

18/17

REPORT
of the
Joint Hold-Over Committee
of the Legislature
to Study the
Hawaiian Homes Project

HONOLULU, T. H.
March 5, 1937

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To the Speaker and Members of the House
of Representatives of the Legislature
of the Territory of Hawaii.

Sirs:

On behalf of the Joint Hold-over Committee of the Legislature to study the Hawaiian Homes Project I transmit herewith its report.

In connection with this report the Committee calls your attention to the fact that the last formal meeting of the Committee held prior to the drafting of its report was on January 18, 1937. Subsequent to said date the Committee has received additional recommendations from the Hawaiian Homes Commission but has deemed it inadvisable to pass upon these recommendations due to the fact that its report had already been formulated. Consequently these additional recommendations from the Hawaiian Homes Commission are submitted herewith to the Legislature for such action in regard thereto as the Legislature may see fit.

Respectfully submitted,

ROY A. VITOUSEK,
Chairman, Joint Hold-over Committee.

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Introductory

A Joint Hold-over Committee "to study all phases of the Hawaiian Homes Project" was appointed by the Legislature under Senate Concurrent Resolution No. 29 adopted by the Senate on April 25, 1935 and by the House of Representatives four days later. The Committee comprised three members of the Senate, Messrs. Joseph Sylva, Joseph Farrington, and William H. Heen, and three members of the House, Messrs. Roy A. Vitousek, Arthur A. Akina, and Clem Gomes. At its first meeting, on May 4, 1935, Representative Vitousek was named as chairman. Resolution No. 29 defined the objectives of the Committee as follows:

"WHEREAS, the American people, wishing to save the native Hawaiians from extinction, did, by its Congress, under the leadership of the late Franklin K. Lane, Secretary of the Interior, and the late Jonah Kuhio Kalanianaʻole, Delegate to Congress from Hawaii, adopt the Hawaiian Homes Commission Act providing for the rehabilitation of the native Hawaiians, which said Act, adopted in the year 1920, is in need of amendments to meet present-day conditions; and

"WHEREAS, it is the desire of the people of the Territory of Hawaii that the native Hawaiians shall be assisted in every way to perpetuate the Race; and there is not sufficient time in the remaining six days of this session fully to study the thoughts and suggestions presented by the many resolutions now before the legislature; and

"WHEREAS, the Honorable Secretary of the Interior, Harold S. Ickes, and his assistant, Dr. Gruening, also have the welfare of the native Hawaiians at heart; and

"WHEREAS, the said Honorable Secretary of the Interior, unable to come to Hawaii because of pressure of national affairs, is to assign Dr. Ernest Gruening or some other of his assistants to visit Hawaii on official business in the very near future; and

"WHEREAS, there is at the present moment the urgent and immediate need and necessity of amending said Hawaiian Homes Commission Act in order to save from wrecking a big portion of the rehabilitation work under said Act, now, therefore,

"BE IT RESOLVED, by the Senate of the Legislature of the Territory of Hawaii, the House of Representatives concurring, that the President of the Senate appoint three members of the Senate, and the Speaker of the House appoint three members of the House, to constitute a joint 'Hold-over Committee'; said committee to meet on or before May 6, 1935, to appoint its chairman; said committee to be in consultation with the representative of the Interior Department who will visit Hawaii; to study the

thoughts and suggestions contained in the resolutions now before the Senate and House; to receive any and all suggestions concerning the rehabilitation of the native Hawaiian; and to make recommendations to the Governor of the Territory, to the Secretary of the Interior, and to this Legislature, should it be decided to call a special session thereof;"

The Committee has held frequent meetings, and its members have given much personal attention to acquainting themselves with the history, present status, and problems of the Hawaiian homesteaders. A visit was made to the main homesteading center on Molokai, where the Committee held a public meeting to give the homesteaders the chance to present their ideas and make suggestions. The members and officers of the Hawaiian Homes Commission were invited to a number of the Committee meetings, and their recommendations are considered in this report. During the period of the Committee's existence the personnel of the Homes Commission and staff was almost completely changed (see the printed biennial report of the Homes Commission to the Legislature), and this reorganization gave a particularly strategic opportunity for the study of their activities. The Committee received the fullest cooperation of both the old and the new Homes Commission, and also of the Hawaiian Homes Representative appointed by the Federal Department of the Interior, Mr. G. K. Larrison. Various civic leaders met with the Committee or else forwarded suggestions to it in writing, including Delegate Samuel W. King, and Governor Joseph B. Poindexter. Certain of the meetings were opened to the public, and this widened the range of evidence taken. From the beginning the President and experts of the University of Hawaii gave valuable assistance. Dr. Felix M. Keesing, head of the department of anthropology, made a general study of the homesteading schemes on Molokai, and the Committee joined with the University and the Homes Commission in supporting its publication as a university bulletin (see "Hawaiian Homesteading on Molokai," accompanying this report). Mr. H. H. Warner, director of the University Agricultural Extension Service and members of his staff visited Molokai, and their findings on economic matters are summarized in Exhibit G. The cost of making these studies was borne by the University. Dr. Romanzo Adams, professor emeritus of sociology, presented an analysis of Hawaiian population

trends (Exhibit F). Mr. Frank E. Midkiff made a three-day visit to Molokai, especially cooperating in a social and recreational survey (Exhibit H).

PRELIMINARY REVIEW

The Hawaiian Homes Commission Act, 1920, with its subsequent amendments, set aside approximately two hundred thousand acres of public land in the five main islands of the Territory, on which people of Hawaiian ancestry could be rehabilitated through homesteading. A body known as the Hawaiian Homes Commission was created to carry out the project, and a "revolving fund" of one million dollars, later increased to two millions, was built up to finance it.

The first homesteader moved onto the land in July 1922. By now 675 Hawaiians and part-Hawaiians, nearly all with families, have residence or farm lots, while 146 more occupants have titles pending. The scheme already touches directly about 4,000 men, women, and children—that is, one out of every fifteen persons of known Hawaiian ancestry.

Approximately 26,022 acres of Hawaiian Homes land are in active use for the homesteading schemes, the rest, so far as it is usable, being nearly all leased out by the Commissioner of Public Lands as directed in the Hawaiian Homes Act (Exhibit A). The first subdivision to be opened up (1922) was at Kalamaula on the south coast of Molokai. This, now known as the Kalanianaʻole Settlement, comprises 22 agricultural lot holders and 32 residence lot holders. In 1924 another subdivision comprised wholly of residential lots was made available at Keaukaha and Waiakea, near to the city of Hilo on Hawaii. Known now as the Kuhio Settlement, it has 207 families in occupation. In 1924, also, a group of forty-acre agricultural lots were opened up on the plateau of Palaaui-Hoolehua on Molokai, and this has become the major development in the homesteading scheme. Today 130 such lots are occupied by families, while 22 others have been given to the earlier Kalanianaʻole people, and there are 10 residence lots. This subdivision, now known at Hoolehua, must necessarily tend to dominate this report, as being the main concentration point for the efforts of the Homes Commission and the scene of large

financial outlays and of all agricultural experiment. So far only 4 pastoral lots have been opened as authorized by the Act, 3 on Molokai and 1 on Hawaii. The next unit of the scheme was a subdivision of residence lots at Nanakuli, Oahu, in 1930, with 237 families now in occupation.

In 1934 an area of approximately 72 acres of public land behind Punchbowl hill, back of the business district of Honolulu and known as Papakolea, was placed under the jurisdiction of the Homes Commission (Amendment to the Hawaiian Homes Commission Act, 73rd Congress, May 16, 1934). On this and adjacent lands 131 families of Hawaiian ancestry had established themselves over a long period of years, and such action was designed to incorporate this ready-made settlement into the homesteading scheme. An amendment to the Act is proposed in this report so as to add certain lands which will facilitate subdivision of this area into residential lots. The latest unit in the total scheme to date is a group of 17 home sites at Waimanalo, Oahu, with 15 families already in residence pending issuance of leases. It can be noted that Maui and Kauai have no homesteading development as yet, the Hawaiian Homes lands there being leased through the Land Commission (Exhibit A).

In the sections that follow, the various phases of the Hawaiian Homes project will be discussed so far as they concern the problems which came before the Committee. A comprehensive review of its development can be found in the printed biennial reports of the Homes Commission to the Legislature, also in the Keesing Bulletin referred to earlier.

In 1926 a first five-year trial period was completed, and on the recommendation of all concerned the Hawaiian Homes organization was put upon a permanent basis (Amendment to H.H.C. Act, 70th Congress, March 8, 1928). Since 1930, however, an increasing dissatisfaction has been voiced by homesteaders and others. In 1931 a Commission appointed by the Governor, consisting of Princess Abigail Kawananakoa (chairman), Messrs. C. F. Chillingworth, J. C. Lane, O. P. Cox, and F. Lang Akana, made a study of homestead affairs, and offered some drastic criticisms of the work of the Homes Commission (report mimeographed; see also a rebuttal by members of the Hawaiian Homes Commission in Hawaii Senate Journal,

1933, pp 132-137). Though several of their recommendations were incorporated into later policies, discontent was by no means allayed. In 1934 a Committee of the House of Representatives, comprising Messrs. W. Borthwick (chairman), H. N. Ahuna, M. G. Paschoal, and F. W. Wichman offered another strongly worded critique (mimeographed, March 16, 1934). The following year, as a result of a recommendation of the Legislature, Congress amended the Act once more to change the constitution of the Homes Commission and to authorize the Federal Department of the Interior to appoint an expert to collaborate in its work. The Executive Officer and Secretary ceased to be a member of the Commission and was required to live in the main homesteading center, Hoolehua. (For details concerning these amendments and the changes in personnel see the separate biennial report of the Hawaiian Homes Commission to the Legislature.)

GENERAL FINDINGS

Coming now to its own work, the Committee finds that the Hawaiian homesteading scheme has been in certain respects valuable and successful. On the other hand, it sees a number of serious difficulties, and in some phases of the project a virtual condition of stalemate. As an introduction to the more detailed subjects, some of the main strengths and weaknesses of the project may be enumerated. First, the good side:

1. A large number of persons of Hawaiian ancestry have been transferred from crowded areas and placed in conditions where they can live a healthy open air life, somewhat relieved from the grimmer pressures of the white civilization to which by no means all of them are yet well adjusted. Besides the lot holders and their immediate families, many relatives have joined the homestead households. During the depression this has lessened the burden of relief expenditures as these people would in a number of cases have needed aid.

2. A prime aim of those launching the scheme was to prevent the extinction of the Hawaiian people, who for decades had been diminishing in numbers, at least so far as those of full Hawaiian blood were concerned. (In this connection compare the evidence given in Exhibits E and F relating to the

Hawaiian population.) The Committee finds a most gratifying result in that the homestead communities reveal anything but the picture of a dying people. On Molokai today there are families with as many as sixteen children, and even counting in recently married folk there is an average of five children per family. More than half the people count themselves as of full Hawaiian blood, and though other bloods are seeping in by way of the part-Hawaiians there is every reason to expect that a people of predominantly Hawaiian stock will continue to exist and increase vigorously far into the future. (See Keesing Bulletin, pages 32-36.)

3. Whatever grievances homesteaders have, they show little tendency to move out of the homestead areas. Very few have surrendered their holdings since the first allotments were made, and in the case of deceased persons one or more of the heirs are keen to take over. In other words, homestead life is proving attractive enough under present circumstances to hold the Hawaiians.

4. What were formerly barren or little used areas of the Territory, bringing in virtually no income in the form of taxes etc., have become valuable, and produce hundreds of dollars in revenue annually. The Territory as a whole is now reaping a dividend made possible by the use of the Homes Commission funds.

5. Numbers of homesteaders are gaining experience in farming and other pursuits, also in business matters and the handling of money, that is likely to count towards getting the Hawaiian of the future more fully on to a modern economic basis.

6. Without discrediting the former members of the Homes Commission, who, it will be seen, were faced by many difficulties, it can be said that the new Commission and its officers are attacking vigorously the current problems, and appear to have won to a most promising extent the confidence and cooperation of the homesteaders.

Over against these the Committee sees a number of weak points:

1. The financial resources of the Homes Commission are running low, as the so-called "revolving fund" has been drawn upon for capital outlays and maintenance as well as for re-

imbursable loans. A complete reorganization of the finances is necessary, even to maintain the present activities for much longer, let alone to make further development possible.

2. Housing conditions are on the whole very poor, especially on the residence lots. No homesteaders other than those on Molokai have received loans to establish themselves. With rapidly enlarging families and sometimes an influx of relatives there is in many cases serious overcrowding.

3. Sanitary and health conditions could be greatly improved.

4. Homestead economics can hardly be described as on a sound basis, except among residence lot holders close to urban centers where there is steady employment. Diversified agriculture and stockraising on Molokai have been relatively unsuccessful. While pineapples have so far brought a "golden harvest" to the 153 agricultural lot holders at Hoolehua, the present contracts with pineapple companies appear economically unsound, and give the homesteaders no security for the future.

5. The majority of homesteaders are bogged down in debts. Those with pineapple contracts especially have had credit channels opened up which have led most of them to mortgage their future. Not a few Molokai homesteaders have expensive luxuries such as cars, yet lack the simple necessities, even adequate food. Since 1931, however, the Homes Commission has sought to control the finances of homesteaders so as to free them from debt.

6. The original homesteaders are starting to die off, yet no clear policies are formulated regarding succession and inheritance. The Act as originally written fails to cover the Hawaiian homestead situation.

7. Furthermore, there is no provision to establish the children of homesteaders within the scheme as they grow up: either they must continue dependent on their parents or have to leave the homestead areas.

8. Social and recreational facilities are inadequate, especially for the young people on Molokai.

9. Molokai children who wish to go beyond the intermediate grade have to leave the island as there is no local high school. This turns their interests away from the homestead area.

10. The homesteaders have not been enlisted as fully as they might into the projects: things are done for them but not with them. Little has been done to encourage growth of a community spirit and of cooperation in economic and other affairs.

THE HAWAIIAN HOMES COMMISSION

The Committee is satisfied that the reorganization of the Homes Commission planned in 1935 is working out successfully. An appeal was lodged by two Hawaiian organizations, the Puuhonua Society and the Hawaiian University Association, to have the Federal Government enlisted more fully in the scheme, financially and otherwise (see also Exhibit E), but it is felt that the presence of a representative of the Department of the Interior provides the necessary liason. The work of this representative has so far proved of value, as supplementing the local organization.

The Committee saw early in its work the great importance of having members of the Homes Commission pay frequent visits to the homestead communities so as to acquaint themselves personally with the homesteaders and their problems. One of the weaknesses of the Commission in the past has been its remoteness from the people with whom it was dealing. The Committee therefore passed a resolution urging the new Homes Commission to adopt such a policy, and has received assurance that this is being done.

Mr. G. K. Larrison, Federal representative, brought to the Committee's attention an apparent ambiguity in the Hawaiian Homes Act as amended in 1935. While the Governor of the Territory is no longer a member of the Commission, Section 222 of the Act still requires his approval in writing for all expenditures and appointments. On March 2, 1936, the Governor, following an interpretation by the Attorney-General's office, stated that the Commission could deal directly with staff appointments but that his approval is still required for any increases in salaries, the fixing of salaries for new positions, and other expenditures of Commission funds. He also stated that he was taking steps to have the Homes Commission employees classified in accordance with Territorial practice (Section 202 (1) (c) as amended 1935). The Committee considers the existing situation as satisfactory.

HOMES COMMISSION LANDS

Of the 203,782 acres, more or less, originally set aside for Homes Commission purposes, 172,880 acres are available for active use, the remainder being excluded areas: forest and water reserves, etc. To date 26,022 acres have been developed in the homesteading projects. The Territorial Lands Commission has leased out 132,167 acres more, as provided by the Hawaiian Homes Act, at a total rental of \$67,757 annually. At Kalau-papa, Molokai, 4,620 acres are used by the Leper Settlement. This leaves 14,691 acres unused at present: practically all of it, however, unsuitable either for homesteading or leasing. Of the leased lands the existing agreements expire variously between 1938 and 1951. For a detailed analysis of the land situation see Exhibit A.

The Hawaiian Homes Commission requested that an area of 28.6 acres of unused Federal land and 4.6 acres of unused Territorial land at Kewalo, Oahu, in the Papakolea area be added to the available Hawaiian Home lands in order to simplify a proposed subdivision into residence lots, lessen the costs of development, and enlarge the scope of this project generally. (For particulars see Exhibit L, 2, (b).) The Committee has ascertained that these lands can be freed, and recommends that Section 203(4) of the Hawaiian Homes Act be amended by Congress accordingly.

The Homes Commission also requested that an area of 16.46 acres of beach front at Keaukaha, mainly a park that was formerly a part of the Hawaiian Homes lands, and serving as an essential fishing base for the homesteaders, be transferred to the control of the Commission (Exhibit C, also Exhibit L, 8). The Committee recommends that Section 203(1) of the Act be amended accordingly.

The Homes Commission also asked that it be authorized to exchange Hawaiian Homes lands with other Territorial lands to a maximum of 40 acres or a value of \$5,000 (see Exhibit L, 2, (a)). The Committee does not think an amendment to this effect advisable.

