

## IN THE SENATE OF THE UNITED STATES.

JANUARY 24, 1884. Ordered to be printed.

UNIVERSITY OF HAWAII

*U.S. Congress, Senate.*

Mr. MORGAN, from the Committee on Foreign Relations, submitted the following

## REPORT:

[To accompany S. Res. 27.]

The Committee on Foreign Relations, to whom was referred Senate joint resolution No. 27, "as to giving notice to terminate the convention of June 3, 1875, with His Majesty the King of the Hawaiian Islands," have had the same under consideration, and report the same back with the recommendation that the resolution be indefinitely postponed.

As the resolution invokes the action of the Senate to reverse, by the vote of a majority of the body, the solemn judgment of more than two-thirds of the Senate expressed with reference to this convention in 1875, the grounds on which this reversal is demanded require investigation.

A report from the Committee of Finance, made to the Senate on February 27, 1883, embodies the leading objections that have been urged to this convention.

The Committee on Foreign Relations, not being able to concur in the arguments stated or the conclusions reached in that report, state the following reasons in support of the opposite conclusions:

If it could be shown (as your committee have failed to discover that it has been) that the commerce or the revenues of the United States have not been adequately compensated by the advantages of actual trade with the Hawaiian Islands, under the convention of 1875, there are other and perhaps higher considerations than the relative money value of that trade to the people of the United States, which establish the wisdom of the Senate in ratifying and of Congress in legislating to carry into effect this convention.

Since the opening of the Suez Canal the great commercial nations of Europe, notably England and France, have exhibited great energy and activity in building up trade and extending and consolidating their influence and power along the western shores of the Pacific Ocean, and in the islands of the South Pacific. We have also extended our treaty relations to Corea, Siam, Persia, and Madagascar, with a view to a future profitable trade with all of the countries of Asia and Australasia.

Our transcontinental railroads have greatly increased our trade with all these countries, and have earned large sums of money in the transportation of mails and freights and passengers. When an isthmian canal shall have furnished quicker and cheaper carriage by steam vessels for freights and passengers, we will find powerful rivals in the field both by way of the Isthmus of Darien and at Puget Sound, in British

Resolved 107475 8/16/46 J.H. & Co.

Columbia. This competition will also extend along the coasts of Mexico and of the Central and South American states.

The stimulus thus given to commerce on the Pacific Ocean will increase rapidly the interchange of productions between all these great countries, until that trade will equal, if it does not exceed, the value of the commerce across the Atlantic.

The Hawaiian Islands afford the only stopping place, in a distance of 20,000 miles, between our coasts and those of Japan, Corea, and China; and from Panama to the heart of those countries they are in almost the direct line of travel. They are east of the meridian which touches the western shore of Alaska, and may be said to be properly within the area of the physical and political geography of the United States. They are nearer to us than to any other great power.

Influences of a social and religious character, through which these islands were, in fact, opened up to modern civilization, have drawn those people closely to us, and they feel that they have greatly profited by the sympathy and consideration of the American people for their well-being as a nation. This feeling has been greatly strengthened since 1875. Our liberal reciprocity with them has confirmed a mutual feeling of regard, which has never been chilled by any unpleasant event.

Hawaiian trade, investment, population, and policy have been greatly influenced by the convention of 1875; so much so, that almost every public act relating to commerce has direct reference to that treaty. American population there has increased considerably since 1875, and, of the entire value of sugar-lands in the islands, estimated at \$15,886,800, as is shown in the letter of Mr. Daggett, our minister to that country, of October 15, 1883 (which is herewith submitted), \$10,235,464 belong to Americans. (See Appendix A.) These close and cordial relations between the people of the two countries, in respect to which the Governments also are in earnest sympathy, strongly forbid that we should abandon our reciprocal commerce, or avert our attention, or withdraw our sympathies from the Hawaiian people.

Whether in an honorable and peaceful rivalry for the commerce of the countries bordering on the Pacific Ocean, or in the protection of our commerce or our coasts in case of war with any great maritime power, our relations with the Government of Hawaii, consistently with its independence and autonomy, could not become too intimate for our own welfare.

A single fact, of many, will suffice to illustrate this proposition. The kingdom of Hawaii is the only Government in the North Pacific Ocean that is not a colonial dependence of some great power in Europe or Asia, and it is therefore the only neutral power in the North Pacific Ocean.

In the treaty of Washington, in 1871, the United States and Great Britain agree between themselves that as neutral powers they will not in future permit either belligerent to make use of their ports or waters as the base of naval operations against the other, or for the purpose of the renewal or augmentation of military supplies or arms, or the recruitment of men; and they agree to bring this rule, with others, to the knowledge of other maritime powers, and to invite them to accede to them. This law of neutrality we would be bound to enforce against the Hawaiian Government in case of war between the United States and any maritime power; but, in doing so, we would deprive our war vessels of the right to take coal at the Hawaiian ports for a longer journey than 2,000 miles, while the ships of England or of any other Euro-

pean power would be entitled to take coal for a journey of 15,000 miles. This rule would permit them, in fact, to coal at Honolulu and harass our coasts and commerce with the greatest possible advantage, while it would cripple us essentially.

The supremacy of England or any great maritime power in the Hawaiian Islands would make of this rule, on which we in part relied for compensation in respect of the Alabama claims, a most formidable difficulty in the way of the defense of our Pacific coast and commerce.

The very liberal concessions made by the Hawaiian Government in favor of our whalers and war ships, in article 7 of the treaty of 1849, followed by the agreement, in the treaty of 1875, that "the King will not lease or otherwise dispose of, or create any lien upon any port, harbor, or other territory of his dominions, or grant any special privileges or rights of use therein, to any other power, state, or government, nor make any other 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," present the strongest possible evidences of good-will towards us on the part of that Government, and disclose its confident reliance on our protection against any serious aggression or disturbance from any foreign powers. These concessions have not been disputed by any power, and when we accepted them we also accepted the moral duty of an equivalent protection of the independence and security of that kingdom. This close relation of amity is, in relative degree, as necessary to our welfare as it is to that of the people of the Hawaiian Islands, and should be maintained in strict good faith.

The importance of the Hawaiian treaty, in its political bearings upon the United States, has been recognized by Presidents Tyler, Polk, Lincoln, Johnson, Grant, and Arthur, as indicated in messages to Congress. Our Secretaries of State have uniformly insisted, since the Hawaiian Government assumed treaty relations with other countries, that the United States must stand in a nearer relation with that kingdom than any other nation can occupy.

The material advantages of the treaty of January, 1875, to the people of the United States, consist in the furnishing of useful and lucrative employment to them, in increasing the supply and lessening the cost of many articles of general use, and enlarging the market and increasing the demand for their productions.

Under the first head, of furnishing lucrative employment to our people, the advantage has been very great.

Many Americans have gone to the Hawaiian Islands, and, with their industry, skill, and capital, have engaged in agriculture, mercantile pursuits, navigation, banking, printing, and many minor mechanical industries, from which they have realized fair returns. The transportation of articles of commerce has been chiefly carried on by Americans, in American ships.

The statement of Mr. Daggett, already referred to, estimates the amount of American capital invested in the Hawaiian Islands in sugar production alone at \$10,235,464, in 1883. Mr. Frederick H. Allen, former chargé d'affaires of the Hawaiian Government, in a statement which has been presented to the committee, makes the following estimate of loans and investments by Americans, as they were in 1882, viz, \$3,200,000 in ships and wharves, \$3,300,000 in loans; and he mentions other lines of American steamers that were then about to be put into that trade. So that American capital to the extent of at least \$20,000,000 has found profitable and permanent employment in the Hawaiian Islands since the treaty of 1875 went into effect. The interest and profit

on this sum will average 10 per cent. per annum, yielding \$2,000,000 to our people.

