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## 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

AWAII has been called, and justly But it is a paradise not only of natural beauties and wonders; it which private business organization in its final stages of development permeates, in-

extent than cotton was in the old South. 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 cane. They are divided up and held mostly relative importance of the industry to the in large plantations the number of which in

startling assertions:

"The past five years have witnessed an called, the Paradise of the Pacific. increasing centralization of this (the sugar) industry; large plantations have been combined into still larger plantations; sugaris also a paradise of modern industrial com- factor firms, which represent the center of bination. In no part of the United States is financial control, are fewer but stronger than a single industry so predominant as the sugar in 1905; local transportation, both by land industry is in Hawaii, and nowhere else, per- and by water, is more centralized and in haps, has the centralized control of property more direct relations with the sugar-producreached a state of greater perfection. Hawaii ing interests; and steamship lines to the furnishes a vivid illustration of the way in mainland are more closely allied than ever with sugar factors and planters."

The sugar industry, thus being dominant fluences, and controls the life of a country. in Hawaii, it becomes a question of how, by Sugar is King in Hawaii to a far greater whom, and for whose benefit it is controlled.

The Hawaiian Islands, of which four are Says the United States Commissioner of 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 sugarthe islands is about fifty. Some of them are The dominance of King Sugar is also be- veritable principalities, stretching for miles coming more pervasive. Five years ago along the coast, the broad green fields reachthere were forces at work which suggested ing from the sea level to a height of 2,000 limitations upon the power of sugar, but few feet in the mountains. Seen from the ocean, of them have been in the least effectual. with their scattered villages and the great The last (1911) report on Hawaii by the mill at the center, they are often impress-United States Commission of Labor, re- ively beautiful to look upon. The largest of cently issued, although describing the situ- the ownerships is that of the Hawaiian Comation in the usual guarded language of a mercial and Sugar Company in the island of government document, makes these rather Maui with 35,000 acres, of which over 20,000 is cultivated in cane. It has an enormous

regulpment of the machinery of manufacture century; the aristocrat is a financier rather and transportation and an army of 3,200 than a farmer. winkers, who with their families live in plantation, and last year the total sugar pro- act as a unit. duction was 55,000 tons. While this is the largest of the

plantations, thore are many others in the islands. which produce from 11,000: 10 10,000 lons of langur annually and unly a very low of the My produce loan than Loon tons unnually. With raw war selling # from \$70 In \$80 a ton, nume idea of the magnitude of the uperations may be furmed.

Unlike the III South, whore the rollon planfations were nwhed by Individuals by fami-He who lived upon them in a nort of isolated grandrur, these

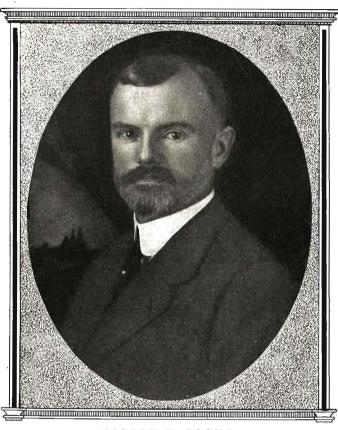
must sugar estates of Hawaii are without and dispense large sums of money every manage the land, but in a majority of the tendency is constantly grow-

We thus have over fifty corporations contwenty four little villages or camps dotted trolling the sugar land of the Territory; but about upon the great estate. Thirty-five these corporations themselves are grouped thousand cattle run on the hills above the together, so that in all essential matters they

In the first place they are organized in the

powerful Sugar Planters' Association, which, while it is nominally a voluntary organization, exercises the profoun dest 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 coöperative enterprises, like the highly efficient Planters' Experiment Station, for the good of the industry of the islands. They raise



TOSEPH P. COOKE

Five powerful agencies, called the "Big Five," dominate the finances and industries of the Islands and to a great degree its life. Of these five Alexander & Baldwin has the most extensive resources and the largest business. Joseph P. Cooke is the dominating figure of Alexander & Baldwin. He may be called the leading financial force of the Islands

in the Planters' Association is more the original or controlling owners of powerful far than the territorial governthe corporations continue to live upon ment; it has well been called the Hawaiian House of Lords.

