WONDERFUL HAWAII

A World Experiment Station

BY RAY STANNARD BAKER

Author of "The Spiritual Unrest," "Following the Color Line," etc.

ILLUSTRATED WITH PHOTOGRAPHS

I. How King Sugar Rules in Hawaii

HAWAII has been called, and justly called, the Paradise of the Pacific. But it is a paradise not only of natural beauties and wonders; it is also a paradise of modern industrial combination. In no part of the United States is a single industry so predominant as the sugar industry is in Hawaii, and nowhere else, perhaps, has the centralized control of property reached a state of greater perfection. Hawaii furnishes a vivid illustration of the way in which private business organization in its final stages of development permeates, influences, and controls the life of a country.

Sugar is King in Hawaii to a far greater extent than cotton was in the old South. Says the United States Commissioner of Labor in his 1905 report:

"Directly or indirectly all industries in the Territory of Hawaii are ultimately dependent upon the sugar industry—the social, the economic, and the political structure of the islands is built upon a foundation of sugar."

The fact that out of $46,000,000 of exports last year from Hawaii over $42,000,000 represented sugar will give some idea of the relative importance of the industry to the islands.

The Hawaiian Islands, of which four are considerably inhabited, are merely the summits of vast volcanic mountains which in ages past have thrust their heads out of the depths of the mid-Pacific. Disintegrated lava has for centuries been washing down from the heights and has formed rich land areas along the seacoasts. These rich, warm lands in all the islands are devoted almost exclusively now to the production of sugar-cane. They are divided up and held mostly in large plantations the number of which in the islands is about fifty. Some of them are veritable principalities, stretching for miles along the coast, the broad green fields reaching from the sea level to a height of 2,000 feet in the mountains. Seen from the ocean, with their scattered villages and the great mill at the center, they are often impossibly beautiful to look upon. The largest of the ownerships is that of the Hawaiian Commercial and Sugar Company in the island of Maui with 35,000 acres, of which over 20,000 is cultivated in cane. It has an enormous equipment of the machinery of manufacture and transportation and an army of 3,200 workers, who with their families live in twenty-four little villages or camps dotted about upon the great estate. Thirty-live thousand cattle run on the hills above the plantation, and last year the total sugar production was 15,000 tons. While this is the largest of the plantations, there are many others in the islands which produce from 1,000 to 5,000 tons of sugar annually and only a very few of the plants are designed to produce less than 1,000 tons annually. With raw sugar selling from $70 to $80 an ton, the idea of the magnitude of the operations is well founded. Unlike the South, where the cotton plantations were owned by individuals, most of whom lived on the islands, these sugar estates of Hawaii are without exception owned by corporations. In a few instances the original or controlling owners of the corporations continue to live upon the land, but in a majority of cases the land is managed and the tendency is constantly growing for the men who really control the plantations live in Honolulu and employ salaried managers to operate the land. Modern Hawaii is urban and absentee, not agricultural and local, as was that of the last century; the aristocrat is a financier rather than a farmer.

We thus have over fifty corporations controlling the sugar land of the Territory; but these corporations themselves are grouped together, so that in all essential matters they act as a unit.

In the first place they are organized in the powerful Sugar Planters' Association, which, while it is nominally a voluntary organization, exercises the profoundest control over industry in the islands.

Through the Planters' Association the centralized money interests in the islands act as a unit upon the labor question, they present a solid front in every political contest, and they conduct large cooperative enterprises, like the highly efficient Planters' Experiment Station, for the good of the industry of the islands. They raise and dispense large sums of money every year. The Planters' Association is more powerful far than the territorial government; it has well been called the Hawaiian House of Lords.

Behind the Planters' Association, and really directing its operations, are the trustees, all of whom are representatives of the great sugar agencies or factors of the islands. There are nine such factors, but the great bulk of the sugar business
for a comparatively small group of stockholders inside the agencies to dominate the plantation corporations, and it tends to establish a public opinion favorable to the existing system of control.