Since the treaty, San Francisco is, practically, the only direct market for the productions of these islands. Mr. Comly, then our minister resident at Honolulu, writing to the Secretary of State, on the 11th April, 1881, says:

The showing for American shipping is gratifying. Not only have our shipbuilders furnished nearly all the new steamers and other vessels introduced, and our owners also transferred most of the bottoms which have changed register to the Hawaiian flag under Hawaiian owners, but the bulk of all the trade between the two countries has been carried under the American flag. Excluding whalers, out of 235 merchant vessels and steamers visiting Hawaiian ports, 179 were American, leaving 60 only of all other nations. Total tonnage, 141,906. American, 99,619; all others, 42,302. These statements include also all Hawaiian vessels sailing, foreign. The Hawaiian flag covers coasting sail vessels, 42; steamers, 8; sailing, foreign, 14; tonnage, 10,148. Nearly all these vessels are of American build.

He writes again, June 6, 1881:

The influence of the reciprocity treaty upon the increase of our carrying trade between the Hawaiian Islands and the Pacific coast, and upon the still larger increase of our shipbuilding for Hawaiian owners, has been one of its most gratifying results. \* \* \* Three years and a half ago, when I first reported for duty

at this post, there was but one island steamer; now there are eight, and more ordered, every one of them but one American built. The increase in sailing vessels has been still larger. \* \* \*

It is but fair and just to admit that probably all this increased demand for American ships and shipbuilding grew out of the reciprocity treaty, and would never have existed except for its generative power. This generative power is reflex as well as direct. It creates a magnificent increase of island products; this creates both demand and capacity for a large increase of the import trade from the United States; and these combined create the demand for carriers under the American flag, and for American factors, agents, bankers, insurers, and producers of almost every kind.

The trade with the islands is but a drop in the bucket. But compare the total amount of her exchanges between the Hawaiian Islands with those between all other countries and the United States; then apply to this last the same ratio of increase in our carrying trade and shipbuilding which we have gained here; the result, it seems to me, would show that, under like conditions of prosperity everywhere, all fear of the American flag disappearing from the sea might be abandoned. \* \* \*

If our commercial policy with the Sandwich Islands is to be taken as only part of a great system intended to take in and bind together all the two great continents and their adjacent islands on our side of the world, it seems to me that there are such grand possibilities to the near future of the United States in such a scheme as would make the reciprocity treaty with these islands a conspicuous landmark in our commercial history.

The number of steamers running between the islands has increased since that date to ten or more.

The report of the Secretary of the Treasury for the year ending June 30, 1883, states that the total value of all imports into the United States of articles free of duty was \$206,913,289.47, and of this sum there were admitted free of duty from the Hawaiian Islands, under the treaty of 1875, imports to the value of \$8,029,835 18.

Our exports to those islands, for the same period, were \$3,811,913, of which \$35,848 were coin and bullion, while our imports of coin and bullion were \$42,847, showing nearly an equal export and import of coin and bullion.

There appears, therefore, an excess of imports over exports of \$4,217,922.18. This is practically the sum that we admit free of duty from the Hawaiian Islands, the rest having been set off by the importations, free of duty, into that country.

The revenue on this small balance is an inconsiderable item, when compared with the \$206,913,298 of annual importations which we have put on our free list for the bettering of the condition of our people at large.

But this apparent balance in the exchange of commodities in substance represents only the profits and gains of our own people employed in agriculture, navigation, and in trade and financial dealings with the Hawaiian people.

The interest and profits on the \$20,000,000 of investments in those islands, and in wharves and ships and loans, calculated at a rate lower than is in fact obtained, are \$2,000,000. The freights, insurance, and handling of produce interchanged, mostly of heavy commodities, amounting in value to \$11,841,748, at 10 per cent., which is far below the actual cost, are \$1,184,174, and the commissions, earned almost exclusively by our own people, at 5 per cent., are \$592,087.40, and if the profits to our merchants are only 5 per cent., that sum is \$592,087.40; in all, \$4,368,348.

This is the actual state of trade, which accounts for the fact that with an apparent annual balance against us of over \$4,000,000 we are not called upon to ship coin or to transmit exchange to Hawaii to pay it. It is paid to our own people. The reverse of this is true of our trade with England. During the last fiscal year the apparent difference in our favor between the value of exports and imports to England was \$197,047,224. But England transported 85 per cent. of our commerce, and the freights, insurance, and other charges which we paid to her people reduced the actual balance of trade in our favor to less than \$100,000,000. What we export to Hawaii is consumed there, and amounts to \$45.44 per capita, while our imports from that country amount to 60 cents per capita of our population.

These advantages of trade which we gain through our control of the commerce of these islands are of much greater value to us than the amount of revenue we could have possibly collected on the goods admitted under this treaty free of duty. This trade, including exports and imports, was in 1875 \$1,922,555. In the absence of the treaty there is no reasonable ground for supposing that it would have increased greatly, if at all. But in 1883 it has increased to \$12,004,526, and the treaty is justly entitled to be credited with nearly the entire increase.

If we take the trade of 1883 as the basis on which to estimate the loss of revenue, instead of the trade of 1875, which would be about the true basis, still this loss of revenue enriches our own people, both because we are the creditor country and handle this commerce, and because the taxes we remit are upon articles that are consumed by our own people.

If these islands furnish one-tenth of the sugar we consume, being admitted free of duty, it creates competition to that extent, which should correspondingly reduce the price. The necessity of reducing our present excessive revenues has earnestly engaged the attention of Congress for some time past, and if the entire customs duties which we could derive from articles of prime necessity imported from the Sandwich Islands should be remitted, the policy would be exactly in line with that which our redundant revenue is compelling us to adopt.

The most urgent complaints against this treaty are that it admits sugar and rice free of duty, these being productions that are grown to some extent in the United States.

A sufficient answer to these objections is found in the fact that there are no sugar or rice lands of any consequence in the United States west of the Rocky Mountains, and it is at least just to that important region that it should enjoy the means of obtaining these supplies on equal terms with the country east of those mountains.

The overland freights on Louisiana sugars exclude them from California and Oregon, and the Pacific States are therefore compelled to

look to the Hawaiian Islands for their chief supply. Without this treaty they must import their sugars, under a heavy duty, from Hawaii, the nearest and cheapest market, and pay for them in money or in goods also taxed in that country, while the States east of the Rocky Mountains can exchange their untaxed commodities with Louisiana for all the sugar that State can produce.

Louisiana, in 1880, produced 171,706 hogsheads of sugar, and the other States 7,166; total, 178,872. In 1883 the entire sugar production from cane is estimated at 180,000 hogsheads, or 180,000,000 pounds, which is equal to about 3.25 pounds per capita. Add to this the importations from Hawaii, 106,181,858 pounds, and the total of untaxed cane sugar consumed by our people is 286,181,858 pounds. The amount per capita is 5.20 pounds. The per capita consumption of sugar in the United States is about 36 pounds, so that only one-seventh of the amount is on the footing of home production, for which we pay with our other productions. The other six sevenths cost us \$91,406,717, and the duty added of \$46,172,378.85; total cost, \$137,579,095.

To pay for this we send to Cuba \$50,440,831 in money, that being the excess of our imports over our exports, and we send money in about the same proportion to all other sugar-producing countries.

The entire balance of trade against the United States in all the countries from which we imported sugar was, on the 30th of June, 1882, \$113,674,356. Of this entire sum nothing was paid for with our own productions except \$4,295,519, the balance in favor of Hawaii, and all of that was paid to our own people except \$958,000, which was paid to Hawaii in foreign exchange bought from our bankers.

These statements establish the fact that, in proportion to its amount, the Hawaiian trade is far the most profitable that we have with any country.

