

SENATE.

THURSDAY, May 4, 1916.

(Legislative day of Wednesday, May 3, 1916.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

RURAL CREDITS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2986) to provide capital for agricultural development, to create a standard form of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries and financial agents for the United States, and for other purposes.

Mr. HOLLIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Harding	Newlands	Smoot
Bankhead	Hollis	Norris	Sterling
Beckham	Hughes	O'Gorman	Sutherland
Brady	Husting	Oliver	Swanson
Brandegee	James	Overman	Taggart
Broussard	Johnson, Me.	Page	Thomas
Chamberlain	Johnson, S. Dak.	Phelan	Thompson
Clapp	Jones	Pittman	Tillman
Culberson	Kenyon	Ransdell	Townsend
Cummins	Kern	Reed	Underwood
Curtis	La Follette	Shafroth	Vardaman
Dillingham	Lodge	Sheppard	Walsh
du Pont	Martin, Va.	Sherman	Williams
Fall	Martine, N. J.	Simmons	Works
Gallinger	Myers	Smith, Ga.	
Gronna	Nelson	Smith, S. C.	

Mr. HOLLIS. I desire to announce that the Senator from Delaware [Mr. SAULSBURY], the Senator from Arkansas [Mr. ROBINSON], and the Senator from West Virginia [Mr. CHILTON] are absent on official business.

Mr. GALLINGER. I wish to announce the enforced absence of the Senator from Maine [Mr. BURLEIGH] on account of illness in his family.

Mr. KERN. I desire to announce the absence on official business of the senior Senator from Florida [Mr. FLETCHER] and the unavoidable absence on account of sickness of the junior Senator from Illinois [Mr. LEWIS]. These announcements may stand for the day.

The VICE PRESIDENT. Sixty-two Senators have answered to the roll call. There is a quorum present. The pending amendment is the amendment proposed by the Senator from Iowa [Mr. CUMMINS] to strike out section 29 of the bill.

Mr. WALSH. Mr. President, I rise to submit some remarks upon the very interesting questions presented by the addresses of the Senator from Utah [Mr. SUTHERLAND] and the Senator from Iowa [Mr. CUMMINS]. They have raised the question whether section 29 can be constitutionally sustained, and to my mind that involves the question as to whether the act as a whole can be sustained. The two questions, as I view the matter, being bound up in each other, the seriousness of the question, then, is quite obvious.

Mr. President, it has been repeatedly asserted that this bill is not workable; that it is doomed to failure. The same charge was made with respect to the Federal reserve act. We were told again and again that it was a piece of complicated machinery that would inevitably fall of its own weight; that it would not have the confidence of the business public.

So, Mr. President, predictions that if this pending measure becomes a law it will be a total failure are made by those who rather hope that it will be; and of course whether it is successful or not will depend very largely upon the question whether it is, in the popular mind at least, a constitutional exercise of the power of Congress.

The very complete discussion of these questions by the Senator from New Hampshire [Mr. HOLLIS], who with singular ability has presented this bill to the Senate, practically leaves nothing to be said, and my only excuse for detaining the Senate longer in the discussion of this subject is that something further might aid in dispelling any apprehensions that may have been excited by reason of the comments of these two distinguished Senators, both of them recognized as among the ablest lawyers of this body.

I think, Mr. President, it is rather strange that the Senator from Utah, in the discussion of this subject, should have confined his comment to principles which he thought were supported by the early United States Bank cases and the latter cases dealing with the question whether the property of railroad corporations

charged with public functions was exempt, and wholly failed to call the attention of the Senate to the later decisions dealing with the constitutionality of the national bank act and the exemption to which national banks and the property of national banks is entitled under the Constitution and under the statutes.

One would naturally think that when the National Government, in the year 1863, undertook to establish one system of national banks and when now, in the year of grace 1916, it undertakes to establish another system of national banks the question of the constitutionality of this measure would be most safely resolved by a careful study of the decisions construing the act of 1864. Yet this did not receive even a passing notice, as my recollection now serves me, from the distinguished Senator from the State of Utah. They are in great number, among others the Deering case in Ninety-first United States, to which the attention of the Senator was called by the Senator from New Hampshire [Mr. HOLLIS], and the Owensboro case, to which his attention was first invited by the Senator from Illinois [Mr. LEWIS] and later by the Senator from Kansas [Mr. THOMPSON].

As the opinion in that case put into the RECORD yesterday, reported in One hundred and seventy-third United States, a modern case, was decided at a time when the court had before it all the earlier decisions to which the attention of the Senate was invited by the distinguished Senator from Utah, I think it would be wise to direct our attention first to that last general declaration upon the subject and see if we can not make some progress from that as a basis toward determining the question that is now presented concerning this bill.

That was a case in which the constitutionality of a statute of the State of Kentucky was considered, a statute which made the franchises of banks taxable. A later decision of the Supreme Court recites that it presented as well the question whether the property of the bank is taxable, and the opinion in the case, laying down in perfectly clear and positive terms the rule that no property of a national bank is taxable except where it is made so by the act of Congress, was in a way brushed aside on yesterday by remarking that the language is to be considered in connection with the facts, that the question under consideration was the taxability of the franchise.

I invite the attention of the Senate now to the language of the opinion in that case by the Chief Justice. I read from page 667 of One hundred and seventy-third United States, as follows:

Early in the history of this Government, in cases affecting the Bank of the United States, it was held that an agency, such as that bank was adjudged to be, created for carrying into effect national powers granted by the Constitution, was not in its capital, franchises, and operations subject to the taxing powers of a State. (*McCulloch v. Maryland*, 4 Wheat., 316; *Osborn v. Bank of the United States*, 9 Wheat., 738.)

The principles settled by the cases just referred to and subsequent decisions were thus stated by this court in *Davis v. Elmira Savings Bank* (161 U. S., 283):

National banks—

National banks. We are creating national banks here—

National banks are instrumentalities of the Federal Government, created for a public purpose, and, as such, necessarily subject to the paramount authority of the United States. It follows that an attempt by a State to define their duties or control the conduct of their affairs is absolutely void, wherever such attempted exercise of authority expressly conflicts with the laws of the United States, and either frustrates the purpose of the national legislation or impairs the efficiency of these agencies of the Federal Government to discharge the duties for the performance of which they were created. These principles are axiomatic and are sanctioned by the repeated adjudications of this court.

So far for the Elmira Savings Bank case. Then the Chief Justice concludes:

It follows then necessarily from these conclusions that the respective States would be wholly without power to levy any tax, either direct or indirect, upon the national banks, their property, assets, or franchises, were it not for the permissive legislation of Congress.

Not only their franchises, Senators, but their property, their assets. The court continues:

The first act providing for the organization of national banks, passed February 25, 1863 (c. 58, 12 Stat., 665), contained no grant of power to the States to tax national banks in any form whatever. Doubtless the far-reaching consequence to arise from depriving the States of the source of revenue which would spring from the taxation of such banks, and the error of not conferring the power to tax, early impressed itself upon Congress, for the following year, act of June 3, 1864 (c. 106, 13 Stat., 99), power was granted to the States, not to tax the banks, their franchises, or property, but to tax the shares of stock in the names of the shareholders.

This provision subsequently was amended and supplemented in various particulars (act of Feb. 4, 1868, c. 6, 15 Stat., 34), and the result of this legislation is embodied in section 5219 of the Revised Statutes, which is as follows:

Sec. 5219. Nothing herein shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the association is located; but the legislature of each State may determine and direct the manner and place of taxing all the shares of national banking associations located within the State, subject only to the two restrictions—that the taxation shall not be at a greater rate than is assessed upon other moneyed

capital in the hands of individual citizens of such State, and that the shares of any national banking association owned by nonresidents of any State shall be taxed in the city or town where the bank is located and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county, or municipal taxes to the same extent, according to its value, as other real property is taxed."

The court then says:

This section, then, of the Revised Statutes is the measure of the power of a State to tax national banks, their property, or their franchises. By its unambiguous provisions the power is confined to a taxation of the shares of stock in the names of the shareholders and to an assessment of the real estate of the bank. Any State tax, therefore, which is in excess of and not in conformity to these requirements is void.

So that I think, Mr. President, we must accept as law that no property of any of the national banks is subject to taxation, except its real estate, and except that a tax may be levied upon the shares of each stockholder assessable against him, but payable by the bank as the agent for the shareholder, the amount being collectible at the source.

Therefore, Mr. President, I think we can not accept the doctrine that was asserted on yesterday that, if a national bank should loan money upon the security of a herd of cattle and it became necessary to reduce its security and to sell the cattle, or if it seized the cattle under an attachment or execution and sold them and bought them in—I think we can not assent to the proposition that those cattle would be to any extent subject to taxation.

Mr. President, the national banks under the late amendment are now authorized to loan money to a limited extent upon farm mortgages. Those farm mortgages are its property exactly the same as are the farm mortgages to be taken under the provisions of the bill under consideration the property of the banks that shall hold them. Unquestionably the mortgages now held by national banks upon farm property are exempt from taxation. The bank pays taxes upon the real estate which it owns, and it pays those taxes just simply because Congress has permitted the State to tax the property of the banks to that extent, and no further.

So, Mr. President, the question that is now addressed to us touching the taxability by the State of the stock of the banks, of the bonds issued by the banks, of the mortgages taken by the banks, and held as security for those bonds, resolves itself into a question simply as to whether or not there is any essential and material difference, so far as this question of taxability is concerned, between the national banks established and created under the acts of 1863 and 1864, and the national banks which we propose to create under this act.

Mr. SUTHERLAND. Mr. President, may I ask the Senator from Montana a question?

Mr. WALSH. Certainly.

Mr. SUTHERLAND. The case to which the Senator has been referring, the case of Owensboro National Bank against Owensboro, I think recognizes the authority of the decision of the court in the McCulloch case. Is that the view of the Senator from Montana?

Mr. WALSH. It clearly says so. It says that the national-bank act was sustained upon the authority of the McCulloch case.

Mr. SUTHERLAND. But I understand the Senator from Montana to cite the Owensboro case as authority for the proposition that the State would be without power to tax any of the property of a national bank unless it were expressly permitted by the act of Congress to do so?

Mr. WALSH. The Senator from Utah has stated my position correctly. I have simply quoted the language of the opinion.

Mr. SUTHERLAND. I ask the Senator from Montana how he reconciles that conclusion with the statement in the McCulloch case, which the Senator now says is the basis for the decision in the Owensboro case, that the decision in that case, namely, the McCulloch case, does not extend to "a tax paid by the real property of the bank in common with the other real property within the State, nor to a tax imposed on the interest which the citizens of Maryland may hold in this institution, in common with other property of the same description throughout the State." In other words, as I construe that language, and as I construe the decision in the McCulloch case, Chief Justice Marshall held that the notes which were issued by the bank were not subject to taxation; that, as a matter of implication, the State could not tax those instrumentalities; but Chief Justice Marshall held in the McCulloch case, as I understand, that the State could tax the real property of the bank in common with the real property of the citizens of the State, and that the State could tax the shares of stock held in that institution by the citizens of Maryland. In the act creating the United States bank there was no provision permitting the State to tax that

species of property, and yet the court held that it was taxable by the State.

Mr. WALSH. Mr. President, I will say, in answer to the Senator from Utah, that I do not feel called upon to attempt to reconcile the decision made by the Supreme Court of the United States in the Owensboro case, decided in the year 1898, with some furtive and casual comment that was made in the McCulloch case away back in 1819.

I desire to say further, in connection with this matter, that, of course, the McCulloch case has frequently been reviewed and applied by the Supreme Court of the United States; and I can call your attention again and again to declarations by the court in later cases to the effect that the conclusion at which the court arrived in this case may seem to be not entirely in harmony with some of the declarations of the court in the McCulloch case.

The Senator from Utah referred, in the course of his discussion, to the railroad cases, to which I shall presently advert—the Peniston case and the Thompson case. In the Thompson case the court said "it is true that the remarks made in the course of the opinion in the McCulloch case are probably inconsistent with the conclusion that we arrive at here," but they then went on to say that, however that might be, they reached the conclusion which they did.

So, Mr. President, I do not feel called upon at this time to endeavor to reconcile these clear declarations of the Supreme Court of the United States within our own time, a matter of less than 20 years ago, that none of the property of national banks is taxable except by permission of Congress, with some declarations that may be found in these earlier cases. I shall, however, discuss the railroad cases presently.

I proceed in this connection to say that the court has recognized a vast difference between a bank created by act of Congress and even a railroad corporation, the business of which is the transportation of articles in commerce, with the incidental obligation to carry the mails and military supplies of the Government. But the point I want to address your attention to now is that it was held in the McCulloch case and in the Osborn case, in 1819 and 1823, that a bank is a proper instrumentality for the purpose of carrying out the fiscal operations of the Government. Now, bear in mind, not that bank, not the bank constituted as was the original United States bank, incorporated in 1791 or reincorporated in 1811, but that a bank is a necessary and convenient instrumentality for the purpose of carrying on the fiscal operations of the Government; and apparently this is what is meant by what is said in those cases, that the Government is obliged to have revenue in order to carry on its operations; that it must collect that revenue from time to time; and that it must have a convenient place in which it can deposit that revenue until it shall desire to use it. Likewise it is a fair inference from all of those decisions that it was the conclusion of the court in these early days, as well as of the statesmen who considered it in those times, that the Government would want to borrow money from time to time, and the little banks, private affairs or established under State authority, might not have the funds that would enable the Government to meet its necessities in times of emergency, and that therefore it had a right to create a bank from which it could conveniently borrow large sums of money when it had occasion to do so. Therefore I take it that these earlier decisions declared that the Congress has a right to create a bank.

You will bear in mind that the original United States bank act contemplated the immediate assistance of the Government financially. Doubtless that was one of the factors which entered into the creation of the national banks under the act of 1863 and 1864, but I want to invite your attention to the fact that that was not regarded by the court in any of these cases as an essential consideration in the power to create a bank. The original United States bank act provided, among other things, that a portion of the capital, 20 per cent, should be subscribed by the Government of the United States. It also provided that a portion of the subscriptions of the subscribers to the capital stock should be paid in bonds issued by the Government of the United States, thus making a market for those bonds. Likewise it had the power to issue bills, which, although not legal tender, were accepted in payment of obligations due to the United States and passed current as money, much the same as our national-bank bills do; but that was not considered as a necessary ingredient, as a necessary power, to give to this bank in order that the act should have a constitutional basis. The mere question was whether the United States had the right to organize a bank.

Let me call your attention to the language of the McCulloch case and the Osborn case. I quote first from the opinion of

Chief Justice Marshall in the McCulloch case, reading from page 422:

If a corporation may be employed, indiscriminately with other means, to carry into execution the powers of the Government, no particular reason can be assigned for excluding the use of a bank, if required for its fiscal operation. To use one must be within the discretion of Congress, if it be an appropriate mode of executing the powers of government. That it is a convenient, a useful, and essential instrument in the prosecution of its fiscal operations is not now a subject of controversy. All those who have been concerned in the administration of our finances have concurred in representing its importance and necessity—

Simply a bank—

and so strongly have they been felt that statesmen of the first class, whose previous opinions against it had been confirmed by every circumstance which can fix the human judgment, have yielded those opinions to the exigencies of the Nation. Under the confederation Congress, justifying the measure by its necessity, transcended, perhaps, its powers to obtain the advantage of a bank; and our own legislation attests the universal conviction of the utility of this measure. The time has passed away when it can be necessary to enter into any discussion in order to prove the importance of this instrument as a means to effect the legitimate objects of the Government.

But were its necessity less apparent, none can deny its being an appropriate measure; and if it is, the decree of its necessity, as has been very justly observed, is to be discussed in another place. Should Congress, in the execution of its powers, adopt measures which are prohibited by the Constitution, or should Congress, under the pretext of executing its powers, pass laws for the accomplishment of objects not intrusted to the Government, it would become the painful duty of this tribunal, should a case requiring such a decision come before it, to say that such an act was not the law of the land. But where the law is not prohibited and is really calculated to effect any of the objects intrusted to the Government, to undertake here to inquire into the decree of its necessity would be to pass the line which circumscribes the judicial department and to tread on legislative ground. The court disclaims all pretensions to such a power.

Then, Mr. President, I assert that the Supreme Court of the United States in the McCulloch case did not say that only a bank having the power to issue bills that shall pass current as money is within the power of Congress to create; it did not say that a bank a portion of whose capital stock is paid for by Government bonds is a governmental instrumentality and the creation of such a bank as that is within the power of Congress; it did not say that a bank that agrees to lend money to the Government of the United States is an instrumentality within the power of Congress to create; but it said that a bank is a convenient and a necessary agency and instrumentality in order that the Government might carry on its ordinary fiscal operations, and that, therefore, the power to create it is impliedly granted to Congress; and that was what was said in the Osborn case. In that case the court said, referring to the Ohio law which challenged the act of Congress:

Is that law unconstitutional? This point was argued with great ability, and decided by this court, after mature and deliberate consideration, in the case of *McCulloch v. State of Maryland*. A revision of that opinion has been requested, and many considerations combine to induce a review of it. The foundation of the argument in favor of the right of a State to tax the bank is laid in the supposed character of that institution. The argument supposes the corporation to have been originated for the management of an individual concern, to be founded upon contract between individuals, having private trade and private profit for its great end and principal object. If these premises were true, the conclusion drawn from them would be inevitable. This mere private corporation, engaged in its own business, with its own views, would certainly be subject to the taxing power of the State, as any individual would be; and the casual circumstance of its being employed by the Government in the transaction of its fiscal affairs would no more exempt its private business from the operation of that power than it would exempt the private business of any individual employed in the same manner. But the premises are not true: the bank is not considered as a private corporation, whose principal object is individual trade and individual profit, but as a public corporation, created for public and national purposes. That the mere business of banking is in its own nature a private business, and may be carried on by individuals or companies having no political connection with the Government, is admitted; but the bank is not such an individual or company. It was not created for its own sake or for private purposes. It has never been supposed that Congress could create such a corporation. The whole opinion of the court in the case of *McCulloch v. State of Maryland* is founded on and sustained by the idea that the bank is an instrument which is "necessary and proper for carrying into effect the powers vested in the Government of the United States." It is not an instrument which the Government found ready-made and has supposed to be adapted to its purposes, but one which was created in the form in which it now appears, for national purposes only. It is undoubtedly capable of transacting private as well as public business. While it is the great instrument by which the fiscal operations of the Government are effected, it is also trading with individuals for its own advantage.

Mr. President, the question that addresses itself to us is, To what extent are these principles affected, to what extent are they modified, to what extent are they overruled by the railroad cases to which your attention has been called at some length?

In the ninth volume of the compilation known as the *Federal Statutes Annotated* is a paragraph which, to my mind, quite clearly points out the distinction between the two classes of cases, and it is this: That in the case of the bank, that is in itself an instrumentality of the National Government. The conclusion is to be drawn, even though it were not expressed, as was the case in the *United States Bank*, that the National Gov-

ernment did not intend that the States should tax these banks any further than it allowed them to tax them; but when it came to create a great railroad corporation that was given a great grant by the Government of the United States of lands constituting an empire, that accumulated an enormous amount of property only incidentally used for public purposes, the conclusion was to be drawn, if Congress was silent upon the matter, that it intended to allow the States to tax the property of these corporations; and the conclusion was drawn that they were subject to taxation because Congress had not in the acts creating them declared, in effect, that their property should not be subject to taxation.

I read as follows from page 232 of the volume to which I have referred:

Congress may, in the exercise of powers incidental to the express powers conferred, make or authorize contracts with individuals or corporations for services to the Government; may grant aid by money or land, in preparation for, and in the performance of, such services; may make any stipulation and conditions in relation to such aid not contrary to the Constitution; and may exempt, in its discretion, the agencies employed in such services from any State taxation which will really prevent or impede their performance. But because of the advancement by the Government of large sums in aid of the construction of the railroad, and the making of large grants of land upon no condition of benefit to itself, except that the company will perform certain services for full compensation independently of those grants, it can not be claimed that the railroad, owing its being to State law, and indebted for these benefits to the consent and active interposition of the State legislature, has a constitutional right to hold its property exempt from taxation—

Now, observe—

without any legislation on the part of Congress which indicates that such exemption is deemed essential to the full performance of its obligations to the Government.

And that fully sustains the view expressed by the Senator from New Hampshire [Mr. HOLLIS] that the property of these corporations would be exempt from taxation if Congress had so declared. Indeed, Mr. President, I want to call the attention of the Senators to a most important fact in that connection.

The case of *Thompson against Railroad Co.*, in Ninth Wallace, presented the case of a corporation created under the laws of a State, but invested with powers and duties of a national character, and enjoying aid by land grants and otherwise from the General Government. The case of *Railroad Co. against Peniston*, reported in Eighteenth Wallace, was the case of a corporation created by act of Congress for the conduct and operation of a railroad, and it was held that its general property likewise was subject to taxation by the State. Mr. Justice Swayne was one of the judges concurring in the opinion of the court in that case. He filed a separate opinion, as follows:

Mr. Justice SWAYNE (concurring in the judgment): I concur in the affirmance of the judgment in this case. I see no reason to doubt that it was the intention of Congress not to give the exemption claimed. The exercise of the power may be waived. But I hold that the road is a national instrumentality of such a character that Congress may interpose and protect it from State taxation whenever that body shall deem it proper to do so. For some of the leading authorities in support of the principle involved in this view of the subject, I refer to the *Chicago & Northwestern Railway v. Fuller*, decided by this court a short time ago.

And then three other judges—Bradley, Field, and Hunt—dis-sented absolutely from the opinion.

In the *Thompson* case some reference was made to the same thing.

But, Mr. President, this question of the taxability of the property of the Pacific Railroad companies created under the act of Congress, or of those railroad corporations created by virtue of the laws of certain States, but granted aid by Congress in discharging Federal functions, was likewise under consideration in a modern case. I refer to the case of *Central Pacific Railroad Co. against State of California*, reported in One hundred and sixty-second United States, and decided in 1895. The court in that case reaffirmed the doctrine that the property of that railroad company was subject to taxation; but the court said, in the course of the opinion, as follows:

Of course, if Congress should think it necessary for the protection of the United States to declare such property exempted, that would present a different question. Congress did not see fit to do so here, and unless we are prepared to overrule a long line of well-considered decisions, the case comes within the rule therein laid down. Although in *Thompson's* case it was tangible property that was taxed, that can make no difference in principle, and the reasoning of the opinion applies.

So that, Mr. President, when we have a statute which expressly declares that for the purpose of carrying out the national purposes that Congress has in view this property is not taxable, we present a case altogether different, as the court says in this case, from the railroad cases to which your attention has been so earnestly invited by the Senator from Utah [Mr. SUTHERLAND].

Now I recur for a moment to the proposition I advanced awhile ago—that the creation of a bank possessing the ordinary functions of a bank, having the power to receive deposits and

having the power to loan money, is within the power of Congress; and that it was so decided in these earlier cases appears to me quite clear from this language of the court in the last Legal Tender case, reported in One hundred and tenth United States I read from page 445, as follows:

It is equally well settled that Congress has the power to incorporate national banks, with the capacity, for their own profit as well as for the use of the Government in its money transactions, of issuing bills which under ordinary circumstances pass from hand to hand as money at their nominal value, and which, when so current, the law has always recognized as a good tender in payment of money debts, unless specifically objected to at the time of the tender. (*U. S. Bank v. Bank of Georgia*, 10 Wheat., 333, 347; *Ward v. Smith*, 7 Wall., 447, 451.) The power of Congress to charter a bank was maintained in *McCulloch v. Maryland* (4 Wheat., 316) and in *Osborn v. United States Bank* (9 Wheat., 738) chiefly upon the ground that it was an appropriate means for carrying on the money transactions of the Government.

That was the chief ground on which the court rested its decision.

Now, the court goes on:

But Chief Justice Marshall said: "The currency which it circulates, by means of its trade with individuals, is believed to make it a more fit instrument for the purposes of government than it could otherwise be; and if this be true, the capacity to carry on this trade is a faculty indispensable to the character and objects of the institution." (9 Wheat., 864.) And Mr. Justice Johnson, who concurred with the rest of the court in upholding the power to incorporate a bank, gave the further reason that it tended to give effect to "that power over the currency of the country which the framers of the Constitution evidently intended to give to Congress alone."

Thus you will see, Senators, that the court referred to these matters as additional grounds upon which the power to create the bank rested, but they were not essential at all, the main thing being that it became a convenient means for carrying on the fiscal operations of the Government.

The Senator from Iowa [Mr. CUMMINS] entertains very grave apprehensions that if any such principle as that announced in this bill receives acceptance, and the Congress should later undertake to create corporations for the purpose of engaging in interstate business, all of the property of the corporations thus created will be exempt from State taxation. I hope I have stated the position of the Senator accurately. I have tried to do so.

I think the apprehensions of the Senator have very little foundation, Mr. President. In the first place, even though it were possible for Congress to exempt the property of corporations of that character from State taxation, how can we conceive that the Congress of the United States, in which every State is represented in this body, having an equal voice, will ever undertake to deprive the States of this great power of taxation? Moreover, if the Congress ever should undertake to create corporations of that character, they will be less like a banking corporation than are the railroad corporations, the property of which, it has been held, is not exempt from taxation—at least, unless Congress so declares.

Mr. President, a corporation that might be created by Congress for the purpose of engaging in commerce would not be performing any governmental functions. It would not be necessary nor perhaps even convenient for the purpose of carrying on the Government operations. It would be purely a private enterprise, and would stand upon exactly the same footing as all corporations created by a State to engage in business enterprises of one kind or another.

Mr. THOMAS. Mr. President—

Mr. WALSH. I yield to the Senator from Colorado.

Mr. THOMAS. I have been very much impressed with the soundness of the Senator's argument; and I think it is appropriate here to suggest the query whether, if Congress has not this power of exemption, the States might be in position, or some one or more of them, if it so desired, to tax these agencies or these instrumentalities so highly as virtually to destroy, or at least to cripple, the purpose and object for which the system is designed?

Mr. WALSH. I am very glad the Senator suggested that. That was the point I was coming to—that we do not want to take out this provision in section 29. I agree substantially with the Senator from Iowa that if we have no constitutional power to invade the taxing power of the State so as to make this property exempt we can not, as a matter of course, undertake to do it by a declaration in the statute. The exemption arises by reason of the fact that the banks to be created are instrumentalities of the National Government, and all their property is exempt, except to such extent as the Congress may permit the States to tax them; and we propose to permit the States to tax their real estate, and all their other property, if they have any, and to declare that the stock and the bonds and the mortgages which give substance to the bonds shall all be exempt from taxation.

Mr. President, this is not at all, as the Senator from Iowa seems to believe, an extraordinary or unusual declaration in a statute of the nontaxability of property which is not taxable even though there were no declaration in the statute. The Revised Statutes of the United States, section 3701, declares that—

All stocks, bonds, Treasury notes, and other obligations of the United States, shall be exempt from taxation by or under State or municipal or local authority.

No one can doubt that they would be fully exempt if there was no such declaration as that in the statute. The Senator from Colorado [Mr. THOMAS] called attention a few days ago to the recital in the acts admitting most of the States to the Union within modern times requiring the State to agree that the public lands within their borders should not be subject to taxation. I read the provision of the enabling act under the authority of which four of the great Northwestern States came into the Union. They were each required to enter into a stipulation as follows:

That the people inhabiting said proposed State do agree and declare that they forever disclaim all right and title to the unappropriated and ungranted public lands lying within the boundaries thereof and to all lands lying within said boundaries owned or held by any Indian or Indian tribes the right or title to which shall have been acquired through or from the United States or any prior sovereignty, and that until the title of such Indian or Indian tribes shall have been extinguished the same shall be and remain subject to the disposition and under the absolute jurisdiction and control of the Congress of the United States; that the lands and other property belonging to citizens of the United States residing without the said State shall never be taxed at a higher rate than the lands and other property belonging to residents thereof; that no taxes shall be imposed by the State upon lands or property therein belonging to or which may hereafter be acquired by the United States or reserved for its use.

