his extravagant notions, he secured possession of large tracts of so-called Crown lands, which he turned into sugar estates. His Majesty, King Kalakaua, evidenced his affection for him by knighting him, and *Sir* Claus Spreckels has ever since been the power behind the throne, which is not, however, by any means synonymous with "American" interests, but simply means the promotion of his own financial schemes. For seven years he was the dictator, not only of King and Government, but of all the planters. The latter, however, during the past year rebelled against his autocracy, and are seeking to break his commercial, if not political, power. They have secured the possession of a small refinery in San Francisco, which they hope to operate successfully in connection with their sugar estates in the islands, but Sir Claus has determined upon their destruction, and this explains the unprecedentedly low prices now ruling in San Francisco.

When the new refinery started, prices were lowered by Spreckels 2 cents per pound. When, in September last, the new refinery ran short of raw sugar the price of refined was again advanced by Spreckels 2 cents per pound in a single day, and so maintained until the opposition were again supplied, the profit to Spreckels by this single transaction being, according to newspaper report, about \$1,000,000. There can be no possible doubt as to the result of this venture. Mr. Spreckels will either ruin the new enterprise by his financial strength, or force them into a combination to maintain prices previously ruling. But while Sir Claus Spreckels has been reaping so rich a harvest other sugar interests in this country have been adversely affected.

By reference to the debate in the Forty-fourth Congress, when this treaty was accepted, it will be seen that the advocates of the treaty counted as absurd the suggestions that it would grow to such proportions as ultimately to compete with our own sugar-producing interests and the importing and re-

fining business of the Eastern States. Let us see what light statistics give on this point :

As early as 1881 the imports of Sandwich Islands sugars had already exceeded the total consumption of the Pacific States, and in that year about 6,000,000 pounds were shipped East by Spreckels' refinery. This amount was increased in 1882 to 32,000,000 pounds, and the same in 1883. In 1884 it increased still further to 56,000,000 pounds, and in 1885 to nearly 59,000,000 pounds, or more than 29,000 tons ; this year not less than 50,000 tons must come to the East, and every pound of this duty-free sugar, manipulated by Sir Claus Spreckels, comes into direct competition with the home-grown sugar of Louisiana and Texas, and the duty-paying sugar of the Saint Louis and Eastern sugar refineries. In other words, our Government, which refuses a landing in this country to the Chinese, has, from its Treasury, developed an Asiatic colony in the Sandwich Islands, and brought coolie labor into direct competition with the free labor of the United States and the free colonies from which sugars are imported into the Eastern States.

Attention has been called to the development of our shipping in the carrying trade with Hawaii, and it is true that there has been a considerable increase in this interest, but it is greatly exaggerated.

We have in Mr. Nordhoff's book* the following figures as to the tonnage employed in 1872 :

Total tonnage, 98,647—American, 73,975, (75 per cent. ;) British, 7,748, (7.85 per cent.) While in 1884, according to report of Bureau, before referred to, (page 419.)

The total tonnage was 187,826—American, 135,618, (72.20 per cent. ;) British, 41,398, (22.04 per cent. ;) showing less than double the American tonnage in twelve years, with a smaller percentage of the whole in 1884, while the British has increased threefold.

Prior to the treaty we had an American line of steamships (the Pacific Mail Steamship Company) monthly from San Francisco to Australia, which called both ways at Honolulu.

* "Southern California and the Sandwich Islands," by Charles Nordhoff.

This line is now withdrawn, and in lieu thereof Mr. Spreckels' line of steamers runs to Honolulu and there connects with a New Zealand company for Australia. Mr. Spreckels has recently bought for this line, in addition to his two American steamers, two English steamships that are to sail under the Hawaiian flag.

But it will not do to insist that this \$4,000,000 bounty on sugar is to subsidize our ships on the Pacific. If so, is it not better to invest it where we can get more for our money? Four million dollars in subsidies on the Atlantic would give us the exclusive carrying trade for a million tons of sugar and of our total exports to all the West Indies and South America.

Nor is it reasonable to claim that to abrogate the treaty will obliterate our trade with the islands, and ruin everybody connected therewith. Let us not forget that the United States is the natural and only market of any value for the produce of the Sandwich Islands; that this country is the natural source of supply for a large proportion of the wants of the islands, and the reimposition there of the 10 per cent. duty on our products will not be a material obstacle to trade. Then, as now, they will buy of us whatever they can buy as cheaply here as elsewhere; our vessels will still bring sugar, because with a soil unequalled for sugar-raising, a climate which is perfect, and coolie labor, the planters of Hawaii can compete with any country in the world.