Finally, the Homes Commission asked that Section 204 of the Act be amended "by changing in all new leases of available lands by the Commissioner of Public Lands, the present

withdrawal period of 5 years after notification by the Commission, to periods of from 1 to 5 years in the discretion of the Commission, depending on the purpose for which the land is to be used" (Exhibit L, 2, (c)). In explaining this the Commission felt that in developing new projects its work might be held up unduly if it had to wait a full five years for the land. Section 204(2) of the Act reads as follows:

"... any lease of Hawaiian home lands hereafter entered into shall contain a withdrawal clause, and the lands so leased shall be withdrawn by the Commissioner of Public Lands ... upon the Commission giving five years notice of such withdrawal."

The Committee in its first study of the problem considered that it might be feasible to have the withdrawal clause in any new lease specify a period less than five years where this was requested by the Homes Commission, and so remove the need for an amendment to the Act. But an opinion rendered to the Committee by the Attorney General's office makes this dubious: it states "We do not believe that the Commissioner of Public Lands would be required to wait five years after notice from the Hawaiian Homes Commission before exercising his rights of withdrawal, but, we believe that he would be within his rights if he did wait five years." The Committee, while feeling that it is desirable for the Homes Commission to plan its further developments well ahead, can see that in some instances the Commission might want to "return" its available lands to the Land Commissioner for shorter leasing periods. It therefore recommends that Section 204(2) of the Act be amended so as to permit leases to be drawn with a withdrawal clause of from one to five years as may be requested by the Commission.

The Committee has given close study to the question of whether the sizes prescribed in the Act for agricultural and residence lots are suitable, considering the experience of homesteading to date. Agricultural experts are uniformly of the opinion that the present forty acre farm lots on Molokai are far too large to be adequately used by a single family. With the possibility that water development on that island may open the way to intensive irrigated agriculture it is felt that lots of five acres or less might be quite adequate for a homesteader. Again,

where homesteaders are on stony residence lots as at Keaukaha it might be found desirable to allot those wishing it a supplementary one acre holding for agricultural purposes in some more suitable locality—what Princess Kawananakoa, in suggesting this, called in Hawaiian terminology a “lele”. Finally, in connection with the all important matter of succession and inheritance to be considered shortly, provision should be made for subdividing present holdings among the children.

With all these contingencies in mind the Committee feels that the Homes Commission should have greater latitude than the present Act provides in planning agricultural lots. A formal request was received from that body asking for an amendment to the Act changing the minimum size of an agricultural holding from 20 to 5 acres, and the maximum size from 80 to 40 acres (Exhibit L, 2, (d)). The Committee, as a result of subsequent discussions with the Commission, came to the opinion that the minimum size should be still lower. Some of its members even felt that 20 acres would be preferable to 40 acres as a maximum. The final recommendation of the Committee is that Section 207 (1) of the Act be amended so as to provide a minimum of 1 acre and a maximum of 40 acres for agricultural holdings.

Correspondingly, the Committee feels that the present minimum size of residence lots, one-half acre, may be unnecessarily large in some cases. For subdivisions adjacent to Honolulu or Hilo, where the lotholder can get steady employment for wages, a quarter acre should be sufficient. Again this would allow more needy Hawaiians to be brought within the scope of the project, and make easier the matter of dividing land between heirs. The Committee therefore recommends that paragraph (3) of Section 207 be amended by changing the words “one-half acre or more” to “not more than one acre.”

HOMES COMMISSION FINANCE

The Committee received ample evidence to show that some drastic revision of the present finances of the Hawaiian Homes Commission is needed. The financial story is summarized in Exhibits B and L, as submitted by the Commission officers, and in the Keesing Bulletin, pages 20-21, 49-52. The following are the main facts:

1. The original Act created "a revolving fund to be known as the Hawaiian home loan fund," of \$1,000,000. This was built up by paying in the total annual rentals of Hawaiian Homes lands leased through the Commissioner of Public Lands, together with 30 per cent of the annual Territorial receipts from sugar-cane leases and water licenses.

2. On the basis of an early opinion by the Attorney-General's office, this fund was drawn upon for capital expenditures (water, roads, buildings, etc.). Though Section 220 of the Act authorizes the Legislature to make appropriations for development projects, this has never been done. The revolving loan fund was also used from the first to meet salaries and other maintenance costs, and even to provide school buildings, employ health workers, and give a variety of other services which might well have been supplied by the departments of government directly concerned with them.

3. In 1923 and 1927 the Homes Commission had to float bond issues of \$125,000, as the fund was not building up quickly enough to meet its needs for extensive developments on Molokai. In 1928 the original act was amended so as to increase the fund to \$2,000,000, this from the same sources as originally specified. The total was reached in 1933, and since then the lease and license moneys involved have gone into the general Territorial treasury.

4. Such an increase in the fund merely postponed the day of reckoning for a decade or so. Capital outlays and maintenance costs continued to eat into it, until now exhaustion is in sight. The Committee finds that, in broad figures, over a million dollars has been invested in capital expenditures, primarily for water and roading, while maintenance costs over the sixteen years of operation have absorbed nearly another half million: none of this, of course, revolving. Approximately \$290,000 consists of current reimbursable loans to homesteaders while the Commission has in investment, unencumbered cash, and other resources, a residue of about \$280,000.

5. In all, approximately \$375,000 has been loaned so far to homesteaders, in accordance with what was apparently the original purpose of establishing the million dollar fund. Of this some \$350,000 went to farm lot holders on Molokai, and the rest to residence lot holders on the same island. The hun-

dreds of homesteaders on Hawaii and Oahu have received no loans to date, and had to establish themselves as best they could on their holdings. As provided by the Act, which gives the homesteader up to a maximum of 30 years in which to pay back the loan, the original advances have been progressively reimbursed. Thanks to pineapples and Homes Commission supervision the Molokai people are surprisingly little behind in their payments, and several have paid off their entire debt without waiting for it to fall due over the years. At December 31, 1936, almost \$250,000 was in the loan account as principal not yet due, and \$38,700 as principal and interest due or overdue. This will ordinarily be returned to the Commission at the rate of about \$18,000 a year.

6. The Homes Commission has before it a plan, outlined also to the Committee, for opening up 590 new residence lots at Keaukaha near Hilo, contiguous to the existing Kuhio Settlement. The estimated cost of this, according to figures presented by Princess Kawanānakoā, Homes Commission member, would be \$80,000 (Exhibit C). It is also proposed that loans of \$150 each should be provided for sanitary arrangements not only for these new homesteaders but also for the present ones at Keaukaha, who so far have had no financial assistance of this kind. This would require an additional amount of \$118,500. Besides this further development, the Homes Commission is faced with a need for replacing mineralized water-pipes on Molokai, at an estimated cost of \$10,000. The subdivision of Papakolea has also to be completed. These appear to be the major outlays contemplated by the Commission for the near future.

With these facts before it, the Committee took note of a number of suggestions and recommendations as to what might be done. Delegate Samuel W. King, in a personal statement to the Committee (Exhibit D), urged that the Legislature refund at least the major part of the capital expenditures, among other reasons because they have increased the valuation of hitherto practically taxless areas and so benefited the Territory as a whole. He proposed that this should be done by redirecting to the Homes Commission the lease and license moneys used originally to build up the fund. He also asked that the maximum loan to an agricultural lot holder be raised from the present

\$3,000 to at least \$5,000; that the homesteader be authorized to borrow on his crop; and that the rate of interest on loans be reduced from the 5 per cent prescribed in the Act to 3 per cent. More or less along these lines the Homes Commission asked (Exhibit L):

(a) that the entire receipts from Hawaiian Homes lands, now totaling \$67,757 annually, and since 1933 accruing to general Territorial funds, be directed to the Commission to meet the costs of maintenance, any balance to go to the revolving fund;

(b) that the revolving fund be restored by crediting to it for another period the 30 per cent of sugar-leases and water licenses (or about \$196,000 a year);

(c) that the interest rate be reduced to 3½ per cent, and extended to cover not only authorized loans to homesteaders but also all indebtedness to the Commission: overdue water rates, pasture fees, advances on taxes and insurance, etc.

(d) that as a source of revenue, and also to provide a much needed cover crop to stay erosion on certain Molokai pasture lands, the Commission be authorized to enter directly into contracts with pineapple companies or corporations for the growing and sale of pineapples if it deems this advisable.

The Committee, in making its recommendations, feels strongly that there should be no repetition of the past mistake of building a revolving fund only to have it depleted by non-recoverable expenditures, hence creating a problem for some future Legislature equally serious to that facing the present one. It also believes that Homes Commission finance should be more fully open to public scrutiny than hitherto. The reorganization it offers, while requiring no amendment to the existing Act, involved a basic change in the system, as follows:

1. Starting at the end of the present biennium, the accounts of the Homes Commission shall be separated into three categories: (a) *maintenance costs*, (b) *capital expenditures*, and (c) *revolving loan moneys*.

2. As with other departments and commissions within the governmental structure, the Homes Commission shall present to the Legislature a budget estimate for each biennium, covering its needs as regards the first two of these, maintenance and capital expenditures.

3. A genuine revolving loan fund shall be built up, to be used solely for the purpose set forth in the original Hawaiian Homes Commission Act, namely of providing advances through which homesteaders can be rehabilitated, these of course returning once more into the fund within a maximum period of thirty years. The Committee recommends that the amount originally set, \$1,000,000, is a desirable total for such a fund.

Considering first the item of maintenance, the position to date is summarized in Exhibit B. In a communication of May 1, 1936, the Homes Commission estimated its annual requirements for operation at \$60,000. Subsequently a figure of \$75,000 was given as desirable. The Committee gave considerable thought to the question as to whether, in accordance with the request of the Homes Commission, the annual rentals from Hawaiian Homes lands (\$67,757) should be used for this purpose. It feels, however, that as regards the item of maintenance a biennial budgeting system drawing upon general Territorial funds will be more satisfactory. The rental moneys will not correspond at all exactly with the annual requirements of the Homes Commission, and indeed as more Hawaiian Homes land is used in future homesteading schemes these moneys will presumably diminish. The Committee feels rather that the rental income should be devoted towards building up the revolving loan fund. As pointed out above, no amendment to the Hawaiian Homes Commission Act is needed to allow of a budgeting system, as the Act makes no specific mention of the source from which salaries and other maintenance costs are to be drawn, defined the revolving fund only as a "home loan fund," and authorized the Legislature to appropriate out of the treasury of the Territory "such sums as it deems necessary to provide the Commission with funds sufficient to execute . . . (general water and other development) projects." (See Sections 213, 219, 220, 222 of the Act).

Turning now to capital outlays the Committee sees the necessity of having moneys available both for opening up new subdivisions, and for repairs and improvements within the existing settlements. It considers that here, too, the Homes Commission should present biennial estimates to the Legislature, as is covered by the existing Act.

A recent decision of the Governor, acting on advice from the Attorney-General's office, denied a request from the Homes Commission to expend part of its remaining resources for health purposes, namely to develop a clinic at Keaukaha. This is based upon the text of the original act, which was drawn to cover virtually nothing but the economic phases of rehabilitation. The Committee sees a value in the decision as forcing the Homes Commission into closer cooperation with other departments of the Government. Perhaps inevitably in the past the Homes Commission has had to cut roads, build bridges, provide recreational facilities, put up Intermediate School buildings at Hoolehua, and so on. Today the time seems ripe for drawing other units of the government specializing in such activities more fully into the task. The clinic provides a case in point: if any considerable group of people in the Territory need better health services it should be the duty of the Department of Public Health to provide these. Already on Molokai health activities have been transferred to that department, while the County of Maui has commenced to aid with roads at Hoolehua. An advantage of the budgeting system proposed above is that it will integrate the homesteading scheme and its Hawaiian beneficiaries more fully with the general governmental activities of the Territory, since the Legislature can see that responsibility is assumed by those with whom it should lie. The Homes Commission, too, will have its task greatly simplified if it is saved from having to handle the whole gamut of rehabilitation activities.

Even so, the Committee feels that it would be timely to widen the scope of the Hawaiian Homes Act so as to recognize the existence of phases of rehabilitation other than the purely economic (see the request of the Homes Commission, Exhibit L, 7). Section 220 of the Act states that: "The Commission is hereby authorized directly to undertake and carry on general water and other development projects in respect to Hawaiian home lands." The Committee recommends that there be added the phrase: "and to the economic and social welfare of the homesteaders."

The Commission, as noted above, has presented to the Committee a proposal for the development of Keaukaha house lots, and it seems a reasonable request. The Committee is submit-

ting the matter, however, to the Legislature for its consideration with the recommendation that the Legislature make a direct appropriation for such capital outlays as it feels the Hawaiian Homes Commission should make during the coming biennium, bearing in mind what has been said in regard to other governmental agencies taking an active part in the Hawaiian Homes project.

The third recommendation of the Committee is that a genuine revolving loan fund of \$1,000,000 be provided as originally defined in Section 213 of the 1920 Act. This is to be a separate account, not to be drawn upon for any purpose other than recoverable advances to homesteaders. So far loans have been given only to the Molokai people, and then in nearly all cases only when they first went on to the land. The Committee considers that, with a million dollars becoming available, loans could in time be given to residence lot holders, present and future, and also periodic advances to worthy agricultural holders on their growing crops (as asked by Delegate King above). When the fund is fully built up it would provide a revolving amount of \$33,333 plus interest annually for re-lending. In relation to such a scheme the Committee sees no reason to recommend any present change in the maximum amount to be outstanding on a loan at any one time, \$3,000 for an agricultural lot holder and \$1,000 for a residence lot holder.

In considering the source for such a loan fund, the Committee sees a basis already laid in the amount of approximately \$290,000 in reimbursable loans to be collected in the future, and in the other available cash and investments of about \$280,000.00. As already pointed out, the total sum loaned to date has been about \$375,000. But so far the reimbursements from homesteaders year by year, along with interest, (close to a hundred thousand dollars in all,) have gone back into the general funds as income. The figure of \$290,000 represents approximately what will be available in the loan account at the end of the present biennium, as follows:

Principal not yet due _____	\$250,000
Principal and interest due or overdue _____	40,000

The Committee also estimates that the Homes Commission will have at the end of the biennium an amount of approximately

\$280,000 in unencumbered cash, investments, and accounts receivable, this over and above its outstanding liabilities. The amounts can be itemized as follows:

Unencumbered cash	\$180,000	
Investments (bonds)	130,000	
Accounts receivable	30,000	340,000
		<hr/>
Minus residue of 1923, 1927 loans		60,000
		<hr/>
		\$280,000

The Committee proposes that, starting with the new bien-nium, the foregoing amounts of \$290,000 and \$280,000 shall be made the basis of the new loan fund, or \$570,000 in all. From this source the amount needed for the proposed loans to Keaukaha homesteaders (\$118,500) could be drawn ((Exhibit C).

There remains an amount of about \$430,000 required to build this fund up to one million dollars. The Committee considered several possible sources for this:

(a) The Legislature could pay into the fund the annual rentals from Hawaiian Homes lands, spoken of above. At the present income of \$67,757 a year, this would complete the fund in about six and a half years. The Committee sees this as the most feasible plan.

(b) An alternative considered by the Committee was to build up the fund by fifteen or twenty annual payments from general Territorial funds (that is, approximately \$28,500 or \$21,500 a year respectively).

(c) As seen above, the Homes Commission has requested authority to use a portion of its unallotted lands on Molokai for growing pineapples to provide a much needed cover crop against erosion and to produce income. (It may be noted here that these lands are adjacent to blocks on which a world record crop was grown in 1935).

The Committee does not consider that such a governmental agency as the Homes Commission should undertake direct contracts with pineapple companies for the growing of pineapples. Nevertheless it is considered feasible that the companies may be prepared to lease such lands. The Committee, again, feels that instead of such leasing being done directly by the Homes Commission (as was requested verbally by its members in a meeting with the Committee), it should be carried out through the Office

of the Public Lands Commissioner as provided in the Act for other Hawaiian Homes lands. The Committee felt, however, that should the Commission submit its holdings on Molokai for leasing in this way, the rentals might accrue not to the general Treasury as would ordinarily be the case with Hawaiian Homes lands but to the Homes Commission for its revolving fund. The Committee has various estimates before it of the area suitable for such pineapple growing, varying from 1,000 to 6,000 acres, also of the potential revenue from leases, ranging from \$20,000 a year up. However, it has no indication as to whether any parties would be interested in renting such lands. It recommends, therefore, that the Homes Commission be asked to investigate the proposal, subject to the above definitions of policy, and submit an actual plan to the Legislature, indicating acreage, possible rentals, etc.

The Committee conceives that such rentals, combined with the annual rentals spoken of in (a) above, would build up the million dollar loan fund very quickly. When the fund is complete, these two sources of income could be used to offset the biennial appropriations from the general Territorial funds for capital outlays and maintenance.

The financial needs of the Homes Commission, under this plan, may be summarized as follows: First, the Legislature would be called upon for approximately \$120,000 to \$150,000 to cover maintenance needs for the biennium (\$60,000 to \$75,000 a year). Second, the Legislature would appropriate a sufficient amount to cover the biennium so far as capital outlays are concerned (approximately \$80,000, according to plans set before the Committee). Third, the Legislature would redirect the rentals of Hawaiian Homes lands (\$135,514 for the biennium) into the revolving loan fund, this amount to be supplemented by any rentals forthcoming from Molokai pineapple lands. The total appropriation for the current biennium would approximate between \$335,000 and \$365,000.

A final recommendation of the Committee in the sphere of finance is that the rate of interest on homesteaders' loans be reduced from 5 per cent to 3 per cent. This will require an amendment to the Hawaiian Homes Commission Act, Section 215 (2). Such change of interest should not be retroactive.