Behind the Planters' Association, and the men who really control the planta- really directing its operations, are the trus-Illian live in Honolulu and employ salaried tees, all of whom are representatives of miningers to operate the land. Modern the great sugar agencies or factors of all to the vis urban and absentee, not agrithe islands. There are nine such factors, rollium and local, as was that of the last but the great bulk of the sugar business

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

is done by five of them — the so-called for a comparatively small group of stock Big Five:

tle & Cooke, Hockfeld & Co., and Theodore tablish a public opinion favorable to the H. Davies & Co.

These five powerful financial agencies represent as factors nearly all of the planta- this solidarity of cooperative or corporate tions on the

islands. They finance the plantations, they buy the supplies, they attend to the shipping and the sale of the product.

Not only are these agencies the business representatives of the plantations, but more and more they are actually coming into the stock ownership or control of the plantations. I presume that from six to ten men connected with the agencies practically dictate the policies of the island sugar industry.

One of the first things with which the investigator is im-

pressed in the islands—and it is the famil- ed. It has been in a high degree farming iar argument of all big business corpora- with brains. The planters have adapted tions—is that the stock in many of the themselves with wonderful flexibility and plantations is widely held. And this, in ingenuity to all manner of difficult conthe case of several of the large plantations, is ditions. Marvelous irrigation systems, true: the stock is scattered among business ditches, and flumes from mountain stream men, professional men, ministers and teach- and great pumping plants have been deers, and even to some extent among the veloped. Conditions of soil and rainfall Chinese.

Photograph by R. K. Bonine

at all change the essential feature of central- of fertilizing have been introduced. I have ized control. Indeed, it makes it the easier seen great fields being plowed nearly three

holders inside the agencies to dominate the Alexander & Baldwin, Brewer & Co., Cas-plantation corporations, and it tends to esexisting system of control.

Now, I am setting down the facts regarding

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.

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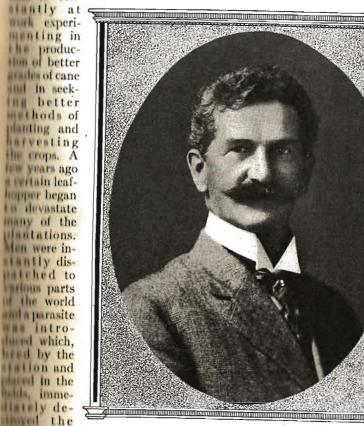
Heatlan for

offvate circu-

have been studied and the last perfection of But this in Hawaii, as elsewhere, does not modern farm machinery and modern methods



one can visit the islands without being impressed with the remarkable intelligence and the high efficiency with which the sugar industry is direct



WILLIAM PFOTENHAUER

Of the "Big Five," three are so-called American firms; one, Theodore H. Davies & Co., represents British interests, and one, H. Hackfeld & Co., represents German interests. Mr. William Pfotenhauer 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

among the managers and planters, 4,000 miles of sea to Central America, mawledge.

They have begun a campaign to ping facilities to the Pacific Coast. the forests and to plant more trees, ma the augar in their great mills.

feet deep with huge steam plows-and the have dealt minutely with the methods of shipthe use of fertilizers are almost un- ping and selling. When they found that the followable to a person accustomed to ordi- sugar trust was robbing them, they got tomany farming methods of the middle West. gether and formed a corporation called the Nor is this all. The Planters' Association Sugar Factors' Company and bought a remaintains an extensive private experiment finery in California in which they began to fatton in Honolulu, where a group of scien- refine some of their own sugar and thus com-

pete 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 sharers in the profits which arise from that monopolistic combination. In the same

way the planters studied transportation and were instrumental in having the American-Hawaiian ship-line established. which carries the bulk of their sugar on favorable terms across

mader that all may profit by the latest thence by land across the Isthmus of Tehuantepec, thence again by sea to New has hundred other ways the planters have York—a rather tremendous enterprise. They nemarkable constructive and organiz- have also helped in the development of ship-

In other big ways—the handling of their have developed private docks and private credits, the purchasing of supplies in great and they are seeking out or de- quantities, their participation in the control the very best methods for extract- of the company which makes most of their own sugar mill machinery-in all of these than this, the combined planters big, daring, constructive lines of activity, the



Photograph by R. K. Bonine

HOME OF EDWARD D. TENNEY IN HONOLULU

Nowhere in the world, perhaps, can wealth so easily command beauty and luxury as it does in Honolulu. This is but one of the many beautiful homes