In the report of the Committee on Finance to the Senate, made on the 27th February, 1883, complaint is made of violations of the Hawaiian treaty by the importations of sugars from other countries through that country, and that sugars have been fraudulently imported of higher grade than are described in the treaty as—

Muscovado, brown, and all other unrefined sugars commonly imported from the Hawaiian Islands and now (1875) known in the market of San Francisco and Portland as Sandwich Island sugars.

It is our fault, and not that of the treaty, if we permit it to be violated by our own officers in our own ports. But these accusations, whether against the Hawaiian Government or our own, have been thoroughly disproved by the report of the commission sent out to the Hawaiian Islands in May, 1883, by our Secretary of the Treasury. The sugar refiners of the Eastern States, who were most earnest in these complaints, selected one of the three members of that commission; and, as they all agreed in their report, it is presumably a full and fair statement of the facts.

As to the importation of sugar through the Hawaiian Islands from other countries, the commission say:

After a thorough examination of the matter we are convinced of the utter impracticability of such operations. The formation of the islands is such as in itself to forbid the successful smuggling of sugar.

The tables showing the quantities of sugar imported from the Hawaiian Islands, which accompany the report of the commissioners, establish the fact which they state, that—

It does not appear that there is any substantial difference in the character of the sugars imported prior to and since the treaty, nor is there any evidence that the im-

portations under the treaty were not such sugars as were "commonly imported and known as Sandwich Island sugars" prior to 1876.

It is gratifying to find that our commissioners, after the most careful examination of the grounds of these complaints, both in our own custom-houses and in the islands, have been constrained to bear testimony to the honorable conduct of the Hawaiian Government in the execution of the treaty of 1875.

The King of Hawaii has been earnest and faithful in his efforts to remove all embarrassments that have stood in the way of his treaty engagements with the United States. The remission of 15 per cent. of the duties fixed by the general tariff laws of Hawaii, to satisfy Great Britain, was a severe draft on the revenues of the kingdom. By this and other means our special treaty relations with Hawaii have been recognized as being rightful and satisfactory to other countries.

This kingdom, without any decided support from the United States, has vindicated the principles of the treaty of 1875 in the following article in her treaty with the German Empire of 19th September, 1879:

SEPARATE ARTICLE.

Certain relations of proximity and other considerations having rendered it important to the Hawaiian Government to enter into mutual agreements with the Government of the United States of America, by a convention concluded at Washington the 30th day of January, 1875, the two high contracting parties have agreed: that the special advantages granted by said convention to the United States of America, in consideration of equivalent advantages, shall not in any case be invoked in favor of the relations sanctioned between the two high contracting parties by the present treaty.

More recently the Hawaiian Government has made a treaty with Portugal containing a like declaration.

It sufficiently appears from the facts thus briefly presented in outline that to abrogate our treaty of 1875 the Hawaiian Government would release these engagements with the other powers, and we would abandon the concessions of principles so favorable to us in respect of our peculiar political and commercial relations with the kingdom of Hawaii which are now firmly established. We would thereby open the door to similar agreements between those countries and Hawaii, under which they would eagerly seize the advantages which we would throw away.

If we abandon the treaty we must also abandon the attitude we assumed when it was ratified, that our national interests are so identified with those of Hawaii that we cannot permit any other nation to gain such control in that country as will endanger our western coast, or seriously impede our commerce on the Pacific Ocean.

Australia is anxious to gain the trade we enjoy with Hawaii, and is but little further from those islands than we are. That continent of great islands needs the productions of Hawaii as much as we need them, and has many of the productions that we send to Hawaii.

The completion of the Canadian Pacific Railroad from Lake Superior to Puget Sound would induce the Dominion of Canada to make most favorable terms with the Hawaiian Government for the trade of those islands.

A canal through the Isthmus of Darien would cause the Hawaiian trade to seek better markets in Europe than we can offer for the purchase of the goods she needs. So that every new route of transportation leading to Europe will put in jeopardy our trade with the Hawaiian Islands, unless we continue and make permanent our existing treaty agreement.

Whatever objections have so far been found to the workings or the results of this treaty are greatly overbalanced by the advantages we have acquired in a national sense; and by the benefits to our people of a profitable trade with the Hawaiian people; and by the duty we owe the people of both countries to give certainty and permanence to the gratifying prosperity which this treaty has created.

## APPENDIX A.

No. 92.]

LEGATION OF THE UNITED STATES,  
Honolulu, October 13, 1883.

SIR: I have the honor to inclose herewith, from the Saturday Press of this date, a statement of the principal sugar plantations on the Hawaiian Islands, embracing their estimated value and the nationalities of their proprietors. It will be observed that of the sixty-nine plantations named forty-eight are credited mainly to American ownership, with a valuation of \$10,235,464, out of an aggregate valuation of \$15,886,800.

Very respectfully, your obedient servant,

ROLLIN M. DAGGETT.

HON. FRED'K T. FRELINGHUYSEN,  
Secretary of State.

[Inclosure in No. 92.—From the Saturday Press, October 13, 1883.]

## Statement of sugar plantations on the Hawaiian Islands, 1883.

Name of plantation.	Value.	American.	British.	German.	Hawai- ian.	Chinese.
Hawaiian Agricultural Company.....	\$600,000	\$565,000	\$35,000			
Planting interests.....	150,000	50,000				\$100,000
Halawa Sugar Company.....	100,000	98,000	2,000			
Planting interests.....	50,000	30,000	20,000			
Onomea Sugar Company.....	240,000	240,000				
Paukaa Sugar Company.....	170,000	170,000				
Honomu Sugar Company.....	200,000	110,100		\$89,900		
Kuueche Plantation.....	175,000	175,000				
Wailuku Sugar Company.....	360,000	324,750	4,500	\$3,750	\$27,000	
East Maui Plantation.....	100,800	62,300	4,200	27,300	7,000	
Makee Sugar Company.....	500,000	500,000				
Kilauea Sugar Company.....	300,000	151,000	149,000			
Kealia Plantation.....	250,000	250,000				
Lihue Plantation.....	600,000	428,514		171,486		
Planting interests.....	120,000	120,000				
Koloa Sugar Company.....	300,000	67,500		232,560		
Planting interests.....	40,000	40,000				
Princeville Plantation.....	300,000	279,000			21,000	
Eleele Plantation.....	150,000		75,000	75,000		
Planting interests.....	20,000			20,000		
Kekaha Plantation.....	150,000	56,250		93,750		
Planting interests.....	50,000			50,000		
Waialua Plantation.....	150,000		150,000			
Waimaalo Sugar Company.....	216,000	74,500	6,000	12,360	123,140	
Olowalu Sugar Company.....	160,000		49,000	60,000	51,000	
Hitchcock, Brothers & Co.....	200,000	200,000				
Haiku Sugar Company.....	500,000	500,000				
Pepeekeo Plantation.....	400,000					400,000
Alexander & Baldwin.....	250,000	250,000				
Planting interests.....	100,000	100,000				
Kipahulu Plantation.....	125,000		125,000			
Planting interests.....	100,000	67,000	33,000			
Ookala Sugar Company.....	250,000	50,000	175,600		24,000	
Kohala Sugar Company.....	500,000	449,000	51,000			
Pioneer Mill Company, and planting interests.....	500,000	500,000				
Haua Plantation.....	250,000			*250,000		
Grove Ranch.....	200,000	183,250	4,250	12,000		

\*\$250,000, Danish.