The Homes Commission asked that it be given authority to charge interest on other forms of indebtedness to the Commission, such as overdue water rates, advances on taxes and insurance, pasture fees, etc. The Committee considers that the Commission has power, under the general Territorial laws, to charge interest up to 6 per cent on such transactions, hence no additional action is required.

ALLOTMENT AND SUCCESSION

A number of those giving evidence before the Committee were of the opinion that on the whole the residence lot system has proved itself more successful than the farming experiments. The plan of settling Hawaiian families on sections adjacent to urban communities where they are used to living and can find employment appears to the Committee to have worked well. There have been weaknesses, of course: few received any loans, so that their houses are often ramshackle establishments without even adequate sanitary conveniences; health conditions are rather unsatisfactory; one group, those at Nanakuli, are fourteen miles from Honolulu, and at least until such folks are willing to work on the rural plantations they must either commute by auto to the city or else (as is now the case with the majority) receive support from local Federal relief projects. On the other hand the residential lot holders appear to enjoy a pleasant community life, and each settlement has its school, playgrounds, etc., closely accessible to all.

In a real sense the Molokai farm experiments have hardly been a test of whether the Hawaiian can become a successful farmer. Families were selected mainly on the basis of need rather than agricultural experience, were placed out on rectangular forty-acre holdings that are scattered for miles over the Hoolehua plateau, received loans which were mainly absorbed in building their homes, and were then expected to make good as individual farmers. Cooperation was not fostered, neighbors were by no means always congenial, long roads choked with mud in winter and red dust in summer have had to be traversed by children going to school and by the doctor going to their homes and getting products to the Honolulu markets involved heavy carrying charges. The pioneers barely sustained themselves in

the first years. Then, starting in 1929, came pineapple checks, debts, Filipino and Japanese laborers to do the work—a far cry from the primarily subsistence farming visualized by those launching the scheme. Without condemning in any way the Molokai homesteaders, it can be said that on the whole what is usually thought of as farming has not yet been thoroughly tried out. An exception can be made of several of the agricultural lot holders, who have made excellent progress in developing gardens and orchards, and in breeding livestock.

The Homes Commission has recently decided that for the present it will confine further development to residential lots as being less costly, less precarious in economic terms, and touching many more Hawaiians. Such a policy is in line with the Committee's ideas. This does not mean that the Molokai development is to be neglected, or that rural farming is to be abandoned. Particularly if water for irrigation is made available on Molokai, there is the prospect of having new and extensive agricultural development. It may be noted here that Delegate King urged that in the near future homestead subdivisions should be undertaken on Maui and Kauai, so that people from those islands will not have to move to other islands as in the past. The Commission has no plan formulated as yet for such development.

Criticisms were made before the Committee of the method of selecting homesteaders. Some felt that more account should be taken of the experience of applicants, particularly for agricultural or pastoral holdings. In this connection Dr. Keesing suggested that future farm lot holders be drawn from among residence lot holders who have proved their interest and capacity by making gardens, etc., around their houses. Some felt that it was wrong to give home lots to Hawaiians with assured positions and incomes, reserving them for those economically "down and out"; in reply it was suggested that a scattering of such fold would give "tone" and stimulus to the community. The Committee noted, too, that in the past a large proportion of those granted lots have been married women: their husbands either would not accept the responsibilities or else failed to qualify as being of less than one-half Hawaiian blood. While not wanting to rule out women as lot holders, it will be well in the future to investigate why husbands who qualify by blood are not applying in their own names, and also to give preference to those

whose children will qualify in their turn and whose later descendants are most likely to continue eligible.

This raises one of the most important and difficult problems which the Committee has had to study: succession and inheritance. The first group of homesteaders is beginning to die off, and nearly all leave large families. The Committee finds that the present Act does not cover the situation for Hawaiian homesteads adequately (see Keesing Bulletin, pages 43-45). For this reason the Homes Commission has been unable to lay down any clear policies as to the disposal of lots among children, though several cases have been on hand awaiting decision for some time. Section 208 (5) states that succession and inheritance shall "vest under the limitations provided for homesteads in section 403 of the Revised Laws of Hawaii of 1915." As regards inheritance by children, section 403 here referred to says:

"in case two or more persons succeed together to the interest of any occupier or lessee . . . they shall hold the same by joint tenancy so long as two or more shall survive. . . And in case of such joint tenancy the continuous residence of any such tenants upon the premises shall be sufficient performance of the conditions of residence . . ."

The question arises here as to how, should there be say fourteen children, a farm or residence lot is going to be held in joint tenancy. Can the Homes Commission subdivide the holding into smaller lots? Has it really the authority, as has already been done in at least one case, to cancel the lease and then reallocate it to one of the heirs—perhaps the eldest son or the one most competent—leaving the others to move out from their birthplace and home as being no longer provided for in the scheme? Or must they each have an interest in the lot and settle among themselves who shall live and work on it? Can the Homes Commission demand that all beneficiaries reside on the holding (see Section 208 (4) of the Act), and if so, is this desirable? Still another complication arises from the fact that already the Homes Commission has before it the claims of heirs who do not qualify by blood, and there will be more of these in the future. Shall they be dispossessed, and it be understood by all homestead folk that anyone who contracts a union the offspring of which will be of less than one-half Hawaiian blood disqualifies his or her descendants; or shall the bars be let down

after the first generation, as some of those giving evidence before the Committee suggested? Apparently these matters have never been brought out into the open at all adequately in the past, and the Committee found that the homesteaders have not become very aware of them so as to be able to offer suggestions.

The Committee, after taking note of these problems, recommended to the Homes Commission that it study them thoroughly with a view to formulating desirable policies and suggesting amendments to the Act. As a first step to clarify the situation, the Homes Commission asked that Section 209 of the Act be amended by changing the present two year period following the death of a lessee, during which a successor by inheritance may retain possession of the lease regardless of his racial qualifications or willingness to occupy the land, to a period of not less than six months nor more than two years, the time to be determined in each case by the Commission (Exhibit L, 5). This, the Commission stated, would allow it to reissue or transfer any lease to a qualified applicant (preferably keeping it in the family if possible) as soon as an estate could be probated, without waiting the full two years as now required. Even here, however, the question arises as to whether, where there are heirs qualified by blood, the Commission has the right to reassume a lease with a view to subdividing or realloting it, because of the inheritance law as quoted above. At a meeting of January 9, 1937, attended by members of the Homes Commission, the Committee asked that the whole matter be given further study by the Commission. This has been done, but its complexities were such that the Commission was forced to approach the Attorney-General for interpretations of the present law as regards succession, blood qualifications, and residence requirements. Until these are forthcoming it is impossible for the Commission or the Committee to make specific recommendations. It may be noted, however, that the Commission has gone on record supporting firmly a policy of confining succession only to those who qualify by blood. It is to be expected that this phase of homestead affairs will be unravelled before the present session of the Legislature closes so that any recommendations for amending the Hawaiian Homes Act can be dealt with.

The Committee sees these problems of succession and in-

heritance as part of a larger question concerned with the future of the scheme. It is not sufficient to consider the place of the oncoming generation only as regards what is to happen as their parents die off. Today a considerable number of the homestead children have reached young manhood and womanhood, and are at the stage where they are ready, or should be ready, to branch out for themselves. The homestead schemes at present make no provision for such young people, especially on Molokai, where wage-earning jobs are scarce. A main objective of the scheme was to save and rehabilitate those of Hawaiian ancestry, and now that the results are forthcoming in the persons of these children, they are left either to become dependents on their parents at home, or else to go out from the homestead area to establish a home and get a job. In developing plans for the future, the Homes Commission must take into account the needs of this fast increasing group of young people: perhaps arranging with lotholders to subdivide their areas as their children grow up, instead of waiting until they die; at least giving these people preference when new subdivisions are undertaken, if not making residential or small agricultural holdings available to them.

WATER DEVELOPMENT

In studying the economic phases of the homesteading scheme the Committee has been made constantly aware of the vital importance of water. On Molokai and at Nanakuli the subdivisions were in dry areas without surface water, and over three quarters of a million dollars has been needed to provide a sufficient amount even for domestic purposes—and that by no means wholly satisfactory as yet (Keesing Bulletin, pages 45-49). The existing facilities are inadequate to supply water for irrigated agriculture, and in any case the costs of using it at “domestic” rates for such a purpose would be prohibitive. Unfortunately the one unit of the project which included irrigation, the first subdivision at Kalamaula, Molokai, failed after a most promising beginning, because the water came from coastal springs with a high saline content, and in time the fields became over-impregnated with salt. A main reason why diversified agriculture is languishing on Molokai today is that with-

out irrigation a sufficient supply of water can never be assured to bring crops to maturity.

In 1935 the Federal Government made a grant of \$25,000 with which its engineer, Mr. Hugh Howell, cooperating with the Hawaiian branch of the United States Geological Survey, has been investigating the possibilities of obtaining a permanent and adequate water supply from the rugged heights of north-east Molokai. The Committee had hoped to obtain at least a general preliminary estimate before the completion of this report, as a basis for making recommendations. This, however, is not yet available, though it should be before the present legislative session closes. Mr. H. H. Warner, in his report (Exhibit G), considers that the cost of the proposed water development, which obviously will run into several million dollars, could only be justified if it were used for growing fruits and vegetables extensively on the lower and drier areas of Molokai. Residents of Molokai have expressed the hope that the island as a whole and not just the Hoolehua homesteaders should be included in the water scheme. Doubtless the findings of the Federal survey will offer alternative schemes covering smaller and larger developments. Should irrigation water become available homestead agriculture will enter upon an entirely new phase (see the next section), and one which, if pineapples should go out of the homestead picture, would be vital to the very existence of the Molokai settlements.

DIVERSIFIED AGRICULTURE

Looking back over the fifteen years of continuous experiment by the Molokai homesteaders along agricultural lines, the Committee was unable to label the results to date as anything like completely successful (see the Keesing Bulletin, pages 55-67, Exhibit G). The most promising results were obtained in the early years at Kalamaula, before the fields became impregnated with salt and pineapples came into the picture: large quantities of vegetables and alfalfa were grown and disposed of. At Hoolehua crops have suffered through drought and wind, likewise from the ravages of insect pests and diseases, and even when the homesteaders have brought crops to maturity the difficulties of marketing the products have often made the return meager,

if there is any at all. The Committee found among the homesteaders several keen and competent farmers. But the majority are discouraged, and at most may grow a crop of corn or melons for sale, and a few vegetables for home consumption. It has to be remembered that many came direct from crowded city areas, and have been ignorant of agricultural techniques; furthermore, it has been hard for the homesteaders to compete on the one hand with experienced Oriental farmers who are usually much more accessible to the markets, and on the other with the products of large scale farming on the Mainland. The Homes Commission staff has made sporadic efforts to help them in production and marketing, while the University of Hawaii Agricultural Extension Division has rendered aid at many points. The greatest weaknesses seem to be:

1. The lack of an assured water supply. This will be overcome if the proposed water development is consummated.

2. The lack of technical knowledge. The Commission now has a full-time agriculturalist, and with assistance from the University agents and with experimental centers established at the Hoolehua Intermediate School and at Kalaniana'ole this should gradually be overcome; furthermore, the homesteaders have much dearly bought experience back of them.

3. The lack of shelter. Even after twelve years the Hoolehua plateau is comparatively bare of trees, and these with other forms of windbreaks are urgently needed.

4. The lack of cooperation. So far the few attempts of the homesteaders to work together in the various phases of agriculture have been abortive. There are now signs of better teamwork among the lotholders, and the Homes Commission with other agencies should deliberately set out to educate the people in this matter.

5. Marketing difficulties. Because of the vagaries of weather, etc., the homesteaders are not in a position to promise delivery, hence to make contracts ahead. Even when produce is placed on the boat for Honolulu, there is no guarantee that it will be sold. Some consider that individual marketing must always involve a gamble of this kind.

6. Lack of incentive. So long as pineapples give an income, and afford the promise of further checks ahead, there is no pressure of necessity. It is the exceptional individual who

takes diversified agriculture on any large scale seriously. Because pineapples are now grown in large blocks mainly off the individual lots, the bulk of lands other than just around the houses is lying idle.

The Committee had various suggestions made to it as to what could be done in this sphere of economics. Some felt that sooner or later pineapples would go out of the area, and then the original idea could begin to operate: namely, small, primarily subsistence farms for Hawaiians, i.e., what was called "real homesteading." Others visualized the higher and wetter north-east end of the Hoolehua area, near the present community hall and center, as being turned into a great cooperative truck farm, run by expert managers, employing the homesteaders as workers as well as having them share the profits, gaining the cooperation of the Army and Navy as well as civilian merchants in disposing of its products, and going a long way toward making the islands self-contained as regards staple foods. They felt that individual small farming could never be very successful, considering the local conditions, and that large scale corporate activity and scientifically directed mass production and marketing is the only solution. The Committee notes that the Homes Commission is planning to experiment along these lines during 1937 by launching "block" plantings of crops much like the pineapple blocks (page 35). Mr. Warner, in a letter to the Committee, said:

"On Molokai is the only large area of suitable soil (in the Territory) not faced by competition from sugar-cane interests. Molokai is the closest large area of land to Honolulu suitable for production of this sort. The soil in the Hoolehua homestead area is well suited to the production of vegetables. With the development of an irrigation system for that area, coupled with an intelligent system of windbreaks, truck crops in commercial quantities could be grown, and when properly graded and packed, go far toward replacing the same products received from the Mainland. I do not feel qualified to express an opinion as to the ability or the willingness of the homesteaders to raise these truck crops themselves on the land. . . . Perhaps, as has been suggested, if the incentive were strong enough the problem would be very simple."

The Committee has no specific recommendations to make regarding this aspect of homestead life. Much depends on the

future of pineapples, water, further subdivisions of the lots, etc., as well as broader factors of education and the development of a sense of common interest. The Committee feels that it has done its work in laying bare the problems and eliciting the facts on which action can be taken by the Homes Commission, in consultation with the homesteaders.

STOCK RAISING

This has had no important place so far in homestead economics (Keesing Bulletin, pages 67-71). Some of the homesteaders keep pigs, chickens, a horse or two, and in a few instances a dairy cow on their lots. Four special pastoral lots have been allotted but are not yet adequately developed, and the lessees have other sources of income. There are on Molokai 12,630 acres of community pastures, on which about 1,100 head of stock (mainly cattle) belonging to agricultural lot holders are grazed under the supervision of a pasture keeper.

Each homesteader is entitled to have up to sixty head of stock on these pastures on payment of one dollar a year per animal. Less than half of the Hoolehua people have any cattle and only four have over twenty; but nearly all the Kalaniana'ole (Kalamaula) people own cattle, one having about ninety head. Perhaps two hundred beasts are sold annually for slaughtering purposes—this being left largely to the pasture keeper—and the homesteaders often purchase the meat back from these same buyers. Until recently the pastures have been open range, but over-grazing and erosion have forced the new Homes Commission to take action, establishing a paddock system. Mr. Warner of the University refers to parts of the Hoolehua-Palaau pasture as the most "horrible" example of over-grazing in the Territory. The leasing of these lands for pineapple growing, as requested by the Homes Commission, seems the only alternative to heavy spending by the Commission to provide a cover crop, if they are not to lapse into waste lands.

PINEAPPLE GROWING

The economic story of Hoolehua since 1926 is essentially a history of pineapple cultivation (Keesing Bulletin, pages 71-

84). Pineapples, according to expert evidence presented to the Committee, form a "natural" crop for thousands of acres in the south and west sections of Hoolehua-Palaau; in 1935 a world's record for fruit to the acre was established there. At the start of this scheme requests were sent to all pineapple companies in Hawaii asking them on what basis if any they could cooperate. In 1926 Libby, McNeill & Libby made contracts with the first lotholders to buy fruit grown on their lots and also to assist with financing and the highly technical business of cultivation; three years later the California Packing Company joined in with a similar scheme.

The first years were marked by keen enthusiasm, hard work, high prices, checks such as the Hawaiians had never dreamed of getting, and wide open credit. By 1931, however, the individual holdings had become badly infested with the prime enemy of the pineapple planter in Hawaii, mealy bugs. On advice from the Pineapple Experiment Station that new plantings would be "suicidal," Libby suspended operations. After conferences with the Homes Commission, which had acted from the first merely as a mediator, an entirely new plan for growing pineapples was worked out known as the "block system." Both companies now operate on this basis.

Apart from a few individual holdings, all cultivation is now done in large "blocks" so far varying from 110 to 411 acres. Mass production methods are used, and it is possible to curb mealy bug infestation; the homesteaders have certain tasks, though if these are not attended to the company labor gangs are sent in to do them. The homesteaders have shares or "interests" in the different blocks proportionate to the amount of land that would have been available for cultivation each year on their individual lots. Where at first the plan met with great suspicion, the money returns since 1933 have so exceeded expectations as to convert almost every critic. The early blocks were on unoccupied lots, but starting in 1935 block plantings have been made across groups of adjacent holdings though with the sections immediately around the homes excluded. (Further details concerning the block system are given in the Keesing Bulletin, pages 78-83.) The Committee, after examining the actual conditions as regards infestation, etc., sees no alternative

to this system so long as pineapples are grown in the homestead area.

