These deposits bear interest at 4 per cent per annum, and interest is credited to the several accounts on the 1st day of December of each year, and is charged on the current revenues of the Government. The present cash reserve to meet the demands is $124,600.23, of which $100,000 is on special deposit at the treasury.

There was a reserve that we found in the treasury for the purpose of paying this debt. The laws of Hawaii required that the postal savings banks should keep always a certain amount in reserve.

Mr. BUTLER. Ten per cent.

Mr. MORGAN. Ten per cent was required to be kept in reserve.

The surplus over the requirement of the cash reserve of $30,000 has been applied to permanent improvements during the last year. During the twelve years of its existence every call by depositors has been met promptly, and the general confidence and usefulness of the community has been shown in its use by all nationalities.

The foregoing shows that on August 15, 1896—

That is, the general debt of Hawaii—

To be $4,967,747.34. On the same date there was cash in treasury to the credit of the following accounts, certified to by the register of—

Public accounts .................................................. $245,792.04

Cash on hand in the Treasury ................................. $284,014.51

Loan fund account, balance .................................. 35,370.17

Total ............................................................... 322,384.68

Sales .............................................................. $25,605.23

Road tax ......................................................... 58,391.00

Hawaiian Postal Savings Bank .............................. 105,000.00

Total ............................................................... 224,394.63

I hereby certify that the above is true and correct statement as of above date.

W. G. ASHLEY,
Registrar of Public Accounts.

That was the report which the minister of finance made to the commission.

Mr. MORGAN. Will the Senator kindly read the aggregate amount of the postal savings bank indebtedness? I did not catch it.

Mr. MORGAN. Nine hundred and fourteen thousand and forty-seven dollars and thirty-four cents. That does not take into account the credits of $30,000.

Mr. CULLOM. Seven hundred thousand dollars.

Mr. MORGAN. Yes. Now, while we were there the winding up of that bank was quite a puzzle, quite a difficulty, for the reason that the Government had no right to call in these certificates of deposit, and the people were hanging onto them. There was no home unless we stopped them at all, and that was to cut off the interest on these deposits after a certain date and force the people to bring them in for payment, for redemption. The bill, as you will notice, has made an ample provision, I think, and a proper provision, for paying these outstanding certificates taken up or redeemed.

Now, an arrangement was proposed there for the purpose of getting the banks to take over the whole establishment, the assets, and to give the banks or some bank, an incorporated establishment there, a savings bank, the same rights and privileges that the government of Hawaii had under this act. They seemed to be figuring with a view of bringing that about, but I have not any idea that any money has been received into that postal savings bank since annexation, although it may have been done. I can not say it has not been done, but that was not the intention of the Government at the time we were there. They looked to the fact that the act of annexation necessarily involved a winding up of the postal savings bank system.

That was a part of the act of annexation, a necessary part of it, and therefore they were preparing for it and they expected and hoped to be able when they got legislative powers to confer upon some corporation to do it. But I forget what bank it was—some very excellent institution there that the people would be willing to have the assets turned over to, with the consent of the United States, and let them assume the redemption of the outstanding certificates, they being, of course, refunded by the United States as the certificates might be called in; in other words, that that corporation—let us say, the government of the Hawaiian Government, or the United States would pay the debt under the act of annexation, and that would give to the bank a fund upon which it could carry the system. It was intended to transfer it to a bank instead of to the local government.

Mr. MASON. Will the Senator from Alabama allow me just a moment? It was the whole plan and scope of the commission to wind up the savings bank system?

Mr. MORGAN. That is it. We felt that it was, of course, our duty to do it. As the Senator from Iowa has suggested, after the repeal of all the laws of Hawaii in this act this postal bank goes by the by and we reenact it as a system of the Government of the United States.

Mr. BUTLER. Wiping it out.

Mr. MORGAN. Wiping it out, of course.

Mr. MASON. I will call the Senator's attention, if he will permit me, to page 39 of the new print, line 23, section 84:

That the laws of Hawaii relative to the judicial department, including civil and criminal procedure, except as amended by this act, are continued in force, subject to modification by Congress or the legislature.

Mr. MORGAN. Yes.

Mr. MASON. That section provides further:

That the provisions of said laws or any laws of the republic of Hawaii which require juries to be composed of aliens or foreigners only, or to be constituted by impanelling natives of Hawaii only, in civil and criminal cases specified in said laws, are repealed, and shall be in force constituted without reference to the race or place of nativity of the jurors.

And so on. Here is the closing clause of the section:

No plaintiff or defendant in any suit or proceeding in a court of the Territory shall be entitled to a trial by a jury impaneled exclusively from persons of any race.

That does not apply; I beg the Senator's pardon. What I wanted to call your attention to was the main part of what I have read, section 84, entitled "Laws continued in force." What the Senator from North Carolina contends, as I understand him, and I believe that is the reason he says this legislation is inconsistent with the present laws of the United States or with the Constitution of the United States to allow the people of that Territory to have their Territorial law, if you please to call it so, even though they deposit in the post-office of the United States. Mr. MORGAN. The only law that is inconsistent with the retention of the postal savings bank system in Hawaii is the part of the act of annexation in which we assume the payment and extinguishment of all its outstanding obligations; that is all.

Mr. BUTLER. Then, if the Senator will pardon me —

The PRESIDENT pro tempore. Does the Senator from Alabama agree with the Senator from North Carolina?

Mr. MORGAN. Certainly.

Mr. BUTLER. Then there can be no inconsistency in so amending it or failing to carry out any part of it, especially when it meets with the approval of the people of Hawaii. Nobody can say who do not pay that debt when the very people to whom it is owed do not want us to pay it. If we were to-morrow to pass a law offering to pay to every depositor who wanted us to pay, you could not find one in the kingdom who would ask you to pay it.

Mr. MORGAN. I wish to be entirely frank about the matter—

Mr. BUTLER. Indeed we could reduce the interest to 2 per cent, as I think we should do and will do, and as the bill which the Committee on Post-Offices and Post-Roads has recommended fixes the rate of interest, and I am satisfied every person in the kingdom would still want to continue the system, and they would not need to ask us to pay it.

Mr. MORGAN. I wish to be entirely frank about this matter. I will say that I believe the authorities in Hawaii—I have had no opportunity to consult with the people about it—would have been very glad to have retained this postal savings bank system, a system that once worked well, as Mr. Damon's report shows. You can see from the number of applications that the number of depositors that it is very popular. There are 7,091 Chinese who were depositors; 1,591 Hawaiians were depositors: 602 Americans, 536 British, 329 Germans, and then of sundry nationalities, 321. It is very popular there. But the commission felt constrained by the strong feeling that there was a strong feeling to wind up that institution, because Congress had so declared.

Now, the question is, Shall it be reinstated; and if so, when reinstated is it an institution of Hawaii or is it an institution of the United States? Of course it is an institution of the United States. It is a fragmentary law applying to a single Territory, entailing in that there was no power to wind up a postal savings bank.

I do not know that I have any special objection to having that