Then it goes on to provide that lands belonging to the Indians shall not be taxed.

And, Mr. President, it was not necessary by any means that the States should enter into any such compact with the Government of the United States in order that the public lands within their borders should be exempt from taxation. Neither was it necessary that there should be any recital to that effect in any statute; they were, as a matter of fact, so exempt. That was determined in *Pollard against Hagan's Lessees* in 1845, and the substance of the decision was referred to by Mr. Webster in the great debate over the admission of California into the Union, the enabling act there providing, in substance, as does the act which I have just read to you, that the people of California should stipulate that public lands within that State should not be subject to taxation.

Mr. SUTHERLAND. Mr. President—

The PRESIDING OFFICER (Mr. VARDAMAN in the chair). Does the Senator from Montana yield to the Senator from Utah?

Mr. WALSH. I do.

Mr. SUTHERLAND. I quite agree with what the Senator says with reference to the Treasury notes and the property of the United States, that they would be exempt from State taxation without any act of Congress to that effect. The statute which exempts them in each case is merely declaratory of the rule which would exist in the absence of a statutory provision. But does the Senator contend that the property mentioned in section 29 would be exempt if it were not expressly so provided in the bill?

Mr. WALSH. I am endeavoring to establish that it is not a strange thing in our legislation at all to declare by congressional act that certain property shall be exempt from State taxation which would be exempt even though there were no such statute.

Mr. SUTHERLAND. That is quite true; it is not a strange or unusual thing; it has been done. However, the question I propounded to the Senator is whether or not he thinks that section 29 is necessary to prevent the State from taxing the property there described?

Mr. WALSH. I do not think that it is necessary, except that it is a declaration upon the part of Congress that it believes these instrumentalities which they are creating will not effectuate the national purpose for which they are created unless they are exempted, and therefore there is an express declaration upon the part of Congress that those items of property shall not be subject to taxation.

Mr. SUTHERLAND. Then, if I understand the Senator from Montana, he thinks this property would be excluded from State taxation if section 29 were stricken from the bill.

Mr. WALSH. I do not undertake to say so. The question as to whether it would or would not should be a matter for the construction of the court, guided by no expression of opinion on the part of Congress if you strike it out. The court might say, as the court said in the railroad cases, in the absence of a declaration by Congress that exemption is necessary in order

that this organization may carry out their purpose, we shall assume that Congress permitted the State and desired that the State should exercise the right of taxation.

Mr. SUTHERLAND. That is an entirely different thing from holding that Congress would have the power to forbid the State from taxing property of that kind. As I understand the decision of the court in that particular, they simply said that if that was done it would present a different case. They did not say what they would hold on the question if presented.

Mr. WALSH. Exactly; and the question the Senator was discussing under the railroad cases was one which the court in the Central Pacific Railway Co. case said was entirely different from the question which would have been presented if Congress had made the declaration.

Mr. SUTHERLAND. It would undoubtedly present a different question, but the court does not enlighten us as to what they would have decided if that question had been presented.

However, if the Senator will bear with me for just a moment, the distinction which I see between this measure and the statute to which the Senator referred, namely, where Congress has expressly declared that certain property of the United States should be exempt from taxation, is that they were dealing there with property of the United States, and here we are undertaking to deal with property of an agency of the United States, which property, as I interpret it, is not related to any function which the agency is discharging for the United States Government, but is property owned in its private capacity, and not in any way connected with the exercise of any governmental function.

Mr. WALSH. I call the attention of the Senator now to the declared exemption of certain property which did not belong to the United States—that is, it belonged to an Indian. I read from volume 3 of Indian Laws and Treaties, as follows. This is the act admitting the State of New Mexico into the Union.

That no taxes shall be imposed by the State upon lands or property therein belonging to or which may hereafter be acquired by the United States or reserved for its use; but nothing herein, or in the ordinance herein provided for, shall preclude the said State from taxing, as other lands and other property are taxed, any lands and other property outside of an Indian reservation owned or held by any Indian, save and except such lands as have been granted or acquired as aforesaid or as may be granted or confirmed to any Indian or Indians under any act of Congress, but said ordinance shall provide that all such lands shall be exempt from taxation by said State so long and to such extent as Congress has prescribed or may hereafter prescribe.

Mr. SUTHERLAND. Will the Senator read that latter part again?

Mr. WALSH (reading)—

But said ordinance shall provide that all such lands—

That is, lands of the Indians—

shall be exempt from taxation by said State so long and to such extent as Congress has prescribed or may hereafter prescribe.

Congress there assumed the right to lay down the rule that a State can tax the property of an Indian just to the extent that Congress permits the State to tax the property of the Indian.

Mr. SUTHERLAND. Of course, Congress was there dealing with an individual who occupies a peculiar status and who is the ward of the Government of the United States. It has always been held that the United States Government has peculiar powers with reference to Indians.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Iowa?

Mr. WALSH. I do.

Mr. CUMMINS. Does the Senator from Montana assert what might be inferred from what he has just said that the United States could sell the public domain and exempt it from taxation for all time?

Mr. WALSH. No.

Mr. CUMMINS. In the hands of an individual?

Mr. WALSH. The Senator from Montana does not make any such assertion at all.

Mr. CUMMINS. Why?

Mr. WALSH. Why?

Mr. CUMMINS. I must state my premise. I infer from the last clause of the statute just read that it was read to show that Congress can exempt the lands of the Indians for just so long a time as it pleases, and I am sure the Senator from Montana did not think the Government could attach that condition to the sale of its Government domain generally.

Mr. WALSH. No; the Senator from Montana does not take any such position. I am very sure that the exercise of this power grows out of the peculiar relation between the General Government and the Indians.

Mr. CUMMINS. But I was wondering if the Senator from Montana would give his reason for denying the right of Con-

gress to sell its public domain and attaching to it exemption from taxation. It is an instrumentality. We have complete power to dispose of it.

Mr. WALSH. I do not agree with the Senator at all. When the Government of the United States transfers its land and parts with title to it I do not consider it any longer an instrumentality of the Government.

Mr. CUMMINS. I inferred that you limit the power of Congress in that respect.

Mr. WALSH. Indeed I do not consider it an instrumentality of the General Government at any time.

But, Mr. President, we are simply driven to the question as to what is the essential difference between these national banks and the national banks now known, and until some essential difference in principle is established or pointed out I think we may safely proceed upon the assumption that these banks will be taxable to such an extent, and to such an extent only, as Congress may permit them to be taxed.

Moreover, Mr. President, if there were any doubt about the matter the declaration upon the part of Congress to the effect that they would not be able to carry out their purposes except by this exemption, and that Congress intended they should be exempt, will serve to remove whatever doubt there may be concerning the exemption of this character of property.

I must say, Mr. President, that I am unable to distinguish in principle between these national banks and the national banks now in existence. It is true that the national banks now in existence have the power to issue their notes payable on demand and that those notes circulate practically as money, but wherein in principle do those obligations differ from the obligations these banks issue that are designated as bonds? They differ only in that the bank bills or notes are payable upon demand and the bonds to be issued by these banks are payable at fixed and definite times provided in the bill. There is no other difference between them that I can see, and certainly that distinction will not enable us to discern any difference in principle between the two systems of national banks.

Mr. CUMMINS. I ask the Senator from Montana whether there is in the statute relating to national banks any provision prohibiting the States from taxing national-bank currency in the hands of a citizen or individual?

Mr. WALSH. I think not. I think that if you had a thousand dollars in national-bank bills in your possession you would be subject to taxation by the State of Iowa.

Mr. CUMMINS. Precisely. Then, if I have \$1,000 of farm-loan bonds in my hands, I would not be subject to taxation, I assume, under this bill?

Mr. WALSH. I assume not.

Mr. CUMMINS. Where does the Senator from Montana think that Congress can exempt the individual holder of national-bank currency from taxation on account of his ownership of currency?

Mr. WALSH. I have no doubt it can.

Mr. CUMMINS. The Senator has no doubt about it?

Mr. WALSH. No; I have not.

Mr. CUMMINS. It has no authority?

Mr. WALSH. That is what it does.

Mr. CUMMINS. I asked the Senator whether there was any statute so far as he knew which attempted to exempt in the hands of an individual owner national-bank currency from taxation by the State. There is no such statute, is there?

Mr. WALSH. There is no such statute. Perhaps I spoke hastily a moment ago. I am not prepared to say whether they would fall within the general exemption of the statute.

Mr. CUMMINS. There is no exemption, as I read it, with regard to national banks at all. There are certain directions given with respect to the extent of taxation; it must be discriminatory.

Mr. WALSH. The Senator differs with me about that.

Mr. CUMMINS. That relates, however, to the shares of stock. However we may differ with regard to the construction of section 5219 of the Revised Statutes, it is a negative or legislative suggestion, namely, that the shares of stock of national banks shall not be taxed more heavily by a State than other moneyed capital. The only other reference in section 5219 is to real estate. I do not know of any provision in the law which exempts or attempts to exempt national-bank currency from taxation in the hands, of course, of an individual holder. I was asking whether the Senator from Montana knew of any such statute, and I assume that he does not. Now, I ask him whether it is exempt, in his opinion?

Mr. WALSH. I will say to the Senator, I do not know. I am perfectly certain it is not taxable in the hands of a bank.

Mr. CUMMINS. Of course, in the hands of the national bank it becomes simply the property of the national bank and would be treated, I assume, like any other property of the national

bank, but in the hands of an individual holder I think it bears the same relation precisely to the national bank which issued it as does the farm-loan bond bear to the farm-loan bank which issued it. If either of them is exempt from taxation upon the part of the State, it is because the national bank in the one case issued it and the farm-loan bank in the other case issued it, and it would be exempt under the Constitution, if at all. Does the Senator think that if the Constitution does not exempt that currency in the one case or the bond in the other from taxation Congress could exempt either?

Mr. WALSH. Certainly if the Constitution does not permit it, Congress can not do it. That is axiomatic. I could answer that very readily.

Mr. CUMMINS. But neither is the property of the bank; both belong to an individual.

Mr. WALSH. Oh, yes; but they are issued by the bank in pursuance of authority conferred by the act of Congress.

Mr. CUMMINS. They are issued by the bank. I was mentioning this because I yesterday asserted that Congress had never attempted to exempt from taxation the property or the instrumentality of any corporation organized under its laws. I stated to the Senator from Colorado, when he made the suggestion which he did, that my assertion did not cover the question of the property of the United States itself, the status of which, I think, is determined by the Constitution, but concerning which compacts have been made between the States and the Union, and I think the Senator from Montana agrees with me that no such exemption has ever been made by statute; in other words, that if this property is exempt, it is exempt because of the principles laid down in McCulloch against Maryland, in Osborn against The Bank, and in the Owensboro Bank case. That is what exempts the property, if it is exempted, is it not?

Mr. WALSH. That is what exempts the property, beyond question; but the question still presents itself as to whether or not in the particular case Congress intended that an exemption should be extended. Congress may withhold the exemption.

Mr. CUMMINS. I asked the Senator this question—and it was the point of my whole argument—If the property is not exempted by reason of its character, its relation to the instrumentality which Congress has created, can it be exempted by Congress?

Mr. WALSH. I think that is right. I think it can not be exempted.

Mr. CUMMINS. I ask the Senator one more question, and I shall not further detain him. Is there any difference at all between the case of Osborn against the Bank, decided in the early years of the Republic, and the case of the Owensboro National Bank against Owensboro, in Kentucky? Are they not identical so far as the cases are concerned?

Mr. WALSH. Quite so.

Mr. CUMMINS. That is to say, the Osborn bank presented a case of a tax upon the franchise of the United States Bank; the Owensboro bank case presented an instance of a tax upon the shares, but in such manner that the Supreme Court held that it was in fact a tax upon the franchise of the bank.

Mr. WALSH. And the property.

Mr. CUMMINS. Is it not, therefore, true that when the Supreme Court stated in the paragraph that I can not recall sufficiently to quote, but which the Senator from Montana will recognize, that all the property of a national bank is exempt from taxation unless Congress gives the State the privilege of taxing it, it was pure dictum?

Mr. WALSH. Oh, I do not think so at all.

Mr. CUMMINS. There was nothing of that sort involved in the case.

Mr. WALSH. I do not think that was pure dictum. Indeed, in a later opinion—I have not undertaken to analyze just exactly the foundation for it—but in a later opinion the court declared that the question presented in the Owensboro case was the question as to whether or not the State could tax the franchise and property of the bank. So it is not a dictum by any means.

Mr. SUTHERLAND. Mr. President, the question as to whether or not Congress had the power to exempt all the property of the national banks from taxation could not have been presented to the court, because Congress had never attempted to do that thing. Congress had not attempted to exempt all of the property of the national banks; it had expressly said in the statute that the State might tax the shares of the bank, and that it might tax the real estate of the bank. So the question as to whether or not Congress could have passed a statute to the exact contrary and have said that the State could not tax the shares and could not tax the real estate, never was presented to the court, and therefore could not have been decided by the court.

Mr. WALSH. Of course, I do not care to enter into a discussion as to whether it is dictum or is not dictum. The declaration is perfectly plain, and the Supreme Court itself has declared that the question of the taxability of the property of the bank was involved.

Mr. SUTHERLAND. Mr. President—

Mr. HOLLIS rose.

Mr. SUTHERLAND. Just a moment, if the Senator from New Hampshire will permit me. The point I make about it is this: The syllabus of the Owensboro case is to the effect that—

A State is wholly without power to levy any tax, either direct or indirect, upon national banks, their property, assets, or franchises, except when permitted so to do by the legislation of Congress.

No such question as that was presented to the court. The question presented to the court was whether or not the State could impose a franchise tax; and to that extent there was presented precisely the question which was presented to the court in the earlier days in the Osborn Bank case, and which the court in that case held could not be done by the State. That the court went beyond the question presented by the statute is clear, as it seems to me, from the consideration that the court expressly follows, or attempts to follow, the decision of the court in the McCulloch case; and in the McCulloch case the Supreme Court of the United States held that the real estate of the bank and the shares of the bank in the hands of individuals could be taxed, even though there was no permission in the statute passed by Congress to the State to exact the tax. So, if the court followed that decision, as it seems to have done, it must have held that property of that species could be taxed without the permission of Congress.

As a matter of fact, the Senator from Montana knows as well as I do that, following the decision in the McCulloch case, the shares of stock of the United States Bank in the hands of individuals were taxed and that the real estate of the bank was taxed. The question as to whether or not the tax could be exacted upon the shares came up before the State courts in numerous cases. In South Carolina there was a series of cases—I do not remember how many of them—in which the courts expressly held, putting the decision upon the authority of the McCulloch case, that shares of stock in the United States Bank could be taxed, notwithstanding the fact that no permission had been given by Congress to that effect.

Mr. WALSH. Mr. President, because the Owensboro case has been attacked in so far as it declares the property of the national banks not subject to tax except as permitted by Congress, and the question presented there was as to the taxability of the franchise of the bank, I merely wish to read a brief statement of facts from the opinion, so as to show just exactly what was involved in that case. The court said:

This suit was originally instituted in a court of the State of Kentucky by the plaintiff in error, the Owensboro National Bank. The relief prayed was that the city of Owensboro and its tax collector, Simmons, be perpetually restrained from enforcing the collection of alleged "franchise" taxes for the years 1893 and 1894, claimed by the defendants to have been assessed under authority of a revenue act of the State of Kentucky enacted November 11, 1892, as amended. The taxes in question were laid upon the amount fixed by the State board of valuation and assessment provided for in the act, which valuation equaled the combined sum of the par of the capital stock of the bank, its surplus, and undivided profits. It is admitted on the record that the avails of the bank to the amount of the valuation were invested in nontaxable bonds of the United States.

So, really, the tax was a tax laid upon what represented all of the property of the bank.

Mr. SMITH of Georgia. Mr. President, will the Senator allow me to ask him a question?

Mr. WALSH. Certainly.

Mr. SMITH of Georgia. I will also ask it of any other Senator who may have the information. Does the Senator know whether the right to tax national-bank notes in the hands of third parties has ever been tested and sustained by any State court? I know that it is the custom to tax them, at least, I know in my own State that holders of national-bank notes get rid of them just before tax-return day, as far as practicable, and substitute for them Treasury notes, and I know that the rule has been to tax national-bank notes in the hands of private citizens. What I wanted to ask was whether that was a mere voluntary submission by the holders of those notes to taxation or whether the question has ever been before any State court or any court for decision? If it has been, I do not know.

Mr. SUTHERLAND. No one ever submits to voluntary taxation.

Mr. WALSH. Mr. President, I will say to the Senator that I do not recall ever having heard or read of that question being tested, but it seems to me a rather remarkable thing that a man, when the assessor comes around, should have among a miscellaneous lot of currency that would not be taxable certain national-bank notes and that the assessor should demand that

he list those national-bank notes, and that thus the question should be presented to the court for determination. It seems to me that that is a condition of things not at all likely to arise.

Mr. SMITH of Georgia. Mr. President, if the Senator will pardon me, my acquaintance with the subject has simply grown out of my knowing that there has been by certain persons quite a rush on the banks for Treasury notes just before tax-paying time, so as to get rid of their national-bank notes. That is probably a line of conduct with which others are also familiar; but whether it has ever been held anywhere that a national-bank note in the hands of a private citizen is subject to taxation I do not know at all, and I thought possibly I might be able to obtain some information on that subject.

Mr. HOLLIS. Mr. President, I am quite sure there is no such decision as that about which the Senator from Georgia inquires; but I call his attention to the statute which expressly exempts Treasury notes from taxation by the State, but does not exempt national-bank notes.

Mr. President, this question of exemption from taxation has been fully and ably argued on four different days. There was one day last week devoted to it; it was argued on Tuesday, on yesterday, and it has been argued so far to-day. We have had two addresses from the distinguished Senator from South Dakota [Mr. STERLING], two from the Senator from Iowa [Mr. CUMMINS], two from the Senator from Utah [Mr. SUTHERLAND], one from the Senator from Montana [Mr. WALSH], one from the Senator from Colorado [Mr. THOMAS], and I believe it is the opinion of the Senate that the subject has been fully debated. I may be wrong; if so, the vote of the Senate will decide; but in order to test that opinion I move that the amendment of the Senator from Iowa be laid on the table.

Mr. CURTIS. Mr. President, I make the point of no quorum. The PRESIDING OFFICER (Mr. MYERS in the chair). The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Borah	James	Overman	Sutherland
Brady	Johnson, Me.	Page	Swanson
Brandegee	Johnson, S. Dak.	Pittman	Taggart
Chamberlain	Jones	Poindexter	Thomas
Clapp	Kenyon	Pomerene	Thompson
Culberson	La Follette	Ransdell	Tillman
Cummins	Lane	Shafroth	Townsend
Curtis	Lea, Tenn.	Sheppard	Vardaman
Dillingham	Lee, Md.	Sherman	Walsh
du Pont	Lippitt	Simmons	Warren
Fall	Martine, Va.	Smith, Ariz.	Weeks
Gronna	Martine, N. J.	Smith, Ga.	Williams
Harding	Myers	Smith, S. C.	Works
Hollis	Nelson	Smoot	
Hughes	Norris	Sterling	
Husting	O'Gorman	Stone	

The PRESIDING OFFICER. Sixty-one Senators have answered to their names. There is a quorum present.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. The Senator from Idaho.

Mr. BORAH. Mr. President, I understand the question is on the motion to lay on the table the amendment of the Senator from Iowa [Mr. CUMMINS].

The PRESIDING OFFICER. The Chair will state that that is the question.

Mr. BORAH. If it is not too late, if the yeas and nays have not been called for, I only want to say—

The PRESIDING OFFICER. The yeas and nays have not been called for, but the motion is not debatable, except by unanimous consent.

Mr. BORAH. I do not care to debate it. I simply desire to say a word, which I can say just as well after the vote is taken.

Mr. GRONNA. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from New Hampshire [Mr. HOLLIS] to lay on the table the pending amendment offered by the Senator from Iowa [Mr. CUMMINS]. The yeas and nays have been ordered, and the Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. BRADY (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. He is absent from the Chamber, and I therefore withhold my vote.

Mr. DILLINGHAM (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. SMITH], who is absent. For that reason I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. STONE (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. CLARK]. I am told that the junior Senator from Utah [Mr. SUTHERLAND] has a pair of the same kind with the senior Senator from Ar-

kansas [Mr. CLARKE]. His pair and mine, I am informed, are both absent. I transfer the pair of the Senator from Wyoming [Mr. CLARK] to the Senator from Arkansas [Mr. CLARKE] and vote "yea."

Mr. SUTHERLAND (when his name was called). Under the announcement just made by the Senator from Missouri [Mr. STONE], and I am at liberty to vote. I vote "nay."

Mr. THOMAS (when his name was called). I have a general pair with the senior Senator from North Dakota [Mr. McCUMBER], which I transfer to the senior Senator from Nevada [Mr. NEWLANDS] and will vote. I vote "yea."

Mr. TILLMAN (when his name was called). I transfer my pair with the junior Senator from West Virginia [Mr. GOFF] to the junior Senator from Arkansas [Mr. ROBINSON] and vote "yea."

Mr. TOWNSEND (when his name was called). I have a pair with the junior Senator from Florida [Mr. BRYAN], but under an arrangement with him I am at liberty to vote. I vote "nay."

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the junior Senator from Illinois [Mr. LEWIS] and will vote. I vote "yea."

The roll call was concluded.

Mr. DU PONT. I inquire whether the junior Senator from Kentucky [Mr. BECKHAM] has voted?

The PRESIDING OFFICER. He has not.

Mr. DU PONT. As I have a general pair with that Senator, I withhold my vote.

Mr. O'GORMAN. I have a general pair with the senior Senator from New Hampshire [Mr. GALLINGER]. In his absence, I withhold my vote.

Mr. LODGE (after having voted in the negative). I ask whether the senior Senator from Georgia [Mr. SMITH] has voted?

The PRESIDING OFFICER. He has not.

Mr. LODGE. As I have a general pair with that Senator, I withdraw my vote.

Mr. WARREN. I wish to announce the unavoidable absence of my colleague [Mr. CLARK of Wyoming]. He is paired with the senior Senator from Missouri [Mr. STONE]. I make this announcement for the day.

Mr. CURTIS. I have a general pair with the junior Senator from Georgia [Mr. HARDWICK], and therefore withhold my vote. If at liberty to vote, I would vote "nay." At this time I desire to announce the absence of the junior Senator from Maine [Mr. BURLEIGH] on account of illness in his family.

Mr. FALL. I have a general pair with the senior Senator from West Virginia [Mr. CHILTON]. In his absence I withhold my vote.

Mr. GALLINGER. I inquire if the senior Senator from New York [Mr. O'GORMAN] has voted?

The PRESIDING OFFICER. He has not.

Mr. GALLINGER. I have a general pair with that Senator, and for that reason withhold my vote.

The PRESIDING OFFICER. I transfer my pair with the junior Senator from Connecticut [Mr. McLEAN] to the junior Senator from Tennessee [Mr. SHIELDS] and vote "yea."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Maine [Mr. BURLEIGH] with the Senator from Nebraska [Mr. HITCHCOCK];

The Senator from New Mexico [Mr. CATRON] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from Rhode Island [Mr. COLT] with the Senator from Delaware [Mr. SAULSBURY].

The result was announced—yeas 39, nays 24, as follows:

YEAS—39.

Ashurst	Johnson, S. Dak.	Poindexter	Swanson
Broussard	La Follette	Pomerene	Taggart
Chamberlain	Lea, Tenn.	Ransdell	Thomas
Culberson	Lee, Md.	Reed	Thompson
Gore	Martin, Va.	Shafroth	Tillman
Hollis	Martine, N. J.	Sheppard	Underwood
Hughes	Myers	Simmons	Vardaman
Husting	Norris	Smith, Ariz.	Walsh
James	Phelan	Smith, S. C.	Williams
Johnson, Me.	Pittman	Stone	

NAYS—24.

Borah	Jones	Overman	Sutherland
Brandegee	Kenyon	Page	Townsend
Clapp	Lane	Sherman	Wadsworth
Cummins	Lippitt	Smith, Mich.	Warren
Gronna	Nelson	Smoot	Weeks
Harding	Oliver	Sterling	Works

NOT VOTING—33.

Bankhead	Catron	Curtis	Gallinger
Beckham	Chilton	Dillingham	Goff
Brady	Clark, Wyo.	du Pont	Hardwick
Bryan	Clarke, Ark.	Fall	Hitchcock
Burleigh	Colt	Fletcher	Kern

Lewis
Lodge
McCumber
McLean

Newlands
O'Gorman
Owen
Penrose

Robinson
Saulsbury
Shields
Smith, Ga.

Smith, Md.

So Mr. CUMMINS's amendment was laid on the table.

Mr. GRONNA obtained the floor.

Mr. CLAPP. Mr. President, will the Senator yield to me for a moment?

Mr. GRONNA. I yield.

Mr. CLAPP. I simply want to say that, no matter how it may place me in the Record as in apparent hostility to a matter, I will not vote to table an amendment unless it has become evident that there is a persistent opposition designed to delay the passage of a measure. I make that statement now with reference to all matters. While it may place a Senator in an unfair light with reference to his supposed attitude toward a pending amendment, I shall vote against shutting off debate unless it is evident that debate has reached a point where it is being resorted to merely for delay. I do not believe it is proper, nor do I believe it is fair.

Mr. JONES. If the Senator from North Dakota will permit me, I will simply say that I want to emphasize what the Senator from Minnesota has said, and, further, that if I had had an opportunity to vote on this amendment on its merits I should have voted against it.

Mr. LANE. Mr. President, if the Senator will permit me, I wish to say that I voted against tabling this amendment for the reason that I do not believe in that process of conducting legislation. I like to see a question allowed to come out in the open, and then fight it out, and vote on it upon its merits. I am constitutionally opposed to this way of shutting off debate arbitrarily and tyrannically. I am very glad to have an opportunity to say that, although, if the amendment had been allowed to come up on its merits, I would have voted against it.

Mr. WILLIAMS. If the Senator will yield for my part in this experience meeting, I think about the only precious privilege left to the Senate is the motion to lay on the table. It is about the only way we have of terminating a debate. I welcome it as one of the monuments of human liberty. When a fellow is opposed to anything, the quickest possible way to beat it is to lay it on the table.

Mr. GRONNA. Mr. President, I was about to say what the Senator from Minnesota [Mr. CLAPP] and other Senators have said, that I shall not vote to lay on the table any amendment that to my mind is fundamental, and where it has not been shown that time is taken up for the purpose of delaying the passage of the measure.

The Senator from Montana [Mr. WALSH] referred this morning to the Federal reserve act. He called attention to the fact that some Senators who were opposed to the passage of that measure and had predicted that it would not work well, would perhaps find that the same result that followed the enactment of that bill would come from the passage of this one. I should like to call the Senator's attention to the fact that the so-called Federal reserve act provided that every national bank had to join the Federal Reserve Association or it would lose its charter. How many State banks have joined the Federal Reserve Association, I ask the Senator? I also want to remind the Senator from Montana of the fact that it will not be as easy a matter for this political board to compel the American farmer to mortgage his land under the provisions of the bill as it was to compel the national banks to join the association.