THE POLITICAL VALUE OF THE TREATY.

There remains but one more argument which is of sufficient importance to touch upon, and that is the political consideration urged for the retention of this treaty, and on this point I beg leave to suggest—

(1) We need have no fear of any other of the great powers replacing us in the treaty matter. England has free trade in sugar, and cannot protect her own sugar-raising colonies against the beet crop of Europe. France is an exporter of sugar, also with sugar-growing colonies on her hands, and Germany is the greatest sugar producer in the world, depending on other countries for a market.

(2) The treaty we have with the islands is only a com-

mercial treaty, and otherwise has no material advantages or guarantees for this country; neither has it the element of permanence. The moment, by a change in our tariff or by whatever means, the treaty ceases to be largely in the interest of Hawaii, or they can make a better bargain anywhere else, the Hawaiian Government will not be slow to give notice of the termination of the treaty. The option is not solely with us, but King Kalakaua, whenever he or his advisers shall deem it to their advantage, may also abrogate.

(3) There exists already a treaty guaranteeing the autonomy of the islands executed by Great Britain and France in 1843 and approved by the United States, which reads as follows:

Declaration of Great Britain and France relative to the Independence of the Sandwich Islands, signed London, November 28th, 1843.

Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, and His Majesty the King of the French, taking into consideration the existence in the Sandwich Islands of a government capable of providing for the regulation of its relations with foreign nations, have thought it right to engage reciprocally to consider the Sandwich Islands as an independent state and never to take possession either directly or under title of protectorate or under any other form of any part of the territory of which they are composed. The undersigned, her majesty's principal secretary of state for foreign affairs, and the ambassador extraordinary of His Majesty the King of the French at the court of London, being furnished with the necessary powers, hereby declare in consequence that their said majesties take reciprocally that engagement.

In witness whereof, &c.

(Hertstet's Commercial Treaties, vol. 9, p. 255, Cong'l Library.)

I am informed by lifelong residents of the islands, that from the time of this declaration no effort was ever made on the part of either France or Great Britain to obtain any foothold in the islands, but that the agreement has been carried out in spirit as well as in the letter.

(4) The suggestion is made that if we stop paying tribute

some other nation will seize upon the islands and appropriate them whether we will or no, but I have not yet so far lost respect for the Government of the United States as to admit for a moment the possibility of any foreign power acquiring these islands except with the consent of and under conditions satisfactory to this country.

If we were a third-rate power and secured—what this treaty does not give us—some permanent advantage in return for the expenditure, it might be policy to continue paying these large sums from the public treasury, but such a course is not consistent with the present position of this nation, and no true American can afford such a confession of weakness.

THE TREATY SHOULD BE ABOLISHED.

It was an experiment, made for seven years, to give it a fair trial, at the end of which time it was purposely provided that if not found satisfactory, it might be abrogated by either party on one year's notice. It has now run nearly ten years, and for this country it has proved a costly mistake; hence we should move for its abrogation without further delay.

First. Because of the enormous loss in revenue to this country, which is practically paid out of the pockets of our tax-payers to fill the pockets of a small company of sugar planters and speculators, a large majority of whom are foreigners. The production has assumed proportions never dreamed of when the treaty was made, and the crop is still steadily increasing.

Second. It has neither directly nor indirectly benefited the consumers of sugar in this country, but has brought the product of the islands into direct competition with our sugar producers and manufacturers.

Third. The treaty has not benefited, but has, on the contrary, injured the Sandwich Islands, demoralized and destroyed the native population, and substituted Chinese and other Asiatics, while American influence in the affairs of the islands, except in so far as it is exercised for the selfish interests of an individual, has been weakened.

Respectfully submitted.

JNO. E. SEARLES, JR.