The point of greatest concern to the Committee is the existing form of contract between the homesteaders and the pineapple companies. Governor Poindexter and others pointed out that this, while being highly favorable to the homesteader at the present time, seems economically unsound, and may even bring an end shortly to pineapple growing in the area and threaten the very existence of the Hoolehua settlement. Briefly the situation is as follows:

The first form of contract provided a statistical formula for calculating the price per ton paid to the homesteader for his pineapples of various grades. Drawn up at a time when market prices were soaring, it set a minimum price of \$23 a ton for first class fruit. This clause was carried over into the block plan contract. The depression on the one hand and technological improvements on the other have since then lowered the value of pineapples to points variously below this figure. In 1932, the price is said to have fallen to \$10 to \$14 a ton, according to the formula, and indeed the companies dumped into one of the gulches eight to ten thousand tons of fruit after paying the specified amount of \$23 for every ton. While the value has recovered considerably it is still apparently below the minimum price. The Committee found the homesteaders exceedingly pleased with their good fortune in having a contract of this kind, but quite unaware, so far as could be ascertained, that such an artificially inflated price might react on them like a boomerang. Actually, while the present contracts are binding well into the next decade (Libby contracts expire in April, 1943, with the right on the part of the company to extend them a further two and a half years), they contain a clause giving the companies *full power to set the acreage to be planted in any one year*. That the companies are by no means eager to utilize fully the opportunities open to them in the homestead area is shown by the fact that, where perhaps as much as 800 acres could be available for planting each year, the total acreage is only a fraction of this. (In recent years Libbys have planted blocks of only 250 acres a year for the 128 homesteaders having contracts with them.) The companies have the legal right to withhold all future development and so wind up the pineapple enterprise

as soon as the existing plants finished their cropping (i.e., 18 months from planting to the first harvest, and two or three less abundant annual fruitings called "ratoons"). When the fact is added that for years there has been almost continual strain and suspicion between the homesteaders and the companies, and the latter have other lands in the Territory on which to grow their annual quotas of fruit, the insecurity of the pineapple enterprise becomes fully apparent.

In May, 1936, the Committee, feeling the urgency of this matter, requested that the Homes Commission give it immediate study, consulting as necessary with the representatives of the companies. On December 19, in reply to a letter asking for information, the Homes Commission notified the committee that it "is studying the problem of future contracts and the possible extension of pineapple areas but it is not now ready to make definite recommendations." The Committee, in this report, recommends that the Homes Commission put this among the foremost subjects on its agenda, opening immediate conversations with company officials, and regarding it as something on which the whole Hoolehua project depends.

Should it be ascertained that the companies do not intend to carry on actively then the Commission will have to formulate at the earliest possible date a complete reorganization of Molokai economics, based on diversified agriculture or otherwise. The Committee is of the opinion, however, that every effort should be made to revise the present contracts so as to fit them to existing conditions in the pineapple industry; drawing them in such a form that the companies will judge it profitable to stay for a long term of years; and influencing public opinion among the homesteaders so that they will see the benefits for themselves and their children accruing through such a revision. It can be noted here that Mr. Warner of the University suggests that such a new form of contract might have a sliding scale basis of payment over a ten or fifteen year period "in accordance with the average annual price of the canned product" (Exhibit G).

Delegate King urged that the further step be taken on Molokai of establishing a cooperative pineapple cannery. The Committee feels that, however desirable it might be as stimulating work effort and giving employment to women and girls there, such a scheme is not feasible under present conditions of the industry.

OTHER SOURCES OF INCOME

Already reference has been made to the need for having residential lots in places accessible to suitable avenues of employment. Part of the scheme for the proposed new subdivision at Keaukaha is to encourage the further development of home industries among the Hawaiian women, such as lauhala work and quilt-making, and to give help in marketing the products.

The employment problem becomes particularly important as regards the young people. This is notably so on Molokai, since as yet the island is relatively undeveloped, hence the number of wage-earning jobs such as the Hawaiian favors is small. A surprising number of the homestead people have larger or smaller surces of income today which might be called extraneous to homesteading: in many kinds of government jobs, as employees of the Homes Commission, carpenters, shipping workers, and so on (Keesing Bulletin, 86-87). Furthermore a number of the homesteaders are able to earn by trucking the pineapple from the fields to the Kaunakakai pier during the two or three months of harvesting. As at June 1, 1936, according to a list compiled by the Homes Commission at the request of the Committee, 54 trucks were owned by homesteaders; most of them purchased a few months previously. Nevertheless there are strict limits to such kinds of employment. Already several of the homestead youth are in the local C.C.C. camp.

Unfortunately the one type of work that is plentiful on Molokai—labor in the pineapple fields—has on the whole been shunned by the homesteaders and their families. The Committee ascertained that in the early years they had worked hard at the tasks involved in this enterprise. But later the great majority preferred to employ alien Filipino and Japanese laborers to do such work, or else left everything to the labor gangs which the companies maintain in "camps" in and near Hoolehua. It became a practice for a number of the homestead families to have one or more laborers living in their homes or outhouses, these doing not only the pineapple work but also agricultural and other tasks on their lots. The homesteaders have defended themselves by claiming that the rates of pay for field labor are too low to be worth their time or give them a living. Realizing

the social as well as the economic problems involved, the new Homes Commission has taken steps to control aliens living on the homestead lots, and is doing everything possible to get the homesteaders to engage in such work. It has recently approached the pineapple companies in an effort to raise the rate of pay for homesteaders working in their fields—which after all is really in the nature of an advance deduction from their later shares when the fruit is sold. Already there has been an encouraging increase in the number of Hawaiians willing to go into the fields, both men and women. The Committee recommends that every effort be bent towards bringing to an end the use of alien labor in the area and getting the homesteaders to do the work themselves.

PERSONAL FINANCE

The Molokai farm lot holders, though as a group having received since 1929 a total sum in pineapple checks nearing two million dollars, are mostly deep in debt. Apart from an exceptional few who have paid off all outstanding obligations, they owe money to the Homes Commission (in the separate report of the Commission for the biennium, their debts, totalling about \$60,000, are shown in detail), and also to private creditors some of whom have been waiting many years for their money. The debts today trace back largely to credit allowances and unfortunate investments prior to 1931. The financial history of that time has been bared very frankly in the report of the Governor's Committee of that year, headed by Princess Kawanakoa (See also the Keesing Bulletin, pages 94-104.)

Even today the homesteader too often falls easy prey to high pressure salesmanship, and may sacrifice the necessities of food, clothing, etc., for himself and his family through being tempted to spend on expensive luxuries. The Committee, for example, ascertained that from October 1935 to January 1936 the Molokai homesteaders purchased 36 cars and 47 trucks and station wagons—this even though many of those concerned had outstanding debts to the Commission and to long-suffering merchants, the doctor, dentist and others who come along on every pineapple payment day in the hope that their presence may stimulate laggard consciences.

In 1930 the Homes Commission found it necessary to step in to control the credit and debt situation. About 110 of the homesteaders "assigned" their pineapple moneys to the Commission, which has since acted virtually as their financial managers (see the reports of the Commission for 1935 and 1937 for the transactions carried on under the assignment system). By agreement with the companies all pineapple payments were made through the Hoolehua office of the Homes Commission, and its officers held a personal consultation with each homesteader as to how debts could be progressively liquidated. For some time the Commission undertook to approve the granting of credit where it thought wise, in anticipation of forthcoming payments, through a form of document known as "Exhibit A" (Keesing Bulletin, pages 100-02); but this plan has now been abandoned. The new Homes Commission, however, has moved even farther in aiding the homesteaders in their personal finances by instituting in August 1936 a "budgeting system" for each willing homesteader.

Today all but 35 of the homesteaders have their moneys assigned to the Commission, and it expects that the others will do so in the near future. In order to facilitate this the Homes Commission asked the Committee to recommend amendment of Section 215 (2) of the Act so as to "require assignments to it of all moneys due under pineapple contracts and other sources of income resulting from activities in connection with the Hawaiian Homes Commission project to homesteaders who are indebted to the Commission or who are delinquent in the payment of taxes (see below) or who are indebted to others, the payment of which indebtedness is guaranteed by the Commission. Provided, however, that any such assignments shall not exceed the total indebtedness involved" (Exhibit L, 6). The purpose of this would be to compel those who now refuse to make voluntary assignments, but who owe money, to be brought within the control of the Commission. The Committee, after considering the facts, does not believe that there is any necessity of amending the Hawaiian Homes Act in this particular. If the homesteader is indebted to the Commission the Commission can require the homesteader to give an assignment or take the consequences of losing the homestead lease. If the homesteader desires to enjoy

the privileges of the pineapple block planting system it is necessary for the Hawaiian Homes Commission to approve any contract entered into between the homesteader and the pineapple company and as a part of the transaction the homesteader can be required to make the assignments requested. By these means the Committee believes that all future difficulties can be obviated and it is very doubtful of any amendment that would attempt to require homesteaders to make assignments for indebtedness incurred with third parties in the past.

A notable weakness in the present financial structure, according to evidence brought before the Committee, is the lack of adequate banking facilities on Molokai. The homesteaders often have checks of large denominations, perhaps several thousand dollars, put into their hands at pineapple payment time, but there are no means of cashing these checks, or, if they are lodged with local bank agencies, of drawing small amounts out quickly and conveniently; furthermore, there is no savings bank which might encourage thrift (Keesing Bulletin, pages 97-98). The matter is made worse by the fact that pineapple moneys come in two or three payments immediately after the summer harvest, and so do not provide a steady year round income. Too often the homesteader comes across to Honolulu to cash his check—and when he goes back he is liable to have nearly empty pockets. The Homes Commission needs to give this close study, in order to work out practical ways of encouraging greater financial responsibility.

A special phase of finance applying to Hawaiian homesteaders in all settlements is the payment of taxes. This has been a source of considerable difficulty and grievance (Keesing Bulletin pages 53-54). Section 208 (6) of the Act provides that the homesteader, after a five year exemption period, must pay the taxes assessed upon his holding; but should these become delinquent the Homes Commission is required to pay them within 60 days, and is given a corresponding lien upon the homesteader's property. Considering the financial history outlined above, and taking into account the fact that pineapple moneys come in too late in each year to meet the taxes for that year, it need not be wondered at that almost every homesteader suffers the delinquency penalty (10 per cent plus one per cent per month) annually.

The Homes Commission has informed the Committee that it is not aware of any purpose being served by having tax payments delayed until 60 days after they become delinquent, and asks that the Act be amended so that the Commission, at its discretion, can advance the taxes of homesteaders who are obviously unable to pay, at the time they fall due. (Exhibit L, 4). This would save for the homesteader the difference between the delinquency penalty and the interest he would pay to the Homes Commission, and also remove a grievance of long standing. The Committee recommends that the Hawaiian Homes Act be amended to provide for this.

COMMUNITY LIFE

Important as are the economic and financial aspects of homesteading, the Committee has been fully aware too of the social problems involved in rehabilitation. It is not sufficient merely to put people out on their lots and help them earn a living: they must be encouraged to develop a healthy community spirit, and must have adequate social and recreational facilities especially for the growing children. Sanitary and medical arrangements must be satisfactory. Such a people as the Hawaiians, with no long tradition of individualism behind them, need particularly to have these matters taken into account.

Dr. Keesing and others pointed out that in the past the tendency has been to do things *for* the homesteaders rather than *with* the homesteaders: a fault common to paternalistic schemes everywhere. The Homes Commission, with all good intentions, has made the decisions and there has been little attempt to enlist the homestead communities themselves in activities for their betterment. For example, when their community hall was built, the Hoolehua people were not asked to aid financially or otherwise with this, and when later some of the people petitioned the authorities to have a homesteader on the supervising committee of the hall they were told that this was unnecessary. The Committee heard quite a lot about the lack of unity and cooperation among the homesteaders, particularly on Molokai, but nothing much seems to have been done to draw the people together along common lines of interest. Furthermore the homestead-

ers as a group have no organization through which their ideas, suggestions and criticisms can be formulated and passed on to the Homes Commission; in the past there has been a great amount of misunderstanding between the Commission and the homesteaders, as witness the petitions and complaints that have come from individuals or from special groups to the Legislature. The Committee, after a visit to Molokai, passed a recommendation that the Homes Commission form a homestead council or advisory committee in each of the settlements as a main step in meeting these needs. In reply to a recent inquiry as to whether any action had been taken on this, the Homes Commission reported to the Committee that on Molokai "a modified program leading to the successful formation of a homestead council has been in due process and has taken (partial) form in the shape of organizations on labor, raising of livestock, and social activities. Other similar organizations are planned from time to time. Representatives from these organizations would form a very desirable council." The Committee reiterates here its recommendations that representative councils be established as soon as possible in each of the homestead areas.

A question to which the Committee gave much consideration was whether a community residential center should be developed on Molokai. Various people suggested that the original plan of scattering the homes individually on the forty-acre lots over miles of the Hoolehua plateau is unsatisfactory, particularly for a "socially minded" people like the Hawaiians (see the Keesing Bulletin, pages 125-27, Exhibit H). A so-called "New Deal Committee" of homesteaders active two years ago petitioned the Federal Government and the Legislature to establish a "beautified, modern community center" around the present hall and school. "At present," they wrote, "situated as (the homesteads) are, with poor roads that are often impassable during the rainy season, and with the stores, Post Office, schools, churches, etc., located in one corner of the project and no means of transportation, (there is) a burden of hardship, exposure, and a menace to health. . . . Children are obliged to wade through mud and water for several miles to school during wet weather and are often stricken with pneumonia. . . ." Advocates of the community center idea point out that a paved road, electricity, and health, recreational and other facilities are already available at the pro-

posed location, while with the pineapple block system the scattered farming system has practically come to an end—so far as people want gardens they can do better in the community center area which is the part of Hoolehua most suited to agriculture (this also the location for the proposed cooperative truck farming project, page 33). A detailed plan for such a center was presented to the Committee by Mr. G. K. Larrison, Federal representative with the Homes Commission, along with an estimate of the costs (roads, \$220,000; water, \$247,000; moving houses, \$10,000; engineering and overhead, \$23,000—total, \$500,000).

During its hearings on Molokai the Committee took the opportunity to ascertain the sentiment of the homesteaders on this matter. Of the 27 homesteaders who were present at the time, 20 were against it, 1 was for it, and the others did not vote. From their statements it was obvious that they had little understanding of the plan, feared they were going to lose by the change, and were loth to abandon the individual holdings on which they had expended years of effort and to which they have become genuinely attached. Obviously it would be unfair to move anyone against their will, no matter what the benefits. Nevertheless the Committee, in looking ahead to the future, sees much to be gained by making new subdivisions on Molokai within this area—as in the case of any scheme to provide the children of the present homesteaders with small agricultural or residential holdings. The way should also be open for any of the present people, as they may get old or may see the benefits to be gained from living in such a center, to take up holdings there voluntarily. The Homes Commission should have a clear plan in hand so that if a community gradually builds up there it will be laid out as satisfactorily as possible. The Committee recommends, therefore, that the community center idea be taken into account in making future subdivisions on Molokai, particularly in providing for the younger generation, but no attempt be made to move the homesteaders from their present holdings against their will.

The health of the people in the homestead settlements is not so good as could be hoped for (Keesing Bulletin, pages 111-14, Exhibit H). Though many children are born the infant mortality rate is high; modern medical ideas and hospital treatment

are by no means accepted by all; the old, healthy diet of the Hawaiians has tended to give place to store foods that provide insufficient or unbalanced nourishment, especially on upland Molokai, with results that are seen in tooth decay, etc. According to those giving evidence to the Committee there should be a larger staff provided on Molokai by the Department of Public Health, and a clinic established at Keaukaha. The Home Economics Division of the University of Hawaii now has a full time worker among the women on Molokai, with encouraging results to date. In the future every effort should be made by the Homes Commission to enlist the Health Department more fully as a co-worker in this all-important phase of rehabilitation. The policy recommended by the Committee has already been set out in the discussion of finance (page 21).

The Committee was informed that much more could be done as regards social and recreational activities, especially on Molokai where the young people have an unusual amount of leisure on their hands. Dr. Keesing, after making a first review of the situation (Bulletin, pages 114-17), recommended that a close survey be launched of these aspects of homestead life. Through the help of Mr. Midkiff and a number of the interested people on Molokai who offered written suggestions, the Committee has been able to assemble the facts regarding the Hoolehua community and proposals as to future development (see especially Exhibit H). This information is being passed over to the Homes Commission for its use; the Committee makes no specific recommendations, but again refers to the policy it recommends on page 21.

EDUCATION

Already reference has been made to the importance of taking the children of the homesteaders into account. In a real sense the future of the homesteading scheme lies with the schools. Several of those giving evidence before the Committee suggested that more could be done in adapting the work of the schools to fit into the rehabilitation scheme; also that every effort should be made to get the teachers in the homestead schools who are sympathetic and will cooperate fully in the experiment (see the Keesing Bulletin, pages 118-20). For-

tunately the new Homes Commission has among its members an experienced teacher, Mrs. Phoebe Amoy, to advise it on educational matters.

A request was made by some of the homestead women at the public hearing of the Committee on Molokai that a high school be established at Hoolehua. This was also urged by Mrs. Amoy, and by Mr. Midkiff who suggested that it have a strong vocational and business side (Exhibit K). There is today an Intermediate School at Hoolehua, established by the Department of Public Instruction, with financial aid from Homes Commission funds in building up the vocational side of its work and providing a model school farm. This institution serves not only the homestead community but also all children on Molokai. (On this account the Homes Commission recently approached the County of Maui, which has jurisdiction over Molokai, to pay an annual rental for the use of the three buildings constructed in 1930-31 with moneys from its revolving fund.) Near Hoolehua, too, there is an "English standard school." But any children who today want to proceed beyond the intermediate grade must go to Honolulu or to Maui. Not only is this costly, but it also takes the children away from the homestead setting and they are likely not to return. The Committee recommends, therefore, that steps be taken by the Department of Public Instruction to add the necessary grades to the Molokai Intermediate School so as to make it into a High School.

