

remain unpaid until the legislature appropriates the money according to law.

The Queen persists in refusing to appoint a cabinet in conformity with the wishes of the majority, and it is possible that her obstinacy may precipitate a crisis.

Very respectfully,

G. C. WILTSE,
Captain, U. S. Navy, Commanding U. S. S. Boston.

Capt. Wiltse to the Secretary of the Navy.

U. S. S. BOSTON (SECOND RATE),
Honolulu, Hawaiian Islands, November 9, 1892.

The SECRETARY OF THE NAVY,
Navy Department, Washington, D. C.:

SIR: I have the honor to report that the danger of a political crisis in the Hawaiian Kingdom seems to have passed.

The Queen has appointed a cabinet, after much pressure had been brought to bear, that is strong financially and favorable to American interests. The new ministry will probably be supported by the legislature, although much opposition has been aroused among the native members because they are not represented. It is doubtful, however, if the natives can secure enough votes to vote the cabinet out, though they would do so if possible.

I am informed, from reliable sources, that the Queen had been strongly advised to dissolve the legislature and order a new election, which would have been unconstitutional, and which would probably have caused a revolution; but she was deterred by the presence of United States vessels of war.

I inclose paper containing editorials on the situation.

Very respectfully,

G. C. WILTSE,
Captain, Commanding U. S. S. Boston.

Mr. Stevens to Mr. Foster.

[Confidential.]

No. 74.]

UNITED STATES LEGATION,
Honolulu, November 20, 1892.

SIR: Fidelity to the trust imposed on me by the President, the Department of State, and the Senate, requires that I should make a careful and full statement of the financial, agricultural, social, and political condition of these islands. An intelligent and impartial examination of the facts can hardly fail to lead to the conclusion that the relations and policy of the United States toward Hawaii will soon demand some change, if not the adoption of decisive measures, with the aim to secure American interests and future supremacy by encouraging Hawaiian development and aiding to promote responsible government in these islands. It is unnecessary for me to allude to the deep interest and the settled policy of the United States Government in re-

spect of these islands, from the official days of John Quincy Adams and of Daniel Webster to the present time. In all that period, we have avowed the superiority of our interests to those of all other nations, and have always refused to embarrass our freedom of action by any alliance or arrangement with other powers as to the ultimate possession and government of the islands. Before stating the present political condition of the little kingdom, it is well to review the substantial data as to its area, its resources, its financial and business condition, its capabilities of material development, its population, the status of its landed property, its government, revenues, and expenditures, etc.

PHYSICAL DIMENSIONS.

The total area of the kingdom is about 6,000 square miles. Not including several small islands of little importance, the chief value of the land area is in the six islands of Oahu, Kauai, Maui, Molokai, Lanai, and Hawaii, the last named being nearly the size of all the rest of the group. The plains, valleys, and lowlands are fertile, while the highlands are adapted to the raising of extensive herds of cattle, horses, and sheep. The arable lands are adapted to the production of sugar, coffee, rice, bananas, oranges, lemons, pineapples, grapes and maize. Of the arable lands only such as are fitted for the production of sugar and rice have been much brought into use. The coffee raised is of superior quality, and finds ready market for home consumption and in San Francisco. There is no doubt that this product can be greatly extended. This opinion is sustained by the examination of experts and has been verified by successful results in coffee-raising, to which there is now being given special attention.

The banana culture can be greatly extended, and the opportunities for the production of oranges are large and promising. Ripening at a time in the year different from those of southern California, the Hawaiian oranges can find a ready market in San Francisco, and especially in the cities of Oregon and Washington, where the islands procure most of their lumber for buildings and fences, and from which they procure coal, the consumption of which will necessarily increase for use in the sugar mills and the supply of steamers. For a quarter of a century the profits of sugar-raising have tended to divert capital and enterprise almost exclusively to the cane culture, to the neglect of the other industries and interests of the islands. Good government and the building of necessary roads and bridges, the Government assumption of the "crown lands," and the conversion of them into small homesteads for raising the crops already specified, would speedily stimulate general prosperity and increase the American and European families and freeholders, and aid to constitute a large number of responsible voters, thus giving stability to legislation and government.