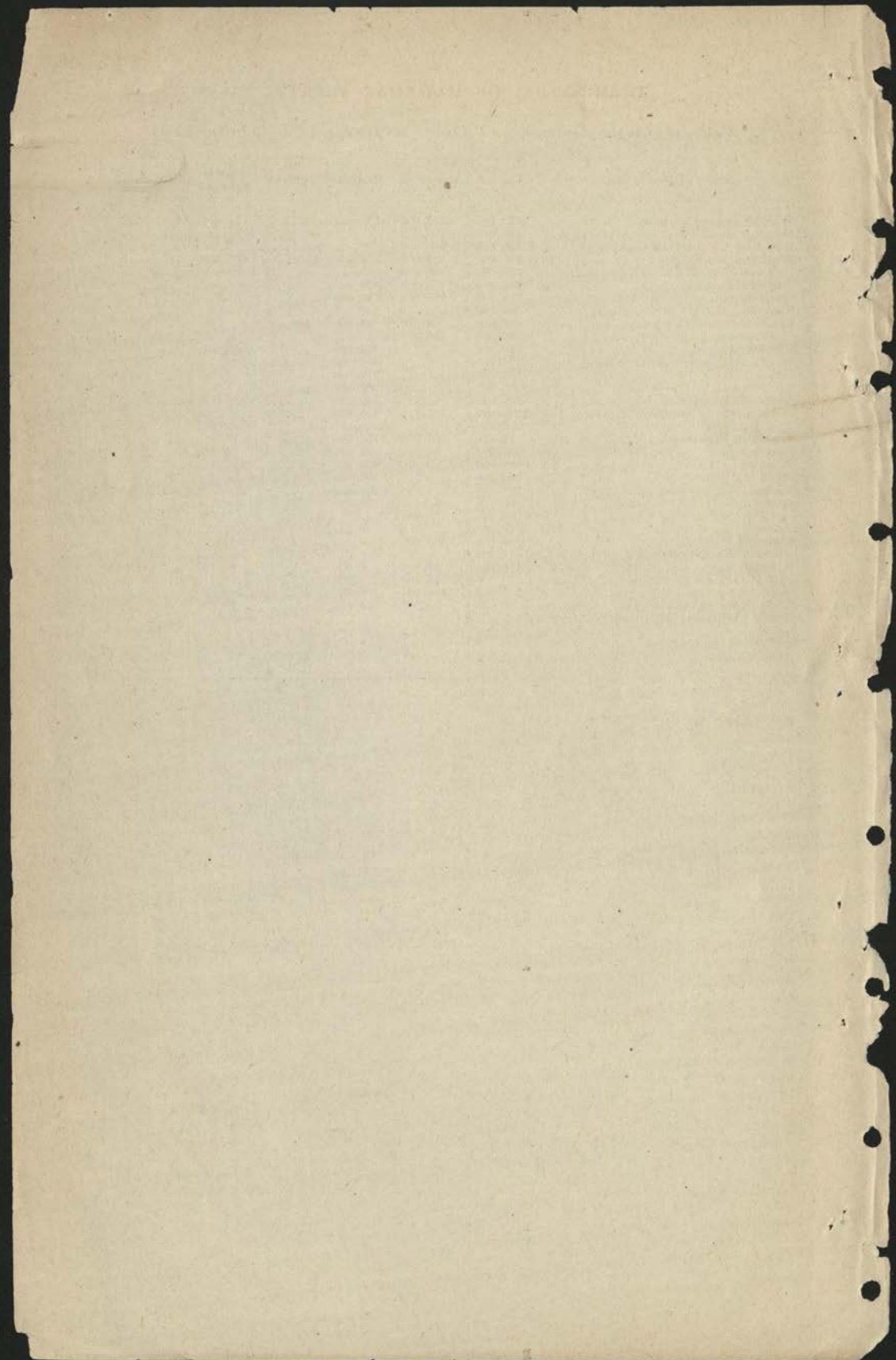
TERMINATION OF HAWAIIAN TREATY.

Statement of sugar plantations on the Hawaiian Islands, 1883—Continued.

Name of plantation.	Value.	American.	British.	German.	Hawaiian.	Chinese.
Waihee Sugar Company	\$250,000	\$250,000				
Makee Plantation	100,000	100,000				
Hawaiian Commercial Company	2,000,000	2,000,000				
Waikapu Plantation	250,000	125,000			\$125,000	
Hakalau Plantation	300,000	300,000				
Star Mill	200,000	150,000	\$50,000			
Hilea Sugar Company	300,000	240,000	60,000			
Naalchu Plantation	500,000	375,000	125,000			
Honokaa Sugar Company	200,000	26,000	94,000	\$80,000		
Planting interests	50,000	50,000				
Hawi Mill	150,000		150,000			
Planting interests	150,000		150,000			
Union Mill	120,000		120,000			
Planting interests	80,000		80,000			
Spencer's Plantation	200,000		200,000			
Paauihan Mill Company	200,000	100,000	100,000			
Planting interests	100,000				100,000	
Wainaku Plantation	75,000	37,500	37,500			
Pacific Sugar Company	100,000	39,000	25,000	28,000	8,000	
W. Lidgate & Co.	400,000		400,000			
Waiakea Plantation	160,000		160,000			
Hamakua Plantation	250,000		250,000			
Niuli Mill	80,000		80,000			
Planting interests	50,000	20,000			30,000	
Moanni Plantation	60,000					\$60,000
Kamaloo Plantation	50,000	50,000				
Meyer's Plantation	10,000			10,000		
Waianaa Sugar Company	170,000	96,800	5,000	3,500	64,700	
Laie Plantation	75,000	75,000				
Heeia Sugar Company	200,000	100,000	100,000			
Reciprocity Sugar Company	80,000	10,000	10,000		60,000	
Huelo Plantation Mill and planting interests	150,000		100,000			50,000
Estimated value sugar interests in the kingdom	15,886,800	10,235,464	3,180,050	970,046	641,240	560,000

OCTOBER, 1883.

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IN THE SENATE OF THE UNITED STATES.

JANUARY 24, 1884.—Ordered to be printed.

*U.S. Congress, Senate*  
Mr. SHERMAN, from the Committee on Foreign Relations, submitted the following

VIEWS OF THE MINORITY:

[To accompany S. Res. 27.]

The undersigned not being able to agree with the conclusion of the majority of the Committee on Foreign Relations, in respect to the joint resolution providing for the termination of the reciprocity treaty of January 30, 1875, between the United States of America and His Majesty the King of the Hawaiian Islands, beg leave to say that their views are substantially embodied in a report made by the Committee on Finance upon the same subject on the 27th of February, 1883, which is hereby adopted and made a part of this report. It is as follows:

The simple recital of the facts as to our trade with the Hawaiian Islands before and since the date of the reciprocity treaty, September 9, 1876, will show its great inequality, and the conspicuous injustice to the Government and people of its longer continuance.

Prior to the treaty the average annual importations of Hawaiian sugars amounted to about fifteen million pounds, all of a very low grade, upon which the duties collected were only about \$500,000; and that was represented to be the full extent of the loss of revenue to which the United States would be subjected by the ratification of the treaty.

It appears that the soil and climate of the Hawaiian Islands are peculiarly adapted to the growth of the sugar-cane, as well as to that of rice; and there was an increase of 50 per centum in the importation of Hawaiian sugars the first year after the treaty went into operation. In 1882 the amount imported rose to the astonishing amount of 106,181,858 pounds. Beyond this the grade and value of these sugars, by the use of the vacuum pan and centrifugal machines in the process of manufacture, have been very largely changed; and now, instead of the larger portion coming in as it previously came, not above No. 10 Dutch standard, nearly the whole of it comes in above No. 10 Dutch standard, or 53,228,379 pounds above No. 10 and not above No. 13; 44,973,293 pounds above No. 13 and not above No. 16; and even above No. 16 and not above No. 20, 4,027,380 pounds.

It is manifest that the treaty has given an artificial stimulus to the growth of Hawaiian sugars, and to the introduction of a grade of free sugars much above the standard of such as were to be lawfully admitted under the treaty. The only class of sugar which was to be so admitted free of duty, according to the very explicit terms of the treaty, was "muscovada, brown, and all other unrefined sugar heretofore commonly imported from the Hawaiian Islands, and now (1875) known in the markets of San Francisco and Portland as Sandwich Island sugars."