I am in favor of a rural-credits law. I think I know something about the hardships that the farmers of the United States have had to endure, and I am not going to take up the time of the Senate this afternoon with any idea in view of opposing this bill in its entirety. I am going, however, to take the time of the Senate to call attention to some of the imperfections in this bill and to some of the provisions that, in my humble judgment, should be changed, because some of them, as I believe, are unworkable.

Mr. President, knowing as I do how arduously the Senator from New Hampshire has labored to perfect the pending rural-credits measure, and knowing that it has been his sincere desire to secure the enactment of a law which will give real relief to the farmers of the country from the burden of unduly and unjustly high interest rates, I have hesitated to say anything in criticism of the bill, and it is with a feeling of regret that I now undertake briefly to call the attention of the Senate to some features which appear to me to be faulty, and to the effect of those provisions.

The problem of rural credits, it appears to me, should be approached from a somewhat different angle. I believe that what we should aim at is the establishment of associations which will borrow money for the farmer, rather than the creation of banks

or other organizations lending to the farmer. If an association of the farmers of this country can be created which will substitute for the uncertainty of the loan of an individual farmer the security of farm loans as a class, it is my belief that the investors of this country will find the bonds of such an association an attractive investment, even at low rates of interest, and that by this means funds for farm loans can be obtained.

The pending measure lacks cooperative features. In certain respects, it appears to me, it provides for banks and organizations to lend money, rather than associations which will enable the farmer to borrow on more reasonable terms. The Federal land banks provided for are lending institutions; and while the farm-loan associations provided for are to be represented on the board of directors, it may be doubted whether this will result in the Federal land bank being conducted with a view to furnishing loans at as reasonable a rate as possible rather than with a view to making profits.

The farm-loan associations provided for in this bill appear to me to be too small and weak to be of the greatest assistance to the farmers. They are, in fact, small corporations authorized to do a certain amount of banking business. Because of their small size and the fact that only borrowers can be members, it seems to me to be doubtful whether their obligations will be much safer than the mortgage of the average farmer. I believe it is a serious fault to exclude from such associations farmers who are not borrowers; it seems to me that these would add strength to the association, and it would seem probable that the benefit they might derive from their membership when they might wish to borrow money in the future would be a sufficient incentive to them to become members at a time when they were in no need of a loan. This exclusion, it seems to me, weakens the associations needlessly, and I can not perceive any good purpose served by it.

I may also say that I believe there are too many restrictions attempted to be placed on the farmers applying for loans under this measure. A farmer who risks the loss of his farm by placing a mortgage thereon is not going to do so unless he feels that it is necessary. Under these provisions, if the family of a farmer should suffer from serious and protracted illness, or if he should have any other misfortune which would make it necessary for him to raise money by means of a loan, he could not obtain such a loan from the Federal farm banks, even though such a loan might be safer than loans made by the Federal land bank and the farmer might be in more urgent, immediate need of funds than a farmer to whom the bank was authorized to lend money.

The joint-stock land banks authorized in this bill do not appear to me to form part of a rural-credits system. They are merely commercial banks, differing from other national banks in that they are to deal in farm loans.

I might say in passing, Mr. President, that some of those who are recognized as financiers in this country have written to me stating their belief that so far as the joint-stock banks are concerned they are simply loaning institutions, which necessarily must be started in the larger cities, as small banking institutions in small towns could not possibly serve the purpose or could not loan to the farmers the amount of money that will be required. Necessarily, therefore, the so-called joint-stock bank will be started in the larger cities of the country, and they will simply displace the institutions which we already have.

It is provided in the bill that bonds which may be issued, that are exempt from taxation, shall be permitted to be issued by these corporations at a rate of 5 per cent. It seems to me that this provision of the bill should be changed, and that in no case or under no circumstances should a higher rate than 3½ or 4 per cent be allowed to be charged by those large banking institutions if the bonds and mortgages are to be exempt from taxation.

They will compete with State banks which at the present time make the same kind of loans, and to this extent may perhaps reduce in some localities the rates of interest which the farmer has to pay at present. It may be considered doubtful whether they would form any very useful supplement to the State banks. And I may say in this connection, that the banks which have been of most benefit to the farmers in the past have been the State banks, and not the national banks. So far as the negotiable paper of the farmer has been standardized, it has been done by State banking systems.

Two years ago I introduced a rural-credits bill aiming to establish such a system of associations as I believe we should attempt to make provision for. I reintroduced the measure at this session as Senate bill No. 576.

Mr. President, I want to discuss briefly the provisions of the bill which I have had pending in the Senate for a number of years, and while I shall not of course criticize the chairman of the subcommittee, the Senator having the pending bill in charge, for not reporting my bill, I did have the hope that some of the provisions contained in that bill would be adopted, and I still have the hope that the Senator from New Hampshire will accept as amendments some of the provisions to which I shall call attention.

NATIONAL FARM-LOANS ASSOCIATION CREATED.

It is proposed to create a national farm-loans association, with an authorized capital stock of \$50,000,000. The stock is to be held solely by State associations provided for in the bill. Each State association is to subscribe for such stock in the amount of 50 per cent of its own capital, but no association is to be required to subscribe more than \$2,000,000. The national farm-loans association is to commence business when not less than 10 State associations have been organized and have made the required stock subscription. (Secs. 1 and 3.)

COMMITTEE ON ORGANIZATION.

A committee on organization is provided for, which is to consist of the Secretary of the Treasury, the Secretary of Agriculture, the Comptroller of the Currency, and two additional members named by the President. This committee will appoint in each State a State agent, who will receive applications for membership in the State association and subscriptions to the stock of such association, and when the necessary stock has been subscribed take the steps necessary to effect the organization of the State association. No State association is to be organized if the subscription to its capital stock is less than \$50,000. (Sec. 5.)

DIRECTORS OF THE NATIONAL FARM-LOANS ASSOCIATION.

The board of directors of the national farm-loans association is to consist of a member from each State, elected by the members of the State association. When 10 State associations have organized and chosen directors of the national farm-loans association the board of directors is to organize. A director must be a member of the State association by which elected, must be engaged in farming, must be a resident of the State, and must have such further qualifications as the by-laws of the national farm-loans association may prescribe. A director may be removed by a two-thirds vote of the directors or by a majority vote of the State association which he represents. Directors are to be elected for a term of five years, and they are divided into five classes, in such a way that one-fifth of the total number are elected each year. (Secs. 7, 8, and 10.)

BOARD OF GOVERNORS.

The national farm-loans association is to be governed by a board of governors consisting of seven members, two of whom are to be appointed by the President, by and with the consent and advice of the Senate, and five of whom are to be elected by the board of directors. The latter may be removed by a two-thirds vote of the directors and the former may be removed by the President on charges preferred by the board of directors of the national farm-loans association or by the board of directors of any State association. The term of office is to be five years. (Sec. 9.)

I believe the pending bill provides now for a term of 8 years. Originally it provided for a term of 10 years.

STATE ASSOCIATIONS CREATED.

In each State there is to be organized a State association, with a capital stock of not less than \$50,000 nor more than \$5,000,000. This stock is to be issued in shares of \$25 each, and no one person, organization, or association of persons is to be allowed to hold more than 10 shares. Each State association is required to subscribe to the capital stock of the national farm-loans association an amount equal to 50 per cent of its own capital, but in no event more than \$2,000,000. (Sec. 4.)

DIRECTORS OF STATE ASSOCIATIONS.

Each State association is to be governed by a board of directors, consisting of members elected by the local associations. The term of office is to be three years, and the directors are to be divided into classes in such a way that the terms of one-third of the total number will expire each year. A director of a State association must be an actual resident of the State, must be engaged in farming, must be a member of a local association, and must be a stockholder in the State association. The by-laws of the State association may prescribe further qualifications. A director may be expelled by a two-thirds vote of the total number of directors, and may be recalled by a majority vote of the local association which he represents. (Secs. 6 and 11.)

LOCAL ASSOCIATIONS PROVIDED FOR.

Local associations may be formed by any number of persons, not less than 50—in the pending bill it is provided that 10 may constitute an organization or association. Anyone who is familiar with conditions in the country knows that that number is not sufficient and that it should be increased. These 50 shall be persons who are actually engaged in farming, covering a territory of not more than 25 square miles. In sparsely-settled sections the board of directors of the State association may authorize local associations covering a greater territory. Each local association is to be governed by a council elected by the members of the association. The association also elects a president, who is ex officio chairman of the council, a secretary, and such other officers as the by-laws may provide for. The term of office is in each case one year. Any person actually engaged in farming and who is of good character may become a member of a local association, but such an association may by a two-thirds vote of all its members exclude an applicant or expel a member. (Sec. 12.)

QUALIFICATIONS OF ELECTORS.

Every member of a local association in good standing shall be qualified to vote for members of the council of such local association and on all questions coming before the association. In order to vote for directors of the national farm-loans association or of the State association, or on questions submitted by the National or State association, he must be a stockholder in the State association. No one is to be permitted to vote in any State of which he is not a resident, nor is any person who is not a member of a local association to be allowed to vote at any election. Each person is to have only one vote, irrespective of the number of shares of stock he may own. All elections are to be by secret ballot. (Secs. 13 and 14.)

GOVERNMENT DEPOSITS.

On the organization of the national farm-loans association the Secretary of the Treasury is to be required to deposit with the association the sum of \$5,000,000. For each State association organized with a capital of not less than \$50,000 he is to deposit an additional sum of \$200,000; and if a State association is organized with a greater capital than \$50,000, or increases its capital beyond this amount, the Secretary is to be required to make a further deposit of such a sum as shall be equal to the amount by which the capital of the State association exceeds the minimum of \$50,000. (Sec. 15.)

NATIONAL FARM-LOANS ASSOCIATION MAY ISSUE BONDS.

The national farm-loans association is to be given the power to borrow money and to issue bonds. Such bonds are to bear interest at the rate of 4 per cent per annum, payable semiannually. The pending bill provides that the rate of interest on this class of bonds shall be 5 per cent. Such bonds are to be issued for such terms as the board of directors may decide, not exceeding 20 years, with the privilege of paying them at the end of five years. The board of directors may change the rate of interest, but shall not increase it until such action has been authorized by a majority vote of the members of the State associations.

I wish in this connection to venture the statement that no professor of economy, no man who has given the subject any great thought, no man who has been on a board of directors of any great financial institution, either a bank or an insurance company, will say that the time provided for in the pending bill is workable. The pending bill provides for a term of 36 years, which I believe is entirely too long. No obligation of this class should be issued for a longer term than 20 years. It is neither beneficial to the farmer, the community, the State, nor the Federal Government to issue bonds for a longer term than 20 years. I sincerely hope the Senator from New Hampshire will permit us to amend that section of the bill.

As security there is to be held at least an equal amount in face value of mortgage or deed of trust farm loans or of such mortgage loans and lawful money. A reserve of 5 per cent is required against such bonds. Not more than one-half of such reserve may be advanced to the different State associations for the making of short-time loans. (Secs. 16 and 17.)

Mr. President, the pending bill does not provide for short-time loans at all. I believe I am stating the fact when I say that every farmers' organization in this country has called the attention of Congress to the fact that there is more demand for money for short-time loans and which are more acceptable than the long-time loans, but there is no provision for a short-time loan in the pending bill.

LONG-TIME LOANS.

The national farm-loans association is to be empowered to make loans on farm lands, through the State associations, for terms of not less than 1 year nor more than 20 years. Such loans are to bear interest at the rate of 5 per cent, but this rate may be reduced by the board of directors. On all loans for a longer term than five years a part of the principal, in no case less than 5 per cent, must be paid at the end of five years and every year thereafter.

The pending bill provides that the first year 1 per cent of the principal must be paid, together with the interest. My bill provides that only the interest shall be paid during the first five years, but that after the five years not less than 5 per cent must be paid, and after one year both the principal and interest may be paid.

The borrower is to have the right to pay a larger part of the principal if he so desires, and he may at any time pay the entire loan by paying at the same time the interest which would be due at the next interest-due date. There is no provision made for this in the pending bill. The board of directors are required to prescribe the purposes for which loans may be made, the maximum and minimum amounts of such loans, and the ratio which the amount of the loan may have to the value of the land on which made. (Sec. 18.)

All applications for long-time loans are to be submitted to the local council or to its officers, who forward it to the State association, together with their report and such information as the State association may require.

Mr. President, who is more fitted to pass upon the loans than this local association, the members of which know all the conditions in the immediate vicinity?

If the State association approves the application, it calls on the national association for the amount of the loan. All notes and evidences of indebtedness are forwarded to the national association after being indorsed by the president of the State association. Such indorsement creates a binding obligation on the State association for the payment of the loan and the annual installments of interest.

It seems to me that a first mortgage for a reasonable amount upon a productive farm, together with the indorsement of the State association, will make this paper as good as a Government bond, and that a bond based upon those mortgages will find its way through the avenues and channels of ordinary trade, because there are millions of money now awaiting such an investment as could be made under the provisions of the bill.

Mr. President, it is a fallacy to believe that the Federal Government owns all the money. It is the people of the Government who have the money. The bill of the Senator from New Hampshire is constructed upon the fallacious theory that it is the Federal Government which must provide this money.

The applications for long-time loans have to be submitted to this local council, as I said. Loans may be made to actual farmers who are not members of the local association. There is no such provision in the pending bill.

Loans may be made to actual farmers who are not members of a local association or stockholders in the State association on the same terms as to members. No loans can be made on any property except farm lands. (Sec. 19.)

SHORT-TIME LOANS.

Short-time loans for terms of not more than nine months may be made by a State association to extent of one-half of its paid-in capital and to the further extent of such sums as the national association may advance for such purpose, but the national association shall in no case advance a sum greater than the par value of the capital stock of the State association. Applications for short-time loans must be approved by the officers of the local association, and such local association shall be liable to the State association for the payment of such loan.

My bill provides that the local association shall be responsible to the State association for the short-time loans. Short-time loans are to bear interest at the rate of 6 per cent. (Sec. 20.)

I wish to call the attention of the Senator from New Hampshire to this point. I believe some provision should be made in the bill for the disposition of the money when it is paid back by the farmer to the land bank. There is no such provision in the bill.

DISPOSITION OF MONEYS COLLECTED ON LONG-TIME LOANS.

Money collected as part or all of the principal of a long-time loan is to be used for the following purposes only: First, to pay the principal of such bonds as may be due or may be subject to call; second, to make another long-time loan.

Money collected as interest on long-time loans is to be distributed as follows: There is to be paid (a) the actual expenses

of the national farm-loans association; (b) the interest due on bonds outstanding; (c) an amount to each State association equal to 10 per cent of the capital stock of the national farm-loans association held by such State association. Of any proceeds remaining, one-half is to be paid into the Treasury of the United States and the remaining one-half is to be paid to the different State associations in proportion to the average amount of outstanding long-time farm loans made through such State associations. The amounts paid into the United States Treasury are to be credited against the sums advanced to the national farm-loans association, and when such payments equal the sum total of all such advancements the debt of the association to the United States is to be considered canceled and thereafter such payments shall not be made. (Sec. 22.)

Under the provisions of my bill I simply start these associations. The Government of the United States puts in a part of the money, but there is a provision made that it shall be returned or the Government shall be reimbursed, and whenever the Government has once been paid in full no further advances are to be made to these associations by the Government of the United States. They stand absolutely on their own resources, just the same as any other business institution should stand.

DISPOSITION OF MONEYS COLLECTED ON SHORT-TIME LOANS.

Money collected as the principal of short-time loans is to be used only in repaying the advancements made to the State association by the national association, or in making other short-time loans.

Money collected as interest on such loans is to be used to pay the expenses the State association incurred in making them, including any losses resulting from such loans; the remainder shall be distributed in such manner as the board of directors of the State association shall direct.

Money received from the national association as provided in section 22 shall be used to pay the expenses incurred by the State association in making long-time loans; any remainder is to be distributed in such manner as the board of directors of the State association may direct. (Sec. 23.)

Mr. President, I said at the outset that I voted against the motion of the Senator from New Hampshire to lay on the table the motion of the Senator from Iowa to strike out the exemption section, 29. On the direct question I should have voted to retain the exemption clause, because I do not believe we can do justice to the agricultural industry or to the farmers of the country unless the mortgages and bonds are made exempt from taxation.

EXEMPTION FROM TAXATION.

The bonds issued by the national farm-loans association, together with the interest thereon, and all notes and mortgages taken by the association, shall be free from taxation of every kind, but this exemption shall not extend to any real estate actually owned by any of the associations. (Sec. 24.)

THE STOCK OF THE NATIONAL FARM-LOANS ASSOCIATION.

Shares of the capital stock of the national farm-loans association are not to be transferred nor hypothecated nor owned otherwise than by the State associations in the proportion prescribed.

If the subscriptions of the State associations exceed the amount of capital stock authorized, the board of directors of the national association may apportion the stock among the State associations in proportion to their respective capital. If a State association surrenders its charter or decreases its capital stock to such an extent that the amount of stock held by it is in excess of 50 per cent of its own capital, the remaining State associations may be required to take over the surplus stock. If at any time the capital stock of the national association should exceed 50 per cent of the combined capital of the State associations, such excess stock is to be retired. (Sec. 25.)

STOCK OF STATE ASSOCIATIONS.

Each State association may increase or decrease its capital stock within the limits provided, and may reduce the number of shares each person may hold to not less than one, and may require any person holding more than such a number of shares to dispose of the excess to any applicant who is not the owner of any stock, at its market value, in no case less than par, but no person can demand that more than one share be sold to him. (Secs. 26 and 27.)

LIABILITY OF STOCKHOLDERS.

Stockholders in every State association are liable to the par value of their stock in addition to the amount which they have invested in such stock. (Sec. 28.)

POWER TO HOLD REAL ESTATE.

The real estate which the various associations can hold is limited to such as is required for their immediate accommodation in carrying on the business, such as may be mortgaged to them as security for loans, such as may be conveyed to them in satisfaction of debts, and such as may be purchased at sales under decrees, judgments, or mortgages held by such association, or in order to secure debts due them. Except for the first-named purpose, no association shall retain title for a longer term than five years. (Sec. 29.) This is practically similar to the provision embodied in the pending bill.

EXAMINING BOARDS.

The board of directors of the national farm-loans association shall select from among its own members an examining board which shall, at least once a year, make an examination of the business of the national association and the State associations, and make a full report to the board of directors. Similarly, the boards of directors of the various State associations shall select examining boards which shall examine the condition of the business of the State association, and may, when deemed necessary, inquire into the management of the local associations in the State. This is provided for in section 30.

REPORTS TO BE MADE BY THE VARIOUS ASSOCIATIONS.

I want to call the attention of the Senator from New Hampshire [Mr. HOLLIS] to this provision.

Each State association is to make a monthly report to the board of governors of the national farm-loans association, and in addition thereto an annual report, one copy of which shall be forwarded to the board of governors and one copy to the Comptroller of the Currency. The board of governors shall similarly make monthly and annual reports to the Comptroller of the Currency. The board shall also make an annual report to Congress. I believe that it is absolutely necessary and important that the report should be made to Congress as well as to the Comptroller of the Currency, showing the operations of the national farm-loans association and the State associations, and shall include in such report the annual reports of the State associations. The Comptroller of the Currency is to have the power to make examinations of the affairs of the national farm-loans association and of the State associations in the same manner as of national banking institutions. This is provided for in section 31.

DISCIPLINE OF STATE ASSOCIATIONS.

If the officers of a State association conduct their business in violation of the provisions of the law or of the by-laws of the national farm-loans association, the board of governors may, with the approval of the board of directors of the national association, refuse to advance further funds to such State association and may require the repayment of all funds previously advanced. In such event, further funds are to be advanced only after the offending officers have been removed and assurances have been given that the offensive practices have been discontinued. (Sec. 32.)

RIGHT TO AMEND ACT RESERVED BY CONGRESS.

The right is to be reserved to Congress to alter or amend the act, to take effect at the end of any decennial period after the organization of the national association. (Sec. 33.)

The underlying idea in framing this bill has been to form an organization of borrowers rather than of lenders, in order to substitute for the uncertain obligation of the individual farmer the bond of a nation-wide association of farmers. As a class farm loans are almost as secure as Government bonds, but at the present time the investor must examine the conditions of each loan in which he may desire to invest. It appears to me that the bond issued by a national association will have such a security that money for farm loans will be attracted in much greater amounts than at present, and at much lower rates of interest.

Membership in these associations has not been restricted to borrowers, as there would seem to be no good reason for such restriction, and the admission of others who are not at the time borrowers would tend to strengthen the system by increasing public confidence in the associations. Furthermore, what is contemplated is a permanent system—an organization, membership in which will enable the farmer to secure a loan when he needs it without requiring him to become a borrower when he does not need it in order to retain his membership.

Rather than selecting an arbitrary number of associations and trying to divide the United States into an equal number of sections it appeared preferable to establish a State association in each State. The laws governing real estate transfers differ in the different States, and each State association will have only the laws of that one State to consider in adapting its operations, while under a system where an association covered

a district composed of several States or parts of States the laws of all of such States would have to be taken into consideration, which might seriously interfere with an attempt to make uniform rules for such district. Furthermore, I believe that the fewer kinds of districts we have, with their necessarily artificial boundaries, the less confusion there will be.

It is possible that it may be considered that the aid extended by the Government in the matter of deposits with the national association is larger than is wise. But it is believed that while in the long run the investors of the country will find the bonds issued by the national association attractive investments, there will be some hesitancy at the outset in accepting these bonds, and that if immediate relief, rather than assistance 10 or 20 years hence, is to be aimed at, the credit of the Government must be used to some extent in some manner or other. The Federal Reserve System uses the resources and credit of the Government in carrying on its operations, and it would not seem too much to ask that as much be done to assist in establishing a system of rural credits, especially as it is contemplated that such assistance be withdrawn when no longer needed.

Experience may show that the provision made for the repayment to the Government of the funds advanced is not sufficient, and that provision should be made for the repayment of a greater sum each year. The aim has been to formulate this provision in such a manner as not to embarrass the association at the outset and yet to result in considerable repayments each year when the system is well established.

In the making of long-time loans, instead of the usual amortization schemes whereby the borrower pays a certain sum each year, so apportioned as to result in the repayment of the principal together with all the interest at the end of a certain number of years, it has been thought best to allow some latitude both to the borrower and the associations. Ordinarily it will be found that the borrower will be in a better position to pay a proportionally larger part of the principal each year after the fifth, than to make annual payments the first few years equal to those made the last years during which the loan runs. It is also thought that if the borrower finds he can repay the loan before it is due, he should be allowed to do so without being penalized therefor.

To reduce as much as possible the cost of making loans, it is made the duty of the officers of the local associations to examine the application and submit a recommendation on it, and also to furnish such information as the officers of the State association may require relative to it. In order to protect the national association, the State association is made liable for the full amount of every loan made.

As will be observed, the money advanced by the national farm-loans association for use in making short-time loans can not exceed 2½ per cent of the par value of the outstanding bond issue, nor can it exceed the capital of the State association to which advanced. In addition to this sum, the State association may lend an amount not in excess of one-half of its capital. It is possible that during the early days of the system it will be found that these funds will not suffice to meet the demand for short-time loans, but it has been thought best to err on the side of safety. Some difficulty may be experienced in holding the local associations liable for these short-time loans, but it would appear that the advantages derived by the members of such local associations from affiliation with the State association would be a sufficient inducement to render them willing to pay such assessments as it might be necessary to make as well as to exercise all due caution in the making of such loans.

Provision is made for the disposition of the moneys collected so as to insure the payment of the interest and principal of the bonds issued by the national farm-loans association, the expenses of the National and State associations, and the repayment of the money advanced by the Government.

Since these associations are not organized for profit, it is thought wise to exempt so far as possible their bonds and mortgages from taxation, especially as these are merely evidences of indebtedness, either of the associations or of the members of the associations.

Mr. President, if the Senator from New Hampshire would consent to strike out the provision for the establishment of the joint-stock bank, I should feel that I would not have so much right to criticize the bill; but it is my sincere belief that those so-called joint-stock banks can not perform the functions of a rural-credit system. The joint-stock banks would be simply another financial banking institution, which would supersede the institutions which we now have; but this legislation is proposing to give them an undue advantage as against the institutions which are now in existence, in so far as it permits them to issue bonds which are to be exempt from taxation. I say that

some consideration should be given to the institutions which are now in existence.

As the State associations are dependent on the national association for practically all the funds with which to carry on business, it is thought that the power given the latter to refuse to advance funds will be sufficient to secure observance on the part of the former of the laws and by-laws regulating their operations.

As stated at the outset, the aim of this bill is to provide credit for farmers by forming associations of borrowers rather than of lenders. That is the only way you can form a real farm rural-credit association, by the borrowers and not by the lenders.

Loans based on farm lands ought to be the safest of all loans. Distrust of such loans can come only from a lack of knowledge on the part of the lender as to the security for the particular loan. The formation of a national association as proposed will relieve the lender from the necessity of inquiring as to the safety of any particular loan. With the affairs of such an association wisely administered its bonds should approach in safety that of our national bonds. They would be far safer than any of our industrial bonds or railroad bonds. There would be no opportunity for reckless directors or managers to speculate in the stock of the association, nor would there seem to be any temptation to unduly expand the loans. As the national farm-loans association will have no outstanding demand obligations, a nation-wide panic can affect it only indirectly through the possibly lessened demand for its bonds.

There may be those who believe that this bill contemplates too much governmental assistance to the farmer. The assistance, however, it should be noted, consists mainly in establishing the system and advancing some funds at the beginning of its operations. That there is need of some such system I firmly believe. Few people realize how small are the returns the average farmer enjoys as the result of his year's labor. As the result of investigations made by the Department of Agriculture the following is published in the department's Weekly News Letter, dated April 26, 1916, only a few days ago:

* * * Recently 64 groups of farms in 19 States were studied in order to ascertain what the farmer obtained for his year's work after deducting the interest at 5 per cent on the value of his farm and other capital—in other words, to find out his labor income or wages. In each of these groups, which included altogether 4,400 farms—

That seems to me, Mr. President, to be a respectable number—

the conditions were reasonably similar. In each group the farmers were divided into five numerically equal classes according to their labor incomes.

It was found that although the average labor income for all the groups was only \$387—

That is for the whole year—

the average for the farmers in the first class—that fifth of the farmers who did best—was \$1,421. In the second class it was \$642. The last class—the fifth of the farmers who were least successful—got nothing for wages and lost, on the average, \$517.

Instead of receiving pay for their labor, they lost \$517:

That is to say, the interest on the amount of money represented by their farm, stock, and equipment would have been \$517 more than the farm returned them. It should be borne in mind in this connection that the labor income is merely the farmer's wages, and that the family has in addition, besides interest on investment, the use of the farmhouse and such fuel and food as the farm supplies free of money cost.

Now, it seems evident that even the class of farmers who were most successful can not prosper greatly if they have to pay the interest rates which farmers have to pay in many sections of this country. In the cases considered by the department, the interest on the investment was figured at 5 per cent. Obviously, in those places where the interest rate is twice this figure, the average farmer can not, if he is considerably in debt, pay the interest on his debt and make anything beyond a bare living.

To me it does not seem too much to ask the Government to enable the farmer to establish a rural-credit system which will make it possible for him at the end of the year to show a fair return for his year's labor, even though in doing so the Government may be asked for a limited time to extend aid by making deposits with the national farm-loans association.

Mr. President, I am not opposed to a rural-credit system; I am intensely in favor of a rural-credit system, but my fear is that the provisions of the pending bill will not give to the farmers the relief to which they are entitled. The rate of interest specified in the bonds should not be 5 per cent; it should not be above 4 per cent. Is there a Senator on this floor who would be willing to vote for an issue of Government bonds bearing interest at the rate of 5 per cent? The farm-loan bonds will be just as safe as Government bonds; why, then, should not the rate of interest be reduced? Is there a Senator on this floor who will say that in the older sections of the country the farmers can not now secure money at 6 per cent? So,

what relief will you give to the farmers of the United States by passing this bill? The maximum rate of interest under this bill on farm loans should not exceed 5 per cent.