There are nearly 900,000 acres of "crown lands," and these, in the main, are among the most valuable of the islands. The rent paid for them goes to the Sovereign, and the amount of the income received is no doubt much less than it would be if these lands were owned and managed by private individuals. There have long been more or less abuses in the leasing of these lands, and it is well understood that the leases have been prolific sources of political favoritism and corruption. Well handled and sold at fitting opportunities, the proceeds of the crown lands would pay the national debt, provide adequate pensions for the two or three royalties, in case monarchy should

be abolished, and yet leave a balance of considerable amount for a permanent school fund.

COMMERCIAL AND NAVAL IMPORTANCE OF THE ISLANDS.

The value of the Hawaiian Islands to the United States for commercial and naval purposes has been well understood by American statesmen for more than half a century. The examination of the Hawaiian harbors and a careful consideration of their capabilities of defense, twenty years since, by Gen. Scofield and naval officers, whose opinions are on record in the Washington departments, plainly indicate how important these islands and harbors are to the future American commerce of the Pacific. Even to a nonexpert the great value and the easy defensibility of the harbors of Pearl City and of Honolulu are unmistakably obvious. Only six miles from each other, with narrow entrances backed by a continuous wall of mountains, each terminus of this natural barrier reaching to the sea, at relatively small expense these harbors can be impregnably fortified against all attack by sea and land. The harbor of Honolulu can now be entered by ships drawing 30 feet of water. But Pearl Harbor is larger and much preferable for naval purposes. It is only necessary to deepen the entrance by removing the bar of coral formation. This coral obstruction can be removed with comparative ease, and the expense would not be large. Opinions of practical men here, who have had to do with these coral formations, as well as my personal observation, go to show how readily it can be removed by modern explosives and the improved mechanical agencies.

With a large island between it and the sea, a capacious, safe, and beautiful harbor is secured for American commercial and military marine just where the future greatness and the necessities of the United States imperatively require. Only those who have carefully examined the vast resources of the American Pacific States, and considered that nearly two-fifths of the immense area of the United States, through the transcontinental railways and by rivers and sounds, outlet on the Pacific, and have studied the data surely pointing to the vast future commerce of this western world, can adequately appreciate the importance of these harbors to the American nation, and the necessity of securing them against foreign rivals. If we neglect them the present occupants must suffer, and their necessities will force them in directions unfriendly to American interests. Circumstances are pressing, and no time should be lost in looking at the facts as they really exist. The strong inclination of several European powers to gain possession of all the islands in the Pacific, except such as are expressly protected by the United States, is plainly shown by what has taken place in recent years.

The seizure of Gilbert, Johnson, and other islands, in the past few months, and what recently transpired in regard to Samoa, emphatically show that England certainly has not moderated her policy in the indicated regard, to which course the Canadian Government is undoubtedly the inspiring cause. The enormous cost of the Canadian Pacific Railway impels its managers to make the most desperate efforts to secure freight and passengers, and hence its aggressive plans to secure Pacific commerce and to gain political and commercial influence in these islands. The scheme of a British cable from Vancouver via Honolulu, as well as to Japan and China, and of establishing commercial and mail lines of steamers on the same routes, is not an idle dream. Powerful agencies are already working to these ends, and to effectively safeguard American interests on the Pacific and in these islands there is no time for

hesitation and delay. If the United States Government does not very promptly provide for laying a cable from San Francisco or San Diego to Honolulu or Hilo, it may be regarded as certain that a cable will be laid by British capital and be controlled by British managers. Pearl Harbor for a coaling station and an American cable between California and Hawaii are of immediate importance to American commercial and naval interests and to the maintenance of American influence on these islands.

THE GOVERNMENT OF THE ISLANDS.

A question of vital importance to Hawaii and of American interest in and care for its future is that of its government. There has been in the last twenty years a great change in the political status of things here. Formerly the facts and circumstances appertaining to government on these islands were essentially different from what they are today. Then the population was chiefly native Hawaiian. The natives had long lived under a kind of feudal system, with rigid laws and customs, which gave to the numerous chiefs and the King absolute despotic power. The wisdom and the religious zeal of the Christian missionaries enabled them to acquire and exercise a strong influence for good over the chiefs and King as well. Thus a system of government and laws were established which were a great improvement on the former condition of things. The general good character of the men who effectively aided the Hawaiian monarch to carry on the Government for years secured fairly successful administration of law and the maintenance of public order at limited cost, the public revenues being small. But the numerous Hawaiian chiefs are in their graves. Their families are extinct. The original native Hawaiians are now so decimated as to number less than two-fifths of the population of the islands.