HAWAIIAN RECIPROCITY TREATY.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

Whereas a Convention between the United States of America and His Majesty the King of the Hawaiian Islands, on the subject of Commercial Reciprocity, was concluded and signed by their respective Plenipotentiaries, at the city of Washington, on the thirtieth day of January, one thousand eight hundred and seventy-five, which Convention, as amended by the contracting parties, is word for word as follows :

The United States of America and His Majesty the King of the Hawaiian Islands, equally animated by the desire to strengthen and perpetuate the friendly relations which have heretofore uniformly existed between them, and to consolidate their commercial intercourse, have resolved to enter into a Convention for *Commercial Reciprocity*. For this purpose the President of the United States has conferred full powers on Hamilton Fish, Secretary of State, and His Majesty the King of the Hawaiian Islands has conferred like powers on Honorable Elisha H. Allen, Chief Justice of the Supreme Court, Chancellor of the Kingdom, Member of the Privy Council of State, His Majesty's Envoy Extraordinary and Minister Plenipotentiary to the United States of America, and Honorable Henry A. P. Carter, Member of the Privy Council of State, His Majesty's Special Commissioner to the United States of America.

And the said plenipotentiaries, after having exchanged their full powers, which were found to be in due form, have agreed to the following articles :

ARTICLE I. For and in consideration of the rights and privileges granted by His Majesty the King of the Hawaiian Islands in the next succeeding article of this convention, and as an equivalent therefor, the United States of America hereby agree to admit all the articles named in the following schedule, the same being the growth and manufacture or produce of the Hawaiian Islands, into all the ports of the United States free of duty.

Schedule.—Arrow-root; castor oil; bananas, nuts, vegetables, dried and undried, preserved and unpreserved; hides and skins undressed; rice; pulu; seeds, plants, shrubs or trees; muscovado, brown, and all other unrefined sugar, meaning hereby the grades of sugar heretofore commonly imported from the Hawaiian Islands and now known in the markets of San Francisco and Portland as "Sandwich Island sugar;" syrups of sugar-cane, melada, and molasses; tallow.

ARTICLE II. For and in consideration of the rights and privileges granted by the United States of America in the preceding article of this Conven-

tion, and as an equivalent therefor, His Majesty the King of the Hawaiian Islands hereby agrees to admit all the articles named in the following schedule, the same being the growth, manufacture, or produce of the United States of America, into all the ports of the Hawaiian Island free of duty.

Schedule.—Agricultural implements; animals; beef, bacon, pork, ham, and all fresh, smoked, or preserved meats; boots and shoes; grain; flour, meal, and bran, bread and breadstuffs, of all kinds; bricks, lime, and cement; butter, cheese, lard, tallow; bullion; coal; cordage, naval stores including tar, pitch, resin, turpentine raw and rectified; copper and composition sheathing; nails and bolts; cotton and manufactures of cotton, bleached and unbleached, and whether or not colored, stained, painted, or printed; eggs; fish and oysters, and all other creatures living in the water, and the products thereof; fruits, nuts, and vegetables, green, dried or undried, preserved or unpreserved; hardware; hides, furs, skins, and pelts, dressed or undressed; hoop iron, and rivets, nails, spikes and bolts, tacks, brads or sprigs; ice; iron and steel and manufactures thereof; leather; lumber and timber of all kinds, round, hewed, sawed, and unmanufactured, in whole or in part; doors, sashes, and blinds; machinery of all kinds, engines and parts thereof; oats and hay; paper, stationery, and books, and all manufactures of paper or of paper and wood; petroleum and all oils for lubricating and illuminating purposes; plants, shrubs, trees, and seeds; rice; sugar, refined or unrefined; salt; soap; shooks, staves, and headings; wool and manufactures of wool, other than ready-made clothing; wagons and carts for the purposes of agriculture or of drayage; wood and manufactures of wood, or of wood and metal except furniture either upholstered or carved and carriages; textile manufactures, made of combination of wood, cotton, silk, or linen, or of any two or more of them, other than when ready-made clothing; harness and all manufactures of leather; starch; and tobacco, whether in leaf or manufactured.

ARTICLE III. The evidence that articles proposed to be admitted into the ports of the United States of America, or the ports of the Hawaiian Islands, free of duty, under the first and second articles of this Convention, are the growth, manufacture, or produce of the United States of America or of the Hawaiian Islands, respectively, shall be established under such rules and regulations and conditions for the protection of the revenue as the two Governments may from time to time respectively prescribe.

