

III.—LETTER from the MINISTER of FOREIGN AFFAIRS, Hawaiian Republic, to the SPECIAL COMMISSIONERS.

DEAR SIRs,—

Department of Foreign Affairs, Honolulu, 17th October, 1894.

In acknowledging the receipt of your letter of this date, enclosing a fair copy of the agreement proposed by you in the hope that it would prove mutually satisfactory, I beg to again express my regret that this Government, by the provisions of our treaty of reciprocity with the United States, as we read it, is at this time precluded from the consideration of the terms proposed. Our position is fully stated in the memorandum heretofore submitted to you, a copy of which is enclosed as a part of this note.

I desire to repeat the assurance that the Government is fully alive to the importance to the country of telegraphic communication with North America, and hope that the speedy settlement of all difficulties of a diplomatic nature may lead to the early consummation of this so long desired project.

Availing myself of this opportunity to express my high personal regard,

I am, &c.,

FRANCIS M. HATCH,
Minister of Foreign Affairs.

IV.—STATEMENT of the Attitude of the Hawaiian Cabinet in regard to the Scheme for laying a Pacific Cable from Canada to Australia, as submitted by Messrs. Mercer and Fleming, representing the British, Canadian, and Australasian Governments.

THIS undertaking being of such magnitude that it is apparent that to insure success it must be conducted by or under the auspices of the British Government, the proposition that the Hawaiian Government should grant a lease of Necker Island, or of some other uninhabited island of this group, as a cable-station, at once raises the question of the power of the Hawaiian Government to act in the premises without first obtaining the sanction of the United States. The treaty of reciprocity between the United States of America and Hawaii has the following provision “It is agreed on the part of His Hawaiian Majesty that so long as this treaty shall remain in force he will not lease, or otherwise dispose of, or create any lien upon, any port, harbour, or other territory in his dominions, or grant any special privilege or rights of use therein to any other Power, State, or Government, nor make any treaty by which any other nation shall obtain the same privilege relative to the admission of any articles free of duty hereby secured to the United States.”

The Hawaiian Cabinet do not feel disposed to enter upon any considerations of a verbal nature touching the extent of and scope of the above-quoted article. Its intent is so clear that they feel it would be improper for them to enter into any engagement in regard to the suggested lease of an island until the consent of the United States has been obtained. The matter will be at once submitted to the United States Government. Upon obtaining the approval of the United States, and a waiver in this instance of the article above quoted, reference will be made to the Hawaiian Legislature of the propositions submitted by Messrs. Mercer and Fleming, which are embodied in the draft memorandum hereto annexed. With such approval no possible objection by the Legislature is anticipated to a lease of Necker Island, or any other uninhabited island of this group, upon condition that Honolulu is put into telegraphic connection with the main line, and that fair rates, not out of proportion to the general tariff determined upon, be given. The question of financial aid is exclusively within the province of the Legislature. Upon this point it need only be said that the Cabinet feel confident that the Legislature will meet the matter in a spirit of liberality which its great and unquestioned importance to the country at large demands.

FRANCIS M. HATCH,
Minister of Foreign Affairs.

V.—PROPOSED AGREEMENT referred to in the Letter of Messrs. Fleming and Mercer of 17th October, 1894, and in the Letter of Mr Hatch of same Date.

MEMORANDUM OF AGREEMENT between the Hawaiian Government and representatives of Great Britain and the British Colonies, made in Honolulu in October, 1894, with regard to the proposal to lay a submarine cable between Canada and Australasia, connected by a branch line with Honolulu.

Subject to the conditions and stipulations hereinafter set out, the Hawaiian Government agrees if and when the laying of a submarine cable between Canada and Australasia shall be determined upon, to lease to the British Government and its assignees, hereinafter called “the lessees,” either Necker Island, or French Frigate Shoal, or Bird Island, or other uninhabited island, whichever of them the British Government may select.

It is noted that the Hawaiian Government are debarred by their reciprocity treaty with the United States from leasing or otherwise disposing of any of their lands, or from granting any special privileges, to any foreign Government, and it is therefore incumbent upon the Hawaiian Government to obtain the sanction of the United States Government as a condition precedent to the grant of the proposed lease.

The Hawaiian Government further agree, for the considerations and stipulations hereinafter expressed, to insert in the lease the following covenants (1.) That the lease shall commence and take effect when a contract has been entered into for the laying of a cable from Canada to the island intended to be leased, and shall inure and continue until the cable and the connecting line to Honolulu are finally and permanently abandoned. (2.) That exclusive possession from disturbance shall be given, with exemption from all kinds of taxation. (3.) That a convenient landing station and space for the accommodation of the telegraph-office staff shall be provided at or near Honolulu for the purpose of laying and working a connecting cable between the island and Honolulu. (4.) That an annual subsidy of £7,000 shall be paid by the Hawaiian Government to the lessees for a period