Beyond all question the sugars lately received from the Hawaiian Islands have not been such as were commonly and commercially known prior to the date of the treaty in the markets of San Francisco and Portland as Sandwich Island sugars, and their admission is an open and indisputable fraud upon the treaty. In other words, if there were no treaty, the sugars now received would be subject at least to one cent per pound more duty than such as by the treaty we were to receive free of duty.

Whether the Government can protect itself against this flagrant fraud, by exclud-

## TERMINATION OF HAWAIIAN TREATY.

ing these higher grades of sugars from the benefit of the treaty, is very doubtful, as these same sugars, without diminishing their saccharine strength, may easily be so discolored as to reduce them below No 10 Dutch standard, or to the class formerly known as Sandwich Island sugars, and thus they would have at least a colorable title to pass free through the custom-house.

We are bound to look at the possible result of any continuance of the reciprocity treaty with the Hawaiian Islands. There are 30,000 acres of sugar-cane now reported as under cultivation, and the amount of lands available for this purpose is estimated to be sufficient to add 250 per centum to the amount of the present product. In no great length of time, under the hot-bed application of the reciprocity treaty, the Hawaiian sugar product will be likely to be swollen to its utmost extent, or to the amount of 350,000,000 pounds. The enormous capital already accumulated by those who have suddenly embarked in this enterprise points to an indefinite expansion.

Whether the low grades of sugar from China and India, costing three cents or less a pound, may not be brought to the Hawaiian Islands and re-exported to the United States at a large profit, is a question that hardly admits of doubt. The fixed belief of importers and producers of sugar and rice is that this has been done already. The temptation is great, and the difficulty of detecting such frauds is not small.

The Pacific coast, instead of being benefited by having cheaper sugars in consequence of the reciprocity treaty, it is claimed have actually had to pay more for their sugars than was paid prior to the treaty, and more than two cents a pound above the market prices on the Atlantic coast. Free sugars on the Pacific coast actually cost, therefore, at least two cents a pound more than dutiable sugars elsewhere.

The statement herewith, furnished by the Bureau of Statistics, shows the amount of sugar admitted free of duty under the reciprocity treaty.

*Statement showing the quantities and values of brown sugar imported from the Hawaiian Islands and entered for consumption in the United States from 1877 to 1882, inclusive.*

[Free of duty under reciprocity treaty, act of Congress approved August 15, 1876, which went into effect September 9, 1876.]

Year ended June 30—	SUGAR, DUTCH STANDARD IN COLOR.					
	Above No. 7 and not above No. 10.		Above No. 10 and not above No. 13.		Above No. 13 and not above No. 16.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
1877.....	3,980,804	230,155	11,291,315	754,490	10,183,556	737,525
1878.....	2,437,920	161,922	10,805,283	757,734	12,227,780	963,550
1879.....	8,174,146	501,850	16,615,686	1,099,164	15,670,564	1,118,118
1880.....	7,793,349	450,030	28,416,596	1,892,737	23,868,886	1,689,061
1881.....	5,373,005	286,707	28,486,589	1,774,952	43,049,613	2,865,362
1882.....	3,952,806	182,873	53,228,379	3,416,318	44,973,293	3,026,297

Year ended June 30—	SUGAR, DUTCH STANDARD IN COLOR.			
	Above No. 16 and not above No. 20.		Total.	
	Pounds.	Dollars.	Pounds.	Dollars.
1877.....	5,186,406	426,303	30,642,081	2,198,473
1878.....	4,897,345	391,224	30,368,328	2,274,430
1879.....	1,232,673	92,061	41,693,069	2,811,193
1880.....	1,477,493	103,659	61,556,324	4,135,487
1881.....			76,909,207	4,927,021
1882.....	4,027,380	292,595	106,181,858	6,918,083

In the six years of the operation of this treaty we have received sugars from the Hawaiian Islands to the value of \$23,264,687, and the duties we have imposed upon other sugars of similar quality have averaged not less than 55 per centum ad valorem. At this rate our loss in six years, by the sugar part of the Hawaiian treaty, would appear to have been \$12,795,578, and this loss is annually rapidly increasing. Upon the sugar received in 1882, the loss to the United States upon the same basis amounted to \$3,804,946. These are very large sums to throw away without any apparent or substantial equivalent, but there is still more to be added.

Without taking any account of the increasing quantity of Hawaiian molasses brought here free of duties, the article of rice appears as one of their most rapidly

increasing commodities, as will appear from the following table of the annual importations:

*Rice imported from the Hawaiian Islands.*

	Pounds.
1877 .....	3,034,405
1878 .....	6,063,514
1879 .....	5,553,676
1880 .....	5,062,646
1881 .....	6,984,406
1882 .....	10,135,678

It thus appears that this crop, within six years, has been increased more than 300 per cent. How much more may hereafter be expected depends, perhaps, upon the success of extensive irrigation. The duty levied by the United States upon rice from other countries has been two and one-half cents per pound. Consequently the loss of revenue to the United States upon the total amount, duty free from Hawaii, for five and one-half years has been \$921,858; and this, added to the amount of loss upon sugar, makes a grand total of \$13,717,436. The whole of this has been a clear-cut and distinct largess to the sugar and rice operators in the Hawaiian Islands.

Instead of throwing away this vast sum upon the temporary sojourners in remote islands of the Pacific, where by no possibility can it confer any future advantage to our own country, would it not have been wiser to have bestowed the whole of this sum as a premium on sugars produced at home? Our annual expenditure for this necessary article of life is too great to be perpetuated forever. In 1882 the cane crop of sugars has been reported at 125,000 tons. The amount of maple sugar is supposed to be growing less year by year, and the annual product varies, as estimated, from twenty-five to fifty million pounds. But it is believed, by those entitled to know, that the sorghum sugar will at no distant day contribute largely to the stock of sugars required for our home consumption. The beet-sugar production throughout Europe was established by direct encouragement, granted at first by Napoleon, to the home producers.

Whether we copy this strikingly successful example or not, most certainly we ought not to handicap our sugar producers by the longer continuance of the Hawaiian reciprocity treaty.

A table of our exports to the Hawaiian Islands is worthy of examination:

Years.	Exports of domestic merchandise.	Exports of coin and bullion.
1877 .....	\$1,109,429	\$187,513
1878 .....	1,683,446	104,250
1879 .....	2,288,178	134,980
1880 .....	1,985,506	459,650
1881 .....	2,694,583	216,205
1882 .....	3,272,172	102,499
Total .....	13,033,314	1,201,097

That our trade with the Hawaiian Islands is most unprofitable, will appear when we add up our entire domestic exports of merchandise and find that the whole for six years amounts to less than our actual remission of duties on sugar and rice, or to \$13,033,314 of exports, against a loss of duties remitted of \$13,717,436. It should also be noted that we settled a balance against us during the same years by an export of gold and silver coin to the amount of \$1,048,032. Up to this time in 1883, our imports of Hawaiian sugar exhibit a further increase, as compared with 1882, by which not less than an additional million of our revenue will this year, in excess of last year, be surrendered to Hawaiian sugar producers and refiners.

What was the extraordinary inducement which led to the adoption of this reciprocity treaty? The Hawaiian tariff formerly subjected a part of our exports to a duty of 10 per centum ad valorem, and the year previous to the treaty our exports so subjected amounted to \$1,184,614, and, therefore, 10 per cent. thereon was the sum to be annually remitted by the Hawaiian Government to the United States, being only \$118,461, in contrast with the millions we have so unwisely surrendered.

It is to be remembered that, as soon as the treaty was ratified, the Hawaiian Government raised their tariff upon all dutiable merchandise from 10 per cent. to 25 per cent., and thus might have perhaps recouped all they lost on the surrender of the 10

per cent. duties upon dutiable articles, had not Great Britain remonstrated, when the law increasing duties appears to have been repealed.

