

These deposits bear interest at 4 per cent per annum, and interest is credited to the several accounts on the 31st day of December of each year, and is a charge on the current revenues of the Government.

The present cash reserve to meet the demands is \$112,409.23, of which \$105,000 is on special deposit at the treasury.

There was a reserve that we found in the treasury for the purpose of paying this off. The law of Hawaii required these postal savings banks to 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 minimum reserve of \$50,000 has been used by the government for public works and permanent improvements.

During the twelve years of its existence every call by depositors has been promptly met, and the general confidence and usefulness to the community has been shown in its use by all nationalities.

The foregoing shows the gross public debt on August 12, 1898—

That is, the general debt of Hawaii—

to be \$4,603,747.34. On the same date there was cash in treasury to the credit of the following accounts, certified to by the register of—

Public accounts.....	\$546,739.04
<i>Cash on hand in the Hawaiian treasury on August 12, 1898.</i>	
Current account, balance.....	\$284,014.51
Loan fund account, balance.....	38,370.17
Total.....	322,384.68
<i>Special deposits.</i>	
Land sales.....	\$66,026.23
Road tax.....	53,270.83
School tax.....	54.30
Hawaiian Postal Savings Bank.....	105,000.00
Total.....	224,351.36

I hereby certify that the above is a 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. SPOONER. Will the Senator kindly read the aggregate amount of the postal savings bank indebtedness? I did not catch it. I thought he said about \$900,000.

Mr. MORGAN. Nine hundred and fourteen thousand and forty-seven dollars and thirty-four cents. That does not take into account the credits it is entitled to, about \$700,000.

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 but one way to stop 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 here, has made an ample provision, I think, and a correct provision, for paying these outstanding certificates taken up and 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 law. 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 Congress would necessarily involve 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 bank—the bank was named, 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 the certificates would go into the bank, the Government of 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 of the laws of Hawaii in this act this postal bank goes by the board unless we reenact it as a system of the Government of the United States.

Mr. MASON. But does not the Senator in his bill reserve some of the laws? Section 6 provides:

That the laws of Hawaii not inconsistent with the Constitution or laws of the United States or the provisions of this act shall continue in force, subject to repeal or amendment by the legislature of Hawaii or the Congress of the United States.

Mr. MORGAN. But the provisions of this act—

Mr. BUTLER. On page 39 a whole lot more of them are continued in force.

Mr. MORGAN. A great many laws are continued in force, but none inconsistent with the provisions of the act we are passing now.

Mr. MASON. This act is not inconsistent, because it does not touch the question. An act to be inconsistent with another act must touch a question upon which the original act was passed.

Mr. MORGAN. We wish to make this act consistent with itself. It is proper now to take up the bill that was offered by the Senator from Illinois and put it on the pending bill as two additional sections. That will complete the system, so far as this postal savings bank is concerned.

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 22, 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:

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 impaneling natives of Hawaii only, in civil and criminal cases specified in said laws, are repealed, and all juries shall hereafter be 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 of Hawaii 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 think he is right, is that there is nothing in the amendment that 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 thing 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 yield to 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 complain if we 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 let us pay unless we forced them to receive 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 has worked well, as Mr. Damon's report shows. You can see from the number of depositors and the character of the depositors that it is very popular. There are 7,091 Chinese who were depositors; 1,291 Hawaiians were depositors; 602 Americans, 526 British, 329 Germans, and then of sundry nationalities, 221. It is very popular there. But the commission felt constrained by the statute under which they were acting 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, establishing in that Territory a postal savings bank.

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