Mr. Davis to Mr. Daggett.

No. 62.] Department of State,
Washington, August 2, 1884.

Sir: I have received your dispatch No. 174, of the 14th ultimo, concerning certain important financial proceeding in the Hawaiian legislative assembly, and have forwarded a copy of your dispatch to the Secretary of the Treasury as of possible interest to his Department.

I am, sir, etc.,

John Davis,
Acting Secretary.

Mr. Bayard to Mr. Merrill.

[Confidential.]

No. 36.] Department of State,
Washington, January 8, 1887.

Sir: My attention was lately drawn to the proposed negotiation of a loan of $2,000,000 in England to the Hawaiian Government, by the terms of which the revenues of Hawaii were to be pledged as a collateral security.

The terms, so reported to me, were practically the creation of a right of inspection and possible control by foreign creditors over the financial measures and administration of the Hawaiian Government, and as such were not in accordance with the spirit, if not of the letter, of the existing treaty between the Hawaiian Islands and the United States, which was intended to prevent any cession of territory or grant of a political nature by Hawaii to any other government than that of the United States.

The reasons for the treaty of 1875 exist today in increased and still growing force. The political geography of the United States and the relation of the island groups of the Pacific Ocean to our Pacific coast and to the terminal points of its transcontinental railways have been importantly affected by the progress and natural operation of events since the formation of that treaty.

I shall have occasion shortly to direct your attention to some propositions of the Hawaiian Government in relation to sundry islands in the Pacific, and will not do more at present than suggest to you that it would be well for you discreetly to intimate to His Majesty King Kalakaua, the lively interest we feel in the autonomy and self-preserving force of his Government, and the satisfaction experienced by the President in learning that the late loan, to which I have referred, did not involve the pledge of the revenues of his Government and the possible embarrassments to which he might otherwise have been internationally subjected.

The safety and welfare of the Hawaiian group is obviously more interesting and important to the United States than to any other nation, and for that reason our ties of intercourse and amity should be cherished.

By prudent and friendly approach to the King and expressions of interest and good will in the affairs of Hawaii, it appears to me that you can render efficient service to both governments.

I am, etc.,

T. F. Bayard.