The number of natives in the Hawaiian Islands is now estimated at 44,000, a little more than one-tenth of the population at the time of their discovery by Captain Cook. The number of Chinese is represented to be 14,000, of whom 3,865 arrived there in 1881; and this class of immigration may be indefinitely multiplied. With their thrift and economy they will be able to produce sugars as cheaply as they can be produced in any part of the world. At the present time the Chinese own several sugar plantations, while only one sugar plantation is known to be held by any native citizen. The natives do not accumulate or hold any considerable portions of real estate or other property. The foreign population dominate in public affairs, and, while a very reputable king appears in the foreground, the power behind the throne is made up of sugar planters and sugar corporations. Whatever political changes may in the course of time occur, Hawaiian products must find their only market in the United States, and this will forever secure friendly commercial relations. We have no interest in treating the Sandwich Islands with greater favor than any other countries which sustain friendly commercial intercourse with us. It cannot concern us who the rulers of these islands may be, as they can never be formidable for aggressions, being over two thousand miles distant from the Pacific coast, and if ever hostile the most powerful naval force would be sure to control their actions. These islands are numerous, with coasts equal in extent to nearly one-half of those of the United States. Unlike the rocky barriers presented at Gibraltar, Malta, and St. Helena, the harbors and coasts are beyond the power of any people to make impregnable. We have no colonial possessions, and do not and shall not require any for a surplus population so long as one-third of our acreage of lands remains uncultivated, and so long as the country is able annually to absorb and Americanize a million of foreign immigrants. Certainly there is no pressure requiring us to send to foreign lands any portion of our people, with a heavy subsidy to be paid and borne by those who remain at home.

The carrying-trade, in consequence of the great increase of Hawaiian sugars, has been, of course, correspondingly enlarged. Our shipping engaged in the trade across the Pacific Ocean sometimes find it convenient to call at Honolulu, but whatever flag there floats, there will never be any exclusion of American vessels or denial of any advantages now accorded, as such exclusion or denial would be greatly and obviously to the detriment of Hawaiian interests.

Years ago the Hawaiian Islands were of much importance to our vessels engaged in the whale fisheries, as they were accustomed, during their long voyages of two and three years, to call there for the purpose of obtaining supplies and for refitting, and sometimes to send home a part of their catch. In 1859 there were 549 entries of whalers at Hawaiian ports, and in 1867 the number was still large, or 243; but since that date the whalers have almost disappeared from the Pacific Ocean, and in 1881 there were only 19 which visited the Hawaiian Islands.

We require no fortified Gibraltar, no half-way houses on any of the highways of the ocean leading to colonial dependencies. All such places are only maintained in time of peace by extraordinary expenditures, and in time of war they are prolific sources of weakness. The time has not come when any such foreign entanglements can be justified.

The present reciprocity treaty with the Hawaiian Islands is so obviously adverse to the interests of the United States, and so much more than would now be asked for by Hawaii, that nothing less than its abrogation affords a sufficient remedy. Even those who would prefer a modification merely must see that the first step to that end, or to obtain any satisfactory result, is to wholly abrogate the present treaty. Doubtless the notice for its abrogation might be lawfully given by the President, or it may be done by Congress.

The committee therefore report and recommend the adoption of the following:

JOINT RESOLUTION providing for the termination of the reciprocity treaty of thirtieth of January, eighteen hundred and seventy-five, between the United States of America and His Majesty the King of the Hawaiian Islands.

Whereas it is provided in the reciprocity treaty concluded at Washington the thirtieth of January, eighteen hundred and seventy-five, between the United States of the one part, and His Majesty the King of the Hawaiian Islands of the other part, that this treaty "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"; and

Whereas it appears by a proclamation of the President of the United States bearing date the ninth of September, eighteen hundred and seventy-six, that the treaty came into operation on that day; and

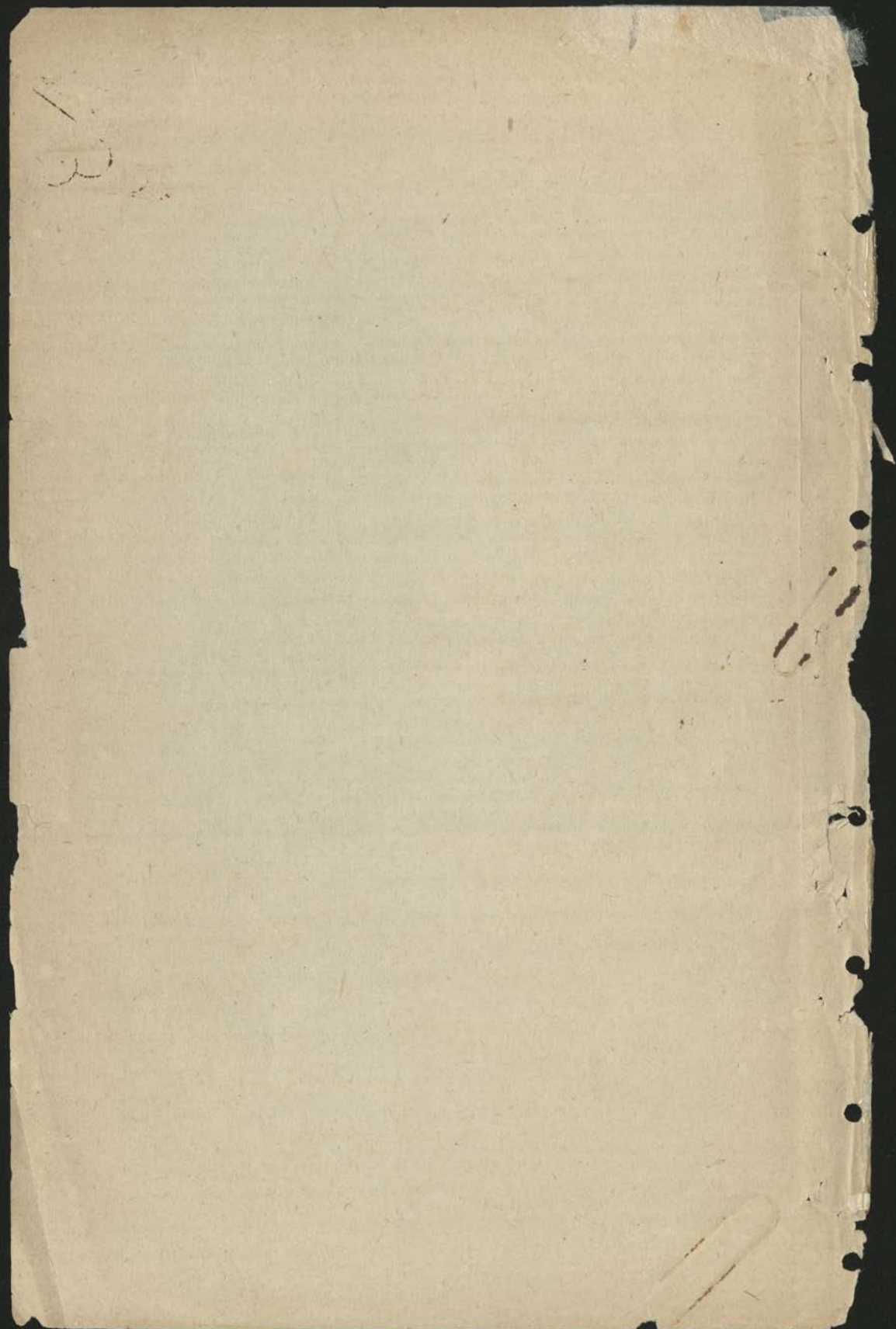
Whereas, further, it is no longer for the interests of the United States to continue the same in force: Therefore,

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That notice be given of the termination of the reciprocity treaty, according to the provision therein contained for the termination of the same; and the President of the United States is hereby charged with the communication of such notice to the King and the Government of the Hawaiian Islands, and the desire of the United States to make and maintain the most friendly commercial relations with that power.