We all know that the man who is interested in a financial concern feels it is his obligation and his duty to treat that institution fairly. The man who becomes a shareholder or who acts as an officer in such an institution as a bank knows that there is an obligation binding upon him, and that he must see to it that that institution is cared for. You are permitting in this bill—and I say it in all seriousness to the Senator from New Hampshire—banking institutions to be exempt from taxation on their bonds as well as on their mortgages, and yet you make it possible for them to charge the farmer just as high a rate of interest as he is paying to-day.

Mr. President, as I have said, my fear is that the farmers of the United States will not be benefited by this bill unless we change it. I am very sure that the farmers in my section of the country will not submit to the provisions of this bill, with all its restrictions, under which they will be penalized and compelled to pay as high a rate of interest as they are now paying. For that reason, Mr. President, I say that I hope the Senator from New Hampshire will permit us to change some of the provisions in the bill.

I shall not vote against this bill; the Senator from New Hampshire knows that; I believe he knows that I intend to vote for it, because I believe in a rural-credits system; but I sincerely hope that the majority party will permit us to incorporate into this bill some of our ideas, which are practical ideas, and make it a better bill. I for one am perfectly willing to give the Democratic Party credit for it, but give us the opportunity to help you to improve it for the benefit of the American farmer.

Mr. WORKS. Mr. President—

The PRESIDING OFFICER (Mr. THOMPSON in the chair). Does the Senator from North Dakota yield to the Senator from California?

Mr. GRONNA. I yield to the Senator from California.

Mr. WORKS. I understand the Senator to say that, in his judgment, this bill will be of no practical benefit to the farmers?

Mr. GRONNA. That is my belief.

Mr. WORKS. And yet the Senator says he is going to vote for the bill.

Mr. GRONNA. Yes; I am going to vote for it.

Mr. WORKS. I should like the Senator to explain his position a little in that respect, for I know the Senator is perfectly sincere in any view he may take; but I do not understand very well how the Senator can take that position. I think if we are going to pass a rural-credits bill we should pass one that will do some good, and that no legislation ought to be passed by Congress that is not going to benefit somebody.

Mr. GRONNA. Mr. President, I agree with the Senator from California that it is rather an embarrassing position to take. I have said that there are provisions in this bill which I can indorse. The bonding feature of this bill is, in my judgment, nearly perfect, and I am not complaining of that provision. What I object to is the rate of interest. The maximum rate of interest should not exceed 4 per cent, because the farm-loan bonds will be absolutely as good as Government bonds.

Mr. WORKS. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield further to the Senator from California?

Mr. GRONNA. I yield to the Senator.

Mr. WORKS. There may be some good things in this bill; I have no doubt there are; but when it comes to a final vote on the passage of the bill we have got to take it as a whole or let it alone; and the fact that there are some good provisions in it will not help the matter if, taken as a whole, it is not beneficial. It is that view of it which was appealing to my mind when the Senator was stating his position with respect to the bill.

Mr. GRONNA. Mr. President, the Senator from California is right; but I have the hope that at some time in the future the Congress of the United States will amend this bill. I am no prophet, but I do predict that the money appropriated for high-salaried officers under the system now proposed will be money thrown away, unless we can secure men as directors upon the farm-loan board and upon the various other boards who will see to it that the maximum amount specified in the bill will not be used; but that is a very unsafe proposition. No man who knows anything about financial affairs will risk his fortune to the good judgment of the other fellow. It may be that this bill will be of some help to the American farmer; but if it shall so happen that it will give the farmer relief, it will be because some men will be appointed on these boards who know more about the conditions than we who make this law.

As I said at the outset, the Senator from New Hampshire has given this bill close attention; he has devoted a great deal of time to it, and he deserves a great deal of credit for doing what he already has done; but no one man can hope to be able to change the whole financial system of a Government like the United States, where the welfare of a hundred million people is involved, without criticism, and I have called the attention of the Senate to some of the provisions of the bill which, in my judgment, are faulty, weak, and dangerous, but not with the idea of opposing a rural-credits system, because I am sincerely in favor of the right kind of a rural-credits bill.

The Senator from California asked me how I could explain my position when I attack certain provisions of the bill and then state that I will vote for it. It is only with the hope, as I have said, that at some time in the future this bill will be amended and improved, not altogether along the lines that I have suggested, but I believe that some of the provisions I have suggested will have to be incorporated into the law, if its provisions are to be successfully carried out and if it is to become a financial success.

Mr. President, I have here a letter from a gentleman, who I understand is not only a business man but a financier, whose name is James A. Johnston and whose post-office address is Poplar Bluff, Mo. I shall not take the time of the Senate to read his letter, but there are so many valuable suggestions in it that I ask to have it printed in the Record in connection with my remarks without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

POPLAR BLUFF, Mo., February 3, 1916.

Hon. ROBERT L. OWEN,
Chairman Committee on Banking and Currency,
United States Senate, Washington, D. C.

DEAR SIR: Referring to your favor of January 22, I beg to submit for your observation a few suggestions concerning S. 2986, introduced by Senator HOLLIS. You will observe that the page and line of said bill is referred to in this brief so far as specific suggestions are concerned.

Page 3, line 1: The words "10 years," I think, should be changed to "5 years."

(a) A man to serve in this place will need to have the experience of half a lifetime, besides a general reputation that will carry with it confidence. All of which follows hard work, and if he should enter on the duties of this post in the prime, his time should be terminated by statute just before he passes a point where ambition and efficiency begin to decline.

(b) Admitting a man of character will be selected. He may have professional ambitions and environments or business interests that will retain a hold upon him, and it is possible, for various reasons, for the appointee to fall, or, at any rate, not handle the work to an advantage. In such an event 5 years would be better for the banking system than 10.

Page 16, line 8. A definite territory should be designated, based either on area or population.

Page 16, lines 15 and 16: It would be a mistake to permit anyone to be a director who is not a stockholder. There would be much danger of business being choked to death.

Page 16, line 21: The president should be a man that is on the outside and in touch with the farming public—that is, active among them and associated in a way to have an opportunity to mix with them in order that farmers may have an opportunity to learn the advantages awaiting them under this law.

(a) In order to encourage the study of the detail, board meetings should be had at fixed periods, say every 15 days, members receiving \$3, the president receiving \$3.50 per attendance. On the publicity of the provisions under this section much depends, and board members must know the detail of the law, so they can explain it.

(b) (The writer has been a stockholder for nearly 20 years in our local building loan association, and a good portion of the time a member of the loan committee. One of the weak places was that not enough people were interested who knew the detail, and with whom the public came in contact, to encourage the patronage it was entitled to. Said association would be stronger to-day if it had the board meetings every 15 days and each member paid for his attendance.)

(c) The principle as well as the detail will have to be instilled in the borrower's mind, and the explanation must to a large degree come from some one of the association with whom said farmer is acquainted.

(d) For the further reason that the loan applications will have many provisions therein and will need to be fully explained to the borrower when taken home by him, there studied, and be explained again by the officer.

(e) If meetings are too long apart under such necessarily slow procedure, private loan companies, banks, and bankers will get one or more commissions before applicants and the board learn the detail and properly prepare the application.

(f) Every facility consistent with prudence and economy should be written into this section, for the success of the measure depends on applications; at least two members of the board should ever be in a position to encourage new business, as well as take care of that in the records.

(g) Publicity by placard in every post office in the county where association is located should be required.

Page 24, division B: This section in the opinion of the writer will make a weak point, for the reason that it would be considered unwise by the average man who has anything or expects to leave anything to indorse any piece of paper that is to be paid 5, 10, or 30 years hence. That being the feeling of the average individual, competition will use this clause to scare and intimidate those who might otherwise patronize the system. Division A furnishes all the responsibility and safety needed for the creditor. That being the case, everything else should be arranged for the purpose of getting business.

Page 26, line 11: If this certificate could be in \$50 and multiples, and draw interest collectible by the bearer at maturity or semiannually at any loan association, bank, or post office, it would be the means of placing them with people who now keep such funds in their sock.

(a) A certain multiple, say \$200, to be converted into coupon bonds at a rate higher than the certificate can draw.

Page 27, lines 13 and 18: Provisions should be made to cover all classes of mechanic liens, as they have priority over other liens in some States. In fact it would be a good idea to have all funds loaned to be paid out only on the order of the applicants, the borrower and the president and secretary of the association, the voucher relating purposes of the payment. In this way no money could go out in an improper channel.

Page 27, lines 19 and 20: "Five to 36 years." Thirty-six years is too long. Is there a member of your committee—aye, what Member of the entire Senate would want to indorse any kind of check, draft, or note that would be payable 36 years hence. Twenty years is long enough; and, furthermore, such liens as this may make bond sales weaker by having your farm-loan notes dated too long hence. There are a number of reasons, but the fact that said notes are to be indorsed and guaranteed by all the institutions that handle them is sufficient from a business standpoint to look impracticable. Twenty years is a long time. Trust companies and building loan associations, as a rule, try to have their paper turn over every 5 to 10 years.

Page 28, line 13: Maximum interest rates should be inserted, be it 5, 6, or 7 per cent.

(a) It might be advisable to schedule rate according to the time. For example, 5 years, 6 per cent; 10 years, 5½ per cent; 20 years, 5 per cent.

Pages 29 and 30: Could contain a clause providing that when proceeds of liens was expended on a building that insurance to be assigned to the local association.

(a) It might be that in the event of the destruction by fire the borrower would not have funds to replace and could not borrow from others on account of farm-loan association lien, and that in that way be forced to let property decline. A fire insurance clause would do no harm and might be well worth while for both borrower and the association.

Page 31, end of line 8: Without finding any fault with the contents of this and succeeding sections, would like to suggest as follows:

The essentials about this bill—first stability and second simplicity—in procedure to make it popular with the masses and beyond the influence of criticism; at any rate, the criticism of its enemies. As a whole, this measure is practical, but think it should be changed some, and by such change be better.

For example, to make it stronger and to give it assurance of confidence have all notes, bonds, and certificates of deposit made at one central bank at the seat of government, Washington, D. C. Capital stocks, say, fifty to one hundred million dollars, one half paid in the funds, for the first half to be raised by and paid in by the Federal Government, a part of which might be raised from the sale of bonds, a portion with cash; the other half of the capital stock to be retained in the treasury of said institution to be subscribed and paid for by the State Federal land bank as hereinafter suggested. State Federal land bank to be at seat of State government, capital stock one or two millions, according to the population of the State, and subscribed and paid in the same manner as national institutions.

The national farm-loan association, with each application for a loan, also have application for shares of stock in the State institution for an amount equal to 5 per cent of the loan applied for. The State institution to do likewise with the national institution at the seat of Government. In this way the Government will some day be relieved of all the money it has paid in. This is a slight deviation from the plans you have outlined; it might be stronger and better.

Among the other features that would add to its strength and usefulness would be to have the national institution at the seat of Government issue all of the certificates of deposit and in small denominations drawing a certain small interest rate, sell them or charge them to the State institution, to be countersigned and indorsed and sold to the public or to the national rural association, and to all postmasters in said State of a certain class office, to be by them countersigned and sold to the public. Said certificates would be payable on fixed dates with interest, and could be made so as to be exchanged at will for bonds of a higher rate of interest and issued by the national institution, the bond issues to be sold through the same channel or on the open market. Said bonds of course to be issued on liens that have originated with the rural loan association under a detail that almost insures stability and safety. And if it could be done without too much danger of errors, to issue at the national institution a certain ratio of bonds and a certain ratio of currency on the liens gathered from said rural association and indorsed by them and the State institution. It would cut down the interest to be paid and furnish a good circulating medium besides.

(a) For example, \$50,000 in notes and liens sent to the national institution by the State institution, on the group, national institution to issue, say, \$25,000 in currency. Currency to go direct, \$25,000 bonds either sold on open market or sent to State institution.

(b) This would be of the same class of currency as regional law issues on two-name paper, only in this case you have one name and the property and the two banks that indorse it. But under the regional law bank's names are ignored and the two-name paper make the base. In this case it looks as though it would be safe to issue currency against one-half of said notes, other one-half in bonds, all of which to be canceled when security is paid.

Page 32, line 15: Associations should not be permitted to buy land under any circumstances as an investment or otherwise except at sale under its own liens or to protect its lien, and then only when the public will not bid the amount of that lien or liens.

(a) Bondholders will soon learn to like the plan if its resources are always liquid as planned, but if the system permits local associations to get land dumped on them, competition will show it up as having a weak link.

Section 19, D. C., page 41, line 8: This section can not be of much use to farmers, inasmuch as a bank the size stipulated therein would need to be in a city to find the capital for such an organization, and capital in such cities would, if invested in any bank, get into one having other advantages.

(a) And if they did organize would not stand much show to get deposits with the depositing public. Their competitors would see to that on account of the long-time real estate paper and bonds, and their turnovers would most likely be too slow to allow them a net profit after buying time deposits, and meeting competition on loans. If this bank could be one in a State or given territory, and be the middle step

between the farm-loan association and the Federal land bank, it would be a strong link. As it now reads it is doubtful if it will be of any real value as a relief to farmers.

Page 50, line 24: Suppose that on account of the fact that larger and extensive industrial companies, manufacturers, warehousemen, railway, and other borrowers have to (which they are doing now at an enormous rate per month) get their money in the United States for the next 5 to 10 years, which looks at this time as they will do, can the farm-loan bank sell their liens in competition? If they can not, then, of course, they can not supply money for farmers. Such a condition is the case now; that is, no bank with funds on hand that they can, or will, lend to him except for a short time. In order to be its real self and be useful the Federal land bank or banks should have authority to issue a certain amount of circulating medium based on the liens they hold. Such would be new funds in circulation.

All certificates of deposit and all bonds would have a better standing if issued by one bank under proper restrictions; likewise the currency; and if it is considered unwise to have a bank issue the currency, it might be that it could be made to read so the Federal Treasurer could issue money on said liens with and under certain restrictions. The saving of this interest, together with the assurance of the funds, may mean the success of the measure: funds insufficient will also insure its failure.

Criticism of this plan would be based on the principal of a single or central bank, and which would be justifiable if said central bank controlled personal credit. That is, if it was a personal application, and whether or not the applicant got the accommodation depended on the state of mind, opinion, pleasure, or displeasure of the acting official, as is the case in every bank in the United States to-day. But inasmuch as the credit line defined is based on documents and declarations by applicants, appraisers, and others no personal credit will be at stake. Therefore one bank can issue all the credit needed under the detail of the law and do it better, and for less expense, than a dozen or more could. The detail of the law can and will be used to protect the lien holders.

All national-bank methods of the past, all the State banks customs so far as they relate to credit, can be eliminated when we consider this bill, for they are in no way akin. Each of the above-named banks are supposed to do business largely on individual responsibility, in a general way—that is, responsibility as a whole—while your plan deals with the individual in a specific way; that is, you have a specific indestructible thing of his nailed down and sowed up tight, and as a farmer would say "hog tied," and the only danger about the plan is getting the property. Therefore you can afford to deviate entirely from the State and national-bank rules.

Trust companies in this State are selling a great many liens cut up into one to five hundred dollar denominations, to be paid off at fixed periods and sold to the depositing public who prefer them to pass books, and indeed it is a protection to the individual who wishes to be about his own business, be he laborer, guardian, custodian, or retired business person who gets the interest and has the lien for protection. From this class you raise a great deal of money, but this plan, or any rural-credit system you launch, will need a system of automatically furnishing its own resources in order to insure its success.

The late Sam Jones, one time, in delineating his desire and capacity to talk to the rank and file, said one time he had occasion to talk to an audience of colored people, and after he had finished one old black mammy came forward to greet him and said: "Brother Jones, youse got a white skin, but thank the Lord youse got a black heart."

Now I, to a certain and limited extent, know the needs of the farmer for the following reasons: First, I was on a rented farm the first half of my life, the last half of it I have been dealing, a part of the time quite extensively, with farmers, merchants, manufacturers, and banks, and to a considerable extent know their ups and down, needs and abuses of credits, and if you would formulate a set of questions and send them to one or two thousand persons situated and experienced as the writer, you would get a detail not possible for the average lawyer to know, and around such information and facts it would be easy to wrap the law.

If there be any specific question that you would like to ask or any data at my command that you may need, will be glad to supply it on request.

Hoping that this document will be of some use to you, I remain,
Yours, very truly,

JAS. A. JOHNSTON.

Mr. GRONNA subsequently said: Mr. President, I offer a substitute for the pending bill, and I ask unanimous consent to have it printed in the RECORD in connection with the remarks which I made this afternoon. I discussed the provisions of the bill quite thoroughly; I took, I think, an hour or more in doing so, and I do not feel warranted in delaying the action of the Senate on the bill at this time, for I understand that the Senator from New Hampshire [Mr. HOLLIS], having the bill in charge, is anxious to have it passed this evening.

The VICE PRESIDENT. Without objection, the substitute submitted by the Senator from North Dakota will be printed in the RECORD. The Chair hears none.

The substitute referred to is to strike out all after the enacting clause of the bill and insert the following:

That the national farm-loans association of the United States be, and is hereby, created and established for a term of 50 years from the date of filing with the Comptroller of the Currency of a certificate of paid-in capital stock as hereinafter provided. Said association shall have a capital stock of \$50,000,000, but shall be authorized to commence business when 10 or more State associations shall have been organized, as hereinafter provided, and shall have made the required subscriptions to the capital stock of the national farm-loans association. The capital stock of said association shall be divided into shares of \$100 each. The outstanding capital stock may be increased from time to time as State associations increase their capital or as additional State associations are organized under the provisions of this act. The head office of the national farm-loans association shall be located in Washington, in the District of Columbia.

SEC. 2. That upon duly making and filing with the Comptroller of the Currency the certificate hereinafter required the national farm loans association shall become a body corporate, and as such and by that name shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for a period of 50 years from the date of said certificate.

Third. To make all contracts necessary and proper to carry out the purposes of this act.

Fourth. To sue and be sued, complain, and defend in any court of law or equity as fully as a natural person.

Fifth. To elect or appoint directors and officers in the manner hereinafter provided and define their duties.

Sixth. To adopt by its board of directors by-laws, not inconsistent with the provisions of this act, regulating the manner in which its property shall be transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

Seventh. To purchase, acquire, hold, and convey real estate as hereinafter provided.

Eighth. To exercise by its board of directors or duly authorized committees, officers, or agents, subject to law, all the powers and privileges conferred upon the national farm-loans association by this act.

SEC. 3. That all subscriptions to the capital stock of the national farm-loans association shall be by State associations organized as hereinafter set forth. Each such State association shall subscribe for stock in the national farm-loans association in the amount of at least 50 per cent of its own subscribed capital, but no State association shall be required to subscribe for more than \$2,000,000 of such stock in any event. Each State association shall pay at least 20 per cent of its subscription in cash; one-half of the remainder shall be paid in one year from the date of the organization of such State association, and the remaining one-half shall be paid in two years from the date of such organization. When any State association increases its capital it shall subscribe for an additional amount of stock in the national farm-loans association equal to one-half of such increase in its own capital stock, 40 per cent of which shall be paid in cash and the remainder in one year from the date of such increase.

SEC. 4. That there may be organized in each State a State association in the manner hereinafter set forth. Such State association shall have a capital stock of not less than \$50,000, but it may at any time increase its capital stock to not more than \$5,000,000. Such stock shall be issued in shares of \$25 each, and no one person, organization, or association of persons shall hold more than 10 such shares. Such State association may begin business when a certificate of paid-in capital stock is filed with the Comptroller of the Currency as hereinafter provided. One-half of the subscriptions for stock in such State association shall be paid in cash and the remaining one-half shall be paid in one year from the date of organization. Each such State association shall subscribe to the capital stock of the national farm-loans association as hereinafter provided. Such State associations shall have the same general powers enumerated in section 2 of this act, and may exercise them in any manner not inconsistent with the provisions of this act or the by-laws adopted by the national farm-loans association.

SEC. 5. That the Secretary of the Treasury, the Secretary of Agriculture, the Comptroller of the Currency, and two members to be named by the President of the United States are hereby constituted a committee to effect the organization of the national farm-loans association and State associations. Within 30 days after the passage and approval of this act the President shall appoint the two members indicated, who shall be paid a salary at the rate of \$500 per month until such time as the board of governors hereinafter provided for have been elected and assumed office, when their duties and salaries shall wholly cease and determine. Within 15 days after the appointment of such members the committee shall meet in the city of Washington, at a time and place to be designated by the Secretary of the Treasury, and shall proceed to organize by electing a chairman and a secretary. Said committee shall have power to employ such clerks, stenographers, and other employees as may be necessary. The necessary expenses of said committee shall be payable out of the Treasury upon vouchers approved by the chairman of the committee, and the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated for this purpose out of any unexpended balance in the Treasury. The committee shall elect one person in each State as its agent, hereinafter called the State agent, who shall receive applications for membership in the State association in such State and subscriptions to stock in such State association. The State agent shall open an office at a place within the State to be designated by the committee and shall announce by public advertisement that he has been designated to receive applications for membership in the State association and subscriptions to the stock of such State association. When his office has been open for the receipt of applications and subscriptions for a period of 30 days he shall transmit a full report to the committee on organization. If it shall appear that subscriptions of not less than \$50,000 have been received the committee shall, under such rules and regulations as it may deem necessary, authorize said State agent to receive the 50 per cent payments on such subscriptions. Said State agent shall also within 15 days from the receipt of such authorization, under regulations to be prescribed by the committee, provide for an election of directors by the persons subscribing to the capital stock of such State association. Such directors shall have such qualifications and shall hold office for such terms as are hereinafter set forth. If it shall appear from the report of the State agent to the committee on organization that subscriptions in the amount of \$50,000 have not been received he shall by public advertisement announce that his office will remain open for the receipt of applications and subscriptions for another period of 30 days; if at the end of such additional period the required amount has not been subscribed the office of the State agent shall be closed. No State agent or officers of a State association shall refuse to receive subscriptions to the capital stock of such association until such subscriptions total \$5,000,000, but no subscriptions shall be received from any person who is not an actual farmer residing within the State in which such association is organized.

SEC. 6. That 15 days after the election of the directors of the State association they shall meet at a place and on a day to be designated by the State agent and proceed to organize by electing a president, vice president, secretary, treasurer, and such other officers as may be necessary. They shall also adopt a body of by-laws which shall be submitted to a referendum vote by the subscribing members of the State association. The president and secretary shall execute a certificate in duplicate setting forth the name of the association, the amount of capital stock subscribed, the number of stockholders, and certifying that the State association has made the required subscription to the stock of the national farm-loans association. One copy of this certificate shall be filed with the Comptroller of the Currency and one copy with the committee on organization. The subscription of said State association to stock in the national farm-loans association shall become due 15 days after the organization of the said board of directors. On the organization of the board of directors the powers of

the State agent shall cease. Such State agent shall submit a full report of his operations to the committee on organization.

SEC. 7. That not later than 15 days after the organization of the board of directors of any State association said board shall make provision for the election of a member of the board of directors of the national farm loans association, under such rules and regulations as the committee on organization shall prescribe. Such directors of the national farm-loans association shall have such qualifications and shall be chosen for such term as is hereinafter set forth.

SEC. 8. That as soon as State associations have been organized in not less than 10 States and directors of the national farm-loans association have been chosen in such States such directors shall meet in the city of Washington at a time to be designated by the committee on organization, and shall organize by electing a president, vice president, secretary, treasurer, and such other officers as may be necessary. Immediately after such organization they shall adopt a body of by-laws, not inconsistent with the provisions of this act, governing the operations of the national farm-loans association. On a demand of one-third of the directors present any part of the by-laws shall be submitted to a vote of the members of the various State associations. On a similar demand any proposed subsequent changes in the by-laws shall be similarly submitted. The board of directors shall also elect five members of a board of governors, whose duties and terms of office shall be such as is hereinafter provided. Within 15 days after their election and qualification the president and secretary of the board of directors shall execute a certificate setting forth the fact of the organization of said board, the number of State associations which have subscribed to the capital stock of the national farm loans association, and the amount subscribed by each such State association, which shall be filed with the Comptroller of the Currency.

SEC. 9. That the national farm-loans association shall be governed by a board of governors, consisting of seven members, two of whom shall be appointed by the President of the United States, by and with the consent and advice of the Senate, and the remaining five of whom shall be elected by the board of directors, but the members elected by the board of directors may be removed by a two-thirds vote of such directors, and the members appointed by the President may be removed by the President on charges made either by the board of directors of the national farm-loans association or by the board of directors of any of the State associations. The members of the board of governors shall be paid a salary of \$7,000 per annum. Members appointed by the President shall serve five years from the date of appointment. Of the five members of the board of governors elected by the board of directors at the first election one shall serve one year, one two years, one three years, one four years, and one five years; thereafter the term of each member shall be five years, and if any vacancy occur the person elected to fill such vacancy shall, under such election, serve only the remainder of the unexpired term. The board of governors shall perform all the duties necessary to carry out the purposes of this act under the provisions of this act and the by-laws of the national farm-loans association in a manner to be prescribed by said by-laws. Until the election and qualification of the board of governors such powers shall, so far as may appear necessary, be exercised by the committee on organization. On the election and qualification of the board of governors the powers and duties of the committee on organization shall cease, and all duties and powers which it may thereafter be necessary to exercise in connection with the organization of any State associations shall be exercised by the board of governors.

SEC. 10. That the board of directors of the national farm-loans association shall consist of one member from each State in which a State association has been organized as provided in this act, who shall be elected by the members of such State association. Each such director shall be a member of the State association of the State from which elected, shall be engaged in farming, and shall be a resident of the State from which elected; the national farm-loans association may by by-laws prescribe further qualifications. The directors and officers of the board shall receive such compensation as the by-laws may prescribe. A director may be removed by a two-thirds vote of the board of directors or by a majority vote of the members of the State association whom he represents. The directors shall be divided into five classes. Those from the following States shall constitute the first class: Alabama, Michigan, Missouri, Nevada, North Dakota, Oklahoma, Pennsylvania, Vermont, Virginia, and Washington. Those from the following States shall constitute the second class: Arizona, Kansas, Kentucky, Massachusetts, Mississippi, New Jersey, North Carolina, Washington, West Virginia, and Wyoming. Those from the following States shall constitute the third class: Arkansas, California, Colorado, Connecticut, Georgia, Indiana, Iowa, Maine, Maryland, and Montana. Those from the following States shall constitute the fourth class: Delaware, Idaho, Louisiana, Minnesota, Nebraska, New Mexico, Ohio, Rhode Island, and South Carolina. Those from the following States shall constitute the fifth class: Florida, Illinois, New Hampshire, New York, Oregon, South Dakota, Tennessee, Texas, and Utah. At the first meeting of the board of directors it shall be determined by lot the terms of which class shall expire in one year, in two years, in three years, in four years, and in five years. Thereafter all directors shall be elected for terms of five years, except that a person elected to fill a vacancy shall serve under such election only the unexpired term of his predecessor.

