

Contraband: Smuggling and the Birth of the American Century
By Andrew Wender Cohen (EXTRACTO)

the cabinet of new president Benjamin Harrison. His counterpart at the State Department, James Blaine, saw a different future for the United States. Though known as “Jingo Jim” for his aggressive diplomacy, Blaine’s four decades as a legislator made him sensitive to racial and fiscal politics. Blaine fretted that annexing tropical islands meant enfranchising their nonwhite residents. And if the U.S. annexed Cuba, for instance, the island’s sugar and tobacco ceased to be imports, duties on which comprised a sizable percentage of federal revenue. Blaine preferred to promote American power through reciprocity treaties that lowered duties in return for concessions. For instance, the 1875 compact between the United States and the independent Kingdom of Hawaii allowed free trade in agricultural goods grown in the archipelago and finished goods produced on the mainland.¹

MEANWHILE, MERCHANTS SCoured the world for trade, creating new contexts for expansion. In 1870, David Abinun de Lima steamed from the Dutch colony of Curacao to the United States, bringing with him \$17,000 in gold and a line of credit worth £5,000 sterling, not to mention letters to “first class parties” who called him “an honorable straightforward good business man . . . worthy of confidence and credit.” Importing sugar, salt, skins, hats, aloe, and coffee, he accrued a staggering \$130,000 in three years. From this comfortable position, he lobbied unsuccessfully for the U.S. to annex the Dominican Republic, earning himself a position as the island’s consul in New York.

De Lima and Charley Lawrence likely knew one another. They both belonged to the Spanish-rite synagogue, Shearith Israel, and the De Limas were east-side neighbors of Charley’s cousin, poet Emma Lazarus. But the reputation of the De Limas was comparatively irreproachable. One merchant attributed David’s success to his “reputation of being strictly honest.” The family was enrolled in the city’s Social Register and sent the younger generation to Europe and the Ivy League to be educated.²

The De Limas put their reputation at risk by engaging in the revolutionary politics of Latin America and the Caribbean. They

attended a dinner for a deposed Venezuelan dictator. One of the scions of the family married Gloria de Céspedes, the sister of a leader of the Cuban revolt against Spain. In March 1888, the customs seized a shipment of gunpowder belonging to the De Limas, allegedly destined for Santa Marta, Colombia. Only a month later, David de Lima was chosen as a director of the Panama Railway, the line running through what was then Colombia's northernmost province. The next year, officials investigated the firm's shipment of "a box of revolvers and 500 boxes of cartridges" being carried on the Steamer *Ozama* bound for Hispaniola. The *Ozama* had been running guns to Haitian rebels for some time, but the De Limas insisted that their arms were bound for Puerto Plata, in the Dominican Republic. When the vessel arrived, the Haitian government seized it, prompting a U.S. Navy commander to demand its release. Unwilling to risk destruction, the Haitians freed the steamer and paid the United States a \$7,500 indemnity.³

At home, the De Limas also called for new policies to increase commerce with Latin America. David argued for the professionalization of the consular force and the removal of "unqualified" officials. He savaged navigation laws that prohibited shippers from Americanizing ships registered under foreign flags. He buoyantly envisioned the U.S. dollar becoming common currency in South America, not to mention replacing "infinite" and "petty" customs regulations with a consistent system of valuation. "Once we have uniformity in the various systems and equitable regulations to govern our exports," De Lima wrote in 1889, "capital will more easily flow into the channel thus broadened and deepened." David even dreamed of the possibility of an "American customs union," that is, free trade between the United States and its neighbors.⁴

Other merchants turned to the Pacific. For most of the nineteenth century, the Kingdom of Hawaii had attracted primarily Yankee missionaries. But the Reciprocity Treaty of 1875 turned the islands into a duty-free port to sell American manufactured goods and buy agricultural products. The cession of Pearl Harbor gave American steamships a port on the way to East Asia. Riding the ensuing prosperity, the children of

evangelists turned to business. For instance, Samuel Mills Damon, the son of a missionary, became the kingdom's premier financier, corporate director, and executive. When Damon's estate was distributed to his great-grandchildren in 2005 according to the terms of his will, it was worth over \$800 million.⁵