THE FUTURE

In concluding this report the Committee is glad to say that the future is very promising. When it began its work it found the homesteaders critical of the Homes Commission and skeptical that the Committee would really accomplish anything. They were suspicious that "much would be said and nothing done." The new Homes Commission has now been in office for some months, and has applied itself vigorously to the existing problems and grievances, making personal visits to the homestead areas to look over conditions and meet with the people. The Committee is glad to report that during the period since the Legislature last adjourned there seems to have devel-

oped among the homesteaders a most encouraging spirit of enthusiasm, cooperation, and confidence in the agencies of government entrusted with their welfare. Mr. Midkiff, after making his survey during January 1937, writes:

"There has been very definite progress at Hoolehua during the past year. It is evident that there is a better spirit and attitude. The homesteaders themselves say that things are better. This is the first time the writer has visited the homesteads without having a succession of woes and difficulties presented. On this last occasion the people were speaking about progress they are making and about the advantages of Hoolehua."

In view of this changing situation the Committee feels its main tasks, apart from the comprehensive "stock-taking" summarized in this report, has been to recommend ways and means of repairing the weak points in the scheme, and making it possible for the reorganized Homes Commission, in full consultation with the homesteaders themselves, to move forward vigorously along the lines hoped for by the founders of the rehabilitation scheme.

Respectfully,

ROY A. VITOUSEK, Chairman;
A. A. AKINA,
CLEM GOMES,
JOSEPH L. SYLVA,
J. R. FARRINGTON,
W. H. HEEN.

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EXHIBIT A

STATUS OF AVAILABLE HAWAIIAN HOMES COMMISSION LANDS
APRIL 30, 1936

(Reduced from a document submitted by G. K. Larrison, Hawaiian Homes Representative)

Island	Lands Made Available by Hawaiian Homes Act (Areas as Estimated in the Act, 1920)	Lands Available After Excluded areas are Deducted	Lands Under Lease by Territorial Land Commission	Lands Now Used for Homesteading by Hawaiian Homes Commission
Hawaii	Kaohe-Makua 2,000 acres	2,000 acres		
	Keaukaha 2,000 acres	1,944 "		621.5 acres residence lots
	Panaewa 2,000 acres	2,000 "		
	Piihonua 2,000 acres	2,000 "	All leased, terminating Jan. 1, 1940	
	Humuula 53,000 acres	49,000 "	All leased, terminating Jan. 1, 1951	
	Nienie 7,350 acres	6,495 "	All leased, terminating Sept. 8, 1949	
	Kamoku-Kapulona 5,000 acres	3,012 "	All leased, terminating Sept. 8, 1949	
	Waimanu 200 acres	200 "		Pastoral lot
	Pauahi 750 acres	557 "	All leased, terminating July 1, 1949	
	Kawaihao 10,000 acres	9,939 "	9847 ac. leased, term. July 1, 1949	102 acres residence lots
	Puukapu 12,000 acres	12,760 "	a) 20.3 ac. leased, term. Oct. 18, 1939 b) 195.1 ac. leased, term. Sept. 1, 1948 c) 38.9 ac. leased, term. Mar. 15, 1949 d) 12,506 ac. leased, term. July 1, 1949	
	Kamaoa-Puueo 11,000 acres	10,512 "	10,257 ac. leased, term. Oct. 1, 1950	
<hr/>				
Totals for				
Hawaii	107,300 acres	100,512 acres	94,018 acres	924 acres

Island	Lands Made Available by Hawaiian Homes Act (Areas as Estimated in the Act, 1920)		Lands Available After Excluded areas are Deducted	Lands Under Lease by Territorial Land Commission	Lands Now Used for Homesteading by Hawaiian Homes Commission
Maui	Kahikinui			12,655 ac. leased,	
	25,000 acres		14,255 acres	term. Sept. 21, 1944	
	Waiohuli-Keokea			5,920 ac. leased,	
	6,000 acres	6,020	"	term. Nov. 1, 1947	
Totals for Maui	31,000 acres	20,275 acres		18,575 acres	
Molokai	Palaau-Hoolehua				14,560 acres farm and residential lots, community pastures.
	14,900 acres	14,560 acres			
	Kalamaula				5,126 acres homesteads, 2 pastoral lots, community pasture, reserves.
	6,000 acres	5,126	"		
	Kapaakea-Kamililoa Makakupaia			4 ac. leased term. July 1, 1939	501 ac. in 2 pastoral lots, rest community pastures.
	7,800 acres	5,187	"		
	Kalaupapa			Used by Leper Settlement	
	5,000 acres	4,620	"		
Totals for Molokai	33,900 acres	29,493 acres		4 acres	24,873 acres
Oahu	Lualualei			330.5 ac. leased,	
	2,000 acres	383 acres		term. Nov. 23, 1933	
	Nanakuli				213 ac. residential lots
	3,000 acres	2,657	"		
	Auwaiolimu				12 ac. residential lots
	27 acres	27	"		
	Kewalo				
	30 acres	30	"		
	Kalawahine				
	25 acres	25	"		
	Waimanalo				
	4,000 acres	180	"		
Totals for Oahu	9,082 acres	3,303 acres		330.5 acres	231 acres

Island	Lands Made Available by Hawaiian Homes Act (Areas as Esti- mated in the Act, 1920)	Lands Avail- able After Excluded areas are Deducted	Lands Under Lease by Territorial Land Commission	Lands Now Used for Home- steading by Ha- waiian Homes Commission
Kauai	Moloaa 2,500 acres	All Forest Reserve		
	Anahole- Kamalomalo 5,000 acres	5,000 acres	All leased, term. July 1, 1940	
	Waimea 15,000 acres	14,240 "	All leased, term. Oct. 1, 1938	
	Totals for Kauai	22,500 acres	19,240 acres	19,240 acres
Totals for Ter- ritory	203,782 acres	172,880 acres	132,167 acres	26,022 acres

Note: Total annual rental for the 132,167 acres leased through
the Territorial Land Commission\$67,757.

EXHIBIT B

FINANCIAL STATUS OF THE
HAWAIIAN HOMES COMMISSION AS AT
MARCH 31, 1936

(Statement, with enclosures, submitted by F. Lang Akana, Executive Officer and Secretary, at the request of the Committee. For the Balance Sheet as at December 31, 1936 see the Biennial Report of the Homes Commission.)

"The Hawaiian Homes Commission Act of 1920 established in the Treasury of the Territory a 'revolving fund' of \$1,000,000.00 to be known as the 'Hawaiian Home Loan Fund' thereby providing the Hawaiian Homes Commission with a working capital to be derived from the following sources: (a) 100% of Territorial receipts from the leasing of available public lands; (b) 30% of Territorial receipts from the leasing of cultivated sugar cane lands; and (c) 30% of Territorial receipts from water licenses. By amendment approved by Congress on March 8, 1928 the 'revolving fund' was increased to \$2,000,000.00. Partial payments were made to the Commission by the Land Commissioner from time to time until November 1933 when the accumulation of the \$2,000,000.00 was completed. Besides this working capital, the Commission in 1923 and 1927, due to the lack of available cash, floated two bond issues totaling \$125,000.00 for permanent improvements. There remains an outstanding balance of \$62,768.27 on these issues. (See Balance Sheet, Enclosure 'A' below.) In 1935 the Commission received a refund from the U. S. Government in the amount of \$62,000.00 as grant and PWA share for the improvement of the Molokai water systems.

CASH BALANCE:

On the grand total, consisting of the working capital, added receipts from bond issues, grant by U. S. Government, interests on loans, investments and bank deposits, and other charges, there remains as of March 31, 1936 a cash balance of \$262,931.55, of which \$78,600.42 has been encumbered or ear-marked for purposes as listed on Schedule 1 of Enclosure 'A,' thus leaving an AVAILABLE CASH BALANCE of \$184,331.13 for future operations and new projects.

IT IS OBVIOUS THAT UNLESS ADDITIONAL WORKING CAPITAL IS OBTAINED THE COMMISSION'S IMMEDIATE FUTURE WILL BE ENDANGERED. BASED ON A PROGRAMME OF RIGID BUDGETING OF OPERATION COSTS AND CURTAILMENT OF EXPENSES (MADE EFFECTIVE FEB. 1, 1936) THE COMMISSION MAY CONTINUE ITS WORK FOR A VERY LIMITED PERIOD, PROVIDED, NO EXPENDITURES OTHER THAN CURRENT EXPENSES ARE AUTHORIZED.

BOND INVESTMENTS:

During 1933 the Commission purchased \$125,000.00 (par value) 4½% Territory of Hawaii Public Improvement Bonds from funds then deposited

with the Territorial Treasury and which were earning from 2 to 3 per centum per annum. These bonds earn annually \$5,625.00, thus offsetting a similar amount of interest due annually on the Commission's bonded indebtedness.

ACCOUNTS RECEIVABLE, AS SET OUT IN ENCLOSURE 'A,' LOAN CONTRACTS—PRINCIPAL DUE, INTEREST DUE, AND PRINCIPAL NOT DUE represent amounts due and collectible from homesteaders and a small portion of accounts receivable from others than homesteaders.

Loans have been made to homesteaders on the Island of Molokai for the building of homes, purchase of live stock, seeds, fertilizer and/or otherwise improving the homesteads as authorized by the Hawaiian Homes Commission Act of 1920, as amended. The homes of homesteaders to whom loans have been made are covered with fire insurance totaling \$285,000. payable to the Commission in case of loss by fire.

CAPITAL OUTLAYS:

Schedule 2 of Enclosure 'A' shows a detailed list of capital non-productive assets, which have been referred to in the past as 'items which did not revolve.' The Commission has expended the sum of \$1,049,203.20 (excluding depreciation) in the development of the various projects on the Islands of Molokai, Hawaii and Oahu for OUTLAYS IN ROADS, BUILDINGS, WATER SYSTEMS, OTHER IMPROVEMENTS AND EQUIPMENT. This amount may be considerably reduced as no appraisal for depreciation has been made since Dec. 31, 1931.

DEFICIT:

There is shown in the Balance Sheet the amount of \$490,152.04 as DEFICIT resulting from the excess of operating expenses (including depreciated value as of Dec. 31, 1931) over income for the fourteen and one-half year period from Sept. 1921 (date of organization) to March 31, 1936. Details enumerating this DEFICIT are shown on Enclosure 'B.' This averages \$33,803.58 per annum (12-month period) of UNRECOVERED EXPENSES which have been paid out of the 'revolving fund.'

Simultaneously this DEFICIT may be increased if further depreciation is to be effected.

ESTIMATE OF FUTURE NEEDS OF THE COMMISSION

Enclosure 'B' shows that for the fourteen and one-half year period a total income of \$377,022.00 (portion accrued) was realized and total expenses of \$867,174.04 incurred, resulting in a DEFICIT or LOSS of \$490,152.04. Averages for the same per annum (12-month period) being \$26,001.52, \$59,805.10 and \$33,803.58, respectively.

Taking the latter figures into consideration it indicates that the annual requirements of the Commission for operation would be approximately \$60,000.00. Our current budget is approximately \$60,000.00 annually but to insure a margin of safety would suggest \$72,000.00 yearly."

ENCLOSURE "A"
HAWAIIAN HOMES COMMISSION
BALANCE SHEET AS OF MARCH 31, 1936
ASSETS

CURRENT ASSETS\$ 452,123.71

Cash	\$ 262,931.55	
Available Cash	\$ 184,331.13	
Encumbered Cash	78,600.42*	

Bond Investments (125 Territory of Hawaii Public Improvement Bonds, par value \$1,000 each, interest at 4½% per annum)	125,000.00	
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Accounts Receivable	20,836.26	
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Fees, Charges, Rents and Sales	18,717.35	
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Advances to Lessees—Insurance	1,566.12	
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Advances to Lessees—Taxes	552.79	
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Loan Contracts—Principal Due	21,191.57	
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Loan Contracts—Interest Due..	22,164.33	
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CAPITAL ASSETS\$1,221,125.92

Loan Contracts—Principal Not Due	298,842.41	
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Capital Outlays	922,283.51*	
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Buildings, Structures and Improvements	\$992,754.96†	
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Less depreciation as of Dec. 31, 1921	126,919.69	865,835.27
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Equipment	56,448.24	
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TOTAL ASSETS\$1,673,249.63

DEFICIT

Excess of Operating Expenses (including depreciated value as of Dec. 31, 1921) over Income		490,152.04
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TOTAL ASSETS AND DEFICIT\$2,163,401.67

LIABILITIES

CURRENT LIABILITIES

Loans Authorized to Lessees	\$ 3,100.42
CAPITAL LIABILITIES	2,124,768.27
Loans Payable—Territory of Hawaii No. 1	\$ 33,014.84
Loans Payable—Territory of Hawaii No. 2	29,753.48
Capital	\$2,062,000.00
As Authorized by Hawaiian Homes Act, 1920, as amended	\$2,000,000.00
Grant by U. S. Government for Permanent Improve- ment	62,000.00

DEFERRED CREDITS

Loans Liquidated (Unearned)	35,532.98
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TOTAL LIABILITIES AND

DEFERRED CREDITS	\$2,163,401.67
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* For details see supporting schedules.

† Includes \$62,000. (PWA share) advanced by Commission in 1935.

SCHEDULE 1 OF ENCLOSURE "A"

HAWAIIAN HOMES COMMISSION

BREAKDOWN OF ENCUMBERED CASH AS OF MARCH 31, 1936

Loans Authorized to Lessees	\$ 3,100.42
Summary of loan balances of homesteaders (Molokai) for purchase of building materials, livestock and/or otherwise improving homestead tracts.	
Nanakuli Water Development, Oahu	68,000.00
Commission's share of total estimated cost of \$193,000.00 for the construction and completion of the Nanakuli- Lualualei water system; City & County of Honolulu to pay \$100,000.00; and Territory of Hawaii to pay \$25,000.	
Paving Farrington Avenue, Hoolehua, Molokai	2,000.00
Commission's share for the paving of over one and one- half mile of this avenue. County of Maui to take care of the balance of expenses.	
Road Development, Kawaihae, Hawaii	5,000.00
For construction and completion of one (1) mile of gravel road through Kawaihae Residence Lots beyond the present Kawaihae Wharf.	
Waihanau Horse Trail, Molokai	500.00
Horse trail to be along water supply line from Kauluwai to Waihanau intake for patrol by members of the Com- mission's water department. This money to be expended if it becomes necessary for the Commission to build the trail.	
TOTAL ENCUMBERED CASH	\$ 78,600.42

SCHEDULE 2 OF ENCLOSURE "A"
HAWAIIAN HOMES COMMISSION
CAPITAL OUTLAYS
AS OF MARCH 31, 1936

BUILDINGS, STRUCTURES AND IMPROVEMENTS			\$ 865,835.27
Buildings	\$ 56,558.44		
Less Depreciation as of			
Dec. 31, 1931.....	4,918.73	\$ 51,639.71*	
Highways, Trails, Etc.		91,980.45	
Bridges, Culverts, Etc.		16.44	
Parks, Playgrounds, Etc.		6,096.40	
Embankments		394.25	
Water Development—			
Domestic Water System.....	639,142.38†		
Less Depreciation as of			
Dec. 31, 1931.....	122,000.96	517,141.42*	
Water Development—			
Irrigation Systems		77,925.08	
Other Improvements		120,641.52	
EQUIPMENT			56,448.24
Motor Vehicles		23,359.87	
Office Equipment and			
Furnishings		7,113.57	
Educational Equipment		1,233.41	
Live Stock		7,271.37	
Repair Equipment		3,288.10	
Furniture & Furnishings		1,424.40	
Engineering Instruments, Etc..		63.60	
Other Equipment		12,693.92	
TOTAL CAPITAL OUTLAYS			\$ 922,283.51

Note: * Depreciation on Buildings and Water Development—Domestic Water Systems written off as of Dec. 31, 1931. Appraisal made by Territorial Public Works Department. No provision made for depreciation or disposal of capital outlays since Dec. 31, 1931.

† Includes \$62,000. (PWA share) advanced by Commission in 1935.

