Those favoring the former measure think it can be carried if the King's consent thereto is first obtained (and endeavors will be made to that end), provided the United States will, for and in consideration of saidcession, pension off His Majesty and all the chiefs of royal blood with the aggregate sum per annum of $125,000, and pay off the Hawaiian national debt, now amounting to about $250,000, and bestow upon the cause and for the benefit of education, public schools, and the nation's hospitals (three of latter in number) the proprietorship and revenues of the crown and public lands. The value of said lands is at present estimated at about $1,000,000. It includes, however, the public buildings, waterworks, wharf property, fish ponds, etc. The income of the crown lands, now inuring to the sovereign, amounts to about $25,000 per annum. The public, or Government, waterworks, give about $15,000 per annum, wharf property about the same, notwithstanding the free use of them granted to steamship lines.

Many persons are lukewarm on the subject of annexation to the United States solely for the reason that they fear repulse by the United States Government. I think the latter should declare its policy and objects in regard to this important subject. This nation is bewildered and suffering to some degree, not knowing how to shape its own policy in connection with its hopes and expectations in regard to the United States.

I inclose herewith an extract from the Commercial Advertiser of the 15th inst., headed "Annexation," considered here as intended to be a feeler on the subject.

With great, etc.,

HENRY A. PEIRCE.

P. S.—Your dispatches Nos. 78 and 79 are received. Should the King Lunalilo conclude to visit Washington, his departure will not take place before October next.

SAN FRANCISCO, CAL., May 8, 1873.

Hon. Wm. W. Belknap,
Secretary of War, Washington, D. C.:

SIR: In compliance with your confidential instructions of the 24th June, 1872, we have the honor to state that we have visited the Sandwich Islands and ascertained the defensive capabilities of their different ports, examined into their commercial facilities, and collected all the information in our power on other subjects in reference to which we ought to be informed in the event of a war with a powerful maritime nation, and we have now the honor to submit the following

REPORT:

We left this city on the 30th of December, 1872, on board the U. S. S. California, the flagship of Rear-Admiral Pennock, U. S. Navy, and arrived at Honolulu January 15, 1873. Admiral Pennock had received instructions from our Government to proceed to the Sandwich Islands in his flagship and bring to the United States the late King Kaumahameha VI.

A few days before sailing, however, the news of the death of the king was received in San Francisco.