The coming to the throne of the late King Kalakaua in 1873 was by legislative election, and but for the presence in the harbor and on shore of American marines and sailors, of the United States vessels of war, he would have failed to secure his crown against a determined mob in the interest of another aspirant. The great prosperity of the islands under the reciprocity treaty, stimulating the production of sugar, leading to a large American, European, and Asiatic immigration, caused a large increase of the Government revenues. This prosperous state of things also soon resulted in a large increase of the Government expenditures, in the addition of new offices, a large augmentation of salaries, thus stimulating the desire for official places and patronage, exciting the greed of adventurous and too often unworthy political partisans. Easy going, unused to and incapable of safe and economical administration, the King, Kalakaua, too often, in his seventeen years of reign, fell into the hands of unscrupulous associates and advisers. The Government expenditures soon reached figures much above what the area and population of the little kingdom justified. But so long as the great profits of sugar-raising under the American tariff flowed into the islands, the excessive Government expenses could be paid without the principal taxpayers very sensibly realizing the burden.

The adoption of a new constitution in 1887, taking from the King much of his former power and establishing legislative and ministerial responsibility, effected a beneficial change. But the great reduction of the profits of sugar-raising, rendering some of the plantations nearly worthless, and greatly lessening the income and market value of the others, has brought a condition of affairs which compels all the reflect-

ing and responsible citizens to see that the present expenses of the Government are much beyond what the islands can pay and much higher than wise legislation and proper economic administration require. But the difficulty of getting out of the old grooves, of scaling down salaries, and abolishing useless offices is hard to overcome. Nearly one-half of the population of the country have no voice in political affairs, unless exerted through corruption and bribery. The voting population is made up of several nationalities—Hawaiian, Portuguese, American, English, German, and others, the more intelligent and responsible of these generally acting together sufficiently to exercise a beneficial influence on legislation and administration. But the palace patronage and influence are still considerable, costing the country more than it is able to pay and returning to the country no positive advantages.

Directly and indirectly, the palace probably costs the little kingdom \$150,000 per year. A governor, at \$5,000 a year, acting in harmony with the responsible men of the legislature, would be far better for the islands than the present monarchical Government. In truth, the monarchy here is an absurd anachronism. It has nothing on which it logically or legitimately stands. The feudal basis on which it once stood no longer existing, the monarchy now is only an impediment to good government—an obstruction to the prosperity and progress of the islands. Incapable of comprehending the principles of constitutional government, more likely to take the advice of unworthy counsel than of the more competent, the reigning Sovereign insists in dealing with what properly belongs to the legislature and to the ministers. Thus the palace is constantly open to superficial and irresponsible courtiers and to unprincipled adventurers of different nationalities. Instead of exercising a salutary influence on public affairs it is the center of maladministration and of the most vicious kind of politics. It is now, and it has been for the last twenty years, and is always likely to be, a fruitful source of public demoralization.

It may be asked why do not the people of the islands at once reform this state of things? There is a considerable number of intelligent, energetic, and excellent citizens, of the different nationalities, in possession of the elective franchise. They are largely Americanized in their opinions and manners. They are sympathetic with American institutions. This is so of the Portuguese, the Germans, more or less of the English, and of the native Hawaiians and half-whites, as well as of the most of those of American parentage. But these unaided and alone can not well make the necessary changes in the existing condition of things. As a crown colony of Great Britain, or a Territory of the United States, the government modifications could be made readily, and good administration of the laws secured. Destiny and the vast future interests of the United States in the Pacific clearly indicate who, at no distant day, must be responsible for the government of these islands. Under a territorial government they could be as easily governed as any of the existing Territories of the United States.