SEC. 11. That each State association shall be governed by a board of directors to be elected by the members of such association, and shall consist of one director from each local association hereinafter provided for, but the number of such directors shall not be less than 10, and the State associations may at any time, by a referendum vote, change the number. Such directors shall at their first meeting be, by lot, divided into three classes. The terms of the first class shall expire one year from the date of organization of the State association, the terms of the second class in two years, and the terms of the third class in three years. Thereafter all directors shall be elected for a term of three years, but if a vacancy occurs the person elected to fill such vacancy shall under such election serve only the unexpired term. A person to be eligible as a director of a State association must be an actual resident of the State, must be engaged in farming, must be a member of a local association, and must be a stockholder in the State association. The by-laws of the State association may prescribe additional qualifications. The board of directors shall organize by electing a president, vice president, secretary, and treasurer, and they may elect such other officers and employees as shall be authorized by the by-laws of said association. The directors shall serve without pay, but the officers and employees of the association may be paid such compensation for services actually rendered as the by-laws shall prescribe. Any director may be expelled by a two-thirds vote of the total number of directors and may be recalled by a majority vote of the local association or district which he represents.

SEC. 12. That local associations may be formed by any number of persons, not less than 50, actually engaged in farming, covering a territory of not more than 25 square miles, but the board of directors of the State association may authorize local associations covering a greater territory in sparsely settled sections. Each such local association shall be governed by a council, the members of which shall be elected by a majority vote of such association. Such council shall consist of seven members; the local association may by a majority vote change such number, but in no case shall the council consist of less than five members. Each local association shall have the power to adopt such by-laws necessary for the carrying out the purposes of its organization as are not inconsistent with the provisions of this act or with the by-laws adopted by the national farm-loans association and the State association in the State in which located. The members of the council shall be elected for a term of one year. The local association shall also elect by majority vote a president and a secretary, and such other officers as its by-laws may authorize. All officers shall be elected for a term of one year. The president of the local association shall be chairman of the council ex officio. Any person actually engaged in farming and of good character may become a member of a local association, but such association may by a two-thirds vote of all its members exclude an applicant or expel a member.

SEC. 13. That all elections of members of the board of directors of the national farm-loans association and the boards of directors of the different State associations, and all votes on questions submitted to the members of such associations, shall be by secret ballot. Ballots shall be mailed to all qualified electors in each State by the officers of the State association not more than 10 nor less than 6 days before the day of election; after having marked the ballot so as to indicate his choice the elector shall, on the day designated as election day, mail it in a sealed envelope directed to the president of the State association. Such envelopes shall not be opened except in the presence of the canvassing board, to be constituted as shall be prescribed in the by-laws of the State association, which board shall proceed to canvass the votes on a day not later than 10 days after the date of election. The canvassing board shall certify to the board of directors of the national farm-loans association the results of all votes for directors of the national farm-loans association and on all questions submitted to the electors by the national farm-loans association, and shall certify to the board of directors of the State association the results of all votes. The boards of directors of the national farm-loans association and State associations shall prescribe such further regulations as may be necessary to insure the secrecy of the ballot and a correct and honest count of the votes. Each State association may by its by-laws prescribe other modes of electing members of the board of directors of such State association, but in no event shall the secrecy of the ballot be permitted to be destroyed, nor shall such directors be elected otherwise than by a direct vote of the members of such State association. Elections of members of the council of each local association shall be by secret ballot in such manner as such local association shall prescribe.

SEC. 14. That every member of a local association in good standing shall be qualified to vote at elections for members of the council of such local association and on all questions coming before such local association. Members of local associations who have subscribed to the stock of the State association, or are owners of such stock, shall be qualified to vote for members of the board of directors of such State association and for members of the board of directors of the national farm-loans association and on all questions submitted by the national farm-loans association and the State association; but no one shall be entitled to vote in a State of which he is not an actual resident, and no one who is not a member of a local association, an no one who has not subscribed to the stock of the State association, or is not the owner of such stock, shall be qualified to vote for directors of the national farm-loans association or State association, or on any questions submitted by such associations. Each elector shall have only 1 vote, irrespective of the number of shares of stock he may hold.

SEC. 15. That on the organization of the national farm-loans association, as hereinafter provided, the Secretary of the Treasury shall deposit with such association the sum of \$5,000,000. He shall further deposit with such association the sum of \$200,000 on proof of the organization of any State association with a subscribed capital of not less than \$50,000, and the subscription by such State association to the capital stock of the national farm-loans association in the amount and in the manner hereinbefore provided. If a State association shall be organized with a capital greater than \$50,000, he shall deposit in addition to the sum of \$200,000 such additional sum as shall be equal to the amount by which the subscribed capital stock of such State association exceeds \$50,000, and if a State association shall increase its capital stock in the manner prescribed he shall, on proof that such State association has made the required additional subscription to the capital stock of the national farm-loans association, deposit an additional sum equal to the amount by which the capital of the State association has been increased.

SEC. 16. That the national farm-loans association shall have power to borrow money and to issue bonds for this purpose. Such bonds shall bear interest at the rate of 4 per cent per annum, payable semiannually. They shall be issued for such terms as may be decided by the board of directors, not exceeding 20 years, and the privilege shall be retained of paying such bonds at the end of five years or any time thereafter on any date on which interest is due on the giving of such proper notice as may be provided by the board of directors. The board of directors may change the rate of interest, but it shall not be increased above 4 per cent per annum until such action has been authorized by a vote of a majority of the qualified electors. As security for such bonds there shall be held at least an equal amount in face value of mortgage or deed-of-trust farm loans (and of bonds or notes secured thereby), or of such mortgage or deed-of-trust farm loans and lawful money.

SEC. 17. That the national farm-loans association shall have power to make loans on farm lands through the State associations organized under the provisions of this act. The money loaned by the association shall consist of such funds as have been advanced by the United States to the national farm-loans association and such funds as have been obtained by the sale of bonds as hereinbefore provided, but a reserve of 5 per cent shall be maintained against such bonds. Such part of said reserve as the board of governors shall decide may be deposited in any Federal reserve bank, and an amount not exceeding one-half of such reserve may be advanced to the different State associations for the making of short-time loans having a term of not more than nine months.

SEC. 18. That long-time loans made by the national farm-loans association shall be for terms of not less than one year nor more than 20 years. Such loans shall bear interest at the rate of 5 per cent per

annum, payable annually, but the board of directors of the national farm-loans association may reduce such rate. Every contract for a loan for more than five years shall contain a clause providing that five years after the date of the loan and every year thereafter there shall be due and payable, in addition to the interest, a part of the principal, which shall in no case be less than 5 per cent of the original loan; after each such payment interest shall be computed only on that part of the principal remaining. The contract shall also give the borrower the right to pay a larger part of the principal if he so desires on any day on which interest is due, and shall give him the right to pay the entire loan at any time on paying at the same time the interest that would be due on the next interest-due date. The board of directors of the national farm-loans association shall prescribe the purposes for which long-time loans may be made, the maximum and minimum amounts of such loans, the ratio which the loan may have to the value of the land on which made, and such other conditions of the loan as are not inconsistent with the provisions of this act.

SEC. 10. That all applications for long-time loans shall be submitted to the local council or its officers, who shall forward it to the president of the State association, together with a report on the value of and security offered, the standing of the applicant in his community, and such other information as may be required, and a recommendation in the matter. On the receipt of such application the president of the State association, or such officer as may be designated by the board of directors for the performance of such duties, shall, after having obtained such further information as may be necessary in the case, pass on the application without undue delay. If he rejects the application, the applicant shall have the right to appeal from such action to the board of directors of the State association, under such rules and regulations as the board of directors of the national farm-loans association shall prescribe. When an application is approved, the national farm-loans association shall, on a call signed by the president of the State association, forward funds in the amount approved. There shall be transmitted to the national farm-loans association, with the indorsement of the president of the State association, all notes, obligations, and evidences of indebtedness on which such loan is made, and the indorsement shall create a binding obligation on the State association for the payment of said loan at maturity, together with the annual installments of interest, and for this obligation the capital of the State association shall be liable. Any actual farmer, whether or not a member of a local association, and whether or not a stockholder in the State association, may submit an application for a loan; and loans may be made to such nonmembers on the same terms as to members. No loans shall be made on any other property than farm lands.

SEC. 20. That short-time loans for a period of not more than nine months may be made by the State associations on such security and under such regulations as such State association shall by their by-laws prescribe. Each State association may make such loans to the extent of one-half of its paid-in capital, and to the further extent of such sum as the national farm-loans association may advance for such purposes, but the national farm-loans association shall in no case advance a greater sum than the par value of the capital stock of such State association. Applications for short-time loans shall be submitted to the officers of the local association, and unless approved by them, the application shall not be allowed. If approved by them, the State association shall forward to the president of the local association the amount approved, with directions to pay the same over to the applicant on the deposit of the security required. For the payment of such loans the local association shall be liable to the State association. Such loans shall pay interest at the rate of 6 per cent per annum.

SEC. 21. That there shall be no discrimination against an application for a loan shown by any officer of the national farm-loans association or of any of the State and local associations because of the race, creed, political belief, or previous condition of servitude of the applicant, but this shall not be held to prevent such officers from giving due weight and consideration to the applicant's character, thrift, mode of life, and standing in his community.

SEC. 22. That all collections of the interest on long-time loans and the principal of such loans shall be made by the officers of the respective State associations in accordance with such regulations as the board of governors may prescribe. Moneys so collected shall be transmitted to the national farm-loans association, but the board of governors may deposit any part of such moneys with the State association collecting them. Money paid as part or all of the principal of a loan shall be used only for the following purposes: First, to pay the principal of such bonds as may be due or may be subject to call; second, to make a long-time loan as provided in this act. Moneys collected as interest on long-time loans shall be distributed as follows: There shall be paid (a) the actual expenses of the national farm-loans association; (b) the interest due on the bonds issued by the national farm-loans association; (c) an amount to each State association equal to 10 per cent of the stock of the national farm-loans association held by such State association. Of any proceeds remaining one-half shall be paid into the Treasury of the United States and the remaining one-half shall be paid to the different State associations in proportion to the average amount of outstanding long-time farm loans made through each State association, such average to be computed in such manner as the board of directors of the national farm-loans association shall direct. The amounts paid into the Treasury of the United States shall be credited against the sums advanced to the national farm-loans association by the United States, and when such payments equal the sum total of such advancements the debt to the United States shall be considered canceled, and thereafter such payments shall not be made.

SEC. 23. That all collections of the interest and principal of short-time loans shall be made by the officers of the local association or by the officers of the State association, as the board of directors of such State association may direct. Moneys paid as the principal of such loans shall be used only to repay advancements made to the State association by the national farm-loans association or to make other short-time loans as provided for in this act. Moneys paid as interest shall be used to pay the expenses of the State association incurred in making such loans, including any losses from such loans; the remaining profits shall be distributed in such manner as the board of directors of the State association shall direct. Moneys received by the State association from the national farm-loans association, as provided in section 22 of this act, shall be used to pay the expenses of the State association in the making of long-time loans, including any losses which may have resulted from such loans; the remainder shall be distributed as the board of directors of the State association may direct.

SEC. 24. That the bonds issued by the national farm-loans association under the provisions of this act, together with the interest thereon,

and all notes and mortgages taken by the national farm-loans association upon farm lands shall be free from all taxation of every kind, National, State, and municipal, but this exemption shall not extend to real estate actually owned by the national farm-loans association or by any of the State associations.

SEC. 25. That the shares of the capital stock of the national farm-loans association shall not be transferable, and under no circumstances shall they be hypothecated, nor shall they be owned otherwise than by the subscribing State associations, nor shall they be owned by such associations in any other than in the proportion herein provided, but the board of directors of the national farm-loans association may, in the event the subscriptions of State associations should exceed the authorized capital stock of the national farm-loans association, apportion such stock among the State associations in proportion to their capital, without regard to the requirement that each State association shall subscribe for an amount of stock equal to 50 per cent of its own capital; but if a State association should surrender its charter or decrease its capital to such an extent that the amount of the stock of the national farm-loans association owned by it is in excess of 50 per cent of its capital, the remaining State associations may be required to take over this surplus stock up to 50 per cent of their respective capitals. If at any time the outstanding capital stock of the national farm-loans association shall exceed 50 per cent of the combined capital of the State associations, such excess stock shall be retired and the shares canceled, and the State association holding such excess shares shall be paid their par value.

SEC. 26. That each State association shall have power to increase and decrease its capital within the limits provided in this act. Each State association may also decrease the number of shares of its stock which any one person may hold to any number not less than one, and may require any person holding such stock in excess of such amount to dispose thereof to any applicant for the purchase of such stock who is a member of a local association, at the market value of such stock, in no case less than par, but no person who is already the owner of stock in such association shall hereby be given the right to demand the sale of stock to him, nor shall anyone be given the right to demand the sale to him of more than one share of stock. When the number of shares which any one person may hold has been decreased, it shall not again be increased unless such increase shall be approved by a majority vote of the members of the State association, and in no case shall such number be increased to more than 10.

SEC. 27. That whenever the capital stock of a State association is increased or decreased, the president and secretary of such association shall execute in duplicate a certificate showing such increase or decrease; one copy of this certificate shall be filed with the Comptroller of the Currency and one copy with the board of governors of the national farm-loans association. If the capital stock of the national farm-loans association shall be increased or decreased, the president and secretary of the board of directors shall execute and file with the Comptroller of the Currency a certificate showing such increase or decrease.

SEC. 28. That the stockholders in every State association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such stock. Persons holding stock as executors, administrators, guardians, or trustees shall not be personally subject to any liabilities as stockholders; but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in such trust funds would be if living and competent to act and hold the stock in his own name.

SEC. 29. That the national farm-loans association and the various State associations organized under the provisions of this act may purchase, acquire, hold, and convey real estate for the following purposes and for no other:

First, Such as shall be necessary for the immediate accommodation of their boards of directors and officers in the transaction of the business of such associations.

Second, Such as shall be mortgaged to them in good faith by way of security for debts and loans.

Third, Such as shall be conveyed to them in satisfaction of debts previously contracted in the course of their dealings.

Fourth, Such as they shall purchase at sales under judgments, decrees, or mortgages held by said associations, or shall purchase to secure debts due to them.

But the national farm-loans association and the State associations shall not hold the title and possession of any real estate, except such as is acquired for the first-named purpose, for a longer time than five years.

SEC. 30. That there shall be an examining board elected annually by the board of directors of the national farm-loans association from among their own number, excluding the officers of the association. It shall be the duty of this board to make a careful examination of the condition and the business of the national farm-loans association and of all the State associations at least once every year and to make a full report to the board of directors. Similarly there shall be an examining board to be selected by the board of directors of each State association, which shall examine the condition and business of such State association at least once a year and which may, when deemed necessary, inquire into the management of the local associations in such State. Such board shall make a full report to the board of directors of the State association.

SEC. 31. That each State association shall make a monthly report to the board of governors of the national farm-loans association showing its operations for the preceding month, and in addition thereto shall make an annual report, one copy of which shall be forwarded to the board of governors and one copy to the Comptroller of the Currency. The board of governors shall similarly make monthly and annual reports to the Comptroller of the Currency. The board shall also make an annual report to Congress, showing the operations of the national farm-loans association during the preceding year, together with the operations of the State associations, and shall include in such report the annual reports of the State associations. The national farm-loans association and the State associations shall make public abstracts of their annual reports. The Comptroller of the Currency shall have power, whenever it is deemed necessary and proper, to cause examinations to be made of the affairs of the national farm-loans association and the State associations in the same manner as examinations are made of national banking institutions.

SEC. 32. That whenever it is found that the officers of a State association are conducting their business in violation of the provisions of this act or of the by-laws of the national farm-loans association, the

board of governors shall, with the approval of the board of directors of the national farm-loans association, refuse to advance any further funds to such State association for the making of either long-time or short-time loans, and may require the repayment of all such funds previously advanced. Further funds shall be advanced to such State association only when the offending officers have been removed and assurances have been given that the offensive practices will be discontinued.

Sec. 33. That Congress reserves the right to alter or amend the provisions of this act, to take effect at the end of any decennial period from and after the organization of the national farm-loans association.

Mr. HOLLIS. Mr. President, I have listened with the deepest interest to the very able address by the distinguished Senator from North Dakota [Mr. GRONNA]. He is a good farmer, an accomplished banker, a patriotic citizen, and a sound legislator. We had the benefit of his advice throughout the deliberations of the Senate Banking and Currency Committee. He attended faithfully, as he always does; and there are many provisions in this bill that are due to his advice. We received the greatest help from his opinion.

A year ago Congress established a joint committee to prepare a bill on the subject of rural credits. That committee met the 1st of November. It spent two solid months, meeting mornings and afternoons, preparing a bill. In previous Congresses some twenty or more bills had been introduced, and the joint committee took the one that it thought had the most merit. Starting with that bill, the joint committee prepared the bill that is now before the Senate, with a very few amendments made by the Senate Banking and Currency Committee; so that the bill which is now before the Senate is the result of the work of many, many men who have been interested in this subject, and it does not represent the views of any one man particularly. It represents the composite of the views of many men.

I was particularly struck with what the distinguished Senator said about the quality of the men who are to put this system into force. He is exactly right about that. Unless there are good and learned and able banking men to get behind this system and make it a success, it will be a failure. That is so with every law that is passed. It is so with every form of government that is devised. Unless the men behind the guns are faithful, the guns will not be effective.

I should feel very much gratified if I could agree with the Senator in some of the criticisms he makes of the bill, some that he has previously made, and some that have not been adopted in the bill; but I think the bill has been very, very carefully considered. I do not want the Senator to think that I want to shut off debate on any amendment he may offer. I do not feel that way. I made the motion to lay the other amendment on the table merely because it had been discussed for four days.

Mr. GRONNA. Mr. President—

Mr. HOLLIS. I yield to the Senator from North Dakota.

Mr. GRONNA. I will only suggest to the Senator that before a vote is taken on the pending bill I shall ask the privilege of having a vote upon my bill as a substitute for it.

Mr. HOLLIS. Yes; I understand that, and the Senator will undoubtedly have that opportunity.

If there is no amendment pending, I want to make a few verbal changes and corrections in the bill to perfect it.

The PRESIDING OFFICER. The bill is still in Committee of the Whole and open to amendment.

Mr. HOLLIS. On page 53, line 3, after the word "mortgages," I move to insert the words "and bonds."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. After the words "first mortgages," in line 3, page 53, it is proposed to insert the words "and bonds."

Mr. HOLLIS. That is for the reason that we are here dealing with the security that is put up for an issue of farm-loan bonds, and the bill provides elsewhere that that may be United States bonds as well as mortgages; and the words "and bonds" were omitted here by mistake.

The amendment was agreed to.

Mr. HOLLIS. I move to make the same insertion, in line 21, after the word "mortgages."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 53, line 21, after the words "said mortgages," it is proposed to insert the words "and bonds."

The amendment was agreed to.

Mr. HOLLIS. In line 9, after the word "bonds," I move to insert a comma.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 53, line 9, after the words "issue of bonds," it is proposed to insert a comma.

The amendment was agreed to.

Mr. HOLLIS. On page 62, line 10, after the word "any," I move to insert the word "other."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 62, line 10, after the word "any" and before the word "Federal," it is proposed to insert the word "other."

The amendment was agreed to.

Mr. HOLLIS. On page 63, line 23, I move to strike out the hyphen after the word "twenty."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 63, line 23, where it reads "twenty-per centum," it is proposed to strike out the hyphen.

The amendment was agreed to.

Mr. HOLLIS. Hyphens are not very popular just now.

On page 64, at the bottom of the page dealing with the reserves and dividends of farm-loan associations, I move to strike out the words "than two per centum of its capital or," for the reason that this is a provision that came over from the former bill, which has been replaced by the words "twenty-five per centum of such net earnings," so that it is of no further value.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 64, line 24, it is proposed to strike out the words "than two per centum of its capital or."

The amendment was agreed to.

Mr. HOLLIS. On page 69, line 1, at the beginning of the line, I move to insert the word "to."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 69, line 1, before the words "the holder," it is proposed to insert the word "to."

The amendment was agreed to.

Mr. HOLLIS. On page 76, line 2, after the word "and," I move to insert the word "shall."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 76, line 2, after the word "and," it is proposed to insert the word "shall," so that it will read: "and shall also make report."

The amendment was agreed to.

Mr. HOLLIS. Mr. President, the section that the Senate now has under consideration deals with the subject of dissolution and appointment of receivers. I invite the attention of the Senator from Kansas [Mr. CURTIS]. He brought up the other day the question of whether the appointment of a receiver should properly be left to the farm-loan board instead of to a court. I have no doubt the Senator was aware that under the national banking act receivers have been appointed for 50 years by the Comptroller of the Currency. I find, on investigation, that 564 receivers have been appointed by the Comptroller of the Currency since 1864, 106 of them within the last 10 years. There are many cited cases dealing with the constitutionality of the procedure that I shall not take the trouble to put in the Record unless the Senator desires.

Mr. CURTIS. Mr. President, I have no desire to have the authorities placed in the Record. I asked the question because there was some doubt in my mind about the authority of Congress to authorize a board to appoint a receiver. I knew that under the national banking act the Comptroller of the Currency had appointed receivers; but that is done upon the theory that the receivers are Government officers, and I had not studied this bill sufficiently to determine whether or not the receivers appointed by the board would likely be construed to be Government officers. If they are so to be considered, and the courts should hold that they are Government officers, I think that the board would have a perfect right to appoint them; but if it is held that they are not Government officers, then I doubt very much the authority of Congress to grant such power to the board.

Mr. HOLLIS. Mr. President, I will insert in the Record, without reading, the authorities that cover the point raised by the Senator.

The PRESIDING OFFICER. In the absence of objection, that may be done.

The matter referred to is as follows:

Washington National Bank of Tacoma v. Eckles (57 Fed., 870).
 Bushnell v. Leland (164 U. S., 684).
 Clapp v. Beebe (57 N. Y., 339).
 Cadle v. Baker (20 Wall., 650).

Mr. HOLLIS. On page 76, in line 6, I move to strike out the comma and the words "to be appointed."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 76, line 6, after the word "receiver," it is proposed to strike out the comma and the words "to be appointed."

Mr. HOLLIS. I do that in order that the declaration of insolvency, as well as the appointment of the receiver, may be made by the Federal farm-loan board, which was the intention.

The amendment was agreed to.

Mr. HOLLIS. On page 29, line 6, after the word "bonds," I move to insert the words "issued by a Federal land bank." This is the feature permitting the purchase of bonds on the installment plan; and I think it should be applied only to those bonds issued by the Federal land banks, not to those issued by the joint-stock land banks.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 29, line 6, after the word "bonds," the first word in the line, it is proposed to insert the words "issued by a Federal land bank."

The amendment was agreed to.

Mr. HOLLIS. On page 41, in the section dealing with the agents of Federal land banks, it is provided that the—

Federal land banks may pay to such agents not to exceed one-half of 1 per cent per annum upon the unpaid principal of said loan.

I wish to add the provision:

Such payment to be deducted from dividends payable to the borrower on his stock in the Federal land bank.

Otherwise there would be a double payment there. The borrowers coming into the system through the agents would not join the farm-loan associations; they would get their dividends directly from the Federal land bank, and whatever is paid to the agents for expenses should be deducted from their dividends.

Mr. STERLING. Mr. President, will the Senator state that amendment again?

The VICE PRESIDENT. The Secretary will state the amendment.

The SECRETARY. On page 41, line 9, after the word "loan" and before the period, it is proposed to insert a comma and the words "such payment to be deducted from dividends payable to the borrower on his stock in the Federal land bank."

The amendment was agreed to.

Mr. SUTHERLAND. Mr. President, before the Senator passes from that, may I ask just what is the effect of the amendment which the Senator has last suggested?

Mr. HOLLIS. I shall be very glad to state that.

Mr. SUTHERLAND. The effect of it is to have the borrower pay a commission, is it not?

Mr. HOLLIS. No. Under the general provisions of the bill, a borrower would become a borrower through the farm-loan association, and the profits from his loan would be taken out by the land bank, and then would come to the loan association in the form of dividends, and then back to the borrower in the form of dividends from the farm-loan association. Under this provision of the bill a borrower applies through a bank, and we provide that the bank shall get not to exceed one-half of 1 per cent commission. Now, if the borrower were allowed to take this full dividend from the bank, it would include the whole 1 per cent. Therefore there should be deducted from the dividend so much commission as is paid to the bank acting as agent for its services.

Mr. SUTHERLAND. It does come out of the borrower in the end?

Mr. HOLLIS. Yes; it should.

On page 42, line 4, at the beginning of the line, I move to insert the words "ten times." The reason for that is this: In this paragraph of the bill a limitation is put upon the amount of these mortgages an agent may indorse. There should be some limit; but to limit it to the capital and surplus would make it a very small amount in a locality, and on conference with the members of the House Banking and Currency Committee it has been agreed to put that at ten times, thinking that is perfectly safe.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 42, at the end of line 3, after the word "exceed," it is proposed to insert the words "ten times," so that it will read, "shall not exceed ten times its capital and surplus."

The amendment was agreed to.

Mr. HOLLIS. Mr. President, the criticism has been made by the distinguished Senator from North Dakota [Mr. GROENNA] that the farm-loan associations do not have much substance. That is very true. It is not intended that they shall have a great deal. They are merely to act as the local agents for the land banks in placing and supervising the loans and collecting the payments; and under the terms of the bill as it now stands the farm-loan associations will not have any money on which to do business. They will have expenses, but nothing upon which to do business. We have provided that when loans are made through the banks as agents the banks may be allowed one-half of 1 per cent commission; and I think the same advantage should be given to the farm-loan associations, and that they should be allowed to borrow not to exceed one-fourth of the amount of their capital stock in case they have liabilities to meet.

I therefore ask the Secretary to read the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 38, at the end of section 15, it is proposed to insert the following:

Subject to rules and regulations prescribed by the Federal farm-loan board, any national farm-loan association shall be entitled to retain as a commission from each interest payment on any loan indorsed by it not to exceed one-quarter of 1 per cent semiannually upon the unpaid principal of said loan, any amount so retained as commissions to be deducted from dividends payable to such farm-loan association from the Federal land bank, and to borrow from the land bank of the district, at a rate of interest not to exceed 6 per cent per annum, sums aggregating one-fourth of its stock holdings in said land bank.

The amendment was agreed to.

Mr. HOLLIS. On page 13 there is an omission of the word "district," in line 19, after the word "each." I move to insert the word "district" at that point.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 13, line 19, after the word "each," it is proposed to insert the word "district," so that it will read "each district director shall."

The amendment was agreed to.

Mr. HOLLIS. Mr. President, on pages 18 and 19 are provisions stating that the ownership of stock shall not be a necessary qualification for officers and directors of the farm-loan association. That has been a debated point. The reason for not requiring them to be shareholders is this: No one can be a member unless he is a borrower. Therefore, no one can be an officer unless he is a borrower, if this provision stays in. Now, there will be cases where a man will be a borrower and become an officer, and get very much interested in the association, but pay up his loan; and in those cases that man could not serve any longer as an officer unless this provision were in the bill.

I am satisfied, however, after conferring with many people, that on the whole it is desirable that no one but borrowers shall be members or officers of these farm-loan associations; and I therefore move, on page 18, in lines 17, 18, and 19, to strike out the proviso.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 18, line 17, beginning with the words "Provided, however," it is proposed to strike out down to and including the word "director," in line 19, the words proposed to be stricken out being as follows:

Provided, however, That the ownership of stock shall not be a necessary qualification for director.

The amendment was agreed to.

Mr. HOLLIS. On page 19, to carry out the same purpose, I move to strike out the words in lines 6 and 7, "but they need not be shareholders of the association."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 19, line 6, after the word "business," it is proposed to strike out the comma and the words "but they need not be shareholders of the association."

The amendment was agreed to.

Mr. SUTHERLAND. Mr. President, let me ask the Senator a question there? As amended, will there be a requirement that the directors shall be stockholders?