ENCLOSURE "B"
HAWAIIAN HOMES COMMISSION
CUMULATIVE STATEMENT OF OPERATIONS
SEPT. 1921 (DATE OF ORGANIZATION) TO MARCH 31, 1936

INCOME

REVENUE		\$ 350,320.75
Interest	\$ 263,438.65	
On Loans (to homesteaders)..	\$ 151,669.47	
On Investments—Securities..	14,062.50	
On Bank Deposits	74,609.48	
On Deferred Payments (on		
principal and interest on		
loans to homesteaders).....	23,097.20	
Rents	15,977.52	
Pasture Fees	3,294.00	
Water Rates and Commodities..	36,481.98	
Sales of Stores Purchased for		
Resale	1,655.22	

Sales of Miscellaneous Articles	2,032.17	
Sales of Services—Tractor Charges	26,874.74	
Sales of Miscellaneous Services	556.47	
Forfeiture by Bidders on Govt. Contracts	10.00	
		<hr/>
NON-REVENUE		\$ 26,701.25
Loans Liquidated (Earned)	26,698.75	
Discount on Investments Purchased	2.50	
		<hr/>
TOTAL INCOME		\$ 377,022.00

EXPENDITURES

CURRENT EXPENSES, DEPRECIATION AND

FIXED CHARGES \$ 867,174.04

Current Expenses \$ 655,844.47

Personal Services \$ 394,617.85

Supplies and Materials 37,923.62

Communication Service 3,988.51

Travel Expenses 17,818.19

Transportation of Things 3,025.55

Printing and Binding 2,889.42

Advertising and Publication
of Notices 129.75Furnishing Heat, Light and
Power 5,296.18

Rents 853.75

Repairs and Alterations 57,124.69

Special and Miscellaneous
Expenses 57,550.83

Motor Vehicle Upkeep 60,867.26

Purchases of Seeds for
Resale 1,733.75Capital Outlays Offset by
Receipts 12,025.12Premiums on Bond Investments
Purchased 2,653.53Accrued Interest on Bond In-
vestments Purchased 1,947.39Depreciation on Capital Out-
lays as of Dec. 31, 1931 126,919.69

Fixed Charges 79,808.96

Sinking Fund Installments 21,308.96

Territory of Ha-
waii No. 1 \$14,752.32Territory of Ha-
waii No. 2 6,556.64

Interest on Loans Payable 58,500.00

Territory of Ha-
waii No. 1 \$40,500.00Territory of Ha-
waii No. 2 18,000.00

DEFICIT AT MARCH 31, 1936 \$ 490,152.04

(Excess of Operating Expenses—including depreciated value as of
Dec. 31, 1931—over income.)

EXHIBIT C

KEAUKAHA HOMESTEAD PROJECT, SOUTH HILO, HAWAII

(Details of the proposed development of Tract 1 as outlined by Princess Kawananakoa.)

The present Keaukaha Homestead area includes about 200 lessees on one-acre lots, established since December 16, 1924.

It is proposed to open up approximately 590 additional half-acre lots for homesites in the remainder of this Tract. . . The proposed sub-division has not been surveyed or staked out on the ground. Half-acre lots are proposed as it is believed that, with the one-acre agricultural leles hereinafter described, a half-acre is as much as will be needed by each Homesteader and will also be enough for one family to keep clean and in order.

An area should be reserved as a business section.

With every lease in this Tract, old and new, it is proposed to give under a revocable permit and upon the request of the Homesteader, an acre lele (ground for cultivation purposes only) in the Panaewa holdings of the Hawaiian Homes Commission; the permit depending on the use and occupation of the lele. Dry-land taro can be grown here and possibly other vegetables and fruits.

Access may be had to the Panaewa lands by automobile from the point where Kamehameha Avenue stops at the present homestead area, thence along this roadway to Kanelehua Road, down this road to the one lying alongside of the Hawaii Consolidated Railway tracks to the quarry, where automobiles may be left. The homesteader may then proceed by trail into the Panaewa area. Access to these areas may also be made from the various sub-division roads within the Territorial Waiakea homestead area. The Homesteader who has no automobile may use the busses running through both the Keaukaha and Waiakea homestead areas either to the Waiakea Railroad Station or to points within the Waiakea homestead area from which trails may be found or cut into the Panaewa tracts. The railroad is willing to discharge and pick up passengers at a station to be erected, within the Panaewa tract.

Tracts 1 and 2 of the Panaewa lands contain about 681 and 1319 acres respectively, both tracts are covered with much undergrowth and many lehua trees and tree-ferns. However, dry-land taro can be grown around and under trees with sparse foliage like the lehua.

KEAUKAHA BEACH PARK AND ADJACENT AREA:

These areas of 11.20 and 5.26 acres, respectively, both located on the seashore immediately adjacent to the first row of the existing Keaukaha lots, are needed for establishing a Community center, re-creation ground, shelters for canoes, etc., and particular attention is invited, to the fact that this combined area is the only one for many miles along the ocean-front, where the Hawaiian can have convenient access to the sea, a vital necessity to him.

It is also proposed to construct or establish within this area, an Office building for the Commission's local Agent, including rooms to be used

as a Clinic for maternity and infant hygiene and child-health conferences; a Community Hall for meetings, entertainments, movies and other social activities; a Playground with the necessary equipment, a picnic Pavilion, Bathhouse and Grass-hut (for the sale of lauhala handicraft, quilts, curios, etc., made by Homesteaders) and to re-construct the present Nawahi shack into a Classroom for the teaching of lauhala work, quilt-making, cooking, and dressmaking. A Homemaking class (consisting of 22 homesteaders) for instruction in cooking and sewing was started at the Keaukaha School in October, 1936. Another class in lauhala weaving has been organized.

It is also proposed to appoint a full time Agent and a full time Janitor-and-grounds keeper, both of which will be needed to care for about 4000 people (homesteaders and their families) who, it is estimated, will live on these lots, if this proposed project is endorsed, five to a family and 790 families will make up this number.

SELECTION OF HOMESTEADERS AND SUGGESTIONS:

It is proposed that Homesteaders be selected in accordance with the following plan, preference always being given to the first group and all leases to be made in the husband's name except in cases of widows and other single women.

Group 1—Not less than 50 percent Hawaiian blood in both father and mother.

Group 2—One hundred percent Hawaiian blood in the Lessee where the mate is of less than 50 percent or no Hawaiian blood.

Group 3—Widows or widowers who have not less than 50 percent Hawaiian blood and who also have children with not less than fifty percent Hawaiian blood.

It is the native Hawaiian blood that this Commission seeks to restore; 100% on both sides would be ideal.

It is also proposed that no lease shall be given to anyone owning income-producing property or to anyone with a position or job paying a regular salary or wage exceeding a certain figure to be later decided upon, at the time of granting a lease.

A new form of lease, in English with Hawaiian interpretation, is recommended.

Should a present Lessee of one of the acre lots desire to surrender half of his lot to a relative or friends, qualified under the Homes Act, provision should be made for such surrender.

LOANS TO HOMESTEADERS:

It is also proposed that a maximum loan of \$150.00 be made to each existing and proposed Homesteader to be used exclusively for the installation of sanitary facilities and for building repairs; all labor to be performed, insofar as possible, by the Homesteader concerned. Should all existing and proposed Homesteaders (about 790 in all) be loaned the maximum amount, \$118,500.00 of the Commission's Revolving Fund will be required for this purpose. This sum, however, will eventually be returned with interest to the Revolving Fund.

ESTIMATED COST:

The following cost estimates are only approximate.

(a) Sub-division of Area:

Roads (with coral or quarry waste surfacing)	
5 miles at \$4,500.00	\$22,500.00
Water system	35,000.00
Office and Clinic Building	2,000.00
Community Hall	8,000.00
Improvements to existing Nawahi building and park- grounds	2,500.00
Comfort Station, Showers and Dressing Rooms	1,500.00
Pavilion as shelter room for tools, etc.	1,500.00
	<hr/>
Engineering, Surveying & Miscellaneous	\$73,000.00
	7,000.00
	<hr/>
TOTAL	\$80,000.00

SUPERVISION:

If this appropriation is made by the Legislature, the Princess will personally (with technical assistance from Major Larrison, Hawaiian Homes Representative, Department of the Interior) supervise all details in the development of the project.

RECOMMENDATIONS:

It is recommended that this project as hereinbefore described, be approved by the Hawaiian Homes Commission. Further recommendations will be made from time to time as more detailed information is obtained.

An Hawaiian with his calabash filled with poi from the taro grown on his lele, and a canoe with convenient access to the sea for fishing will never suffer from hunger.

(Signed) KAWANANAKOA,
Homes Commissioner.

EXHIBIT D

SUMMARY OF RECOMMENDATIONS

MADE BY DELEGATE SAMUEL W. KING

AT A MEETING OF NOVEMBER 19, 1936

1. That the legislature endorse an amendment to the Hawaiian Homes Act to permit refunding at least the major cost of the permanent improvements, amount to approximately one million dollars, this to come out of the same receipts from which the original revolving fund was originally built up.

2. That the revolving fund must not be eaten up by the operating expenses. The revenues from the lease of homes commission lands could be used for these.
3. The rate of interest is far too high, and should be reduced to 3 percent.
4. The maximum loan to a farm lot holder should be increased to \$5,000.
5. Crop loans should be made through a chattel mortgage on the crops, as is permissible to farmers anywhere else in the United States.
6. Arrangements should be made to permit of re-subdivision and partition, in order to make room for the boys and girls now growing up.
7. There is a crying need for new homestead schemes on Maui and Kauai.
8. The water survey is a key to the homestead future.
9. The homesteaders should be free from domination by the pineapple companies. They should have their own independent, cooperative enterprise and their own cannery.
10. In view of the long waiting list of applicants there is urgent need for broadening the scope of the work.

EXHIBIT E

SUMMARY OF STATEMENTS PRESENTED TO THE COMMITTEE BY MR. NOA W. ALULI

1. The full-blooded Hawaiians are dying rapidly every year. The 1930 census showed 22,636 full-bloods and 28,224 half-bloods. The latter are increasing and can look after themselves. But the former are affected by poverty, disease, and the competition of aggressive groups, so that they are diminishing in numbers every year. There are now less than 5,000 full-bloods.
2. In spite of the fact that the revolving fund is nearly exhausted, less than 700 Hawaiians (of whom not 200 are full-bloods) have been placed on the land in 13 years, or 51 a year. At this rate the great majority of full-blood Hawaiians will have died before the scheme touches them, even if new money is available. The work of the Homes Commission should be speeded up so as to touch not 50 a year but 1,000 a year.
3. As the finances of the Territory are inadequate for this, the Federal Government should be asked to take charge of the Hawaiian rehabilitation project through the Department of the Interior. Congress can then appropriate sums as it has done for the American Indians. The experience of the "New Deal" as regards the Indians would be useful as applied to the Hawaiians.

4. It is not enough to consider only the economic aspects of homesteading. Provision must be made for social welfare work and education.
5. Control should be exercised over the finances of the homesteaders, so as to protect them from exploitation.

EXHIBIT F

TRENDS OF HAWAIIAN POPULATION

(Reply of Dr. Romanzo Adams, Professor Emeritus of Sociology, University of Hawaii, to an enquiry from the Committee for comments on a statement by Mr. Noa W. Aluli that "the Hawaiian race is dying.")

I would say that the principal difficulty about Mr. Aluli's statement to the effect that the Hawaiian race is dying, is the uncertainty as to its meaning. In the most literal sense no race can die. Individual persons die, not races. But if all the persons regarded as belonging to a certain race were to die without leaving descendants one might in a figurative sense say that the race had died. Possibly, one might go a step further as Mr. Aluli has done and consider the race to be dead if all its members die without leaving pure blooded descendants. Personally, I do not favor this usage since the outcome, i.e., the disappearance of the pure blooded representatives, is in this case not necessarily due to deaths or to an insufficiency of births, but merely to race mixture. I prefer to say that the Hawaiian race is an amalgamating race.

Nevertheless, one must recognize that there is considerable freedom in the use of figurative language. I do not quarrel with Mr. Aluli if he makes clear in some way just what he means, viz., that the people of pure Hawaiian blood are destined to disappear at no distant date since their descendants will be only part-Hawaiians.

It would be a matter of interest to know just how far this amalgamating process has gone already and how rapidly it is going on. Unfortunately the statistical data relating to these matters are far from accurate,—just how far, we do not know. There are, however, data of one sort or another that permit of an estimate. Some of the facts, other than those found in the censuses are as follows:

From an early date in the history of race relations in Hawaii there has been a **passing** of mixed-bloods. That is some mixed blood part-Hawaiians have claimed to be pure Hawaiians. In some cases they knew of their non-Hawaiian blood, but for one reason or another they preferred to be known as Hawaiians. In other cases they were ignorant as to their ancestry.

This racial passing continues even to the present time, and is made evident for census years by the disagreement between the figures of the census and those of the Bureau of Vital Statistics. This may be seen from a study of the following tables:

TABLE I
COMPUTATIONS
BASED ON BUREAU OF VITAL STATISTICS DATA

Race of Baby	Births in the 12 months preceding Census date, April 1, 1930	Deaths of infants born in the 12 months April 1, 1929- March 31, 1930	Survivors at Census Date
Hawaiian	428	93	335
Part-Hawaiian	1762	124	1638
Total	2190	217	1973

TABLE II
BASED ON CENSUS DATA

	Children under 1 year April 1, 1930 Census	Survivors Bureau of V. St.	Differences
Hawaiian	511	335	+ 176
Part-Hawaiian	1350	1638	- 288
Total	1861	1973	- 112

In reading these tables one must remember that birth registrations are always incomplete and that the census is especially incomplete for infants. It may be noted that counting both Hawaiians and part-Hawaiians the census enumerators found 112 fewer than the survivors of those counted by the Bureau of Vital Statistics. This meant that the census figures suffer more from incompleteness in the case of infants than do those of the Bureau. Nevertheless, the census figures for Hawaiians under one year of age exceed the Bureau figures for survivors by 176, or about 50 per cent. On the other hand the census figures for part-Hawaiians are short by 288, or about 17 per cent. The explanation of these discrepancies is that a considerable number of babes classified by the Bureau as part-Hawaiian, were given to the census enumerators as pure Hawaiian.

Confirming this explanation is the fact that when the names of infants are sent to the Bureau for registration there is a fairly steady tendency on the part of some part-Hawaiian parents to classify themselves and the infants as pure Hawaiian. At the Bureau, they look up the data as to the racial status of the grand-parents and, if it is found that the child is misclassified, the report is sent back to the parents for correction. In this way the Bureau avoids misclassification so far as the data on file are adequate to the purpose. But the census enumerators have no means of checking and hence they take whatever information or misinformation the parents choose to give.

Because of this racial passing, the census enumerators found nearly

nine hundred more Hawaiians and that many fewer part-Hawaiians than were expected. (The expectation is based on the census figures for 1920, on births and deaths between the 1920 and the 1930 censuses and on migration.)

But the data of the Bureau of Vital Statistics are not adequate in relation to those mixed-bloods of the earlier period who were misclassified. The number of wrongly classified part-Hawaiians is greater than would appear from the Bureau data.

I have estimated that if the census enumerators had gone to the Bureau and had corrected the classification of those who were misclassified as Hawaiian so far as the Bureau data were adequate for the purpose, the number of Hawaiians would have been decreased by 3,352 and the number of part-Hawaiians increased by an equal number. This would give 19,284 as the number of Hawaiians (1930) instead of 22,636 the actual census number. This correction would cover approximately the accumulated errors of the census during the present century, but those of the 19th century would still remain.

Since there is an interest in the matter and a tendency on the part of some to make estimates of an unconsidered character I have devoted considerable time to the making of an estimate as to the total amount of passing, and as to the number of Hawaiians who had none of the blood of foreigners who came after 1777. My estimate is that in 1930 there were about 12,856 pure Hawaiians and that an uncommonly large proportion of them were old people. The tendency on the part of most of the people who have given a little attention to the matter is to reduce this estimate. Some, indeed doubt whether there are any living Hawaiians now. In Mr. Aluli's sense, the race is already dead if these more extreme views are correct. Nevertheless, I hold to the more moderate view for reasons that appear to me to be valid.

The rate of amalgamation goes on at an increasing pace. In large measure this is a consequence of the increasing size of the part-Hawaiian population. Considering the data as kept by the Bureau of Vital Statistics, the tendency is for an increasing percentage of the Hawaiians to marry part-Hawaiians, and the children are, of course, part-Hawaiian. For example, in the four years 1912-16, 15 per cent of the Hawaiian grooms and 13 per cent of the Hawaiian brides married part-Hawaiians. But in the four years, 1930-34, 41 per cent of the grooms and 25 per cent of the brides so married. We are not far from a time when there will be just a few pure Hawaiians of marriageable age and they will have their social relations mainly with the part-Hawaiians who will be ten times as numerous. When this point is reached the rest of the process of amalgamation, so far as the mere disappearance of pure blooded Hawaiians is concerned, will go on very rapidly. The later stages of amalgamation will have to do with the creation of a more nearly uniform and stable race mixture and that will involve all the races. All the races will be amalgamated in time, but some of them will take more time than the Hawaiian.

Not much may be said as to the future of the Hawaiians as represented

by their mixed-blood descendants. Naturally, there will be a continued decrease in the Hawaiian fractional share of the ancestry. On the basis of the present population one might expect that when there is a fairly uniform race mixture, the Hawaiian part will be about one-eighth. At present it averages about one-half.

The number of part-Hawaiians is increasing at a higher rate per cent than any of the other racial groups since the large immigration of Filipinos ceased. This may be seen from the following table. The figures for 1930 are from the census, those for 1936, from the estimates of the Bureau of Vital Statistics. These estimates are very nearly counts. The births are added, the deaths subtracted, the incoming passengers are added and the outgoing subtracted. The figures of the table include men in military service and their families and this accounts mainly for the increase of "other Caucasians." The Filipinos have lost heavily by migration and the Japanese in smaller measure. The changes in Hawaiian and part-Hawaiian population are almost wholly due to births and deaths.