The growth of California also spurred investment in Hawaii. The leading West Coast refiner was Claus Spreckels, a native of Hanover, who had immigrated to the United States in 1846 at the age of eighteen. Wending his way about the country, he eventually settled in San Francisco where he built a sugar refinery in 1867. After the Reciprocity Treaty of 1875, Spreckels hustled to Hawaii and "made contracts for the purchase of more than half the crop of sugar." He purchased plantations himself, acquiring as much as forty thousand acres of land, primarily on Maui, as well as the right to redirect water from the slope of Mt. Haleakala to his farms. By 1880, he held a virtual monopoly on the archipelago's sugar crop, as well as the ownership of its main newspaper and the steamship line connecting the islands to California. Finally, he established close ties to Hawaii's royal family, including King Kalakaua.⁶

Former smuggler Abraham Hoffnung also invested in the Kingdom of Hawaii. In the aftermath of Charley Lawrence's arrest, his fellow silk smugglers scattered around the globe. Brothers Aaron and George Wolf moved to the diamond fields of Kimberly, South Africa. Aaron died there in 1882, but George flourished, eventually winning election to the Cape parliament. Lewis Levey relocated to Bombay, India. Abraham Hoffnung stayed in Liverpool, but turned his attention to the Pacific, where his brother was established. In 1877, Abraham struck a deal to send Portuguese laborers to Hawaii to work the sugar plantations. Over the next decade, mostly under Hoffnung's supervision, 11,057 men, women, and children migrated from the Azores and Madeira. By 1881, his brothers-in-law, Lewis and Samuel Levey, had established an auction house in Honolulu.⁷

Hoffnung and his family became favorites of the Hawaiian royalty. On June 21, 1881, Samuel Levey married a prominent

colonist. Attending the celebration were the Queen Dowager Emma, widow of Kamehameha IV, as well as princesses bearing gifts of gold, silver, pearl, and turquoise. In London, Hoffnung met King Kalakaua, who was visiting England on a world tour. The friendship continued when Hoffnung finally came to the islands in 1883. At one dinner dance, the king “proposed the health of Mr. Hoffnung,” a toast “received with enthusiasm.” The merchant responded by raising his own glass to Kalakaua, stating that “so long as . . . that intelligent and amiable gentleman” ruled the country, “her institutions could not but be safe.”⁸

AMERICAN EXPANSION DIVIDED merchants. Naturalized American Claus Spreckels feared annexation of the Hawaiian Islands, which would have ended his control over the archipelago, secured by loaning the king the funds to keep the court running. It also challenged Spreckels’s financial empire. Under the Reciprocity Treaty of 1875, Hawaiian agricultural products freely entered the United States, but its manufactured goods were taxed at West Coast custom houses. Spreckels’s California sugar mills faced no competition from refineries on the islands. If America absorbed Hawaii, the magnate presumed, this protection would end, for the Constitution explicitly forbade the federal government from imposing any tax or duties “on Articles exported” from one state to another.

Abraham Hoffnung also bet on Hawaii remaining an independent nation. Envisioning a British trading network stretching from England to the Falklands to Hawaii, New Zealand, and Australia, Hoffnung flattered Kalakaua. In 1886, Hoffnung began arranging a \$2 million loan in London allowing the king to repay Spreckels and feed his own grand ambitions, which included the purchase of the H.H.M.S. *Kaimiloa*, a \$20,000 steam-powered gunboat for pleasure cruises, chasing smugglers, and establishing a confederacy with other Polynesian islands. Feeling spurned, Spreckels left Hawaii, and Hoffnung took his place as the king’s enabler. In gratitude, Kalakaua made Abraham his chargé d’affaires, or diplomatic representative, to Great Britain, allegedly the first Jewish man to