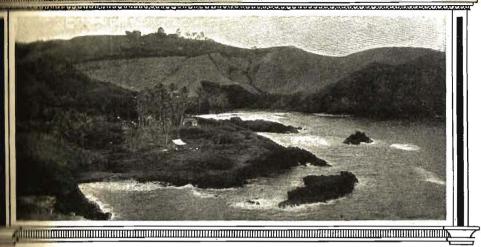
combined planters of Hawaii have shown un- machinery, and not only acquire more slaves usual ability in overcoming the disadvan- but by the domination of the government tages of distance and the rigors of a world protect the institution of slavery. Power is competition. In other ways, also character- never stationary; it either expands or conistic of the modern game of business as it is tracts; and in the South it expanded—until played at its best (or worst), the planters have the explosion. shown remarkable facility—I mean in the way in which they have secured and retained the racy of Hawaii, of course, rests upon exactly advantages of a high protective tariff, and the same fundamental advantages. Land their adroitness in handling their labor problem. Of these two latter activities, I shall control the world! speak more fully later.

comparatively few white men and their fam- large population of non-voting workmen ilies, out of a population of nearly 200,000, thus to control so vast an industry.

three essential advantages or privileges. guese, Spanish, Russians, and others, who First, upon the ownership of the best and are not yet naturalized. Fully three-quar most fertile cotton lands; second, upon the ters of the population of Hawaii have no control of the indispensable machinery—the more to say about the government under cotton gin; and third, upon the absolute which they are living than the old slave domination of the labor supply—the negro The total registered voters in the islands, in slaves. All these advantages gave the great deed, is only 14,442 (in 1910). Of these planters wealth and political power, and by nearly 10,000 are native Hawaiians, and only the use of wealth and power they were able 1,763 are American born. The remainder to buy still more land, control still more made up of naturalized Portuguese, British

Now the power of the corporation aristoc machinery, labor! Control these and you

Control is made easier in Hawaii, as it was It may be asked how it is possible for a in the old South, by the presence of a very This not only includes that half of the popul lation which is made up of Chinese and Jap In the old South domination rested upon anese, but of thousands of ignorant Portu



A TYPICAL HAWAIIAN LANDSCAPE

bough seacoast of lava and coral, a broadband of sugar-cane plantation, and above that the volcanic hills

In an election is thirteen.

would imagine from their predomipractice they are no match for the money-controlling, land-owning, parties their influence is neutralized. the American Union.

who is accustomed to lead.

Imman and other whites, and 396 Chinese able to live in that tropical country on a Japanese. Of the 234 registered small allowance of fish and poi, he is rather the highest number who ever more independent economically than men of the working class in northern climates.

But it has been possible to "reach" him in number of voters that the native a hundred ways by playing upon his weak-May would dominate the islands. They nesses. He has been flattered with banquets by it if they voted together, but as a or luaus, he has been coaxed and cajoled by whites who spoke his language, and he has been won over by appointment or election to ment giving white man. Indeed, in inconsequential political offices. And reby gone days of the old native govern- cently, as he has learned the rules of the wen before they had large property game, large sums of money have been used white men controlled the doings of the in the elections. Hundreds of the leading **It shows and queens**; and when that control natives are hired at high wages as "runners," more unsubstantial and another arrange- and before election they go among their own people and by the use of oratory and "pig they turned out the old royal family and gin," win their support. Moreover, through the division of the natives between ready, and for business reasons, the Republican, Democratic and Home Rule

The Anglo-Saxon is not particular about the early times of the old, having the name of power: what he looks dominating New England mission- for, always, are the actualities of power. He white man has been the teacher and is willing to have the Hawaiians hold many between of the natives, and for genera- of the offices, even though he regards them advice and guidance have been as inefficient administrators; for it flatters has the strong position of the vanity of the native, preserves political peace, and does no particular harm-so long as nothing is done to disturb him—the dom-**Example 1 A good deal** of independence. He inating white man—in his control of the a Home Rule party land, the machinery, and the labor supply of Ime was almost in control of the islands. Thus the mayor of Honolulu, The native loves many of the territorial legislators, and many officers in all the islands are Hawaiians—and with much enthusiasm, and being the road-work and much other public work



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#### 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 increasingthere were 12,485 in 1010

of the territorial government is done, at high tance to the big interests of the islands he is wages, by native voters. But the offices of the actual representative. He, with the highreal power are practically all held by strong, paid legal agent of the Planters' Association, quiet, able white men—who hold the govern- who is always in close attendance during conment with a steady hand.