Now, I am setting down the facts regarding this solidarity of cooperative or corporate control as a plain condition to be honestly examined. What is the result of this control? What are the advantages and disadvantages? An answer to these questions will not only explain Hawaiian conditions, but will illuminate the great problem of industrial combination which confronts the nation on every hand.

I think no one can visit the islands without being impressed with the remarkable intelligence and the high efficiency with which the sugar industry is directed. It has been in a high degree farming with brains. The planters have adapted themselves with wonderful flexibility and ingenuity to all manner of difficult conditions. Marvelous irrigation systems, ditches, and flumes from mountain streams and great pumping plants have been developed. Conditions of soil and rainfall have been studied and the last perfection of modern farm machinery and modern methods of fertilizing have been introduced. I have seen great fields being plowed nearly three deep with huge steam plows—and the use of fertilizers are almost unnoticeable to a person accustomed to ordinary methods of the middle West. Nor is this all. The Planters' Association maintains an extensive private experiment farm in Honolulu, where a group of scientists have dealt minutely with the methods of shipping and selling. When they found that the sugar trust was robbing them, they got together and formed a corporation called the Sugar Factors' Company and bought a refinery in California in which they began to refine some of their own sugar and thus compete with the trust. It was only a small refinery, but it was enough to force a favorable agreement with the trust, which has not only served to strengthen the power of the trust but has made the Hawaiian planters the sharers in the profits which arise from that monopolistic combination.

In the same way, the planters, after the refinement and distribution of the products of their plantations, have studied transportation and were instrumental in having the American-Hawaiian ship-line established, which carries the bulk of their sugar on favorable terms across the Pacific.

Edward D. Tenney
Manager of Castle & Cooke, one of the "Big Five." Mr. Tenney is a leading factor in the control of the industries of the Islands. Three of the agencies in the "Big Five" are more or less dominated by the old missionary families and missionary interests.

William Pfotenhauser
Of the "Big Five," three are so-called American firms; one Theodore Davies & Co., represents British interests, and one, H. Hackfeld & Co., represents German interests. Mr. William Pfotenhauser is at the head of the German house. Besides controlling many plantations, H. Hackfeld & Co. also dominates a large portion of the wholesale and retail mercantile trade of the Islands.
combined planters of Hawaii have shown unusual ability in overcoming the disadvantages of distance and the rigors of a world competition. In other ways, also characteristic of the modern game of business as it is played at its best (or worst), the planters have shown remarkable facility— I mean in the way in which they have secured and retained the advantages of a high protective tariff, and their adroitness in handling their labor problem. Of these two latter activities, I shall speak more fully later.

It may be asked how it is possible for a comparatively few white men and their families, out of a population of nearly 200,000, thus to control so vast an industry. In the old South domination rested upon three essential advantages or privileges. First, upon the ownership of the best and most fertile cotton lands; second, upon the control of the labor supply— the negro slaves. All these advantages gave the great planters wealth and political power, and by the use of wealth and power they were able to buy still more land, control still more machinery, and not only acquire more slaves but by the domination of the government protect the institution of slavery. Power is never stationary; it either expands or contracts; and in the South it expanded— until the explosion.

Now the power of the corporation aristocracy of Hawaii, of course, rests upon exactly the same fundamental advantages. Land, machinery, labor! Control these, and you control the world!

Control is made easier in Hawaii, as it was in the old South, by the presence of a very large population of non-voting workmen. This not only includes that half of the population which is made up of Chinese and Japanese, but of thousands of ignorant Portuguese, Spanish, Russians, and others, who are not yet naturalized. Fully three-quarters of the population of Hawaii have nothing more to say about the government under which they are living than the old slaves. The total registered voters in the islands, in 1910, is only 14,442 (in 1910). Of these nearly 10,000 are native Hawaiians, and only 1,763 are American born. The remainder is made up of naturalized Portuguese, British, German and other whites, and 396 Chinese and 234 Japanese. Of the 234 registered Japanese, the highest number who ever voted in an election is thirteen.

One would imagine from their predominance in number of voters that the native Hawaiians would dominate the islands. They would do it if they voted together, but as a matter of practice they are no match for the money-controlling, land-owning, American Union, the Anglo-Saxon is not particular about political parties their influence is neutralized. But while this is true, the power of the corporation aristocracy of Hawaii, of course, rests upon exactly the same fundamental advantages. Land, machinery, labor! Control these and you control the world!