The men qualified are here to carry on good government, provided they have the support of the Government of the United States. Why not postpone American possession? Would it not be just as well for the United States to take the islands twenty-five years hence? Facts and obvious probabilities will answer both of these interrogations. Hawaii has reached the parting of the ways. She must now take the road which leads to Asia, or the other, which outlets her in America, gives her an American civilization and binds her to the care of American

destiny. The nonaction of the American Government here in thirty years will make of Hawaii a Singapore, or a Hongkong, which could be governed as a British colony, but would be unfit to be an American Territory or an American State under our constitutional system. If the American flag floats here at no distant day, the Asiatic tendencies can be arrested and controlled without retarding the material development of the islands, but surely advancing their prosperity by diversifying and expanding the industries, building roads and bridges, opening the public lands to small farmers from Europe and the United States, thus increasing the responsible voting population, and constituting a solid basis for American methods of government.

Two-fifths of the people now here are Chinese and Japanese. If the present state of things is allowed to go on the Asiatics will soon largely preponderate, for the native Hawaiians are now decreasing at the rate of nearly one thousand per year. At the present prices of sugar, and at the prices likely to hold in the future, sugar-raising on these islands can be continued only by the cheapest possible labor—that of the Japanese, the Chinese, and the Indian coolies. Americanize the islands, assume control of the “crown lands,” dispose of them in small lots for actual settlers and freeholders for the raising of coffee, oranges, lemons, bananas, pineapples, and grapes, and the result soon will be to give permanent preponderance to a population and a civilization which will make the islands like southern California, and at no distant period convert them into gardens and sanitariums, as well as supply stations for American commerce, thus bringing everything here into harmony with American life and prosperity. To postpone American action many years is only to add to present unfavorable tendencies and to make future possession more difficult.

It is proper to consider the following facts: The present Sovereign is not expected to live many years. The princess heir apparent has always been, and is likely always to be, under English influence. Her father is British in blood and prejudices, firmly entrenched here as collector of customs, an important and influential office. She has been for some years and still is in England; her patron there who has a kind of guardianship of her, T. H. Davies, is a Tory Englishman, who lived here many years, who still owns large property in the islands, and is a resolute and persistent opponent of American predominance, bitterly denouncing even the American acquisition of Pearl Harbor. Mr. Wodehouse, the English minister, has long resided here; his eldest son is married to a half-caste sister of the Crown Princess, another son is in the Honolulu post-office, and a daughter also is married to a resident of one of the islands. The death of the present Queen, therefore, would virtually place an English princess on the Hawaiian throne, and put in the hands of the ultra-English the patronage and influence of the palace.

In the existing state of things, with non-American intervention, these palace influences, skillfully handled, are nearly equal, frequently superior, to the power of the legislature. Add to this palace power, in British hands, the influence of an adventurous, impecunious, and irresponsible mob of “hoodlums” and there results a state of things which would put it in the power of Canadian and ultra-British schemers, with a subsidy fund of \$50,000, to secure control of the legislature, and by prompt and vigorous action secure Canadian and British franchises, privileges, and rights entirely legal, to get rid of which would cause embarrassment and expense to the United States and her allies here. As is well known to the Department of State, Secretary Marcy,

with the approval of President Pierce and Cabinet, authorized the negotiation of a treaty for making these islands a Territory of the United States. Commissioner Gregg was authorized to facilitate the negotiation by the promise to pay \$100,000 for pensions to the King, chiefs, and other official persons, on condition that the sovereignty and property of the islands should be transferred to the United States.

Commissioner Gregg exceeded his instructions by stipulating to pay, in all, three times the sum which Secretary Marcy named in his instructions. These terms were deemed onerous and unacceptable by the Washington Department of State, and consequently the treaty was dropped, after all negotiations had been completed, the King finally being induced by his Scotch minister of foreign affairs not to sign it, though the King and cabinet had previously given their support to the spirit and terms of the negotiations and the conclusions reached. The embarrassments and objections that then existed as to the number of the royal princes and chiefs, the small number of the American population, the want of ready communication with the United States, and distance from Washington, now no longer stand in the way of making Hawaii a well governed and prosperous United States Territory. The reasons for annexation in 1854 were certainly much less adequate and pressing than they are now.

THE EXISTING BUSINESS STATUS.