POPULATION OF THE TERRITORY OF HAWAII

	1930	1936	+ Gain or — Loss in 6½ yrs.	Gain or Loss per cent
Hawaiian	22,636	21,594	— 1,042	— 4.6
Part-Hawaiian	28,224	37,608	+ 9,384	+ 33.2
Total above	50,860	59,202	+ 8,342	+ 16.5
Portuguese	27,588	29,863	+ 2,275	+ 8.2
Porto Rican	6,871	7,470	+ 799	+ 11.9
Spanish	1,219	1,261	+ 42	+ 3.4
Other Caucasian	44,895	57,069	+ 12,174	+ 27.1
Chinese	27,179	27,495	+ 316	+ 1.1
Japanese	139,631	149,386	+ 10,255	+ 7.4
Koreans	6,461	6,682	+ 221	+ 3.4
Filipinos	63,052	53,550	— 9,502	— 15.1
All others	780	799	+ 19	+ 2.4
Total	368,336	393,277	+ 24,941	+ 6.8

Not improbably there will be more part-Hawaiians than Japanese before the end of the century and not much later they will be a majority of the entire population.

EXHIBIT G
SUGGESTIONS FROM THE STANDPOINT OF
AGRICULTURAL ECONOMICS

(Report of a survey by Mr. H. H. Warner, Director of the Agricultural Extension Service, University of Hawaii.)

Any effort to appraise the agricultural policy of the Hawaiian Homes Commission on Molokai and to recommend a program for the future is difficult because of the common failure to differentiate clearly between what is socially desirable and what is economically advisable. It is not surprising to find the development in the past on Molokai complicated by policies, some of which were dictated solely by a desire to assist in re-establishing the Hawaiian people on the land and some of which developed purely from a practical need for financial return. It is important to study the situation with respect to both points of view but the views presented here are the result of studies made from the economic approach rather than the social viewpoint.

It is significant that Molokai and Lanai are the only islands under cultivation where the sugar industry is not now a competitor for suitable land. Hence it should be possible to encourage the production of fruit and vegetables on Molokai for shipment to Honolulu and possibly to the mainland with less difficulty than on most of the other islands. It is assumed of course that in any such development, adequate shipping facilities would be made available..

In our opinion no great amount of the mainland vegetables consumed in Honolulu can ever be supplanted by local growers farming in the rain-belt and subject to recurrent droughts and floods as is the case at present. Even where these growers practice modern methods of packing and grading and turn out a competitive article, the supply is sure to be irregular so long as production is subject to the vagaries of weather. Furthermore disease and insect pests are very destructive and methods of control most difficult in the rainfall areas where the most of our local vegetables are now grown.

Dealers will continue to purchase from the mainland where steady supplies of these commodities grown under irrigation are available 52 weeks of the year. They cannot afford to depend upon the uncertain supplies of local vegetables as now grown in various rainfall areas on all the islands.

All of which leads to the conclusion that the water available from the proposed irrigation development on Molokai would be most valuable when applied to those areas lying along the south coast which now receive insufficient rainfall for pineapple production. Perhaps 6,000 acres of Home Commission land so situated could be made available for irrigated fruit and vegetable production—lands which now are of value only for grazing purposes.

Furthermore it is probable that from the standpoint of land utilization, the Hoolehua area itself is better suited to pineapple production than any other crop. From an economic standpoint it would be hard to justify the proposed cost of developing irrigation water solely for the purpose of using

it to supplement natural rainfall for growing truck crops on Hoolehua lands alone. We are not attempting to evaluate the social advantages which would accrue to the homesteaders from being able to grow truck crops under irrigation, primarily as a subsistence project, but it would not be making the best use of what would appear to be rather expensive water.

Therefore it seems that from a practical standpoint the cost of developing the proposed water supply could only be justified if it were to be applied to the lower and drier areas not suitable for pineapple production. It should be obvious that other similar land not in control of the Hawaiian Homes Commission would be in a position to benefit too if the water were made available.

Such lands with water for irrigation, devoted to the commercial production of fruits and vegetables could be farmed profitably, provided of course the water cost was not excessive. The cost to the user of such water should not exceed \$50 per acre per year if the land were in continuous crops. It should be noted that there is no such irrigated area used for these crops in the Territory and that such a project would be in a unique position to supply the market with superior quality products without the usual interruptions.

Nowhere in the Territory is a more horrible example of the results of over grazing than on some of the Hawaiian Homes Commission lands at Hoolehua. In the worst areas the top soil has blown away and gullying from heavy rains is rapidly ruining the fertility of the soil. Some 5,000 to 6,000 acres in all are beginning to suffer in the same way although still capable of reclamation. Some of these lands are in areas of proven worth for pineapple production and it is gratifying to know that steps have been taken already to prevent further serious damages from erosion. Much more needs to be done to reclaim if possible the worst of these areas and to prevent further losses of valuable land.

Community pastures seem to have given rise to the most serious over grazing. Strict regulations affecting the use of any pasture lands by the homesteaders should be enforced in order to maintain some coverage and avoid permanent losses from erosion. Such measures to conserve the value of these rich lands must be undertaken by the Commission itself, and this is perhaps of primary importance.

No one-sided contract can be of a very permanent nature. It is generally known that the existing pineapple contracts are costing the canneries more than their own production on the same lands. It is only natural therefore for the companies to look elsewhere for producing areas upon the expiration of these contracts several years hence and meanwhile to hold the contracted homesteader's acreage to the minimum.

It is obvious that good business judgment would be for the Hawaiian Homes Commission to voluntarily offer to cancel those contracts now in effect providing the canneries would agree to enter upon ten or fifteen year contracts on a sliding scale basis in accordance with the average annual price of the canned product. The experienced and intelligent grower would consider it good business to sacrifice a little immediate gain for

the assurance of a long time contract keyed to the market price and fair to both parties. It would seem the part of wisdom for the Commission to pursue negotiations to a conclusion in this matter.

Therefore, if we approach these problems from the standpoint of agricultural economics, certain needs stand out—

First—profitable production of fruits and vegetables in Hawaii will advance rapidly as soon as suitable land in an area of low rainfall is placed under irrigation.

Second—a considerable part of Hawaiian Homes Commission lands on Molokai with insufficient rainfall for pineapples is suitable for the production of these crops under irrigation.

Third—the high unit cost of developing water for irrigation can only be justified when applied to a sufficient area of such lands not suitable to the production of pineapples.

Fourth—immediate steps should be taken to reclaim lands already damaged by erosion resulting from over-grazing and rules enforced to prevent further losses on other lands.

Fifth—present pineapple contracts should be revised and re-written for a long period of years on a sliding scale basis in accordance with the market price of the cannery output.

EXHIBIT H
SUGGESTIONS CONCERNING SOCIAL AND RECREATIONAL NEEDS
AT HOOLEHUA

(Extracts from a mimeographed report by Mr. Frank E. Midkiff, following a survey made at the request of the Committee.)

"At the request of the Legislature Hold-over Committee suggestions are made herewith concerning the social and recreational needs of the Hoolehua Homesteaders. . .

Social Objective. When one definitely states the social objective of the Hoolehua Homesteads it is at once recognized as a tremendous undertaking. Such objective is not less than to make Hoolehua more attractive than Honolulu to the young people of the homesteads. There is a general need for this because Hawaii is an agricultural territory; and there is a specific need insofar as the Hawaiians themselves are concerned, for they have long been waging a losing battle in Honolulu.

Methods of Accomplishment. The method of accomplishing the above objective requires insofar as is practicable the provision of the advantages of the city for Hoolehua while conserving the superior advantages of the country that exist there at present. Such a procedure would, of course, yield conditions that on the whole would be superior to those of Honolulu.

To provide facilities that are comparable to those of Honolulu, is a great undertaking, but after all, since Hawaii is agricultural and it is necessary to get people to live happily and by preference in the country, is it not reasonable to provide conveniences, roads similar to city streets, electric lights and household power, social facilities, recreational areas and equipment, etc., such as Honolulu actually has and uses as attractions for young people? This is the problem squarely before those responsible for social planning and appropriations therefor. A long-range view, based on sound principles, must be taken. . .

Tree Planting. Hoolehua needs lots of trees. The great sweep of trade winds should be broken up by large groves and windbreaks. Each home should have its windbreak, in the lee of which fruit trees and gardens would be possible. The wind at present is a strain upon the people, animals and fowls, and crops. All possible governmental agencies that can cooperate should assist the homesteaders as rapidly as possible in a broad program of tree planting. These trees may well include puhala, and coconuts, the former for use in craft activities, the latter to furnish food which is a good substitute for milk and butter and is a carbohydrate food also.

Health Service. There is only one physician on the Island of Molokai for over 7,000 people, scattered over a wide area and accessible only over decidedly unimproved and at times impassable roads. The present physician needs an assistant who should be a young man with the best modern training, able to stand hard service, take long auto trips, etc. Such assistance would enable the establishment of a daily physician's clinic in Hoolehua Intermediate School and other schools. At this clinic the schools should have a health teacher who is a qualified nurse and who can prepare all questionable cases for the doctor's examination. After the doctor's diagnosis this health teacher-nurse could carry out daily treatment as pre-

scribed by the physician. There is a definite need for more home nursing service of the public health type. Molokai needs a third public health nurse, and one of fine ability and industry who can speak Hawaiian would do best at the Hoolehua section of the Island. A long period of education in health is required by many of the present homesteaders. Unsanitary privies should be replaced by structures that comply with specifications of the Board of Health.

Paved Roads. Each year the County of Maui, aided by Federal grants, should extend the paved roads. Communication is essential to congenial living in the rural districts. The first road that is needed is one from Farrington Avenue to the hospital. This should be followed by a substantial increase in pavement year by year.

Electricity. Provision should be made so that each homestead has access to electricity for lights and household conveniences. Electric circuits along the highways should provide lights for the district inasmuch as numbers of people walk from place to place after dark. This proposal does not sound so exorbitant when one considers that the rural district in the future in Hawaii must receive treatment similar to that which the cities have received, even though the homes are scattered at the present time. Throughout Hawaii adequate steps must be taken to build back attractive rural villages. The idea is more centralization in rural villages and less in Honolulu.

Remodeling of Homes. Most of the houses in Hoolehua were built many years ago when the homesteader first arrived on the land and when his family was small. Since the building of the houses the family has increased in numbers, the children have grown to young manhood and womanhood in many cases and even dependent relatives have joined the family. The crowded conditions of many of the houses make home organization and normal home life impossible. Many houses now need remodeling and enlarging. Many homes should be furnished with modern toilet facilities. In order to accomplish this, it may be necessary to increase the loans to certain homesteads, enabling them to remodel and enlarge their houses. . .

Senior High School. One of the urgent needs of Hoolehua is for a senior high school. . . This high school should emphasize agriculture and mechanical arts for boys and homemaking and elementary nursing for girls. However, it should be well equipped to furnish academic work of a high standard in comparison with other similar schools in Honolulu and should offer adequate business training to attract the young people and to give them a good grounding in the financial and business side of homesteading and allied industries at present or in the future to be found in Molokai. A senior high school must be one of the basic facilities offered in order to keep the young people on the homestead. . .

Home Improvement Aid. The University of Hawaii has one home demonstration agent on the Island of Molokai. One more should be provided at once. If the University has no funds for such person, the University should seek to raise the money from private sources, if necessary. This constitutes a very great and needed service to the homesteaders, including all phases of home arts and economics. The person who deals with

the homesteaders should be especially qualified and carefully selected. . .

Library Service. It has been found throughout rural areas on the mainland and in Hawaii that adequate library service affords a very definite attraction for rural people wherever libraries are started. The use of them grows rapidly and their value is very quickly appreciated. The homesteads should have at the Community Center (Hoolehua Hall) a branch of the Maui County Library, or of the Library of Hawaii. With adequate books, periodicals, magazines and a person in attendance, such person could serve the school as well as the community.

National Guard. It is believed that the formation of a company of National Guardsmen on Molokai will aid very definitely in solving the problem of the young men. Such a program would include marksmanship, drilling, a considerable amount of first aid, and sanitation, and athletics as a form of recreation and physical conditioning. Civic attitudes and respect for law and order should be objectives of the program.

Recreation Program: Community center. A comprehensive program of recreation should be provided for the homesteaders and carried on along with other phases of welfare work by a competent man and woman who would direct the work for men and boys and for women and girls. The Hoolehua Hall should be turned back to the Department of Public Instruction and administered by the school as a school-community facility without prejudice to the needs of the community. This hall would be one facility of a community center. A well equipped playground should be developed near the hall. Ample paved courts should be provided. These may be constructed inexpensively of crushed sand and bitumals at 75 cents to 80 cents per square yard. On these courts volley ball, basketball and tennis could be played. Two paved courts, separate from the hall and in central convenient points, would be well used and a great help.

The beach at Moomomi should have the coral blasted out by the Road Department and this coral should be used in the construction of a passable road from the homesteads to Moomomi. On this beach a suitable pavilion for dressing and bathing should be constructed.

In the tree planting program provision should be made for suitable picnic parks and children's playgrounds.

Kindergarten Equipment. Near the community hall a building with yard and inexpensive equipment should be made available for a kindergarten. With such facilities a kindergarten could carry on pre-school education, charging a small fee for such service.

Adult Education Program. The senior high school with its hall and improved playground should carry on a program of courses in adult education. What courses are wanted and needed would have to be determined by a survey. In the beginning this service would be small, but it probably would become an important feature of Hoolehua in due time.

Ideal Future Village. To the writer it seems that a 40 acre tract is altogether too large for a homestead holding. Neither pineapples nor market truck crops can be grown efficiently on individual bases. They are large, cooperative, block crops. They both must compete with production on a corporation scale. A small plot 2 to 5 acres near the community cen-

ter would seem adequate for homesteaders insofar as house lot, lawn, home gardens and areas for fowl, pigs, and cows are concerned. Apart from such lot the homesteader can have a share in a pineapple block and in such future truck block as may be developed. Such a set-up would provide the qualities of a village and would make practical adequate social facilities and sociability. In the future it would seem well to allot homestead holdings with such a scheme in mind, that is, small subsistence lot for residence plus a share in blocks of pines, truck crops, and pastures. Far more people could be taken care of in this way and the qualities of the life will be greatly improved. One will see then as adequate competition with Honolulu, a village of modern homes, streets, sidewalks, telephones, radios, electric equipment, electric lights, music, libraries, comforts and roads. It seems that the individual 40 acre homestead is wrong because the economy of Hoolehua is based upon

a. pineapples

b. future truck crop production

both of which require much practice and cooperative enterprise. The writer doubts that many homesteaders will be able to make profitable use of 40 acres in individual homesteads. Further the 40 acre tract seems wrong socially because of the scattered nature of the dwellings and the lack of sociability that all people, but particularly, the Hawaiians require. For proof of this one has only to consider the tendency of people throughout Hawaii and the mainland to leave the farms and go into the cities for social and economic reasons. . . .

Welfare Agencies. The type of program that is being provided for the people of Maui by the Alexander House Settlement Association and through similar Maui and all other interested Welfare agencies should be extended to the homesteads. Church organizations, scouts, Y.M.C.A., Y.W.C.A., etc., should take all practicable interest in the needs of this area.

Social Organizations. In order for the people of Hoolehua to make use of available governmental and private services, far more cooperation is necessary than has existed in the past. At the present time there are a number of churches, clubs, and organizations at Hoolehua each working on its own program with almost the opposite of cooperation to be found anywhere. What is needed is a type of organization such as has proved successful at Waiialua, Wahiawa, and on Windward Oahu, namely a community association. In such an association all the churches, schools, clubs, and organizations could have a membership and could cooperate in estimating the needs, making plans, and working out the solution of the social problems of Hoolehua. The man and woman worker referred to under the head of "Recreation" above could direct the work of the community association and could stimulate cooperation. Without some such provision it is believed that the efficiency of social activities and also all economic activities will continue at a low percentage of possible performance. It would seem that the change in the Organic Act referred to above, should permit expenditures for the employment of such workers. Until the Act is so amended it would seem desirable to solicit aid from private sources to provide such personnel and start the organization of a Hoolehua Community Association. . . ."

EXHIBIT K

SOME OBSERVATIONS ON EDUCATION AT HOOLEHUA

(by Frank E. Midkiff)

"One of the first things to accomplish is the addition, one year at a time, of grades 10, 11, and 12, thus making the Hoolehua School a complete elementary and secondary unit. Young people should not be forced to leave Molokai for high school work.

The school from the lowest to the highest grade should include science, botany, zoology, entomology, agriculture and gardens, horticulture, home improvement, health education, food and diet work, sewing and millinery, business courses, fish culture courses, etc., all appropriate to the age level. Also there should be a good program of adult education.

Agriculture and Home projects should be carried on by the students at home as a part of the school course and under the direction of the school staff. In this way the school could aid in accomplishing great community improvement and the students would have worth while employment while not in the classrooms and during vacations. The problem of idle youth would be solved.

There should be a full offering of trade and business training as well as of other vocations that may be followed on Molokai, such as elementary social work, clinical assistance, forestry work, etc. The home projects in agriculture and horticulture should include tree grafting and planting, crop work, and animal husbandry. The girls should have elementary nursing, home hygiene, and first aid. Both boys and girls should learn the science of foods, home beautification, home managements, and child care. All home-stead young people should be well grounded in business procedures, banking, contracts, taxes, loans and interest, simple accounting, cost accounting, typing, etc. This will be practical and will create a great interest in the school on the part of both children and parents.

EXHIBIT L

AMENDMENTS TO THE HAWAIIAN HOMES ACT RECOMMENDED
BY THE HAWAIIAN HOMES COMMISSION

December 19, 1936

Honorable R. A. Vitousek
Chairman, Hold-over Committee
Legislature of the Territory of Hawaii,
Honolulu, T. H.