An example of this difference between the of King Sugar from Hawaii. ornamental name of power and the actuality dominant group in Hawaii, represented by 200,000 diverse people. the Republican party, has chosen a safe native Hawaiian, who, owing to the fact that the possibility of a democracy which shall he is one of the few remaining natives of royal admit to equal privileges the three-quarters connection, possesses wide influence among of the population of the island which now them. The present delegate, Prince Kuhio does the hard work and has no vote. As in Kalanianaole, sometimes called Prince Cu- the old South, where the aristocrats and

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 impor-

pid, 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 appear-

ance on ornamental

occasions. As a

native making a

sentimental appeal

for his people, he

gressional sessions, are the real ambassadors

In short, while the government of Hawaii of power is shown in the case of the chief is in name an elective democracy, in actuality elective official of the islands— I mean the it is a government by a very limited aristor delegate to Congress. This would be a fine racy of wealth. A very few white men conposition for any white man to hold, but the trol the destinies of the islands and of its

Few white men of the islands believe in

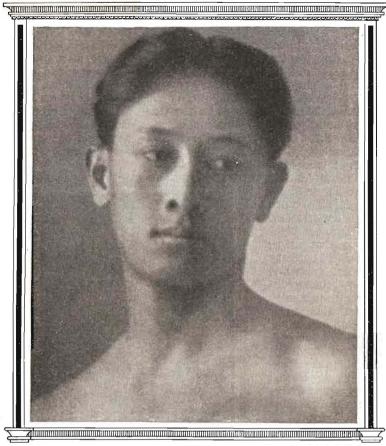
poor whites were a unit when it came til the problem of the Negro, so the whitee of Hawaii are of one mind remariting the Orienlala But among thomselves much the same differences have developed as which split the and sombern whites. mall, domihant, land-owning, lahor employing white group controls the Republican mally and therefore in indities of the islanda.

The Democratic mily, on the other hand, roughly making, represents the apposition of the whites, the homesteaders. many of the white and and amount the natives. and its leaders are, as a mount in such man, called dema-Both sides angual to the native both sides use much money - but the Hopublicans, behu economic have an over-

work of the islands.

an opportunity.

What does the dominant white group gain up shop. for its political control?



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#### A CHINESE-HAWAIIAN BOY

The best of the mixed types are the Chinese-Hawaiian. A number of men of promise are the result of the marriages of Chinese men and Hawaiian women. These two studies are a part of a remarkable and artistic series made by Mrs. C. H. Gurrey of Honolulu. Other types will be published with later articles

More advantage. Of course neither party keeps down taxes, it is able to provide money in any way the thousands of from the territorial funds to bring in laborers be the state and peasant Europeans who do the for its plantations, and above all to present a strong front in Congress every time the sugar The only real political issue in Hawaii, then, tariff comes up for discussion. Hawaiian Ille difference within the ranks of the very sugar comes into the United States free: mall moup of white men and natives, those that is, it is protected from foreign competito the sugar lands and the sugar tion by a tariff of some \$34 a ton. Without by seeking to retain or increase their that tariff privilege, which is a tax paid by the and those who are not "inside" try- consumers of the country, many of the sugar plantations of the islands would have to shut

The very great prosperity of the planters Well it gains practically every advantage to-day, like that of some others of our law-It is able by controlling politics to made "trusts," is based not so much upon Ille logication necessary to protect its natural advantages, as upon legislative and holdings—especially the large tracts of political advantages. The enormous promorniment land it holds under lease—it tective tariff on sugar has enabled them to could not profitably cultivate without that to still other and even more costly forms of tariff.

until recently, free trade in labor, the planters far, far, more in cash, perhaps, than the adhave brought in large numbers of Orientals vantages of the sugar industry of the island who work at cheap wages, and live on a low are worth to us. We must keep considerable scale. When commodities cannot come into bodies of troops there on the volcanic hilla country, the people who make the com- and then, to protect our communications w modities must come. The influx of such must have the further protection of a bi swarms of cheap laborers to develop an artifi- navy and of a fortified Panama Canal, and

out white labor and white citizens, and to prevent others from coming in. Too much cheap, low-standard labor drives out highstandard 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 diversified agriculture. No such domination should suddenly object to the present system? of the politics of the islands would have bee What could be done? As a remedy, then, it possible. The development would undoubtedly was proposed not to reduce the original form not have been so rapid, but it might have been of stimulation, the protective tariff, but to seek steadier and in the long run more democratic other forms of legislative protection. Stimula- And immigrants would have come in slowly tion demands always more stimulation; and and could have been educated and assimilated protection breeds more protection. Pro- without placing the institutions of the island tected industry is to be offset by protected to the strain under which they are now labor labor-in short, immigration of Orientals is ing. The importation of hordes of ignoran to be prevented, and immigration of white people have brought in all sorts of discussed citizens is to be encouraged and even subsidized.