The facts stated in the report of the Committee on Finance are emphasized by the state of the trade during the year 1883, the year following the latest date stated in the tables in the report. It appears that the importation of sugar of the Dutch standard from the Hawaiian Islands during the year 1883 was 114,132,670 pounds, valued at \$7,340,033, and that the rice imported amounted to 12,926,951 pounds, an increase of 2,800,000 pounds over the year preceding. The duty that would have been derived from the sugar admitted from the Hawaiian Islands entered for consumption in the United States in 1883 would have been about \$4,000,000, while the entire value of exports of domestic merchandise to the Hawaiian Islands in that year was \$3,683,460, or less than the actual duty that would have been derived from the sugar imported from there.

The loss of revenue entailed by the treaty seems to the undersigned far greater than any benefit derived from it, and it is submitted that the better way is to terminate the treaty with a view to enter into such commercial relations with the Sandwich Islands as will be more nearly reciprocal than the provisions of the present treaty.

JOHN SHERMAN.  
JOSEPH E. BROWN.



*U.S. Congress. Senate. Committee on Finance.*

IN THE SENATE OF THE UNITED STATES.  
GREGG 44  
UNIVERSITY OF HAWAII

FEBRUARY 27, 1883.

Mr. MORRILL, from the Committee on Finance, submitted the following

## REPORT:

[To accompany S. Res. 122.]

*The Committee on Finance, to whom was referred the joint resolution (S. Res. 122) providing for the termination of the reciprocity treaty of January 30, 1875, between the United States of America and His Majesty the King of the Hawaiian Islands, respectfully report:*

The simple recital of the facts as to our trade with the Hawaiian Islands before and since the date of the reciprocity treaty, September 9, 1876, will show its great inequality, and the conspicuous injustice to our government and people of its longer continuance.

Prior to the treaty the average annual importations of Hawaiian sugars amounted to about fifteen million pounds, all of a very low grade, upon which the duties collected were only about \$500,000; and that was represented to be the full extent of the loss of revenue to which the United States would be subjected by the ratification of the treaty.

It appears that the soil and climate of the Hawaiian Islands are peculiarly adapted to the growth of the sugar-cane, as well as to that of rice; and there was an increase of 50 per centum in the importation of Hawaiian sugars the first year after the treaty went into operation. In 1882 the amount imported rose to the astonishing amount of 106,181,858 pounds. Beyond this the grade and value of these sugars, by the use of the vacuum pan and centrifugal machines in the process of manufacture, have been very largely changed; and now, instead of the larger portion coming in as it previously came, not above No. 10 Dutch standard, nearly the whole of it comes in above No. 10 Dutch standard, or 53,228,379 pounds above No. 10 and not above No. 13; 44,973,293 pounds above No. 13 and not above No. 16; and even above No. 16 and not above No. 20, 4,027,380 pounds.

It is manifest that the treaty has given an artificial stimulus to the growth of Hawaiian sugars, and to the introduction of a grade of free sugars much above the standard of such as were to be lawfully admitted under the treaty. The only class of sugar which was to be so admitted free of duty, according to the very explicit terms of the treaty, was "muscovada, brown, and all other unrefined sugar heretofore commonly imported from the Hawaiian Islands, and now (1875) known in the markets of San Francisco and Portland as Sandwich Island sugars."

Beyond all question the sugars lately received from the Hawaiian Islands have not been such as were commonly and commercially known prior to the date of the treaty in the markets of San Francisco and Portland as Sandwich Island sugars, and their admission is an open and indisputable fraud upon the treaty. In other words, if there were no treaty, the sugars now received would be subject at least to one cent per pound more duty than such as by the treaty we were to receive free of duty.

Whether the government can protect itself against this flagrant fraud, by excluding these higher grades of sugars from the benefit of the treaty, is very doubtful, as these same sugars, without diminishing their saccharine strength, may easily be so discolored as to reduce them below No. 10 Dutch standard, or to the class formerly known as Sandwich Island sugars, and thus they would have at least a colorable title to pass free through the custom-house.

We are bound to look at the possible result of any continuance of the reciprocity treaty with the Hawaiian Islands. There are 30,000 acres of sugar-cane now reported as under cultivation, and the amount of lands available for this purpose is estimated to be sufficient to add 250 per centum to the amount of the present product. In no great length of time, under the hot-bed application of the reciprocity treaty, the Hawaiian sugar product will be likely to be swollen to its utmost extent, or to the amount of 350,000,000 pounds. The enormous capital already accumulated by those who have suddenly embarked in this enterprise points to an indefinite expansion.

Whether the low grades of sugar from China and India, costing three cents or less a pound, may not be brought to the Hawaiian Islands and re-exported to the United States at a large profit, is a question that hardly admits of doubt. The fixed belief of importers and producers of sugar and rice is that this has been done already. The temptation is great, and the difficulty of detecting such frauds is not small.

The Pacific coast, instead of being benefited by having cheaper sugars in consequence of the reciprocity treaty, it is claimed have actually had to pay more for their sugars than was paid prior to the treaty, and more than two cents a pound above the market prices on the Atlantic coast. Free sugars on the Pacific coast actually cost, therefore, at least two cents a pound more than dutiable sugars elsewhere.

The statement herewith, furnished by the Bureau of Statistics, shows the amount of sugar admitted free of duty under the reciprocity treaty

*Statement showing the quantities and values of brown sugar imported from the Hawaiian Islands and entered for consumption in the United States, from 1877 to 1882, inclusive.*

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Year ended June 30—	SUGAR, DUTCH STANDARD IN COLOR.					
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In the six years of the operation of this treaty we have received sugars from the Hawaiian Islands to the value of \$23,264,687, and the duties we have imposed upon other sugars of similar quality have averaged not less than 55 per centum ad valorem. At this rate our loss in six years, by the sugar part of the Hawaiian treaty, would appear to have been \$12,795,578, and this loss is annually rapidly increasing. Upon the sugar received in 1882, the loss to the United States upon the same basis amounted to \$3,804,946. These are very large sums to throw away without any apparent or substantial equivalent, but there is still more to be added.

Without taking any account of the increasing quantity of Hawaiian molasses brought here free of duties, the article of rice appears as one of their most rapidly increasing commodities, as will appear from the following table of the annual importations:

*Rice imported from the Hawaiian Islands.*

	Pounds.
1877 .....	3, 034, 405
1878 .....	6, 063, 514
1879 .....	5, 553, 676
1880 .....	5, 062, 646
1881 .....	6, 984, 406
1882 .....	10, 135, 678

It thus appears that this crop, within six years, has been increased more than 300 per cent. How much more may hereafter be expected depends, perhaps, upon the success of extensive irrigation. The duty levied by the United States upon rice from other countries has been two and one-half cents per pound. Consequently the loss of revenue to the United States upon the total amount, duty free from Hawaii, for five and one-half years has been \$921,858; and this, added to the amount of loss upon sugar, makes a grand total of \$13,717,436. The whole of this has been a clear-cut and distinct largess to the sugar and rice operators in the Hawaiian Islands.

Instead of throwing away this vast sum upon the temporary sojourners in remote islands of the Pacific, where by no possibility can it confer any future advantage to our own country, would it not have been wiser to have bestowed the whole of this sum as a premium on sugars produced at home? Our annual expenditure for this necessary article of life is too great to be perpetuated forever. In 1882 the cane crop of sugars has been reported at 125,000 tons. The amount of maple sugar is supposed to be growing less year by year, and the annual product varies, as estimated, from twenty-five to fifty million pounds. But it is believed, by those entitled to know, that the sorghum sugar will at no distant day contribute largely to the stock of sugars required for our home consumption. The beet-sugar production throughout Europe was established by direct encouragement, granted at first by Napoleon, to the home producers.