Dear Sir:

Complying with a motion passed by your Committee at its meeting held Thursday, November 19, 1936, the Hawaiian Homes Commission recommends that the 1937 session of the Territorial Legislature request the Congress of the United States to amend the Hawaiian Homes Commission Act as follows:

1. **FINANCES:** (see attached financial statement covering biennium ending June 30, 1936).

(a) **Rentals from Leased Available Lands:** Amend Section 213 to provide that the entire receipts derived from the leasing of "available" Commission lands by the Commissioner of Public Lands be credited to the Commission, to apply first to the payment of its administrative, operation and maintenance costs, any balance which might remain to be credited to the revolving fund.

(b) **Restoration of Revolving Fund:** Amend Section 213 to provide for the further restoration of the Commission's \$2,000,000 Revolving Fund by crediting to that fund an additional 30 percent of all rentals received from other Territorial sugar land leases and water licenses (totalling \$392,268.16 for the biennium ending June 30, 1936, or \$196,134.08 per year) until such income, combined with such other revenues as the Commission may obtain, apart from the rentals from leased available lands, shall have restored that fund.

Referring to Exhibit "B" of the attached financial statement, it will be noted that there now remains of the Revolving Fund and including cash on hand, loan contract overdue and not yet due a total of \$485,935.95, the remainder having been expended for **capital outlays** (totalling \$1,050,142.02) which include buildings, roads, fences, surveys, bridges, culverts, water supply, structures, etc. and for **excess of expenses over returns** which consist of administrative, operation and maintenance costs. Under this latter segregation there was expended during the two year period ending June 30, 1936, a total of \$146,934.12, or an average of \$73,467.06 per year. During the same period the gross revenue of the Commission totalled \$101,412.34, or an average of \$50,706.17 per year, leaving a deficit during this period of \$45,521.78 which had to come from the Revolving Fund. This deficit added to a previously accumulated deficit of \$443,271.41, makes a total deficit of \$488,793.19, or, in other words, during the 15 years of its life the Commission has had to use about one-fourth of its revolving fund, in addition to revenues, in order to carry on its work.

(c) **Interest:** Amend sub-section (2) of Section 215 to authorize the collection of interest at $3\frac{1}{2}$ per centum per annum on indebtedness to the Commission regardless of the nature of such indebtedness; such change in rate and the application of the same to indebtedness on which interest is not now charged to become effective only after the date of approval of this amendment. On June 30, 1936, there was due the Commission for overdue water rates, pasture fees, rents, sales, advances to cover insurance and taxes, charges for plowing, etc., a total of \$28,391.89. Under the existing law the Commission has no authority to charge interest for the same.

2. LAND:

(a) **Exchange of Land:** Amend Section 205 to authorize the exchange of Homes Commission lands with Territorial lands to the maximum extent of 40 acres with a maximum value of \$5,000 to conform with Section 1571, Revised Laws of Hawaii, as amended by the 1935 Legislature.

(b) **Additional Land:** Amend paragraph (4) of Section 203 by adding to the Homes Commission land a portion of the land of Kewalo on the Island of Oahu, bounded by the new Auwaiolimu Street (extending from Roosevelt High School to Pauoa Valley and passing mauka of Punchbowl), and those portions of the lands of Auwaiolimu, Kewalo and Kalawahine which are now under the control of the Commission. This area includes about 4.6 acres of Territorial land, all contained in an old abandoned quarry and about 28.6 acres of federal land, a portion of the land set aside by Presidential Executive Order No. 1181 for use as an agricultural experimental station by the U. S. Department of Agriculture. This area of 28.6 acres is no longer used for its original purpose and is now occupied only by a few old buildings, used as residences of employees. Dr. Oscar C. Migastad, Director of the Agricultural experiment station will not oppose the transfer of this property to Commission control.

This area is needed to augment that portion of the land of Kewalo which was transferred to Commission control by an amendment (approved May 16, 1934) to the Homes Commission Act, passing to the control of the Commission about 72 acres of the Territorial lands of Auwaiolimu, Kewalo and Kalawahine. The portions of Auwaiolimu and Kewalo already transferred to the Commission are connected only by a theoretical point. The acquisition of the additional lands hereinbefore described will simplify the proposed sub-division into homestead residence lots and will also lessen the acreage cost per lot of making this sub-division..

(c) **Withdrawal of leases of Available Lands:** Further amend Section 204 by changing in all new leases of available lands by the Commissioner of Public Lands, the present withdrawal period of 5 years after notification by the Commission, to periods of from 1 to 5 years in the discretion of the Commission, depending on the purpose for which the lands are to be used.

The purpose of this proposed change is to allow the Commission more leeway in being able to place more Hawaiians on the land if financial and

other considerations make such projects advisable. As the law now stands, no parcel of land now under lease can be opened for settlement for 5 years unless the lessee is willing to voluntarily surrender his lease.

(d) **Areas of Farm Lands:** Amend sub-section (1) of Section 207 by changing acreage limits from 20 to 80 acres to from 5 to 40 acres. The purpose of this change is to allow the Commission more flexibility in granting leases where the land is suitable for subsistence or other crops. This change will also allow the Commission to immediately lease small irrigated tracts should the irrigation project (now being investigated by the Bureau of Reclamation materialize. It may also assist the Commission in separating existing 40 acre homesteads into smaller tracts among qualified heirs of a deceased homesteader when conditions are suitable.

3. **PINEAPPLE CONTRACTS:** Insert an additional section under which the Commission may enter directly into contracts with pineapple companies or corporations for the growing and sale of pineapples if it decides this is advisable.

The purpose of this proposed amendment is twofold; first, to provide a suitable crop cover to save the soil and at the same time to provide an additional source of revenue to the Commission, to be used to enlarge its activities and consequently to allow it to place more Hawaiians on the land and on residence lots and, second, to provide additional income for the homesteader by giving him preferential rights to perform the necessary field labor thereon with, probably, some additional share in the profits to be derived, based on his willingness to work.

Recent investigations and reports by qualified animal husbandry and agronomist experts indicate that due to over-grazing, part at least of the Commission's Molokai community pastures must be discontinued as such in order to prevent their complete destruction by erosion. Some of these areas are adjacent to existing pineapple fields which are producing fine crops and it has been recommended that these areas be planted in pineapples for at least the next 5 to 7 years. The present law is silent on this subject.

4. **TAXES:** Amend sub-section (6) of Section 208 to enable the Commission, at its discretion, to pay homesteaders' taxes when due, and to have liens therefore as now provided in Section 216. The purpose of allowing 60 days to elapse (as now provided) before it become obligatory for the Commission to pay the homesteaders' taxes is not clear, as Territorial law places a ten per centum penalty plus an accumulating one percent per month interest on taxes immediately after these become delinquent. This proposed amendment will allow the Commission to pay taxes in blocks, if it so chooses, and in this way save the delinquent homesteader the difference between the "ten percent—plus" penalty and the interest per annum which the Commission would charge him.

5. **SUCCESSION:** Amend Section 209 by changing the present 2-year period following the death of the lessee, during which a successor by inheritance may retain possession of the lease regardless of his racial qualifications, to a period of not less than 6 months nor more than two

years, the time to be determined in each case by the Commission.

The purpose of this change is to allow the Commission to re-issue or transfer any lease to a qualified applicant (preferably keeping it in the family if possible) as soon as an estate can be probated, without waiting the full 2 years as now required.

6. **ASSIGNMENTS:** Amend sub-section (2) of Section 215 by authorizing the Commission to require assignments to it of all monies due under pineapple contracts and other sources of income resulting from activities in connection with the Hawaiian Homes Commission project to homesteaders who are indebted to the Commission or who are delinquent in the payment of taxes or who are indebted to others, the payment of which indebtedness is guaranteed by the Commission. Provided, however, that any such assignments shall not exceed the total indebtedness involved.

Very truly yours,

HAWAIIAN HOMES COMMISSION,

(Signed) J. A. BALCH,

Acting Chairman.

February 1, 1937

Honorable Roy A. Vitousek, Chairman
Hawaiian Homes Commission Hold-Over Committee
Legislature of the Territory of Hawaii

Dear Sir:

Reference is made to our letter of December 19, 1936, relative to proposed amendments to the Hawaiian Homes Commission Act.

The Commission at a meeting held January 14, 1937 passed a motion approving the following proposed amendments and requesting that these be included in those originally sent you:

"7. **HEALTH AND SOCIAL WELFARE:** Amend Section 220 to authorize the Commission to expend funds to carry on activities for the improvement of the health and general welfare of its homesteaders, provided, however, that such activities shall be limited to the homesteaders and their immediate families." A recent opinion of the Territorial Attorney General (copy attached) is that, under existing law, the Commission has no authority to expend its funds for these purposes.

"8. **ACQUISITION OF KEAUKAHA (SOUTH HILO) BEACH AREA:** Amend sub-section (1) of Section 203 to add to the Commission lands the Keaukaha Beach Park area (about 11.20 acres) and a parcel of now unused Territorial land located immediately adjacent to and east of the Keaukaha Beach Park area and containing about 5.26 acres:" . . .

Very respectfully,

HAWAIIAN HOMES COMMISSION,

(Signed) F. G. KRAUSS, Chairman.

February 18, 1937

Honorable R. A. Vitousek,
Chairman, Homes Commission Hold-Over Committee,
Honolulu, T. H.
Dear Sir:

The Hawaiian Homes Commission at a meeting held February 16, 1937, passed a motion recommending the following amendment to the Hawaiian Homes Commission Act:

Amend sub-paragraph (iii) of paragraph (4) of Section 203 to read as follows:

"(iii) Together with that portion of the land of Kalawahine, makai of Tantalus Drive, in the District of Honolulu, described by metes and bounds as follows:

C.S.F. No. 8237

February 24, 1937

Portion of the land of Kalawahine situate mauka or Northeast of Roosevelt High School, Honolulu, Oahu.

Being portion of L. C. Aw. 11215 apana 2 to Keliiahonui conveyed by W. M. Giffard to the Territory of Hawaii by deed dated February 1, 1907 and recorded in Liber 291, Page 1.

Being portion of the lands set aside for the Hawaiian Homes Commission by the 73rd Congress by Act No. 227 dated May 16, 1934).

Beginning at the South corner of this parcel of land and near the East corner of Roosevelt High School Lot, the coordinates of said point of beginning referred to Government Survey Trig. Station "Punchbowl" being 25.02 feet South and 4117.39 feet East as shown on Government Survey Registered Map 2985 and running by azimuths measured clockwise from true South:—

1. 128 54' 706.13 feet along Roosevelt High School Lot and passing over a pipe at 684.13 feet;
2. Thence up along the middle of stream in all its turns and windings along the land of Kewalo-uka to the South corner of Hawaiian Homes land (Presidential Executive Order 5561), the direct azimuth and distance being 213 48' 40" 1112.20 feet;
3. Thence continuing up along the middle of stream in all its turns and windings along the land of Kewalo-uka (Presidential Executive Order 5561), to the South side of Tantalus Drive Realignment, the direct azimuth and distance being 228 29' 10" 1391.00 feet;
4. Thence on a curve to the right with a radius of 120.78 feet along the Southerly side of Tantalus Drive Realignment (60 feet wide), the direct azimuth and distance being 358 21' 193.80 feet;
5. 51 42' 193.35 feet along the Southerly side of Tantalus Drive Realignment;
6. Thence on a curve to the left with a radius of 330.00 feet, along same, the direct azimuth and distance being 25 23' 10" 292.58 feet;
7. 22 53' 291.93 feet along the Southerly side of Tantalus Drive Realignment and along the West side of the Kalawahine Slope Lots;
8. Thence on a curve to the left with a radius of 305.00 feet along the West side of the Kalawahine Slope Lots, the direct azimuth and distance being 6 21' 30" 173.85 feet;
9. 349 50' 47.00 feet along the West side of the Kalawahine Slope Lots;

10. Thence on a curve to the right with a radius of 520.00 feet along same and along Territorial land, the direct azimuth and distance being 17 31' 483.18 feet;
 11. 315 12' 75.00 feet along Territorial land;
 12. 45 12' 611.02 feet along the Northwest side of a 20-foot road reserve;
 13. 34 04' 30" 336.96 feet along same to the point of beginning.
- AREA 31.60 ACRES

C.S.F. No. 8235

February 24, 1937

Portion of Kewalo-uka Quarry Reservation. Situate on the Northeast side of Auwaiolimu Street, Kewalo-uka, Honolulu, Oahu.

Being land reserved by the Territory of Hawaii within the Hawaii Experiment Station, under the control of the U. S. Department of Agriculture, as described in Proclamations of the Acting Governor of Hawaii, Henry E. Cooper, dated June 10, 1901.

Beginning at the Northwest corner of this parcel of land and on the Northeast side of Auwaiolimu Street, the coordinates of said point of beginning referred to Government Survey Trig. Station "Punchbowl" being 893.66 feet North and 2933.59 feet East as shown on Government Survey Registered Map 2985 and running by azimuths measured clockwise from true South:—

1. 233 20' 340.34 feet along the Hawaii Experiment Station under the control of the U. S. Department of Agriculture;
2. 272 05' 202.20 feet along same;
3. 290 06' 239.20 feet along same;
4. 44 53' 670.65 feet along same to the Northeast side of Auwaiolimu Street;
5. Thence on a curve to the left with a radius of 1176.28 feet along the Northeast side of Auwaiolimu Street, the direct azimuth and distance being 147 51' 13" 219.50 feet;
6. 142 30' 134.55 feet along the Northeast side of Auwaiolimu Street;
7. 232 30' 20.00 feet along same;
8. 142 30' 71.57 feet along same to the point of beginning.

AREA 4.646 ACRES

C.S.F. No. 8236

February 24, 1937

Portion of the Hawaii Experiment Station, under the control of the U. S. Department of Agriculture, situate on the Northeast side of Auwaiolimu Street, Kewalo-uka, Honolulu, Oahu.

Being portion of the land of Kewalo-uka conveyed by the Territory of Hawaii to the United States of America by Proclamations of the Acting Governor of Hawaii, Henry E. Cooper, dated June 10, 1901 and August 16, 1901, and portion of the U. S. Navy Hospital Reservation described in Presidential Executive Order 1181, dated March 25, 1910.

Beginning at the West corner of this parcel of land, on the Auwaiolimu-Kewalo-uka boundary and on the Northeast side of Auwaiolimu Street, the coordinates of said point of beginning referred to Government Survey Trig. Station "Punchbowl" being 1230.58 feet North and 2675.06 feet East as shown on Government Survey Registered Map 2985 and running by azimuths measured clockwise from true South:—

1. 231 12' 1248.26 feet along the land of Auwaiolimu;
2. 321 12' 860.00 feet along Hawaiian Home Land as described in Presidential Executive Order 5561;
3. Thence down along the middle of stream in all its turns and windings along the land of Kalawahine to the North corner of Roosevelt High School Lot, the direct azimuth and distance being 33 48' 40" 1112.20 feet;

Thence still down along the middle of stream for the next seven (7) courses along the Roosevelt High School premises, the direct azimuth and distance between points in middle of said stream being:

4. 23 40' 28.90 feet;
5. 8 00' 115.00 feet;
6. 337 50' 48.00 feet;
7. 2 30' 60.00 feet;
8. 49 40' 52.00 feet;
9. 46 06' 90.70 feet;
10. 92 43' 95.60 feet; thence
11. 83 38' 71.63 feet along Territorial land to the Northeast side of Auwaiolimu Street;
12. Then on a curve to the left with a radius of 1176.28 feet along the Northeast side of Auwaiolimu Street along land described in Presidential Executive Order 1181, dated March 25, 1910, the direct azimuth and distance being 172, 29' 35" 164.39 feet;
13. Thence continuing on a curve to the left with a radius of 1176.28 feet along the Northeast side of Auwaiolimu Street, the direct azimuth and distance being 160 50' 48" 312.75 feet;
14. 224 53' 670.65 feet along the Quarry Reservation (Territory of Hawaii, Owner);
15. 110 06' 239.20 feet along same;
16. 92 05' 202.20 feet along same;
17. 53 20' 340.34 feet along same;
18. 142 30' 424.68 feet along the Northeast side of Auwaiolimu Street to the point of beginning.

AREA 27.90 ACRES

Excepting and reserving therefrom Tantalus Drive, crossing this land, as shown on plan hereto attached and made a part hereof.

The purpose of this proposed amendment is to more closely define the boundaries of this parcel, now described only by name and general description; to allow the Commission more flexibility in sub-dividing this area into residence lots (as required by law); and to exclude from the total area a 20 foot strip along the Waikiki boundary and immediately adjacent to ten lots of the Lunalilo tract leaving the same as Territorial land. This strip includes a road which has been used as a public way for many years and facing which several owners of Lunalilo Tract lots have, in good faith, built their garages.

This change will allow the Commissioner of Public Lands to set aside this 20 foot strip as a public way which will not only allow access to the Lunalilo Tract lots referred to, but will also allow the Commission to open up at least 10 residence lots bordering on the same. Should this be done the 10 Lunalilo Tract lot owners have pledged themselves to expend not less than \$2,000.00 in improving the road.

According to an opinion of the Territorial Attorney General, the Commission has no authority to grant permanent easements or rights-of-way for public highways.

This proposed amendment will be approved by the Commissioner of Public Lands.

Very truly yours,

HAWAIIAN HOMES COMMISSION,

F. LANG AKANA,

Executive Officer & Secretary.