2. At the last session of the United States Congress there was developed a strong movement looking to the reduction of sugar duties and the payment of bounties upon sugar of American production. The effect of this would be to discriminate against Hawaiian sugars in favor of American, and materially reduce to us the value of the existing treaty without any corresponding benefit.

We believe it to be the duty of the Hawaiian Government to endeavor to secure the placing of our products upon the same basis as American products in respect of bounties and privileges.

3. The existing treaty is limited in its extent. A large number of American products still pay duties in the Islands, while the products admitted by the treaty free of duty into the ports of the United States are practically limited to sugar, rice, bananas, hides, and tallow.

There are many articles which might be profitably produced here, upon lands which are not available for products now admitted under the treaty, were there a market for them.

If a mutual agreement can be arrived at whereby the products of either country can be admitted free into the other, a great stimulus will be given to new industries in the Islands, resulting in an increase of exports and of domestic and foreign shipping; the bringing into cultivation and increasing in value of many lands now waste; the consequent improvement in all departments of business, and a corresponding benefit to the United States by the increase in our imports to meet the necessary increased consumption by our people.

We believe that the additional value which each country would receive would many times over compensate them for the loss of the duties now levied.

4. The Hawaiian Islands are now the only group in the Pacific which is wholly self-governing. Our situation is peculiar. We have no military or naval strength of our own to maintain our autonomy against the pettiest naval power; and we have to-day no guarantee of our continued independence as against any foreign nation other than the sufferance or the mutual jealousies of the great powers.

Within the last few years the policy of annexation has prevailed among the European nations interested in Polynesia, which has resulted in the rapid absorption of nearly all the Pacific islands.

Within the year last past we have seen Samoa lose her position as a self-governing state. The acts of her Government are now subject to the approval of the Governments of the United States, England, and Germany, and had it not been for the good offices of the United States Government the probability is that she would have ere now been annexed by one or more European nations.

Within the past year the question of the disposition and absorption of the Hawaiian Islands, as well as of Samoa, has been the subject of serious consideration by certain of the nations interested in the Pacific.

The cabinet are of the opinion that the interests of this country, and of every race and industry resident or located therein, will be best served by the continuance of its present independent state, free from any protectorate or control on the part of any foreign government.

It is, and ever will be, the endeavor of the present administration to not only unqualifiedly maintain this status, but to obtain such assurances and guarantees thereof as will remove the question from the debatable politics of the world.

It has long been the custom of European nations to form alliances with neighboring countries for purposes of defense, safety, and commercial exchange. The time has, in the opinion of the cabinet, arrived when we should follow a precedent so well established and form an alliance with some great nation. If an alliance of this character is desirable it should be in the direction where our greatest interest lies.

The proximity of the United States, the cordial friendship which has been from the commencement of our civilization a marked characteristic of our relations with the American people, and the extensive commercial exchanges which are the result of such relations, point inevitably to that great country as our best friend, our most valuable commercial colleague, and our natural political ally.

Animated as we are by the desire to strengthen and extend the commercial ties which have done so much for our national prosperity, and to secure the safety and perpetuation of our institutions by an alliance whereby we shall have the positive and unqualified guarantee of a strong friend against interference by itself or others with our perfect autonomy, independence, and sovereignty, we have instructed our representative at Washington to ascertain if the United States would be willing to negotiate with us a convention whereby the following objects may be secured:

First. To continue in force all treaties and conventions now existing between the two nations, until they shall find it mutually advantageous to abrogate or modify such treaties or conventions, or any of them.