Whether we copy this strikingly successful example or not, most certainly we ought not to handicap our sugar producers by the longer continuance of the Hawaiian reciprocity treaty.

Zoolby 39732 4/29/34 Hawaii 30d

A table of our exports to the Hawaiian Islands is worthy of examination:

Year.	Exports of domestic merchandise.	Exports of coin and bullion.
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1878.....	1,683,446	100,250
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Total.....	13,033,314	1,201,097

That our trade with the Hawaiian Islands is most unprofitable, will appear when we add up our entire domestic exports of merchandise and find that the whole for six years amounts to less than our actual remission of duties on sugar and rice, or to \$13,033,314 of exports, against a loss of duties remitted of \$13,717,436. It should also be noted that we settled a balance against us during the same years by an export of gold and silver coin to the amount of \$1,048,032. Up to this time in 1883, our imports of Hawaiian sugar exhibit a further increase, as compared with 1882, by which not less than an additional million of our revenue will this year, in excess of last year, be surrendered to Hawaiian sugar producers and refiners.

What was the extraordinary inducement which led to the adoption of this reciprocity treaty? The Hawaiian tariff formerly subjected a part of our exports to a duty of 10 per centum ad valorem, and the year previous to the treaty our exports so subjected amounted to \$1,184,614, and, therefore, 10 per cent. thereon was the sum to be annually remitted by the Hawaiian Government to the United States, being only \$118,461, in contrast with the millions we have so unwisely surrendered.

It is to be remembered that, as soon as the treaty was ratified, the Hawaiian Government raised their tariff upon all dutiable merchandise from 10 per cent. to 25 per cent., and thus might have perhaps recouped all they lost on the surrender of the 10 per cent. duties upon dutiable articles, had not Great Britain remonstrated, when the law increasing duties appears to have been repealed.

The number of natives in the Hawaiian Islands is now estimated at 44,000, a little more than one-tenth of the population at the time of their discovery by Captain Cook. The number of Chinese is represented to be 14,000, of whom 3,865 arrived there in 1881; and this class of immigration may be indefinitely multiplied. With their thrift and economy they will be able to produce sugars as cheaply as they can be produced in any part of the world. At the present time the Chinese own several sugar plantations, while only one sugar plantation is known to be held by any native citizen. The natives do not accumulate or hold any considerable portions of real estate or other property. The foreign population dominate in public affairs, and, while a very reputable king appears in the foreground, the power behind the throne is made up of sugar planters and sugar corporations. Whatever political changes may in the course of time occur, Hawaiian products must find their only market in the United States, and this will forever secure friendly commercial relations. We have no interest in treating the Sandwich

Islands with greater favor than any other countries which sustain friendly commercial intercourse with us. It cannot concern us who the rulers of these islands may be, as they can never be formidable for aggressions, being over two thousand miles distant from the Pacific coast, and if ever hostile the most powerful naval force would be sure to control their actions. These islands are numerous, with coasts equal in extent to nearly one-half of those of the United States. Unlike the rocky barriers presented at Gibraltar, Malta, and St. Helena, the harbors and coasts are beyond the power of any people to make impregnable. We have no colonial possessions, and do not and shall not require any for a surplus population so long as one-third of our acreage of lands remains uncultivated, and so long as the country is able annually to absorb and Americanize a million of foreign immigrants. Certainly there is no pressure requiring us to send to foreign lands any portion of our people, with a heavy subsidy to be paid and borne by those who remain at home.

The carrying-trade in consequence of the great increase of Hawaiian sugars has been, of course, correspondingly enlarged. Our shipping engaged in the trade across the Pacific Ocean sometimes find it convenient to call at Honolulu, but whatever flag there floats, there will never be any exclusion of American vessels or denial of any advantages now accorded, as such exclusion or denial would be greatly and obviously to the detriment of Hawaiian interests.

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We require no fortified Gibraltar, no half-way houses on any of the highways of the ocean leading to colonial dependencies. All such places are only maintained in time of peace by extraordinary expenditures, and in time of war they are prolific sources of weakness. The time has not come when any such foreign entanglements can be justified.

The present reciprocity treaty with the Hawaiian Islands is so obviously adverse to the interests of the United States, and so much more than would now be asked for by Hawaii, that nothing less than its abrogation affords a sufficient remedy. Even those who would prefer a modification merely must see that the first step to that end, or to obtain any satisfactory result, is to wholly abrogate the present treaty. Doubtless the notice for its abrogation might be lawfully given by the President, or it may be done by Congress.

The committee therefore report and recommend the adoption of the following:

JOINT RESOLUTION providing for the termination of the reciprocity treaty of thirtieth of January, eighteen hundred and seventy-five, between the United States of America and His Majesty the King of the Hawaiian Islands.

Whereas it is provided in the reciprocity treaty concluded at Washington the thirtieth of January, eighteen hundred and seventy-five, between the United States of the one part, and His Majesty the King of the Hawaiian Islands of the other part, that this treaty "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"; and

Whereas it appears by a proclamation of the President of the United States bearing date the ninth of September, eighteen hundred and seventy-six, that the treaty came into operation on that day; and

Whereas, further, it is no longer for the interests of the United States to continue the same in force: Therefore,

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That notice be given of the termination of the reciprocity treaty, according to the provision therein contained for the termination of the same; and the President of the United States is hereby charged with the communication of such notice to the King and the Government of the Hawaiian Islands, and the desire of the United States to make and maintain the most friendly commercial relations with that power.

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## VIEWS OF THE MINORITY.

The undersigned agree to the report of the majority of the Committee on Finance, and for the following additional reasons not concurred in by other members of the committee :

When our Constitution was framed no compact between two different nations such as a reciprocity treaty was known or ever existed ; and the power of the President, "with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senate concur," must be accepted as a limitation of the power to just what was then known and understood to be comprehended by the words "to make treaties." The Constitution cannot be changed by any modern diplomatic inventions. It is true that Cromwell, in 1654, made a treaty with Portugal, by which English woollens were to be admitted into Portugal at a lower rate of duty than from other countries, and the wines of Portugal were to be charged, when brought to England, with a less rate of duty than wines imported from France or elsewhere ; but this, although a commercial treaty, was not a reciprocity treaty, and Adam Smith conclusively proved that even this much vaunted treaty was disadvantageous to England.

Our Constitution does not lack harmony, and all of its provisions show that it was never intended that the President and the Senate should have even the initiative in regulating trade or commerce. That power is given up wholly to "Congress to regulate foreign and domestic commerce and with the Indian tribes"; and the President cannot call to his aid any foreign power, even with the advice and consent of the Senate, to regulate commerce, whether foreign or domestic.

A still greater inhibition of this modern shape of the treaty power is found in another provision of the Constitution, which provides that—

All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills.

No reciprocity treaty could be made that would not be a direct infraction of this provision of the Constitution, as all such treaties must necessarily curtail the boundaries within which revenues are or can be raised. If such a treaty could be made with one nation it would be possible to make like treaties with all, and thus the power of the House of Representatives to originate revenue bills would be suspended and frittered away. It does not help the main question in the least to obtain the consent of an existing House of Representatives to pass a law in conformity with or to carry out the provisions of such a treaty. The power of the House to originate revenue bills inheres forever, and no existing House can exercise that power so as to deprive a succeeding House of any of its proper Constitutional functions.

Again, the "most favored nation" clause, in the larger part of our treaties with other nations, is a perpetual suggestion of the most serious complications always lying in wait for all reciprocity treaties. Should any of these nations tender the same or equal terms, we must, of course, accord the same and equal favors, and any reciprocity treaty might be suddenly and wonderfully expanded; or we might have the alternative

of a conflict with many nations with whom peaceful relations are most desirable.

In the determination of this question our experience ought to have some weight; and that experience shows, in every instance where a reciprocity treaty has been tried, that immense American interests have been sacrificed. No one has resulted to our advantage.

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