Control is made easier in Hawaii, as it was in the old South, by the presence of a very large population of non-voting workmen. This not only includes that half of the population which is made up of Chinese and Japanese, but of thousands of ignorant Portuguese, Spaniards, Russians, and others, who are not yet naturalized. Fully three-quarters of the population of Hawaii have nothing more to say about the government under which they are living than the old slaves. The total registered voters in the islands, in 1910, is only 14,442 (in 1910). Of these nearly 10,000 are native Hawaiians, and only 1,763 are American born. The remainder is made up of naturalized Portuguese, British, German and other whites, and 396 Chinese and 234 Japanese. Of the 234 registered Japanese, the highest number who ever voted in an election is thirteen.

One would imagine from their predominance in number of voters that the native Hawaiians would dominate the islands. They would do it if they voted together, but as a matter of practice they are no match for the money-controlling, land-owning, American Union, the Anglo-Saxon is not particular about political parties their influence is neutralized. But while this is true, the power of the corporation aristocracy of Hawaii, of course, rests upon exactly the same fundamental advantages. Land, machinery, labor! Control these, and you control the world!

Control is made easier in Hawaii, as it was in the old South, by the presence of a very large population of non-voting workmen. This not only includes that half of the population which is made up of Chinese and Japanese, but of thousands of ignorant Portuguese, Spanish, Russians, and others, who are not yet naturalized. Fully three-quarters of the population of Hawaii have nothing more to say about the government under which they are living than the old slaves. The total registered voters in the islands, in 1910, is only 14,442 (in 1910). Of these nearly 10,000 are native Hawaiians, and only 1,763 are American born. The remainder is made up of naturalized Portuguese, British, German and other whites, and 396 Chinese and 234 Japanese. Of the 234 registered Japanese, the highest number who ever voted in an election is thirteen.

One would imagine from their predominance in number of voters that the native Hawaiians would dominate the islands. They would do it if they voted together, but as a matter of practice they are no match for the money-controlling, land-owning, American Union, the Anglo-Saxon is not particular about political parties their influence is neutralized. But while this is true, the power of the corporation aristocracy of Hawaii, of course, rests upon exactly the same fundamental advantages. Land, machinery, labor! Control these, and you control the world!

Control is made easier in Hawaii, as it was in the old South, by the presence of a very large population of non-voting workmen. This not only includes that half of the population which is made up of Chinese and Japanese, but of thousands of ignorant Portuguese, Spanish, Russians, and others, who are not yet naturalized. Fully three-quarters of the population of Hawaii have nothing more to say about the government under which they are living than the old slaves. The total registered voters in the islands, in 1910, is only 14,442 (in 1910). Of these nearly 10,000 are native Hawaiians, and only 1,763 are American born. The remainder is made up of naturalized Portuguese, British, German and other whites, and 396 Chinese and 234 Japanese. Of the 234 registered Japanese, the highest number who ever voted in an election is thirteen.

One would imagine from their predominance in number of voters that the native Hawaiians would dominate the islands. They would do it if they voted together, but as a matter of practice they are no match for the money-controlling, land-owning, American Union, the Anglo-Saxon is not particular about political parties their influence is neutralized. But while this is true, the power of the corporation aristocracy of Hawaii, of course, rests upon exactly the same fundamental advantages. Land, machinery, labor! Control these, and you control the world!

Control is made easier in Hawaii, as it was in the old South, by the presence of a very large population of non-voting workmen. This not only includes that half of the population which is made up of Chinese and Japanese, but of thousands of ignorant Portuguese, Spanish, Russians, and others, who are not yet naturalized. Fully three-quarters of the population of Hawaii have nothing more to say about the government under which they are living than the old slaves. The total registered voters in the islands, in 1910, is only 14,442 (in 1910). Of these nearly 10,000 are native Hawaiians, and only 1,763 are American born. The remainder is made up of naturalized Portuguese, British, German and other whites, and 396 Chinese and 234 Japanese. Of the 234 registered Japanese, the highest number who ever voted in an election is thirteen.