It is well to consider the existing state of things here resulting from the change in the United States sugar tariff. Only personal observation and a careful investigation of the facts can give an adequate idea of the severe blow sugar raised here has received. The production of sugar being the main business of the islands, the great reduction of the market price has effected powerfully the entire affairs and condition of the islands. I think it underestimating the truth to express the opinion that the loss to the owners of the sugar plantations and mills, etc., and the consequent depreciation of other property by the passage of the McKinley bill, wise and beneficial as that measure is proving to be for the vast interests of the United States, has not been less than \$12,000,000, a large portion of this loss falling on Americans residing here and in California. Unless some positive measures of relief be granted, the depreciation of sugar property here will continue to go on. Wise, bold action of the United States will rescue the property holders from great loss, give the islands a government which will put an end to a worse than useless expenditure of a large proportion of the revenues of the country, using them for the building of roads and bridges, thus helping to develop the natural resources of the islands, aiding to diversify the industries, and to increase the number of the responsible citizens.

WHAT SHOULD BE DONE?

One of two courses seem to me absolutely necessary to be followed, either bold and vigorous measures for annexation or a "customs union," an ocean cable from the Californian coast to Honolulu, Pearl Harbor perpetually ceded to the United States, with an implied but not necessarily stipulated American protectorate over the islands. I believe the former to be the better, that which will prove much the more advantageous to the islands, and the cheapest and least embarrassing in the end for the United States. If it was wise for the United

States, through Secretary Marcy, thirty-eight years ago, to offer to expend \$100,000 to secure a treaty of annexation, it certainly can not be chimerical or unwise to expend \$100,000 to secure annexation in the near future. To-day the United States has five times the wealth she possessed in 1854, and the reasons now existing for annexation are much stronger than they were then. I can not refrain from expressing the opinion with emphasis that the golden hour is near at hand. A perpetual customs union and the acquisition of Pearl Harbor, with an implied protectorate, must be regarded as the only allowable alternative. This would require the continual presence in the harbor of Honolulu of a United States vessel of war and the constant watchfulness of the United States minister while the present bungling, unsettled, and expensive political rule would go on, retarding the development of the islands, leaving at the end of twenty-five years more embarrassment to annexation than exists to-day, the property far less valuable, and the population less American than they would be if annexation were soon realized.

It may be said that annexation would involve the obligation of paying to the Hawaiian sugar-producers the same rate of bounties now paid to American producers, thus imposing too heavy a demand on the United States Treasury. It is a sufficient answer to this question to say that it could be specifically provided in the terms of annexation that the United States Government should pay 6 mills per pound—\$12 per ton—to the Hawaiian sugar-raisers, and this only so long as the present sugar-bounty system of the United States shall be maintained. Careful inquiry and investigation bring me to the conclusion that this small bounty would tide the Hawaiian sugar-planters over their present alarming condition and save the islands from general business depletion and financial disaster. Could justice to American interests in the islands and care for their future welfare do less than this?

To give Hawaii a highly favorable treaty while she remains outside the American Union would necessarily give the same advantages to hostile foreigners, those who would continue to antagonize our commercial and political interests here, as well as those of American blood and sympathies. It is a well authenticated fact that the American sentiment here in 1890, the last year of the great prosperity under the sugar provisions of the reciprocity treaty, was much less manifest than before the treaty had gone into effect, and less pronounced than when Secretary Marcy authorized the negotiation of the annexation treaty in 1854. It is equally true that the desire here at this time for annexation is much stronger than in 1889. Besides, so long as the islands retain their own independent government there remains the possibility that England or the Canadian Dominion might secure one of the Hawaiian harbors for a coaling station. Annexation excludes all dangers of this kind.

Which of the two lines of policy and action shall be adopted our statesmen and our Government must decide. Certain it is that the interests of the United States and the welfare of these islands will not permit the continuance of the existing state and tendency of things. Having for so many years extended a helping hand to the islands and encouraging the American residents and their friends at home to the extent we have, we can not refrain now from aiding them with vigorous measures, without injury to ourselves and those of our "kith and kin," and without neglecting American opportunities that never seemed so obvious and pressing as they do now. I have no doubt that

the more thoroughly the bed rock and controlling facts touching the Hawaiian problem are understood by our Government and by the American public, the more readily they will be inclined to approve the views I have expressed so inadequately in this communication.

I am, sir, your obedient servant,

JOHN L. STEVENS.

Hon. JOHN W. FOSTER,
Secretary of State.