

1. That the amount of seventy-five thousand dollars (\$75,000) for schools must be for ten instead of five years.

2. That his colleagues and the Crown Prince decline to admit Mr. Gregg's proposed substitute for Mr. Wyllie's recent article, and propose the following amendment to stand in its place, viz:

"The Kingdom of the Hawaiian Islands shall be incorporated into the American Union as a sovereign State and admitted as such as soon as it can be done in consistency with the principles and requirements of the Federal Constitution to all the rights, privileges, and immunities of a State, as aforesaid, and perfect equality with the other States of the Confederation."

Mr. Gregg expressed dissatisfaction with the phraseology of the proposed amendment, but promised to take the subject into early consideration and to advise Mr. Wyllie fully of his views thereon. Mr. Wyllie then stated that Protocols 5, 6, and 7 had been submitted to the King, and they were therefore signed in accordance with Protocol No. 6. The undersigned thereafter adjourned to meet again as soon as Mr. Gregg has maturely considered the amendment proposed to the second article.

Honolulu, 27th September, 1854.

(Signed)

R. C. WYLLIE.

D. L. GREGG.

### Protocol No. 11.

The undersigned met at the office of the minister of foreign affairs at 10 a. m., on August 19th, 1854, and proceeded to settle the terms of the treaty of annexation referred to and discussed at the preceding conferences.

Mr. Gregg expressed himself still dissatisfied with the terms of the amendment submitted to him yesterday as the agreement of the cabinet and Crown Prince for the second article of the treaty. He did not object to the omission of the words "*in the judgment of Congress*," as contained in his original draft and the one Mr. Wyllie had proposed, as it was well understood and agreed by all the parties to the negotiation that the power of admitting new States into the Union is vested by the Constitution solely in the Congress, and it was not intended to attach to the article any other sense.

He thought the expression "sovereign State" inaccurate and exceptional. The states were, it is true, sovereign in a limited sense; they had full jurisdiction and control over their own local and domestic affairs. But the *national sovereignty* was vested in the General Government alone, and he thought it improper to designate a State, in a public treaty, by terms not strictly applicable in the sense of the Federal Constitution. He also objected to the word "confederation," as being at least of doubtful propriety, and proposed "union" as a substitute. The following was finally agreed upon and adopted, as being within the meaning of and subordinate to section III of Article IV of the Constitution of the United States, viz:

"The kingdom of the Hawaiian Islands shall be incorporated into the American Union as a State, enjoying the same degree of sovereignty as other States; and admitted as such, as soon as it can be done, in consistency with the principles and requirements of the Federal Constitution, to all the rights, privileges, and immunities of a State, as aforesaid, with the other States of the Union."

When Article VIII came up for consideration, Mr. Gregg renewed the proposal heretofore made by him to insert \$100,000 instead of \$300,000 as a suitable amount to be paid in annuities. Mr. Wyllie stated in reply that the revenue of the Kingdom was in rapid augmentation; from \$48,842 in 1843, it had increased in only 8 years to \$315,735 in 1851; that in 1853, notwithstanding the fearful ravages of the smallpox, it was \$326,620; that this increase had taken place without any development of the agricultural resources of the country worthy of the name; that only capital and labor were wanted to develop them to a great extent whereby the revenue would be proportionately increased, and that he (Mr. Wyllie) saw no reason to doubt that in ten years from this date the revenue of the islands would exceed \$1,000,000 annually.

Mr. Wyllie added that for this reason he did not consider \$300,000 an extravagant demand for compensation, considering the present and prospective value of the islands *intrinsically*, and much less in view of their political value to any great naval and commercial power, since the treaty effected with Japan. Mr. Wyllie added his belief that this value was fully understood, and that a higher compensation for thirty years might be procured by a surrender of the sovereignty to another great nation. Besides the \$300,000 had been fully agreed upon by the King's cabinet and the crown prince, and further \$75,000 for the purpose of education, to be continued for 10 years, and he (Mr. Wyllie) did not think they would recede from these terms.

Mr. Gregg said that, as the negotiation was *ad referendum*, he felt himself, under the peculiar circumstances of the case, authorized to assent, although he did