One would imagine from their predominance in number of voters that the native Hawaiians would dominate the islands. They would do it if they voted together, but as a matter of practice they are no match for the money-controlling, land-owning, American Union, the Anglo-Saxon is not particular about political parties their influence is neutralized. But while this is true, the power of the corporation aristocracy of Hawaii, of course, rests upon exactly the same fundamental advantages. Land, machinery, labor! Control these, and you control the world!

Control is made easier in Hawaii, as it was in the old South, by the presence of a very large population of non-voting workmen. This not only includes that half of the population which is made up of Chinese and Japanese, but of thousands of ignorant Portuguese, Spanish, Russians, and others, who are not yet naturalized. Fully three-quarters of the population of Hawaii have nothing more to say about the government under which they are living than the old slaves. The total registered voters in the islands, in 1910, is only 14,442 (in 1910). Of these nearly 10,000 are native Hawaiians, and only 1,763 are American born. The remainder is made up of naturalized Portuguese, British, German and other whites, and 396 Chinese and 234 Japanese. Of the 234 registered Japanese, the highest number who ever voted in an election is thirteen.
an Irish-hawaiian type

Hawaii is a melting pot of the races. Here may be found every imaginable mixture, usually with the native Hawaiian as a foundation. The pure-blooded Hawaiians are rapidly disappearing, having decreased from some 300,000 a hundred years ago to 26,000 in 1910; and the mixed bloods are increasing—there were 12,485 in 1910.

of the territorial government is done, at high wages, by native voters. But the offices of real power are practically all held by strong, quiet, able white men—who hold the government with a steady hand.

An example of this difference between the ornamental name of power and the actuality of power is shown in the case of the chief elective official of the islands—i.e., the delegate to Congress. This would be a fine position for any white man to hold, but the dominant group in Hawaii, represented by the Republican party, has chosen a safe native Hawaiian, who, owing to the fact that he is one of the few remaining natives of royal connection, possesses wide influence among them. The present delegate, Prince Kuhio Kalanianaole, sometimes called Prince Cui, is a man of ability in some lines. He has good humor and tact, he is an excellent speaker and a man who makes a fine appearance on ornamental occasions. As a native making a sentimental appeal for his people, he can sometimes get things done in Congress that a white man could not get.

But when he goes to Washington as the representative of the islands he has with him a quiet but shrewd white secretary, Mr. George Mck. McClellan. Mr. McClellan not only receives from the United States Government the usual modest salary of a private secretary, but the business interests of the islands also pay him an additional large salary, said to be $8,000 a year. The secretary is said to receive more money yearly than the delegate, and in all matters of real importance, to have an over-advantage. Of course neither party tries in any way the thousands of poor and peasant Europeans who do the actual work of the islands.

Few white men of the islands believe in the possibility of a democracy which shall admit to equal privileges the three-quarters of the population of the island which now does the hard work and has no vote. As in the old South, where the aristocrats and whites were a unit when it came to the problem of the Negro, so the whites of Hawaii are of one mind regarding the Orient. But among themselves much the same differences are developed as which split the Southern whites.

A native making a sentimental appeal for his people, he can sometimes get things done in Congress that a white man could not get. But when he goes to Washington as the representative of the islands he has with him a quiet but shrewd white secretary, Mr. George Mck. McClellan. Mr. McClellan not only receives from the United States Government the usual modest salary of a private secretary, but the business interests of the islands also pay him an additional large salary, said to be $8,000 a year. The secretary is said to receive more money yearly than the delegate, and in all matters of real importance, to have an over-advantage. Of course neither party tries in any way the thousands of poor and peasant Europeans who do the actual work of the islands.

We gain practically every advantage. It is by controlling politics to legislation necessary to protect its holdings—especially the large tracts of government land it holds under lease—it keeps down taxes, it is able to provide money from the territorial funds to bring in laborers for its plantations, and above all to present a strong front in Congress every time the sugar tariff comes up for discussion. Hawaiian sugar comes into the United States free: that is, it is protected from foreign competition by a tariff of some $34 a ton. Without that tariff privilege, which is a tax paid by the consumers of the country, many of the sugar plantations of the islands would have to shut up shop.