Mr. HOLLIS. Yes. As amended, as the bill now stands, no one but a shareholder can be an officer.

Mr. SUTHERLAND. Where does the Senator find that provision?

Mr. HOLLIS. That is not in the bill. This is merely left out, and then it will be left for each association to make its own by-laws in that regard. They will do as they think best.

Mr. SUTHERLAND. There would be no requirement that the—

Mr. HOLLIS. Oh, there is nothing compulsory about it. That is left to the individual wishes of each association. In many States no one but a shareholder of a corporation can be a director, but in other States it is not so.

Mr. SUTHERLAND. That is the usual requirement of all laws providing for incorporation.

Mr. HOLLIS. I think that may be safely left to the local custom. However, if anyone wants to offer an amendment compelling it, I shall be very glad to accept it.

Mr. SUTHERLAND. If the Senator should leave the proviso in, that would not alter the rule, would it? The proviso is:

That the ownership of stock shall not be a necessary qualification for director.

But that would allow them to prescribe that qualification, if they desired.

Mr. HOLLIS. I should expect that provision, as it stands, to be construed by these local associations as permitting them to have men for officers who were not shareholders. I should expect it would have the effect that anyone would think it would have on reading it. I agree it would not have that legal effect.

On page 60, line 5, after the word "mortgage," I move to insert the words "or bond," for the same reason as in two other places.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 60, line 5, after the words "first mortgage," it is proposed to insert the words "or bond."

The amendment was agreed to.

Mr. HOLLIS. On page 60, line 9, before the word "mortgage," I move to strike out the word "the" and insert the word "any."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 60, line 9, before the word "mortgage," it is proposed to strike out the word "the" and insert the word "any," so that if amended it will read "credited upon any mortgage entitled to such credit."

The amendment was agreed to.

Mr. HOLLIS. On page 32, line 18, I move to strike out the words "farm-loan association" and insert "Federal land bank." When this provision was originally drawn the loans were made directly by the farm-loan association. It has now been changed so that the loans are made by the Federal land bank through the association.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 32, line 18, it is proposed to strike out the words "farm-loan association," and in lieu thereof to insert "Federal land bank."

The amendment was agreed to.

Mr. HOLLIS. In connection with the provision on page 46, line 17, there have been various changes in the sections, and the numbers have not been properly changed. I therefore move to strike out the words "section 13 or section 20," and insert "sections 12, 20, or 23."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 46, line 17, it is proposed to strike out the words "section 13 or section 20" and to insert "sections 12, 20, or 23."

The amendment was agreed to.

Mr. HOLLIS. On page 51, the amendment that was adopted, offered by the Senator from Ohio [Mr. POMERENE], the printed amendment, is not correct. It should read:

To exercise general supervisory authority over the Federal land banks, the national farm loan associations and the joint stock land banks herein provided for.

The hyphen should come out of "joint-stock."

The amendment was agreed to.

Mr. HOLLIS. On the opposite page, page 50, in line 6, I move to insert at the end of the line "and in its discretion to authorize them to increase their capital stock." That should obviously be allowed, and it has escaped everyone's attention until lately.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 50, line 6, after the word "act" and before the period, it is proposed to insert "and in its discretion to authorize them to increase their capital stock."

The amendment was agreed to.

Mr. SMOOT. Mr. President, I should like to have the provision read as amended.

The VICE PRESIDENT. The Secretary will read the provision as amended.

The Secretary read as follows:

(a) To organize and charter Federal land banks, national farm-loan associations, and joint-stock land banks, subject to the provisions of this act, and, in its discretion, to authorize them to increase their capital stock.

Mr. HOLLIS. On page 31 criticism has been made of the restrictions that are put on the mortgages, and in line 12 it is provided that a loan may be obtained "to provide for the purchase of a farm for a home." I believe myself that is too narrow, and I therefore move to strike out the words "a farm for a home" and insert the words "agricultural land."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. In the paragraph on page 31, occupying line 12, it is proposed to strike out the words "a farm for a home" and to insert the words "agricultural land," so that it will read:

(a) To provide for the purchase of agricultural land.

The amendment was agreed to.

Mr. HOLLIS. I have one more provision that I offer because it was recommended to me by an association of farmers who have had a good deal of experience in running organizations of this sort. They said that the by-laws should contain provisions requiring the board of directors to meet at least twice a month and providing a reasonable director's fee for attendance and a reasonable forfeit for failure to attend any meeting. I felt myself that that could be fairly left to the by-laws, but they

felt that they would be very much gratified if that could be put in. If there is any objection, I will not offer it.

Mr. SMOOT. I do not think it is wise to put it in this law. I am not going to make any strenuous objection to it, if the Senator from New Hampshire really thinks it ought to be in the bill. I think it is very unwise and I do not think there is any precedent for any such legislation passing Congress.

Mr. HOLLIS. I do not think it ever has been done heretofore. I should leave everything of this sort to local discretion. I will not offer the amendment, then.

That is all I have to offer.

Mr. POMERENE. Mr. President, I offer the amendment which I send to the desk, to come in on page 46. It is the one which was offered, I think, on Saturday.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 46, line 6, it is proposed to strike out the words "and paid in cash" and to insert in lieu thereof:

One-half thereof paid in cash and the balance subject to call by the board of directors.

The amendment was agreed to.

Mr. POMERENE. Mr. President, I offer the amendment which I send to the desk, to be inserted after line 10.

Mr. SMOOT. Before that is acted upon, may I ask the Senator having the bill in charge if he will not accept an amendment, in line 5, increasing the amount of the capital stock to \$500,000, now that the amendment has been adopted which was just offered by the Senator from Ohio? In other words, it seems to me that with this provision in, a capital stock of \$125,000 would be altogether too small to do any kind of a business. I know that it is not mandatory; but, really, I believe that a capital stock of \$250,000 is as small as it ought to be in order to have the institution begin doing business.

Mr. POMERENE. Before finally disposing of the amendment, I want to offer a suggestion.

Under an amendment which was offered by the chairman of the committee a moment ago the capital stock may be increased from time to time. My thought is that in some localities which are sparsely settled it may be deemed wise to organize one of these banks. As they are not banks of deposit, it would certainly jeopardize the financial success of the institutions to some extent if they were obliged to pay in \$250,000 at once and not be able to loan it out. For that reason it seems to me that if we start with \$125,000, the balance being subject to call, the directors have it absolutely in their power to get this money in just as quickly as it may be needed.

Mr. SMOOT. Of course I always like, in passing a law, to have an absolute understanding as to exactly what they have to meet and when they have to do it, just the same as in the national-bank law, or just the same, generally, as in organizing a State bank.

Mr. POMERENE. Ordinarily, the Senator is right. If this were a bank of deposit, or something of that kind, I would entirely agree with the Senator.

Mr. SMOOT. I am not going to insist upon it, though I believe it would have been very much better to have the amount increased. I will not offer it as an amendment.

Mr. POMERENE. I offer the second amendment.

The VICE PRESIDENT. It will be stated.

The SECRETARY. On page 46, line 10, after the numerals "\$500,000" and the period, insert:

No joint stock bank shall issue any bonds until after the capital stock has been entirely paid up.

Mr. SMOOT. That should be "joint-stock land bank," should it not?

Mr. POMERENE. Yes; "joint-stock land bank."

The VICE PRESIDENT. The amendment will be so modified.

Mr. POMERENE. The reason for this amendment, I think, is apparent. We would not want any bonds to be issued unless the entire capital stock was paid up.

Mr. SMOOT. It is all right.

The amendment was agreed to.

Mr. SMITH of Georgia. Mr. President, whether all the provisions of the rural-credits bill suit me or not, I shall vote for the best bill or the nearest bill to the one that I would like to vote for when it finally comes before the Senate.

Soon after I entered the Senate, more than four years ago, I expressed my deep conviction that no greater contribution could be made to our national prosperity than legislation which improved the condition of the farmers, not in the interest of the farmers alone but in the interest of all the people of the country. I believe intensely in the importance of improving the condition of the small farmer as well as the large farmer. No nation ever went backward when agriculture was going for-

ward. The great necessities of life—food and raw materials for clothing come from the soil.

About four years ago I called to the attention of the Senate five lines of legislation by which I then urged that the agricultural conditions of our country might be improved and which we might properly handle.

I urged that they were lines which could properly be directed and partly supported through national legislation, and that they would greatly add to the fertility of the soil and to the net profits of agriculture and substantially improve the general conditions of farm life.

I urged that there were practical and sane ways for aiding the farming classes of the country, not in a sense of paternalism, not in a sense of taking from them their own responsibilities, but to stimulate them as individuals to a better condition of preparedness as individuals to carry individual responsibility and thus open the door of hope to many a struggling farmer and encourage many a tenant farmer to become the owner of the land he tills.

The five suggested lines of legislation in the interest of the farmer to which I then called attention were parcel post, agricultural-extension work from the colleges of agriculture, a market division to help improve the marketing of farm products, a contribution to good roads, and improvement of rural credits. Three of those five are already laws, and I hope within a few days we will, by passing the good-roads legislation, add legislation upon that subject; we will pass a rural-credits bill to-day.

There are three lines of credit that the farmer needs. One is to aid him in purchasing, holding, and improving his land. This kind of credit necessarily is a long-time credit, and we seek to provide for it in this bill. The other two are, first, in connection with raising his crop, and, second, in connection with marketing his crop.

I do not know whether additional legislation can be passed upon those lines, but I desire to call attention to the fact that the theory that our reserve-bank system is solely in the interest of bankers and merchants is entirely a misapprehension of that legislation. To make easier the time loans which farmers need to raise their crops, we made a provision in that act that notes given in connection with agriculture for farm purposes, though not due for six months, should be good to be discounted in reserve banks, giving the farmer, as compared with the ordinary merchant the right to have his paper discounted, though it ran six months, while the merchant's paper could only be discounted if it ran 90 days.

We also provided in that bill a system of finance by which farmers are greatly aided at the time they become merchants and dispose of their crops. I refer especially to farmers who produce staple crops, such as oats, corn, wheat, or cotton.

I will illustrate what I mean by its effect upon the cotton crop. Coming in at a single season in enormous quantities, the facilities for obtaining money, and obtaining it at a low rate of interest, saved the farmers of the South last fall. The ability to warehouse cotton and obtain money at 6 per cent upon that cotton made it possible to carry a large part of the crop and prevent it from crowding down the price by putting upon the market more than the market could supply. The small farmer who did not warehouse his cotton at all received the benefit even more, perhaps, than the large farmer who warehoused it, because the warehousing process and the loans upon warehousing took off the market great quantities of cotton and left the market for the small farmer to sell his cotton to the consumer and get the benefit of a good price. So it is that the banking and currency act which we passed has been of great service to the farmer.

It has been claimed by some that the Federal reserve banking system was in the interest of the banks and not of the people. Those who make this claim should remember that the national banks of the country were compelled by the Federal reserve act to finance 12 Federal reserve banks. They were required to subscribe all the money for the stock of these banks, and they were only allowed to receive 6 per cent interest upon their stock, no matter how much the banks made. They were required to deposit their reserves in the Federal reserve banks. While prior to the passage of this law the national banks deposited their reserves in the banks of the big cities and received interest upon their reserves, the Federal reserve act required them to deposit their reserves in the Federal reserve bank without interest.

After paying 6 per cent on the capital stock paid into the reserve banks by the national banks, the balance of all profits made by the reserve banks goes to the United States for the benefit of the people of the country. The 6 per cent is only paid when earned.

Mr. President, coming down to the long-time loans that the farmer needs, the suggestion has been made in a number of let-

ters that I have received that this could be done in a simple way merely by the Government issuing Treasury notes and loaning them direct to the farmer. I wish to say just a word about that in reply to the men who make the suggestion. The farm loans are now between four and five billion dollars. Under such a system the loans would readily run to \$6,000,000,000. Loaned at a nominal rate of interest, it would be \$6,000,000,000 of additional paper money, without any possible basis to maintain specie payments. The country would go at once to a paper basis. Money would be as plentiful as the leaves in autumn and not very much more valuable. It is simply an impossible proposition, as we all know.

The second is that the Government should issue its own bonds at 3 per cent and raise the money for farm loans. That would involve an issue in not a great length of time of Government bonds running from \$4,000,000,000 to \$6,000,000,000. The low rate of interest at which Government bonds now sell would cease. They would go to a commercial rate higher than the rate of interest they now draw; and if this country were unfortunately confronted with war and the credit of the country were needed for the defense of the country, and an enormous quantity of bonds had already gone into the markets, it would hamper the credit of the Government and hinder the possibility of our properly financing the affairs of the Government, besides the unfairness of selecting simply one class of people to whom such a credit was extended rather than to all the people is a serious obstacle.

There is but one way to effectively handle this subject. It is to overcome the difficulty of disposing of credits upon farm lands secured by mortgages which now can not be readily sold for the reason that the lender is so far separated from the borrower. A man in Washington contemplates a loan in Oregon. He is not familiar with the land; he is not familiar with the land law; he is not familiar with the lawyers. If his note fell due and was not paid, the collection of his debt would be a source of embarrassment. The same thing would be true if living here and the loan were made in Georgia. The expense of the individual transaction is great.

The lands of the country furnish the very best basis for credit, and farm land is the best of all lands. Yet unless the loans can be consolidated, unless the various loans can be brought together and the creditor saved the necessity for supervision of the loan, saved the necessity for investigating the value of the loan, it is impossible to bring them to the lowest rate of interest to which they are entitled.

The rural-credits scheme is to furnish an agency or agencies equipped to examine titles and to pass upon the value of property, to bring the notes secured by mortgages on lands together, and to finance the loan by issuing bonds, secured by the note and land mortgage of the farmer as collateral, the agency handling the mortgage and the bond, taking the responsibility of passing on the title and the value of the property, taking the responsibility of the collection of the money and letting the investor look simply to the central agency that handles the work under Government supervision. In this way we minimize the cost of examining titles, we minimize the cost of examining values, we minimize the cost of collection, and we free the lender from those responsibilities while a complete organization extending all over the United States, handling vast quantities of these loans, is in a position to handle them most economically and to the very best advantage.

I thoroughly approve freeing these loans from taxation. It is an unjust taxation. The farmer pays his tax on his land; he pays his tax on his improvements. If the man who loans him the money must also pay a tax on the note he holds, he must charge that much more interest against the farmer when he makes the loan. The average tax in most of the cities is 2½ per cent. Take the city in which I live. Our city tax is 1½ per cent, our State and county tax 1 per cent, the two together never less than 2½ per cent. If a citizen loans money to a farmer and wants 5 per cent on his money, he must charge 7½ per cent to get it. If he charges 5 per cent, then 2½ per cent off leaves 2½ per cent interest. If the taxes can be taken off of these loans as they have been in many States, I have no question but that the immediate and complete benefit goes to the farmer.

Suppose one of the banks to be organized issues a 4 per cent bond and that bond is to be subject to taxation. A citizen of my home, Atlanta, gets it and he has to pay 2½ per cent taxes on it. He can not invest in the bond at all. It would leave him only 2¼ per cent interest. But if he can buy it on a 4 per cent basis with no taxes there are many who would buy it. We simply can not travel with this movement, we can not succeed in substantially reducing the rate of interest which the farmer is to pay unless these instrumentalities are freed from taxes.

I have thought, Mr. President, and I still think that we would escape some trouble if we had the bill in a little different shape. There are many things in the bill which commend themselves to me. I believe in the plan of the Government furnishing \$8,000,000 for the capital of these banks, and \$8,000,000 annually to aid in financing it. I approve investing postal savings in these banks. But I believe it would be better if we simply chartered one bank in the District of Columbia, where there is no question about our right to grant the charter, and where there is no question about our right to free it from taxes. Then it could do business only in those States that freed the bonds issued from taxes. All the States would soon free them from taxes. We would thereby induce the States to cooperate in this movement for the benefit of the citizens of the States of the whole country. It seems to me in that way the business could start out more conservatively with expenses in proportion to the amount of loans which are to be made, and gradually grow in expense as it developed in the quantity of loans made. Such an organization would have its land agent in each State of the Union and enlarge the number of its employees as the volume of the loans increased, and the 1 per cent coming to the bank would furnish the means.

A capable land agent and a capable lawyer to examine the titles could for the present do practically the entire work of the central bank in each State. They could travel through the State, meeting the farmers who desire to make loans in their respective counties, examine into the value of the lands, and pass upon the titles.

Such a central corporation located in Washington could be required to deposit all of its farm mortgages with the Treasurer of the United States and receive from him a certificate of deposit of collateral notes secured by mortgage on farm lands equal to the amount of the bonds issued upon such collateral. The certificate of the Treasurer of the United States could be attached to the bonds, showing that the security for the bonds was in the possession of the Government. The collateral would be put up for the bond issue by the central organization from time to time as the issues of the bonds were required to meet the loans needed by the farmers.

The stock in the central corporation would be owned by the Government, the officers would be appointed by the President and confirmed by the Senate, and the safeguard of a Government administration both in passing upon the value of the lands and the titles upon which the mortgages were given to secure farmers' notes would rapidly grow in public confidence and the bonds secured by these collaterals would in my opinion soon find ready sale all over the United States. The 1 per cent difference between the rate of interest charged the farmer and the rate at which the bonds for general distribution were sold would more than cover the expense of operation and the central corporation should rapidly accumulate a surplus. This surplus would be an additional guaranty fund for the payment of outstanding bonds or else be used as a credit upon the farmers' notes. It would be easy under such a system to permit the borrower to increase his rate of interest to 6 or 7 per cent, and this increase beyond 5 per cent would be passed to his credit, reducing the amount of the principal which he owed, or invested for him in other 4 per cent bonds to be held for his benefit. It could be handled with so much less machinery that I regret exceedingly such a change did not occur to me sufficiently early to work out an amendment. I only hope that before the bill passes the House of Representatives or comes back to us for conference some such change may be made.

I throw out this suggestion really only having developed it in my own mind last night, too late to offer an amendment. I introduced a bill somewhat upon these lines 12 months ago, but it was prepared by some one else and I did not really thoroughly comprehend it myself, nor did I comprehend the importance as I do now of eliminating all doubt as to the constitutionality of everything connected with this organization, if we expect the bonds to sell upon the market for their full value with the privileges we are undertaking to give them.

I would be exceedingly gratified if some such line of amendments might yet be worked into this legislation. I would feel great confidence in the ability of an organization here starting with \$8,000,000 of capital and reaching out into the States as the call was made, developing in size and force of operators as the business developed. It would certainly be constitutional, because nobody can question our right to create a corporation in the District of Columbia. We certainly have the right to free from taxation the assets of a corporation of the District of Columbia, and I believe we would have the cooperation of the States to free the bonds issued. Indeed in few States would they now be taxable. It is also worth mentioning that the lowest rates of interest on farm loans are paid in those States

where the holders of such loans are not required to pay tax on them.

I do not mean to express an opinion that the pending bill is not constitutional. If I were called on to express an opinion from my own original view of what the Constitution meant I might almost be ready to express an opinion, but the decisions of the Supreme Court lean toward a different view, and under those decisions it might be that the Supreme Court would sustain this power. It hardly comports with my own earlier conception of the Constitution.

Mr. CUMMINS. Mr. President, I am prompted to ask a question of the Senator from Georgia. I am sure he desires that the farmer shall have the benefit of the exemption from taxation either under the Constitution or under section 29 of the bill, no matter which. Is there any way in which it can be made absolutely sure that his rate of interest will be reduced by the rate of taxation? That is to say, suppose the rate of taxation of this Federal farm bond was 1 per cent. I wish the Senator from Georgia would tax his ingenuity to prepare an amendment to the bill which will make it compulsory upon the farm-loan bank to loan the farmer at a rate of interest which is at least the rate of taxation less than other institutions which are taxed are loaning money to farmers.

Mr. SMITH of Georgia. I think the bill now does it, and I will explain to the Senator why I think it does. I do not think the Senator was in the Chamber when I suggested that I would greatly prefer an organization located in the District of Columbia, where there would not be any doubt about our right to free it from taxation as we legislate for the District of Columbia. But, passing by that, these organizations sell their collateral bonds. They are not allowed to charge a farmer more than 1 per cent in addition to what they sell their collateral bonds for. They are not operated for profit. They are cooperative. Expenses are limited to 1 per cent of the loans. That expense is subject to the control of the Federal board. They can not spend a cent of that 1 per cent except for legitimate expenses. Now, they can not charge more than 1 per cent above what they sell the bonds for. So the farmer gets the full benefit of the rate at which they sell these bonds.

I say to the Senator without a moment's hesitation that a 4 per cent nontaxable bond will sell for as much as a 5 per cent bond in a community where there is a 1 per cent tax on that bond.

We have the market of the whole United States. We have the little fellow who wants to save some money. We have the big man who wants to invest. Now, with the whole people of the United States in a position to invest, with all those who can invest competing in the purchase of these bonds sold in small as well as large sizes, it must be true that a man figuring upon his income, figuring on his investment, will figure what the investment really amounts to. If he knows he has a nontaxable investment and contemplates investing in that or in some other bonds that would be taxed he looks at the relative rate of interest of the two and he finally computes the investment that will net him the most. There are very few people who have anything to invest, who do not make that kind of a calculation, and unless they are capable of making that kind of a calculation they will not long last as people with anything to invest. My own judgment is that the farmer is sure to get the benefit of it.

Mr. CUMMINS. That depends entirely on the will of the loaner. When the person with money comes to part with it, it is a voluntary act on his part, and he may, if he desires, take into consideration the fact that the bond is not taxable or he may not. It depends entirely upon the grip that those who have money to loan may gain upon the money market. But is there not some way in which it can be reduced to a certainty, so that these bonds shall not be sold unless they can be sold at a rate of interest that will take into account the fact that they are exempt from taxation?

Mr. SMITH of Georgia. There is a provision that under no circumstances can they be sold bearing more than 5 per cent interest at par. That is in the bill.

Mr. CUMMINS. No.

Mr. SMITH of Georgia. Yes; there is a provision of that sort in the bill. Unless they can sell them at par on a 5 per cent basis for par they can not be sold.

Mr. CUMMINS. I agree with that. I was thinking about the mortgage.

Mr. SMITH of Georgia. Then we have the market of the whole United States. We have the little fellow who wants to save some money. We have the big man who wants to invest. Now, with the whole people of the United States in a position to invest, with all those who can invest competing in the purchase of these bonds sold in small as well as large sizes, it must be true that a man figuring upon his income, figuring on his in-

vestment, will figure what the investment really amounts to. If he knows he has a nontaxable investment and contemplates investing in that or in some other bonds that would be taxed he looks at the relative rate of interest of the two and he finally computes the investment that will net him the most. There are very few people who have anything to invest, who do not make that kind of a calculation, and unless they are capable of making that kind of a calculation they will not long last as people with anything to invest. My own judgment is that the farmer is sure to get the benefit of it.

Mr. CUMMINS. He would get the benefit of it under the operation of those normal factors in business which the Senator has just stated. But the business of the United States is not normal. We have found that it is not normal in any branch of human activity, and we have been busy for the last two years endeavoring to restore normal conditions, that is, to prevent those combinations and concerns and associations which disturb if they do not destroy the ordinary currents of business by which profits are determined or ought to be determined.

I fear, and I think I have a real basis for it, that the person who has money to invest in these farm-loan bonds will not be the little fellow with a hundred dollars. He has no way of getting it any more than he has of getting any other security. It will be the insurance companies, the savings banks as associations, the very large investors of money who will be attracted to these bonds. As I said yesterday, I think they are a very attractive investment. I do not believe that in determining the rate of interest at which they will take these bonds they will give the farmer or the borrower the benefit of the exemption from taxation.

Mr. SMITH of Georgia. In most of the big cities where the large insurance companies are located to which the Senator refers the States exempt such securities from taxation. They do not now pay taxes upon them; and one of the reasons why we get a considerable sum of fairly low-rate money in my section is that in Connecticut, and I think in New York, the insurance companies do not pay taxes on their loans. In my own State if the loan is made there you do pay a tax on it, and local money is not in competition with this outside money for such loans. If local loans on farm lands were free from taxation, I am confident farmers would obtain money at lower interest rates.

Mr. CUMMINS. So far as the insurance companies are concerned, most of them have a peculiar form of taxation that is applicable only to such business. They are permitted to deduct their liabilities from their assets or property so that they pay taxes only upon their surplus.

Mr. SMITH of Georgia. But they would not pay taxes on the basis of the quantity of the loans they held. I do not think any of them pay taxes on their real estate loans. They pay taxes on the basis of capital and surplus, but not on their farm loans. That is the rule nearly everywhere. Instead of doing a special favor to them, we will be developing a great mass of small holders of money as competitors with them on the same basis of freedom from taxation.

Mr. CUMMINS. But, Mr. President, the exemption of the savings banks really is not any exemption at all; so far as their mortgages are concerned it is but a shadow. The depositors in the savings banks pay taxes on their deposits.

Mr. SMITH of Georgia. Yes.

Mr. CUMMINS. Of course, the tax on those deposits is the equivalent of the tax on the mortgages, because they represent exactly the same capital.

Mr. SMITH of Georgia. Yes; and this would not change that.

Mr. CUMMINS. It can not be said that they are free from taxation.

Mr. SMITH of Georgia. As a rule the savings bank itself now pays no taxation on its land loans. If it invests in these 4 per cent bonds and pays no taxes upon them, it would be in just the same position then that it would be in loaning direct to the farmer.

Mr. CUMMINS. I do not assent to that. It seems to me there is an important or vital element left out.

Mr. SMITH of Georgia. So far as the taxes are concerned, I mean.

Mr. CUMMINS. With the farm-land bank—putting aside now the capital stock and their other physical property—money comes in from the East to a farm-land bank in Iowa; it comes from wherever it can be found willing to invest in the farm-loan bonds. That wealth is not taxed anywhere to anybody under this bill; whereas in the case of the savings-bank depositor, who furnishes the money to be loaned, who occupies toward the savings bank the same relation as those who buy the farm-loan bonds do to the farm-loan bank, they pay interest upon their

deposits. In that way the wealth represented by that accumulation is taxed. This bill proposes to exempt positively certain wealth or property from taxation. That is not true of a savings bank, even though the savings bank itself is not taxed upon its mortgages.

Mr. SMITH of Georgia. But the Senator from Iowa wanted some way to prevent the big financial institutions from getting the benefit of this exemption from taxation. What I undertook to do in reply to the Senator was to show that their loans are now exempt from taxation, and that, if they invested in these securities, they would no more be placing their money in loans that were exempt from taxation than they are now so exempt; that the average citizen's loan would be subject to taxation in many States, and the effect of this exemption from taxation, instead of inuring to the benefit of the big financial institutions, will make competitors against them in loans of this character; that it will put the average citizen on the same basis as to freedom from taxation and ability to lend his money out at a low rate of interest that the savings banks and the insurance companies now have.

Mr. WILLIAMS. Mr. President, I do not want this bill to go to its passage without announcing to the Senate and to my constituents my emphatic advocacy of it. I am not much of a hand at dividing "a hair 'twixt south and southwest side," nor do I think, as a rule, that that amounts to much in practical life or in practical legislation, or anywhere else outside of a law court bent on technicalities.

In every controversy, Mr. President, there are some things which are conceded and some things which are disputed. I think, as a rule, a sensible debater will inquire what they are, and will plainly state them to his own judgment and as far as he can to the judgment of other people, and will dispose of the question by elimination of the first sort and contrast and comparison of the second.

Mr. President, there is no dispute anywhere about the practical general benefit of this proposed legislation. I have not heard one Senator raise his voice to say that, if this bill became a law, it could do any interest of a general and unselfish character any harm. That is one of the things which is not disputed.

