

as in favor of American, and that British importers would claim under their treaty, for British products, equality with American products, under the American reciprocity treaty. A long diplomatic correspondence followed, in which I was frequently consulted in a friendly way by the Hawaiian minister, and was notified from time to time by Maj. Wodehouse of his proceedings. I have uniformly insisted that it would be a violation of the reciprocity treaty to allow the same privileges to British or any other products with those of the United States—privileges purchased by reciprocity advantages beyond the power of any other nation to concede. I have also insisted that it would amount to a violation of the sovereignty of this Kingdom for Great Britain to assume to dictate to the Hawaiian Government what differential rate of customs should be levied upon British goods as compared with those of other countries, taxation being an incident of sovereignty.

2. Finding that the British Government insisted upon its claim, the Hawaiian Government gave one year's notice (under the seventeenth article), terminating the fourth, fifth, and sixth articles of the Anglo-Hawaiian treaty of 1851-'52. (This would take effect July 3, 1878.)

3. This was resented by the British Government as "unfriendly" action.

4. Mr. Henry A. P. Carter was sent as Hawaiian envoy to England to settle the dispute. Major Wodehouse, alarmed by threats of annexation to the United States rather than submit to the demands of Great Britain, accompanied Mr. Carter to San Francisco, where he applied for and received telegraphic leave from Lord Derby to proceed to England with Mr. Carter.

5. In London Lord Derby proposed to Mr. Carter that England would drop the whole matter if the Hawaiian Government would withdraw its denunciation of the fourth, fifth, and sixth articles, and would attach the free schedule of the American treaty to an agreement that none of the articles in that schedule should be taxed more than 10 per cent if British product rejected. (My dispatch No. 43 is full on this and subsequent points.)

6. The notice of discontinuance was withdrawn as to all but first paragraph of fourth article.

7. In legislative assembly of 1878, a large and noisy party of British sympathizers attacked the Government severely and threatened the reciprocity treaty so seriously that I wrote a note of warning and protest to the minister of foreign affairs (appears as inclosure No. 4 with my dispatch No. 43) which was subsequently approved by Mr. Evarts Secretary of State.

8. The Hawaiian treaty was amended substantially as suggested by Lord Derby (10 per cent ad valorem horizontal). It was supposed that this would end the matter of the British Claims, but

9. About the beginning of the present year, Mr. Theo. H. Davies, acting British consul-general, a merchant doing large business here and one of the claimants, wrote (unofficially) to the minister of finance on behalf of the claimants, demanding a refund of duties paid under protest pending the termination of the first clause in the fourth article of the British treaty.

10. The minister of finance referred the claimants to the Hawaiian courts.

11. The British commissioner then made official demand for diplomatic (executive) settlement.

12. The Hawaiian minister informed Major Wodehouse that he would lay the matter before cabinet council.

The minister of foreign affairs informed Major Wodehouse that the action of the minister of finance was sustained by cabinet council, and that the claimants were remanded to the courts accordingly.

14. Major Wodehouse replied that he could not accept that form and would report to his Government for further instructions.

15. The Hawaiian minister wrote a brief note, simply acknowledging Major Wodehouse's note without comment.

16. Major Wodehouse wrote a severe reply, complaining that the Hawaiian minister had omitted to say that he would give due consideration to Major Wodehouse's note, or words to that effect.

17. I am informed by a member of the cabinet that the minister (Mr. Green) will make a brief and dignified protest against the tone of Major Wodehouse's note, and will say (substantially) that, Major W. having been already fully notified that the matter had been considered by His Majesty's Government and the claimants referred to the courts, and he himself having notified the Hawaiian Government that he had referred the matter to the British secretary, then, in that case, there was nothing further to consider at present, and Major Wodehouse's complaint was without foundation.

Here the matter rests.

This dispatch drew from Mr. Blaine, June 30, 1881, an explicit instruction setting forth the views of this Government as to the impossi-