The very great prosperity of the planters to-day, like that of some others of our law-made "trusts," is based not so much upon natural advantages, as upon legislative and political advantages. The enormous protective tariff on sugar has enabled them to
open thousands of acres of land which they could not profitably cultivate without that tariff.

With a high protective tariff on sugar and, until recently, free trade in labor, the planters have brought in large numbers of Orientals who work at cheap wages, and live on a low scale. When commodities cannot come into a country, the people who make the commodities must come. The influx of such swarms of cheap laborers to develop an artificially stimulated industry has tended to drive out white labor and white citizens, and to prevent others from coming in. Too much cheap, low-standard labor drives out high-standard labor just as a depreciated currency drives out gold; and an overwhelming disfranchised peasantry makes a democratic citizenship impossible.

The white laboring class of citizens disappears before the Oriental influx in Hawaii just as the poor whites before the war fled from the Negro.

Now this orientalization of the islands through an overstimulated and protected industry and a free labor market long ago began to disturb thoughtful people.

What would happen if this overwhelming and intelligent Japanese working population should suddenly object to the present system? What could be done? As a remedy, then, it was proposed not to reduce the original form of stimulation, the protective tariff, but to seek other forms of legislative protection. Stimulation demands always more stimulation; and protection breeds more protection. Protected industry is to be offset by protected labor—in short, immigration of Orientals is to be prevented, and immigration of white citizens is to be encouraged and even subsidized.

Thus the United States has brought about the artificial restriction of Chinese and Japanese immigration, and has caused bad feeling in the two great nations of Asia. Indeed, it has made us so fearful that we must resort to still other and even more costly forms of protection. We spend uncounted millions of dollars in fortifying the islands of Hawaii, far, far, more in cash, perhaps, than the advantages of the sugar industry of the islands are worth to us. We must keep considerable bodies of troops there on the volcanic hills; and then, to protect our communications we must have the further protection of a big navy and a fortified Panama Canal, and we must make heroic efforts to subsidize merchant ships that the Japanese may become fighting vessels in time of need. What a combination of costly protections in order that a few rich men should become still richer by producing sugar of lands where, without taxing the consumer of the sugar, it could not possibly be grown in competition with great sugar-producing countries like Cuba.

One wonders indeed what would have happened if Hawaii had never had a protective tariff on sugar. Certainly no such amount of land could have been opened for sugar production; and this might have given an opportunity of more white settlers to come in naturally and to practice a more diversified agriculture. No such domination of the politics of the islands would have been possible. The development would undoubtedly not have been so rapid, but it might have been steadier and in the long run more democratic. And immigrants would have come in smaller numbers and could have been educated and assimilated without placing the institutions of the islands on the strain under which they are now laboring.

The importation of hordes of ignorant people have brought in all sorts of diseases which in this tropical climate spread like wild fire and necessitate costly sanitary, hospital, and health measures to deal with cholera, the plague, leprosy, and other diseases. Regularity in their eagerness to get any sort of cheap labor the planters have been importing, Plague, leprosy and other contagious diseases, chiefly dysentery, hookworm, syphilis, and tuberculosis. Although the sugar industry was never so profitable as it is to-day, giving off so many dollars of wealth, thousands of children in the islands to-day are without adequate public school advantages.

I found the government actually renting rooms in private Japanese houses because there was no money to provide new school buildings. And yet, while Hawaii, during the session of the Legislature, the Planters' Association made a speech against an increase in the tax rate which would give the Territory more money for its schools, and yet while pleading poverty when the appropriation comes up the planters brought about the appropriation at each session of the Legislature of about one hundred thousand dollars to bring over invited parties of members of Congress. These men are carefully selected by paid representatives of the planters' interests in Washington, and every cent of their expenses and often the expenses of their families to Hawaii and return is paid. So much depends on beneficial legislation in Congress that this expense seems necessary to the interests of members of Congress; but, as a member of Congress said of these delegations, "Their feet never once really touch the ground while they are in Hawaii."