There is another thing which is not disputed. If the Federal Government wishes to render its aid to commercial banking, it ought to render its aid, as far as it constitutionally can, to agricultural banking. Nobody disputes the proposition that agriculture is the fundamental, basic, primordial, healthy pursuit of mankind, and that if any sort of industry at all deserves encouragement at the hands of the Government more than another, it is agriculture. Even that proposition might be disputed to a slight extent; but the proposition that it deserves as much consideration as any other pursuit can not be disputed by anybody; certainly not by anybody who holds office.

Now, having gotten rid of the things that are not in dispute, the things which are conceded in connection with this legislation; everybody admitting that it is good legislation; everybody admitting that it sounds in benefit and not in damage; everybody admitting that we have neglected our farming and agricultural interests beyond every other civilized nation on the globe; everybody admitting that we have nothing in America to compare in its benefits to the German landschaft system, nothing to compare even with the French *crédit foncier*, nothing to compare even with the Italian land-loan system, we come to disputed questions. Everybody then agreeing that if, as the legislative body of the Federal Government, we have the constitutional power to pass this legislation, we ought to pass it, we come to the questions now that are disputed.

I have listened here for two or three days to some very shrewd arguments by lawyers who are trying to divide "a hair 'twixt south and southwest side," as I said at the beginning, and yet the whole constitutional question reduces itself to this: John Marshall himself once said that, if the end or the purpose of an act be constitutional, then every means for its accomplishment which is appropriate or convenient, if not necessary, is also constitutional.

In the early history of this Republic it was disputed as to whether or not the United States Government had a right to charter a bank at all. Without passing upon the original proposition, the Supreme Court, when John Marshall—the demigod of Republicans and Federalists—was Chief Justice, decided that it had a right to do it; that is *res adjudicata*; he decided that a bank—any bank—a banking business, from its very nature was a convenient and appropriate fiscal agency for the Federal Government, and that, as the Federal Government needed, in order to carry out its powers, fiscal agencies to render it more efficient in carrying out its granted powers, it had a right to charter a bank.

Now, then, later on the question came up as to whether or not the Federal Government, having a right to charter a bank in which the Federal Government in that particular case had stock, had a right to charter banks in which the Federal Government had no stock, and the sole general purpose of which was to make money in private business, the Supreme Court then decided that the Federal national banking system, as now organized, differing in those respects from the original United States Bank, was authorized by the Constitution.

Now, I lay down this proposition, and I think it is indisputable, not only from the layman's standpoint but also from the lawyer's standpoint: If this Government has the right to institute the banks contemplated under this legislation at all—and leave that question in dispute for the nonce—then it has the right, as a means to the accomplishment of its ultimate purpose, to pass every provision that defends and protects the system, every provision that will render it more efficient as an instrumentality for the purposes for which it has been enacted. That is following in the line of the decision that if the end be constitutional, the means, if it is appropriate and convenient, is constitutional, and that, furthermore, the court will not sit too closely in judgment upon the appropriateness or the convenience of the means, because that, after all, is a question for the legislative branch of the Government.

Now, how is any man going to say that the establishment of this system is constitutional, but that a provision in the bill to render it efficient and to protect it and defend it from the possible attacks of another sovereignty are not constitutional? Again, how is any man going to say that the Federal Government has a right to establish a bank—a bank, any bank, a banking system—from its very nature convenient and appropriate as a fiscal agent of the United States Government, usable for the purpose of strengthening its credit and its cash—how is he going to say that it has the power to do that for the commercial interests of the country and has no power to do the same thing for the agricultural interests of the country?

There is no difference between the national banking act and this act except the differences that grow out of the very character and nature, not of Federal jurisdiction, not of the extent of power granted by the Constitution to the Federal Government, but of the business carried on on the one side by the commercial people and on the other side by the agricultural people.

Everybody with a particle of knowledge of banking laws at all knows that you can not engraft an agricultural system upon a commercial system of banking without bankrupting the commercial system. A commercial bank wants live assets, which are readily convertible into cash. It can not survive a run; that is one of the ordinary incidents of commercial banking if it puts its money out on long time or upon securities which require length of time for foreclosure in the courts. The difference—whatever difference exists—is a difference in the character of the business carried on, not a difference in the constitutional power of the Federal Government.

I agree with an argument made yesterday—in the address commenced day before yesterday and concluded yesterday—by the Senator from Iowa [Mr. CUMMINS] that if these mortgages and bonds can be exempt by act of Congress from local taxation, there is nothing added to the strength of the bill by saying that these banks shall be "construed as being fiscal agencies" of the Federal Government. They either are or they are not; the courts can determine that question; but if a commercial bank, simply because it is a bank—and that is what John Marshall decided—is from its very nature a useful adjunct to the Federal Government and a possible fiscal agency of it, then these banks are also. This is true, because this bill carries with it the same right of deposit and very many other rights which characterize the commercial banks. If it did not, however, the fact still remains that the banks hereby organized will be useful and appropriate agencies for the Federal Government.

Mr. President, there is another reason why I should like to see this bill passed. I should like to see the example set in America of exempting debts from taxation. I hope to live to see the time when no State or county or city will tax the evidences of indebtedness, because, in the long run, when you do that, you tax the people least able to pay taxes, to wit, the debtors.

The Senator from Iowa had a colloquy a moment ago with the Senator from Georgia [Mr. SMITH] about whether or not an exemption from taxes would reduce the amount of interest that a man had to pay upon a loan. There are peculiar abnormal circumstances here and there under which an exemption from taxation will not reduce the interest that the borrower will have to pay; but, when that is the case, it is not because of the exemption from taxation, it is in spite of it and in the teeth of it, just as a hundred times, in considering economic

questions, the application of a general law is locally or temporarily set aside by the more intense operation of some particular law that happens at the place or at the time to assume control. Notwithstanding that, for any man of ordinary common sense to deny that an exemption from taxation upon loans and mortgages will normally and in the long run inure to the benefit of the man who borrows money is equivalent to that man's denying the operation of the law of supply and demand.

I come into the market with a certain amount of money to lend. A and B and C and D and E come into the market with money to lend. X and Y and Z come into the market to borrow money. We meet one another in the marts, just like buyers and sellers of goods do. There is a certain amount of loanable funds; there is a certain demand for loanable funds, and the price of interest is just as thoroughly fixed by the comparison of the demand for loans with the supply of loanable money as the price of cotton or of wheat is fixed upon the market by the supply of spot cotton or wheat on the one hand and the effective demand for either upon the other—meaning by "effective demand" the number of dollars in the hands of would-be buyers. The minute you reduce the cost of any operation you fix it so that normally and in the long run the price to the ultimate consumer of the operation decreases. The ultimate consumer of the operation of borrowing and loaning is the borrower. The Senator from Iowa says "of course the lender will get all he can." Of course he will. So will the seller of cotton get all he can; of course he will; but if there are 18,000,000 bales of cotton and a demand for 10,000,000 bales only, the question resolves itself into this: Not what he wants, but what he can get; and the question of what he can get resolves itself into this: How many people with dollars behind them want this thing? So it is with loanable funds, and so it is with everything else in this world. The opera singer depends upon how many people can sing that way and how many people have money in their pockets willing to pay to hear a particular sort of song sung. The very ballet dancer in the vaudeville show has her price as a dancer depend absolutely upon those two things—how many people are there who can dance that way and how many people are there willing to pay to see somebody dance that way. It may happen in a great war or in a time of great distress that a ballet dancer's time is worth nothing; people are thinking about something else; and it may happen with regard to loans, now and then, that you might exempt them from taxation and furnish half the money, and still the demand for loans would be so great that the interest might be very high; but the normal, general rule—and that is what legislators must obey—is that the cheaper you make the operation of lending, the cheaper the borrower can get his money.

Mr. President, it seems to me, to sum it all up in one sentence, that these are the two great things that ought to appeal to us: If the Federal Government can do for its agricultural interests what Germany and France and Italy have done, we ought to do it, and then when you come to the consideration of whether it can or can not—meaning, of course, constitutionally can or can not—this conclusion presents itself—that if we have the power to inaugurate these banks at all then we have the power to defend and protect and better the system by every possible provision which is an appropriate and germane means for strengthening of the system to make it efficient.

Mr. STERLING obtained the floor.

Mr. LODGE. Mr. President, will the Senator allow me to ask to place in the RECORD a short letter?

Mr. STERLING. I yield to the Senator from Massachusetts.

Mr. LODGE. Mr. President, I introduced the other day a draft of a report signed by Mr. Herrick. There was some misunderstanding owing to what was printed at the head of the paper. It was not a report but a draft of a report, and I ask that a letter from Mr. Herrick may be placed in the RECORD. It corrects the mistake in regard to that matter.

The VICE PRESIDENT. Without objection, it is so ordered. The letter referred to is as follows:

NEW YORK CITY, May 3, 1916.

HON. HENRY C. LODGE,
United States Senate, Washington, D. C.

DEAR SENATOR LODGE: The article appearing on pages 7744-47 of the CONGRESSIONAL RECORD of the 25th of last month is not a report. It is simply my suggestions for a report, which I as chairman submitted on March 31, 1916, to the members of the rural-credits committee of the Chamber of Commerce of the United States of America. The members of this committee are:

Robert W. Brown, secretary American Galloway Breeders' Association, Carrollton, Mo.
Roger A. Derby, Drowning Creek Plantation, Jackson Springs, N. C.
Oscar L. Gubelman, Knauth, Nachod & Kuhne, New York, N. Y.
C. B. Kegley, master of the State Grange, Palouse, Wash.
Clarence Ousley, Agricultural and Mechanical College of Texas, College Station, Tex.

H. J. Sconce, president Peace Valley Farms Co., Sidell, Ill.
 R. B. Van Cortlandt, New York, N. Y.
 H. W. Danforth, president National Council of Farmers' Cooperative Associations, Washington, Ill.
 John J. Dillon, commissioner, Department of Foods and Markets, New York, N. Y.

William Hill, Bethany, W. Va.
 F. E. Myers, F. E. Myers & Bro., Ashland, Ohio.
 Herbert Quick, Berkeley Springs, W. Va.
 Treadwell Twichell, Mapleton, N. Dak.
 George Woodruff, president First National Bank, Joliet, Ill.
 Myron T. Herrick, Cleveland, Ohio.

The committee has not yet rendered a report, but expects to do so before the end of the month. Would it be possible to have this fact published in the Record? If so, I wish you would do me the very great favor of reading this letter into the debate.

The word "report," it is true, is used neither in the heading nor in the text of my article. Nevertheless, as it stands, it could easily be construed as a report because of the use of the name of the Chamber of Commerce of the United States of America at the top of the paper upon which it was written.

Very sincerely,

MYRON T. HERRICK.

Mr. STERLING. Mr. President, I realize how apparently useless it is at this stage of the discussion, and after various amendments have been disposed of, to bring forward anything new, especially if it be anything of a radical nature affecting the general plan of this bill; but I trust that Senators will, notwithstanding the lateness of the day, have an open mind with reference to the proposed substitute which I have to offer and the few suggestions I may make in regard to it. The changes I have to suggest are of such nature that the general plan of the system proposed by the Senator from New Hampshire for the Committee on Banking and Currency can be readily changed and adapted to the plan I have in view.

The Senator from New Hampshire is well aware of the fact that I am in hearty sympathy with the main provisions of this measure, rather with what I may term the essential provisions of the measure. I was in favor of section 29, the section which exempted the bonds and mortgages and capital stock of the farm-land banks from taxation, and when I voted against tabling the amendment of the Senator from Iowa, it was not because I was in favor of the amendment but because I was opposed to the principle involved in a motion to table.

Mr. President, the purpose of this measure, as the bill was originally introduced, is "to provide loans of money for the purchase of a farm for a home." That has been broadened so as to include the purchase of agricultural lands, and I think the amendment, as accepted by the Senator from New Hampshire in this respect, is a very wise one. It is "to provide for the purchase of equipment, fertilizers, and live stock necessary for the proper and reasonable operation of the farm, * * * to provide buildings, and for the improvement of farm lands," and finally "to liquidate indebtedness of the owner of the land mortgaged, existing at the time of the organization of the first national farm-loan association," as provided in his bill, or "indebtedness subsequently incurred for one of the purposes above mentioned."

First and primarily, of course, the great purpose is to enable the farmer desiring money for these several purposes, or any of them, to get that money at a lower rate of interest and on longer time than he is now enabled to do. But the instrumentalities through which it is to be accomplished, or the parts of the machine, as I may term them, are, first, the farm-loan board; second, the Federal land bank; and, third, the national farm-loan association.

The question occurred to me, Mr. President, when I first read the provisions of this bill, as to whether there was not more machinery here provided for than is necessary to effect these very laudable purposes. With that in view I made some study of the bill to see whether a part of this machinery could not be dispensed with, and whether we could not accomplish the same purpose at less expense and more easily than we can with all this machinery. It may be said, with reference to any machine designed to accomplish a certain result or a certain purpose, that the more simple and the less complex that machine is the better it is, the less is the liability to breakage, the less will be the friction, and the less the cost of operating the machine. So I think this machine may be simplified; you may leave out at least one of the parts and still have a perfect machine for the accomplishment of all the purposes contemplated by the bill.

Mr. President, the weak part of the machine, as it occurs to me, the needless part of the machine—and as I now view it, the impractical part of the machine—is the national farm-loan association. I want to call attention to some of the provisions relative to the national farm-loan association.

First, on page 12 it is provided:

Farm-loan associations limited and farm-loan associations unlimited shall, respectively, have representation on the board of directors in proportion to the amount of unpaid principal on loans made to their members by the land bank and actually outstanding three months before each election. If the amount unpaid on the principal of loans outstand-

ing in either division shall amount to less than \$1,000,000, all associations in the district shall vote together for all three local directors.

Now, remember that only three directors are to be elected. The other two of the five directors are to be appointed by the Federal farm-loan board. But how shall we apportion the three elected directors between those associations the liability of whose members is unlimited and those the liability of whose members is limited when you have but three to elect?

The proposition is that they shall elect "in proportion to the amount of unpaid principal on loans made to their members by the land bank and actually outstanding three months before each election." Suppose it is an equal amount on the part of the unlimited liability association and the limited liability association, and you have the mathematical problem then of each one, if they elect according to this proportion, electing one and one-half of the three directors. Suppose it is a different proportion than that; it is one and two-thirds, on the one hand, and one and one-third, on the other. There you have the proposition of electing one and two-thirds of the three directors by the unlimited liability association, for example, and one and one-third of the three directors by the limited liability association.

So here is one practical difficulty in the very organization of the national farm-loan association, a difficulty which extends to the government and to the administration of the affairs of the association. There being three directors to elect, the only circumstances under which a proportionate number of directors can be elected by these two classes of associations will be where the proportion would be as 1 to 2, or, in other words, where the amount unpaid of principal on loans made to their members by the land bank and actually outstanding three months before each election is twice as much in one association as it is in the other. Then the election would be practical, and you would have a proportion which would authorize one form of association to elect one, the other form of association to elect two, of the elective directors. Otherwise, and under no other circumstances could you have the three directors elected in proportion to the amount of the unpaid principal of each of these associations.

With this as a practical difficulty in the organization and government of the national farm-loan association, I come to consider for a moment the purposes of the national farm-loan association when it is organized. What purpose does it serve? Primarily it is meant to be the intermediary between the farmer and the Federal land bank from which the farmer, as a member of the national farm-loan association, procures a loan, because it is not the national farm-loan association but it is the land bank that handles the money and loans the money to and takes the mortgage from the farmer. The mortgage runs not to the national farm-loan association but to the Federal land bank.

What other purpose is served, or is it urged upon the floor here is served, by the national farm-loan association? The other purpose is this, namely, that under the terms of the bill the national farm-loan association and all the members of it are liable for the indebtedness of the individual member of the farm-loan association; and it is to be remembered that in order to be qualified to be a member of the farm-loan association he must be a borrower. Otherwise, he is not entitled to belong to the farm-loan association at all. The liability of the loan association, it is urged, adds to the security of the mortgages given by its members and the bonds issued thereon.

But, Mr. President, is that security necessary? It occurs to me that one great trouble with this measure in its entirety is that the framer of the bill, or the committee, have been misled by the provisions of the Federal reserve bank act. They have thought that this bill must be in analogy to that plan; and hence they must have the Federal farm-loan board to correspond to the Federal Reserve Board; they must have the Federal land bank to correspond to the several Federal reserve banks in the 12 districts in the United States; and they must have the national farm-loan association to correspond to the national banks, they being members of the Federal reserve bank system. And why? Because each and every national bank is security for the obligations of its borrowing members, whose obligations it takes to the Federal reserve bank for rediscount, and there gets the currency permitted to be issued under the Federal reserve bank act to the member banks for the purposes of use in business. But there is absolutely no need for the indorsement of a national farm-loan association in order that the mortgages, or the bonds issued upon the mortgages, may be secure.

Under the provisions of this bill the loans are to be made under the most careful limitations and restrictions. The bill is safeguarded throughout in that respect, in the first place, and then, in the second place, a loan may be made only to the extent of 50 per cent of the value of the property mortgaged to secure the

loan. It is the best security in the world; bonds issued thereon will be readily taken by the investing public; the tendency will naturally be to bring down the rate of interest charged the farmer, and all this without a national farm-loan association behind it.

You have what, now, as further security than the mortgagor himself, than the farm he mortgages, and the Federal land bank which loans him the money and takes his mortgage? You have the security of every other Federal land bank for the payment of every coupon interest note upon default of payment by the bank that issued it, and then, finally, as to the ultimate payment of the principal, you have the security of every Federal land bank in the entire system.

Do you need any more security than that to make these, as it were, liquid assets, or the assets upon which negotiable bonds may be issued and pass current as money throughout the country? I think not. So, Mr. President, when it comes, first, to the practical difficulties in the operation of the national farm-loan association, and, second, to the question of the necessity of such associations as security for the loans, it seems to me that in providing for the national farm-loan association we are providing for an institution that is both quite impractical and unnecessary.

In passing, let me refer to another instance that may interfere with the practical success of the National Farm Loan Association. Ten persons under the bill can form a national farm-loan association. They must all be borrowers in order to be qualified to form and be members of it. In a given State or community they may not readily be found. There may be found one at a given place in one portion of the State, and you may not find another would-be borrower within a distance of 10 miles or another within a distance of 20 miles. And so only within the radius of 25 or 30 miles may you find the 10 members required to form the National Farm Loan Association. Thus you can see some of the difficulties of organization to begin with in men getting together to transact the business of such an association, holding their meetings, electing officers, and providing for a course of action by that farm-loan association. If we can dispense with this part of the machinery, which seems to me so utterly useless and may be mischievous, we would better do it if we can, as I said, accomplish the same laudable purpose without it; and I think we can.

How may we do it in the main? I have provided in my proposed substitute, not for 12 Federal land banks, but that the farm-loan board may create as many Federal land banks as there are States in the Union. Let me read the provision in that regard. This is section 4, and it corresponds to section 4 in the original bill:

That each State of the United States is hereby constituted a Federal land bank district, to be known and designated by the name of the State comprising such district. As soon as practicable the Federal farm-loan board shall establish in each such district one Federal land bank, with its principal office located in such city within the district as said board shall designate, and each land bank shall include in its title the names of the city and State in which it is located. Subject to the approval of the farm-loan board any Federal farm-loan bank may establish branches within the State or district in which it is located.

In no case shall a Federal land bank be established with a capital stock of less than \$250,000.

Senators will remember that in the pending bill the minimum of capital stock is \$500,000 and the minimum of all the capital stock of all the Federal land banks under the system provided for in the original bill will be \$6,000,000. I have thought that, since we have established so many under the provisions of this bill, \$250,000 should be the limit. If we organize 24 Federal land banks in 24 States of the Union we shall have an aggregate capital stock equal to that provided for in this bill, namely, \$6,000,000, if we take only half the States in the Union, whereas if one is organized in every State of the Union we shall have just twice the aggregate capital stock provided for in this bill.

Further:

Provided, That if, in the judgment of said Federal farm-loan board, agricultural conditions, or the terms and conditions on which farm loans may be procured from other sources, in any State do not warrant the establishment of a Federal land bank in such State, then such board may defer the establishment of such bank until conditions do so warrant, or may refrain altogether from establishing such bank: *Provided further*—

I do not want to cut anybody out of the privileges he may enjoy under a Federal farm-loan or rural-credits system, and hence I provide this—

That any qualified person seeking a loan on farm lands in a State where no bank has been established may make application to and receive a loan from the Federal land bank of an adjacent or other State under all the provisions and restrictions of this act.

So, throughout my proposed substitute, wherever the farm-loan association has been mentioned, or where there has been any reference to it in the original bill, I have changed or cut out the language entirely. Beginning with section 7 of the

original bill, which deals especially with farm-loan associations—those of unlimited and those of limited liability—I cut out all of those provisions, and I adapt then my ideas in regard to the Federal land bank to the rest of the provisions of this bill, and harmonize them with them. In other words, then, the individual farmer, instead of being a member of a national farm-loan association and subscribing to that stock to the extent of one-twentieth the amount he wants to borrow, becomes a subscriber to the stock of the Federal land bank, and his stock is security for the debts of the Federal land bank, as was his stock security for the debts of the national farm-loan association.

Mr. SMITH of Michigan. And as is the stock of the other banks.

Mr. STERLING. Yes; and as is the stock of the other banks. I am glad the Senator from Michigan mentions that fact, because I want to call attention again to that feature of the bill in regard to the class of farm-loan associations where the liability of the members is limited—limited in the ordinary way—where each one is liable equally and ratably for himself, and not one for another, for the debts of the association, to the extent of the par value of his stock and to the extent of the amount paid in on his stock. That is the general limited liability. The other is where he is liable one for another for the indebtedness of the association, without any limit whatever in that liability. Whatever property he may have under that rule liable to execution at all is subject to execution to satisfy any contract, debt, or engagement whatever of the association.

Mr. President, this touches again the practicability of the national farm loan association. How many such associations is it believed will be organized under the unlimited-liability plan? The Senator from New Hampshire [Mr. HOLLIS] hopes that eventually they will all become unlimited-liability associations. Why, he says, it will add to the security, as though under this bill any more security were needed than the value of the man's farm, the mortgage being for not to exceed one-half that value, with the added liability of the Federal land bank from which he borrows, and, added to that, the liability of each and every land bank in the entire system. There is no need for an unlimited-liability association to render the mortgage a better security or the bonds a better investment. I would hesitate before encouraging or advising any farmer friend of mine to identify himself with or become a member of any unlimited-liability association.

Mr. SMITH of Michigan. Especially, Mr. President—if the Senator will permit me—after he has pledged his property, and pledged it for 50 per cent of its value only.

Mr. STERLING. Yes.

Mr. SMITH of Michigan. If the value of the land is arrived at fairly, he has given ample protection for his loan, without assuming the responsibility of others.

Mr. STERLING. Certainly.

So, Mr. President, it seems to me now that the proposition I urge is entitled to the greatest consideration. We are starting out here on a new plan, beneficently intended, and I feel it will be beneficial in its results. I think that the more easily that plan is understood, the more simple the machinery to begin with, the more readily can we say its success will be assured. It is easy to segregate, as it were, this unnecessary part of the scheme from the rest and have, first, your Federal farm-loan board, organized as it is under the provisions of the original bill, and then your Federal farm-land banks, organized, as they are to be, under the provisions of the original bill, with the farmer a member of the Federal land bank instead of the farm-loan association, but having exactly the same rights and subject to the same liabilities he would have and be subject to were he a member of such an association.

Mr. President, I have gone through the original bill and compared my substitute with it, and I think I have now in every respect adapted my substitute to the provisions of the original bill, leaving out, of course, all references to national farm-loan associations. I might have had this substitute read before beginning my remarks, and yet I did not want to take that time. I simply hope that in all fairness, and in order that it may have some further consideration, the bill may not be pressed to a final vote this evening.

Mr. HOLLIS. Mr. President, I notified the Senate last night that it was my intention to pass the bill, if I could, to-day, and I have every hope of being able to do so. I am very sure the point the Senator has made is clear to the Senate. His bill is like the bill before the Senate in every particular, except that the national farm-loan associations are eliminated. I also understand that the Senator is willing to submit his substitute without having it read; and, if so, we may vote upon it at once.

Mr. STERLING. I am willing to submit it. I should like, if I may have unanimous consent, to have the substitute printed in the RECORD.

The VICE PRESIDENT. Without objection, it will be so ordered.

Mr. STERLING. I want to call attention to one feature of the bill in which I have made a change, and that is on page 5, I think, of the bill. I have stricken out the provisions relative to the attorneys, experts, assistants, clerks, and so forth, and to their appointment without regard to the civil-service law. It should not have been in my substitute. I had already offered an amendment which was printed providing for striking that out, and it was by inadvertence that it was printed in the substitute.

The substitute submitted by Mr. STERLING is as follows:

Amendment in the nature of a substitute intended to be proposed by Mr. STERLING to the bill (S. 2986) to provide capital for agricultural development, to create a standard form of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries and financial agents for the United States, and for other purposes, viz: Strike out all after the enacting clause and insert the following:

"That the short title of this act shall be 'The Federal farm-loan act.' Its administration shall be under the direction and control of the Federal farm-loan board hereinafter created.

DEFINITIONS.

"SEC. 2. That wherever the term 'first mortgage' is used in this act it shall be held to include such classes of first liens on farm lands as shall be approved by the Federal farm-loan board, and the credit instruments secured thereby. The term 'farm-loan bonds' shall be held to include all bonds secured by collateral deposited with a farm-loan registrar under the terms of this act; they shall be distinguished by the addition of the words 'regular' or 'joint stock,' as the case may be.

FEDERAL FARM-LOAN BOARD.

"SEC. 3. That there shall be established at the seat of government in the Department of the Treasury a bureau charged with the execution of this act and of all acts amendatory thereof, to be known as the Federal farm-loan bureau, under the general supervision of a Federal farm-loan board.

"Said Federal farm-loan board shall consist of five members, including the Secretary of the Treasury, who shall be a member ex officio, and four members to be appointed by the President of the United States, by and with the advice and consent of the Senate. Of the four members to be appointed by the President, not more than two shall be appointed from one political party, and all four of said members shall be citizens of the United States and shall devote their entire time to the business of the Federal farm-loan board; they shall receive an annual salary of \$10,000, payable monthly, together with actual necessary traveling expenses.

"One of the members to be appointed by the President shall be designated by him to serve for two years, one for four years, one for six years, and one for eight years, and thereafter each member so appointed shall serve for a term of eight years, unless sooner removed for cause by the President. One of the members shall be designated by the President as the farm-loan commissioner, who shall be the chairman and the active executive officer of said board. Each member of the Federal farm-loan board shall within 15 days after notice of his appointment take and subscribe to the oath of office.

"The first meeting of the Federal farm-loan board shall be held in Washington as soon as may be after the passage of this act, at a date and place to be fixed by the chairman of said board.

"No member of the Federal farm-loan board shall be an officer or director of any institution, association, or partnership engaged in banking. Before entering upon his duties as a member of the Federal farm-loan board each member shall certify under oath to the President that he is eligible under this section.

"The President shall have the power, by and with the advice and consent of the Senate, to fill any vacancy occurring in the membership of the Federal farm-loan board; if such vacancy shall be filled during the recess of the Senate a commission shall be granted which shall expire 30 days after the Senate convenes.

"The Federal farm-loan board shall appoint a farm-loan registrar in each land-bank district to receive applications for issues of farm-loan bonds and to perform such other services as are prescribed by this act. It shall also appoint one or more land-bank appraisers for each land-bank district and as many special appraisers as it shall deem necessary. Farm-loan registrars, land-bank appraisers, and special appraisers appointed under this section shall be public officials and shall have no connection with or interest in any institution, association, or partnership engaged in banking.