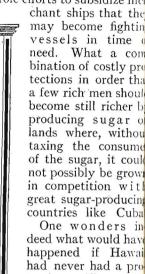
Thus the United States has brought about and health measures to deal with cholera, the the artificial restriction of Chinese and Jap- plague, leprosy and other diseases. Recently anese immigration, and has caused bad feel- in their eagerness to get any sort of cher ing in the two great nations of Asia. Indeed, labor the planters have been importing Fi

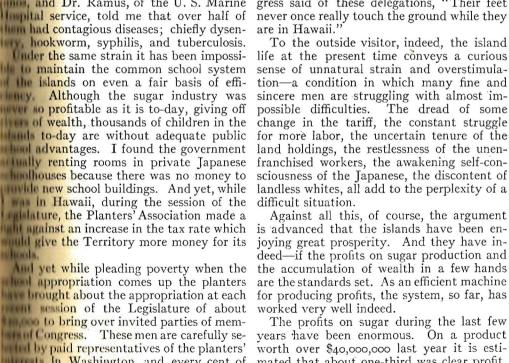
open thousands of acres of land which they it has made us so fearful that we must resort protection. We spend uncounted million With a high protective tariff on sugar and, of dollars in fortifying the islands of Hawaii cially stimulated industry has tended to drive we must make heroic efforts to subsidize mer

> may become fighting vessels in time need. What a com bination of costly pro tections in order that a few rich men should become still richer by producing sugar o lands where, withou taxing the consume of the sugar, it could not possibly be grown in competition with great sugar-producing countries like Cuba

One wonders in deed what would have happened if Hawai had never had a protective tariff on sugar Certainly no such amount of land could have been opened for sugar production, but this might have given an opportunity for more white settlers to come in naturally and to practice a more

which in this tropical climate spread like wild fire and necessitate costly sanitary, hospital





to bring over invited parties of mem-

A TYPICAL PLANTATION LANDSCAPE IN HAWAII blowing the little camps or villages of the workers, with their churches, the great mill at the center and, beyond, the wide-stretching fields of cane and Dr. Ramus, of the U.S. Marine gress said of these delegations, "Their feet

To the outside visitor, indeed, the island

Against all this, of course, the argument deed—if the profits on sugar production and

The profits on sugar during the last few Washington, and every cent of mated that about one-third was clear profit. bell expenses and often the expenses of their Of course not all the plantations are profitable, to Hawaii and return is paid. So for under the stimulation of artificial condiwith depends on beneficial legislation in Contions, much rather poor sugar land has been Hint this expense seems necessary to the opened, but other plantations, on the other Interests; but, as a member of Conhand, have been abnormally profitable. The



Photograph by Harris & Liwing

PRINCE KUHIO KALANIANAOLE One of the last Hawaiians of royal blood; elected from the territory of Hawaii to Congress



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 1896 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 bot of these corporations are controlled by th agency corporations. Both are made to pa fine profits. One of them, which had bee paying 18 per cent. profit on a capital c

paying 18 per cent. profit on a capital c \$300,000, last year made a stock dividend c \$300,000—doubling the holdings of its stock holders. The same group also controls th profitable Honolulu iron works, which ha

been successful in building high-grade sugar mill machinery. They also control practically all the wholesale and most of the retai mercantile business of the territory. The are interested, back and forth and in and out in the banks and trust companies, and the

control, directly or indirectly, practically all the public utilities, telephones, electric ligh plants, railroads, and in some degree the steamship lines. If one venture proves un profitable, 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 son and daughters to Eastern colleges and universities; they themselves take frequentrips to Europe or to the United States, and they are as cultivated and as delightful a 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 sor 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 clanging cars,
I feel it in my pulses as they beat,

The monstrous Secret that propels the stars