To the outside visitor, indeed, the island life at the present time conveys a curious sense of unnatural strain and overstimulation—a condition in which many fine and sincere men are struggling with almost impossible difficulties. The dread of some change in the tariff, the constant struggle for more labor, the uncertain tenure of the land holdings, the restlessness of the unenfranchised workers, the awakening self-consciousness of the Japanese, the discontent of landless whites, all add to the perplexity of a difficult situation.

Against all this, of course, the argument is advanced that the islands have been enjoying great prosperity. And they have indeed—if the profits on sugar production and the accumulation of wealth in a few hands are the standards set. As an efficient machine for producing profits, the system, so far, has worked very well indeed.

The profits on sugar during the last few years have been enormous. On a product worth over $40,000,000 last year it is estimated that about one-third was clear profit. Of course not all the plantations are profitable, for under the stimulation of artificial conditions, much rather poor sugar land has been opened, but other plantations, on the other hand, have been abnormally profitable. The
actual cost of producing sugar on one of the smaller plantations on the island of Hawaii this year was about $36 a ton. The value before shipment was nearly $70 a ton.

Let me tell the story here of Ewa plantation, which, while it is not the largest, is one of the most successful in the islands. It was established about twenty-two years ago. The original investors capitalized the venture at $500,000. Later they had to assess themselves for $500,000 more, so that the stock finally cost $1,000,000. Beyond this, in the early days, they had, of course, to borrow largely, but those amounts were soon paid off. By 1890 the company had grown very profitable. It earned for a time 5 per cent. a month on the existing capitalization. It then pursued the course which many of the plantation corporations of the islands have followed; it issued a series of stock dividends. That is, it presented its stockholders with so much additional stock free of cost. To-day, without another cent in cash having been added, the capitalization is $5,000,000, on which the corporation is paying 18 per cent. a year dividends. In other words, the original owners of the stock have seen their investment increase fivefold, and on that fivefold increase they are now receiving 18 per cent. a year. This is the equivalent, for all the original investors, of 90 per cent. a year. Moreover, the stock in Ewa, with a par value of $25 a share, sells at $32. Is it any wonder that they talk of the success of the system in Hawaii?

But this is not all by any means. The same narrow group of men who own or control the plantations also own or control nearly everything else. For example, the fertilizer business of the islands, which is very important, is wholly monopolized by two non-competitive corporations, and both of these corporations are controlled by the agency corporations. Both are made to pay fine profits. One of them, which had been paying 18 per cent. profit on a capital of $300,000, last year made a stock dividend of $300,000—doubling the holdings of its stockholders. The same group also controls the most profitable Honolulu iron works, which has been successful in building high-grade sugar mill machinery. They also control practically all the wholesale and most of the retail mercantile business of the territory. They are interested, back and forth and in and out in the banks and trust companies, and they control, directly or indirectly, practically all the public utilities, telephones, electric light plants, railroads, and in some degree the steamship lines. If one venture proves unprofitable, they make it up on some other venture.

As in the old South the system has been eminently successful for those in control of the land, the machinery, and the labor supply. Many of them have become very rich. They live in excellent style; they send their sons and daughters to Eastern colleges and universities; they themselves take frequent trips to Europe or to the United States, and they are as cultivated and as delightful people generally as there are anywhere to be found in this world.

As to the remainder of the population—the vast majority who do the hard work of the islands—the system presents entirely different aspects, some of which I shall point out in another article. The system makes much sugar and large profits, but what sort of a democratic citizenry does it make? Are men improved by it? Is there more justice, more liberty, more brotherhood?

(Next month Mr. Baker will show how, and by whom, the lands of Hawaii are held, and what the results of centralized land control have been)

IN NEW YORK

BY JOHN HALL WHEELOCK

Within the modern world, deformed and vast,
Lurks everlasting, though all men deny,
The awful force that in the ages past
Walked on the waves and cried on Calvary.

I feel it in the crowded city street
Mid iron walls and wheels and changing cars
I feel it in my pulses as they beat,
The monstrous Secret that propels the stars