ARTICLE IV. No export duty or charges shall be imposed in the Hawaiian Islands, or in the United States, upon any of the articles proposed to be admitted into the ports of the United States, or the ports of the Hawaiian Islands, free of duty, under the first and second articles of this Convention. It is agreed, on the part of His Hawaiian Majesty, that so long as this treaty shall remain in force he will not lease or otherwise dispose of, or create any lien upon any port, harbor, or other territory in his dominions, or grant any special privilege or rights of use therein, to any other power, state or government, nor make any treaty by which any other nation shall obtain

the same privileges, relative to the admission of any articles free of duty, hereby secured to the United States.

ARTICLE V. The present Convention shall take effect as soon as it shall have been approved and proclaimed by His Majesty the King of the Hawaiian Islands, and shall have been ratified and duly proclaimed on the part of the Government of the United States, but not until a law to carry it into operation shall have been passed by the Congress of the United States of America. Such assent having been given, and the ratifications of the Convention having been exchanged as provided in Article VI, the Convention shall remain in force for seven years from the date at which it may come into operation; and further, until the expiration of twelve months after either of the high contracting parties shall give notice to the other of its wish to terminate the same; each of the high contracting parties being at liberty to give such notice to the other at the end of the said term of seven years, or at any time thereafter.

ARTICLE VI. The present Convention shall be duly ratified, and the ratifications exchanged at Washington City, within eighteen months from the date hereof, or earlier if possible.

In faith whereof the respective Plenipotentiaries of the high contracting parties have signed this present Convention, and have affixed thereto their respective seals.

Done in duplicate, at Washington, the thirtieth day of January, in the year of our Lord one thousand eight hundred and seventy-five.

[SEAL.]

HAMILTON FISH.

[SEAL.]

ELISHA H. ALLEN.

[SEAL.]

HENRY A. P. CARTER.

Approved by Congress August 15, 1876.

The following are extracts from the existing treaty between Great Britain and the Hawaiian Islands (see Herstlett's Com. Treaties, Vol. 9, p. 685):

Treaty of Friendship, Commerce and Navigation between Great Britain and the Sandwich Islands, July 10th, 1851.

ART. II. There shall be between all the dominions of Her Britannic Majesty and the Hawaiian Islands a reciprocal freedom of commerce. The subjects of each of the two contracting parties respectively shall have liberty freely and securely to come, with their ships and cargoes, to all places, ports and rivers in the territories of the other, where trade with other nations is permitted; they may remain and reside in any part of the said territories respectively, and hire and occupy houses and warehouses; and may trade by wholesale or retail in all kinds of produce, manufactures and merchandise of lawful commerce, enjoying the same exemptions and privileges as native subjects, and subject always to the same laws and established customs as native subjects.

In like manner the ships of war of each contracting party respectively shall have liberty to enter into all harbors, rivers and places within the territories of the other, to which the ships of war of other nations are or may be permitted to come, to anchor there and to remain and refit, subject always to the laws and regulations of the two countries respectively.

ART. III. The two contracting parties hereby agree that any favor, privilege, or immunity whatever, in matters of commerce or navigation, which either contracting party has actually granted, or may hereafter grant, to the subjects or citizens of any other State, shall be extended to the subjects or citizens of the other contracting party, gratuitously, if the concession in favor of that other State shall have been gratuitous, or in return for a compensation as nearly as possible of proportionate value and effect, to be adjusted by mutual agreement, if the concession shall have been conditioned.

ART. IV. No other or higher duties shall be imposed on the importation into the dominions of Her Britannic Majesty of any article the growth, produce, or manufacture of the Hawaiian Islands, and no other or higher duties shall be imposed on the importation into the Hawaiian Islands of any article the growth, produce, or manufacture of Her Britannic Majesty's dominions than are or shall be payable on the like article being the growth, produce, or manufacture of any other foreign country. Nor shall any other or higher duties or charges be imposed in the territories of either of the contracting parties on the exportation of any article to the territories of the other than such as are, or may be, payable on the exportation of the like article to any other foreign country. No prohibition shall be imposed upon the importation of any article the growth, produce, or manufacture of the territories of either of the two contracting parties into the territories of the other, which shall not equally extend to the importation of the like articles being the growth, produce, or manufacture of any other country. Nor shall any prohibition be imposed upon the exportation of any article from the territories of either of the two contracting parties to the territories of the other, which shall not equally extend to the exportation of the like article to the territories of all other nations.