"The salaries and expenses of the Federal farm-loan board and of farm-loan registrars and special appraisers authorized under this section shall be paid out of any moneys in the Treasury of the United States not otherwise appropriated. Land-bank appraisers shall receive such compensation as the Federal farm-loan board shall fix, and shall be paid by the Federal land banks and the joint-stock land banks which they serve, in such proportion and in such manner as the Federal farm-loan board shall order.

"The Federal farm-loan board shall be authorized and empowered to employ such attorneys, experts, assistants, clerks, laborers, and other employees as it may deem necessary to conduct the business of said board. All salaries and fees authorized in this section and not otherwise provided for shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the Federal farm-loan board.

"Every Federal land bank shall semiannually submit to the Federal farm-loan board a schedule showing the salaries or rates of compensation paid to its officers and employees, and said board shall have power to disapprove such schedule, or any item in it, and to alter any or all salaries therein shown.

"The Federal farm-loan board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

"The Federal farm-loan board shall from time to time require examinations and reports of condition of all banks established under the

provisions of this act, and shall publish consolidated statements of the results thereof. It shall cause to be made appraisals of farm lands as provided by this act, and shall prepare and publish amortization tables which shall be used by banks under its supervision. It shall, by suitable rules and regulations, require all offenses and delinquencies under this act to be forthwith reported to it and to the United States district attorney for the district in which any such offense or delinquency shall occur, and shall institute immediate proceedings in the proper court for the prosecution of any person committing an offense under any provision of this act.

"The Federal farm-loan board shall prescribe a form for the statement of condition of banks under its supervision, which shall be filled out quarterly by each such bank and transmitted to said board.

"It shall be the duty of the Federal farm-loan board to prepare from time to time bulletins setting forth the principal features of this act, and to distribute the same, particularly to the press, to agricultural journals, and to farmers' organizations; to prepare and distribute in the same manner circulars setting forth the principles and advantages of amortized farm loans and the protection afforded debtors under this act, and advising investors of the merits and advantages of farm-loan bonds; and to disseminate, in its discretion, information for the further instruction of farmers regarding the methods and principles of co-operative credit and organization. Said farm-loan board is hereby authorized to use a reasonable portion of the organization fund provided in section 36 of this act for the objects specified in this paragraph, and is instructed to lay before the Congress at each session its recommendations for further appropriations to carry out said objects.

FEDERAL LAND BANKS.

"SEC. 4. That each State of the United States is hereby constituted a Federal land-bank district, to be known and designated by the name of the State comprising such district. As soon as practicable the Federal farm-loan board shall establish in each such district one Federal land bank, with its principal office located in such city within the district as said board shall designate, and each land bank shall include in its title the names of the city and State in which it is located. Subject to the approval of the farm-loan board any Federal land bank may establish branches within the State or district in which it is located.

"In no case shall a Federal land bank be established with a capital stock of less than \$250,000: *Provided*, That if in the judgment of said Federal farm-loan board agricultural conditions, or the terms and conditions on which farm loans may be procured from other sources, in any State do not warrant the establishment of a Federal land bank in such State, then such board may defer the establishment of such bank until conditions do so warrant, or may refrain altogether from establishing such bank: *Provided further*, That any qualified person seeking a loan on farm lands in a State where no bank has been established may make application to and receive a loan from the Federal land bank of an adjacent or other State under all the provisions and restrictions of this act.

"Each Federal land bank shall be temporarily managed by five directors appointed by the Federal farm-loan board. Said directors shall be citizens of the United States and residents of the district. They shall each give a surety bond, the premium on which shall be paid from the funds of the bank. They shall receive such compensation as the Federal farm-loan board shall fix. They shall choose from their number, by majority vote, a president, a vice president, a secretary, and a treasurer. They are further authorized and empowered to employ such attorneys, experts, assistants, clerks, laborers, and other employees as they may deem necessary, and to fix their compensation, subject to the approval of the Federal farm-loan board.

"Said temporary directors shall, under their hands, forthwith make an organization certificate, which shall specifically state:

"First. The name assumed by such bank.

"Second. The district within which its operations are to be carried on, and the particular city in which its principal office is to be located.

"Third. The amount of capital stock and the number of shares into which the same is to be divided.

"Fourth. The fact that the certificate is made to enable such persons to avail themselves of the advantages of this act.

"The organization certificate shall be acknowledged before a judge of some court of record or notary public, and shall be, together with the acknowledgment thereof, authenticated by the seal of such court or notary, transmitted to the farm-loan commissioner, who shall record and carefully preserve the same in his office, where it shall be at all times open to public inspection.

"The Federal farm-loan board is authorized to direct such changes in or additions to any such organization certificate as it may deem necessary or expedient.

"Upon duly making and filing such organization certificate the bank shall become, as from the date of the execution of its organization certificate, a body corporate, and as such, and in the name designated in the organization certificate, it shall have power—

"First. To adopt and use a corporate seal.

"Second. To have succession until it is dissolved by act of Congress or under the provisions of this act.

"Third. To make contracts.

"Fourth. To sue and be sued, complain and defend, in any court of law or equity, as fully as natural persons.

"Fifth. To elect or appoint directors, and by its board of directors to elect a president and a vice president, appoint a secretary and a treasurer and other officers and employees, define their duties, require bonds of them and fix the penalty thereof; by action of its board of directors dismiss such officers and employees, or any of them, at pleasure and appoint others to fill their places.

"Sixth. To prescribe, by its board of directors, subject to the supervision and regulation of the Federal farm-loan board, by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected, its officers elected or appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

"Seventh. To exercise, by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business herein described.

"After the subscriptions to stock in any Federal land bank, hereinafter authorized, shall have reached the sum of \$100,000, the officers of said land bank shall be elected and appointed as hereinafter provided, and shall, upon becoming duly qualified, take over the management of said land bank from the temporary officers appointed and chosen under this section.

"The board of directors of every Federal land bank shall be selected as hereinafter specified, and shall consist of five members, each holding

office for three years. Three of said directors shall be known as local directors, and shall be chosen by the stockholders of said bank in the manner prescribed for the election of directors of national banking associations; and the remaining two directors shall be known as district directors, and shall be appointed by the Federal farm-loan board and represent the public interest.

"The Federal farm-loan board shall designate one of the district directors to serve for two years and to act as chairman of the board of directors. The other district director shall serve for a term of one year. After the first appointments each director shall be appointed for a term of two years.

"At the first regular meeting of the board of directors of each Federal land bank it shall be the duty of the local directors to designate one of the local directors whose term of office shall expire in one year from the date of such meeting, one whose term of office shall expire in two years from said date, and one whose term of office shall expire in three years from said date. In making such designations an equitable allotment shall be made between directors chosen in the two divisions in accordance with the proportional representation determined by the farm-loan commissioner. Thereafter every director of a Federal land bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the board of directors shall be filled in the manner provided for the original selection of such directors. The board of directors shall at such first regular meeting elect from their number a loan committee of three members.

"Directors of Federal land banks shall have been for at least two years residents of the district for which they are appointed or elected, and at least one district director shall be experienced in practical farming and actually engaged at the time of his appointment in farming operations within the district. No director of a Federal land bank shall act as an officer, director, or employee of any other bank.

"Directors of Federal land banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, to be paid by the respective Federal land banks. Any compensation that may be provided by boards of directors of Federal land banks for directors, officers, or employees shall be subject to the approval of the Federal farm loan board.

"CAPITAL STOCK OF FEDERAL LAND BANKS.

"SEC. 5. That every Federal land bank shall have, before beginning business, a subscribed capital of not less than \$250,000. The Federal farm loan board is authorized to prescribe the times and conditions of the payment of subscriptions to capital stock, to reject any subscription in its discretion, and to require subscribers to furnish adequate security for the payment thereof.

"The capital stock of each Federal land bank shall be divided into shares of \$5 each, and may be subscribed for and held by any individual, firm, or corporation, or by the Government of any State or of the United States.

"Stock owned by the Government of the United States in Federal land banks shall receive no dividends, but all other stock shall share in dividend distributions without preference. Each borrowing shareholder in any Federal land bank, including the government of any State or of the United States, shall be entitled to one vote for each share of stock held by him or it in deciding all questions at meetings of shareholders, and no other shareholder shall be permitted to vote. Stock owned by the United States shall be voted by the farm-loan commissioner, as directed by the Federal farm-loan board.

"It shall be the duty of the Federal farm-loan board, as soon as practicable after the passage of this act, to open books of subscription for the capital stock of a Federal land bank in each Federal land bank district. If within 90 days after the opening of said books any part of the minimum capitalization of \$250,000 herein prescribed for Federal land banks shall remain unsubscribed, it shall be the duty of the Secretary of the Treasury to subscribe the balance thereof on behalf of the United States, said subscription to be subject to call in whole or in part by the board of directors of said land bank upon 30 days' notice, with the approval of the Federal farm-loan board; and the Secretary of the Treasury is hereby authorized and directed to take out shares corresponding to the unsubscribed balance as called, and to pay for the same out of any moneys in the Treasury not otherwise appropriated.

After the subscriptions to capital stock, exclusive of Government subscriptions, shall amount to \$250,000 in any Federal land bank, said bank shall apply semiannually to the payment and retirement of stock held by the United States, one-quarter of all sums thereafter subscribed to capital stock, until all stock held therein by the United States is retired at par.

"Whenever capital stock of any Federal land bank or joint-stock land bank to the amount of \$100,000 is paid in, at least 10 per cent thereof, and at least 10 per cent of any further payment amounting to \$100,000, shall be invested in bonds of the United States, not later than two years after such payment.

"GOVERNMENT DEPOSITARIES.

"SEC. 6. That all Federal land banks and joint-stock land banks organized under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the Federal land banks and joint-stock land banks thus designated satisfactory security, by the deposit of United States bonds or otherwise, for the safekeeping and prompt payment of the public money deposited with them, and for the faithful performance of their duties as financial agents of the Government. No Government funds deposited under the provisions of this section shall be invested in mortgage loans.

"SEC. 7. Any person, qualified under the provisions of this act, desiring to borrow on farm-land mortgages from a Federal land bank within the district where the land to be mortgaged is situated shall deposit with the treasurer of said bank for the purchase of stock at par an amount equal to 5 per cent of the face of the desired loan. If the loan is granted, the applicant therefor shall thereupon become the owner of one share of capital stock in said bank for each \$100 of the face of his loan, which shall be paid off at par and retired upon full payment of said loan. Said capital stock shall be held by said bank as collateral security for the payment of said loan, but said borrower shall be paid any dividends accruing and payable on said capital stock while it is outstanding. Such stock may at any time, in the discretion of the directors of said land bank, be paid off at par and retired. In such case a holder of said stock shall be credited with the par value thereof,

and if said par value shall exceed the amount then due on his loan the balance shall be paid to him in cash.

"SEC. 8. Every Federal land bank formed under this act shall have its organization certificate provide for an increase of its capital stock from time to time for the purpose of securing additional loans for its qualified members and stockholders desiring the same and providing for the issue of shares to borrowers in accordance with the provisions of this act. Such increases shall be included in the quarterly reports of said banks to the Federal farm-loan board.

"SEC. 9. All earnings and reserves of any Federal land bank, together with the capital stock of said bank, shall be primarily applied to satisfy the obligations of said bank; and all mortgages belonging to said bank, whether or not the same have been pledged with the farm-loan registrar, shall be security for the payment of every farm-loan bond issued by said bank.

"RESTRICTIONS ON LOANS BASED ON FIRST MORTGAGES.

"SEC. 10. That no Federal land bank organized under this act shall make loans except upon the following terms and conditions:

"First. Said loans shall be secured by duly recorded first mortgages on farm land within the land-bank district in which the bank shall be situated.

"Second. Every such mortgage shall contain an agreement for the payment of a fixed number of semiannual installments sufficient to provide for an agreed rate of interest during the term and for the payment of the principal during and at the end of the term, on what is known as the amortization plan.

"Third. Every such mortgage shall run for a period of at least 5 years and not exceeding 36 years.

"Fourth. Every mortgage loan made under this act, for whatever period, shall provide for its extinguishment, at the option of the borrower, in whole or in part, at any date set for the payment of interest after five years from the date upon which said loan was made, as follows:

"(a) By the tender at their face value of farm-loan bonds issued by the land bank holding such mortgage, all unmatured coupons being attached to said bonds.

"(b) By advance payments in cash in sums of \$100, or any multiple thereof. In such case the Federal land bank receiving such payments shall purchase for its own account, and credit at par upon the mortgage, farm-loan bonds in suitable amount; said land bank may call, as may be necessary, farm-loan bonds in suitable amounts, and when such calls shall have become effective shall credit such payments on such mortgage.

"Provided, That farm-loan bonds of any Federal land bank, tendered or purchased under the foregoing two paragraphs to extinguish the whole or any part of a mortgage loan, shall bear the rate of interest current on farm-loan bonds issued by such bank at the time such mortgage loan was made.

"Fifth. The rate of interest charged for such loans shall not exceed the legal rate fixed by law for loans by national banks.

"Sixth. Such loans may be made for the following purposes and for no other:

"(a) To provide for the purchase of a farm for a home.

"(b) To provide for the purchase of equipment, fertilizers, and live stock necessary for the proper and reasonable operation of the farm; the term 'equipment' to be defined by the Federal farm-loan board.

"(c) To provide buildings and for the improvement of farm lands; the term 'improvement' to be defined by the Federal farm-loan board.

"(d) To liquidate indebtedness of the owner of the land mortgaged, existing at the time of the organization of the first Federal land bank under the provisions of this act, or indebtedness subsequently incurred for one of the purposes above mentioned.

"Seventh. No such loan shall exceed 50 per cent of the value of the land mortgaged, said value to be ascertained by appraisal, as provided in section 16 of this act. In making said appraisal the actual earning power of said land shall be a principal factor. A reappraisal may be permitted at any time in the discretion of the Federal land bank, and such additional loan may be granted as such reappraisal will warrant under the provisions of this paragraph. Whenever the amount of the loan applied for exceeds the amount that may be loaned under the appraisal as herein limited, such loan may be granted to the amount permitted under the terms of this paragraph without requiring a new application or appraisal.

"Eighth. No such loan shall be made to any person who is not at the time, or who does not in his application promise shortly to become, engaged in the cultivation of the farm mortgaged. In case of the sale of the mortgaged land, the Federal land bank may, in its discretion, declare the mortgage thereon due and payable, or permit said mortgage to be assumed by the purchaser. In case of the death of the mortgagor, the mortgage may, on default and if necessary to protect the loan, declare the mortgage due and payable and take all steps necessary for its collection.

"Ninth. The amount of loans to any one borrower shall in no case exceed a maximum of \$10,000, nor shall any loan be less than the sum of \$200.

"Tenth. Every applicant for a loan under the terms of this act shall make application on a form to be prescribed for that purpose by the Federal farm-loan board, and such applicant shall state the objects to which the proceeds of said loan are to be applied, and shall afford such other information as may be required.

"Eleventh. Every borrower shall pay simple interest on defaulted payments at the rate of 6 per cent per annum, and by express covenant in his mortgage deed shall undertake to pay when due all taxes or assessments which may be lawfully assessed against the land mortgaged. Taxes or assessments not paid when due, and paid by the mortgagee, shall become a part of the mortgage debt and shall bear simple interest at the rate of 6 per cent per annum.

"Twelfth. Every borrower who shall be granted a loan under the provisions of this act shall enter into an agreement, in form and under conditions to be prescribed by the Federal farm-loan board, that if the whole or any portion of his loan shall be expended for purposes other than those specified in his original application, or if the borrower shall be in default in respect to any condition or covenant of the mortgage, the whole of said loan shall, at the option of the mortgagee, become due and payable forthwith; Provided, That the borrower may use part of said loan to repay any sum borrowed to pay for his stock in the Federal land bank, and the land bank holding such mortgage may permit said loan to be used for some other purpose specified in this section.

"Funds transmitted or paid out to borrowers on loans made to them by Federal land banks shall be in current funds, or farm-loan bonds, at the option of the borrower.

"POWERS OF FEDERAL LAND BANKS.

"SEC. 11. That every Federal land bank shall have power, subject to the limitations and requirements of this act—

"First. To issue, subject to the approval of the Federal farm-loan board, and to sell farm-loan bonds of the kinds authorized in this act, to buy the same for its own account, and to retire the same at or before maturity.

"Second. To invest such funds as may be in its possession in the purchase of qualified first mortgages on farm lands situated within the Federal land-bank district within which it is organized or for which it is acting.

"Third. To receive and to deposit in trust with the farm-loan registrar for the district, to be by him held as collateral security for farm-loan bonds, first mortgages upon farm land qualified under section 10 of this act, and to collect or empower any duly authorized agent, to collect and immediately pay over to said land bank the dues, interest, amortization installments and other sums payable under the terms, conditions, and covenants of the mortgages and of the bonds secured thereby.

"Fourth. To receive and to set apart for expenses and profits the excess of interest payments on indorsed mortgages above the interest payments on farm-loan bonds for which said mortgages are held as collateral security, said excess of interest in no case to be more than 1 per cent of the amount of principal remaining unpaid on said mortgages.

"Fifth. To acquire and dispose of—

"(a) Such property, real or personal, as may be necessary or convenient for the transaction of its business, which, however, may be in part leased to others for revenue purposes.

"(b) Parcels of land mortgaged to it as security where there has been default in payment of the mortgage.

"(c) Parcels of land acquired in satisfaction of debts or purchased at sales under judgments, decrees, or mortgages held by it. But no such bank shall hold title and possession of any real estate purchased or acquired to secure any debt due to it, for a longer period than five years, except with the special approval of the Federal farm-loan board in writing.

"Sixth. To deposit its securities and its current funds subject to check with any Federal reserve bank or with any member bank of the Federal reserve system, and to receive interest on the same as may be agreed.

"Seventh. To borrow money, to give security therefor, and to pay interest thereon.

"Eighth. To buy and sell United States bonds.

"RESTRICTIONS OF FEDERAL LAND BANKS.

"SEC. 12. That no Federal land bank shall have power—

"First. To accept deposits of current funds payable upon demand except from its own stockholders, or to transact any banking or other business not expressly authorized by the provisions of this act.

"Second. To loan on first mortgage except on direct application of a qualified borrower under the provisions of this act or through agents as provided in section 14.

"Third. To accept any mortgages on real estate except first mortgages created subject to all limitations imposed by section 10 of this act and those taken as additional security for existing loans.

"Fourth. To issue or obligate itself for outstanding farm-loan bonds in excess of twenty times the amount of its capital and surplus.

"Fifth. To demand or receive, under any form or pretense, any commission or charge not specifically authorized in this act. This provision shall also apply to joint-stock land banks.

"SPECIAL PROVISIONS.

"SEC. 13. That any person who shall become a shareholder of any Federal land bank and is otherwise qualified under the provisions of this act shall be entitled to borrow money on farm-land mortgage upon filing his application in accordance with section 7 and otherwise complying with the terms of this act whenever the Federal land bank of the district has funds available for that purpose, unless said land bank or the Federal farm-loan board shall, in its discretion, otherwise determine.

"Such member may, at his option, pay the expenses for appraisal, examining title, drawing legal papers, recording, and similar services, or he may require such expenses to be advanced by the Federal land bank making the loan, in which case said expenses may be made a part of the face of the loan and paid off in amortization payments. Such addition to the loan shall not be permitted to increase said loan above the 50 per cent limited in section 10.

"Any person who shall borrow from a Federal land bank for the purpose of purchasing a farm for a home under the provisions of section 10 of this act may, at his option, borrow from the Federal land bank such sum as is needed to pay for his required shares of stock in the Federal land bank, and such sum may be borrowed in addition to the amount permitted to be borrowed under the provisions of said section 10.

"AGENTS OF FEDERAL LAND BANKS.

"SEC. 14. Federal land banks may make loans on farm lands through agents approved by the Federal farm-loan board.

"Such loans shall be subject to all the conditions and restrictions provided by this act, and each borrower shall contribute 5 per cent of the amount of his loan to the capital of the Federal land bank, and shall become the owner of as much capital stock of the land bank as such contribution shall warrant.

"No other agent than a duly incorporated bank, trust company, or mortgage institution, chartered by the Federal Government, or by the State in which it has its principal office, shall be employed under the provisions of this section.

"Federal land banks may pay to such agents not to exceed one-half of 1 per cent per annum upon the unpaid principal of said loan.

"Actual expenses paid by borrowers for appraisal, examining title, drawing legal papers, recording, and similar services may be added to the face of the loan and paid off in amortization payments. Such addition to the loan shall not be permitted to increase said loan above the 50 per cent limited in section 10.

"Said agents, when required by the Federal land banks, shall collect and forward to such banks without charge all interest and amortization payments on loans indorsed by them.

"Any agent negotiating any such loan shall indorse the same and become liable for the payment thereof, and for any default by the mortgagor, on the same terms and under the same penalties as if the loan had been originally made by said agent as principal and sold by said agent to said land bank, but the aggregate of the unpaid principal of mortgage loans received from any such agent shall not exceed its capital and surplus.

"JOINT-STOCK LAND BANKS.

"SEC. 15. That corporations, to be known as joint-stock land banks, for carrying on the business of lending on farm-mortgage security and issuing farm-loan bonds, may be formed by any number of natural persons not less than 10. They shall be organized subject to the requirements and under the conditions set forth in section 4 of this act, so far as the same may be applicable: *Provided*, That the board of directors of every joint-stock land bank may consist of more than 5 members.

"Shareholders of every joint-stock land bank organized under this act shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

"Except as otherwise provided, joint-stock land banks shall be subject to all the restrictions and conditions imposed on Federal land banks by this act, so far as such restrictions and conditions are applicable: *Provided, however*, That the Government of the United States shall not purchase or subscribe for any of the capital stock of any such bank; and each shareholder of any such bank shall have the same voting privileges as holders of shares in national banking associations.

"No joint-stock land bank shall have power to issue or obligate itself for outstanding farm-loan bonds in excess of fifteen times the amount of its capital and surplus, or to receive deposits, or to transact any banking or other business not expressly authorized by the provisions of this act.

"No joint-stock land bank shall be authorized to do business until capital stock to the amount of at least \$250,000 has been subscribed and paid in cash, and a charter has been issued to it by the Federal farm-loan board. In States having populations exceeding 2,000,000, the capital stock of joint-stock land banks shall be not less than \$500,000.

"Farm-loan bonds issued by joint-stock land banks shall be so engraved as to be readily distinguished in form and color from farm-loan bonds issued under this act by Federal land banks, and shall otherwise bear such distinguishing marks as the Federal farm-loan board shall direct.

"Joint-stock land banks shall not be subject to the provisions of section 11 or section 17 of this act as to interest rates on mortgage loans or farm-loan bonds, nor to the provisions of the paragraphs designated first, sixth, eighth, ninth, and twelfth of section 10 as to restrictions on mortgage loans: *Provided, however*, That no loans shall be made in excess of 50 per cent of the appraised value of the mortgaged lands, and all loans shall be secured by first mortgages on farm lands within the State in which such joint-stock land bank has its principal office or within some State contiguous to such State.

"Joint-stock land banks shall in no case charge interest on farm loans exceeding by more than 1 per cent the rate of interest established for the last series of farm-loan bonds issued by them.

"Each joint-stock land bank organized under this act shall have authority to issue bonds based upon mortgages taken by it in accordance with the terms of this act. Such bonds shall be in form prescribed by the Federal farm-loan board, and it shall be stated in such bonds that such bank is organized under section 15 of this act, is under Federal supervision, and operates under the provisions of this act.

"Farm-loan bonds issued by joint-stock land banks shall be called joint-stock bonds.

"APPRAISAL.

"SEC. 16. That whenever an application for a mortgage loan is made to any Federal land bank it shall be first referred to the loan committee provided for in section 7 of this act. Said loan committee shall examine the land which is offered as security for the desired loan and shall make a detailed written report signed by all three members, giving the appraisal of said land as determined by them, and such other information as may be required by rules and regulations to be prescribed by the Federal farm-loan board. No loan shall be approved by the directors unless said loan committee agrees unanimously upon a favorable report.

"The written report of said loan committee shall be submitted to the Federal land bank, together with the application for the loan, and the directors of said land bank shall examine said written report when they pass upon the loan application which it accompanies, but they shall not be bound by said appraisal.

"Before any mortgage loan is made by any Federal land bank or joint-stock land bank it shall refer the application and written report of the loan committee to one or more of the land-bank appraisers appointed under the authority of section 3 of this act, and such appraiser or appraisers shall investigate and make a written report upon the land offered as security for said loan. No such loan shall be made by said land bank unless said written report is favorable.

"Whenever any Federal land bank or joint-stock land bank shall desire to issue farm-loan bonds under the provisions of section 19 of this act, the Federal farm-loan board shall refer the application of such land bank to one or more of the special appraisers appointed under the authority of section 3 of this act. Such special appraiser or appraisers shall make such examination and appraisal of the mortgages offered as collateral security for such bonds as the Federal farm-loan board shall direct, and shall make a written report to said board. No issue of farm-loan bonds shall be authorized unless the Federal farm-loan board shall approve such issue in writing.

"Forms for appraisal reports for Federal land banks shall be prescribed by the Federal farm-loan board.

"Land-bank appraisers and special appraisers shall make such examinations and appraisals and conduct such investigations concerning farm-loan bonds and first mortgages as the Federal farm-loan board shall direct.

"No borrower under this act shall be eligible as an appraiser under this section, but borrowers may act as members of a loan committee in any case where they are not personally interested in the loan under consideration. When any member of a loan committee or of a board of directors is interested, directly or indirectly, in a loan, a majority of the board of directors shall appoint a substitute to act in his place in passing upon such loan.

"POWERS OF FEDERAL FARM-LOAN BOARD.

"SEC. 17. That the Federal farm-loan board shall have power—

"(a) To organize and charter Federal land banks and joint-stock land banks, subject to the provisions of this act.

"(b) To review and alter at its discretion the rate of interest to be charged by Federal land banks for loans made by them under the provisions of this act, said rates to be uniform so far as practicable.

"(c) To grant or refuse to Federal land banks or joint-stock land banks authority to make any specific issue of farm-loan bonds.

"(d) To make rules and regulations respecting the charges made to borrowers on loans under this act for expenses in appraisal, examining title, drawing legal papers, recording, and similar services.

"(e) To require reports and statements of condition and to make examinations of all banks doing business under the provisions of this act.

"(f) To prescribe the form and terms of farm-loan bonds, and the form, terms, and penal sums of all surety bonds required under this act and of such other surety bonds as they shall deem necessary, such surety bonds to cover financial loss as well as faithful performance of duty.

"(g) To require Federal land banks to pay forthwith to any Federal land bank their equitable proportion of any sums advanced by said land bank to pay the coupons of any other land bank, basing said required payments on the amount of farm-loan bonds issued by each land bank and actually outstanding at the time of such requirement.

"(h) To exercise such incidental powers as shall be necessary or requisite to fulfill their duties and carry out the purposes of this act.

"APPLICATIONS FOR FARM-LOAN BONDS.

"Sec. 18. That any Federal land bank, or joint-stock land bank, which shall have voted to issue farm-loan bonds or joint-stock bonds under this act, shall make written application to the Federal farm-loan board, through the farm-loan registrar of the district, for approval of such issue. With said application said land bank shall tender to said farm-loan registrar as collateral security first mortgages on farm lands qualified under the provisions of section 10 or section 14 of this act, or United States Government bonds, not less in aggregate amount than the sum of the bonds proposed to be issued. Said bank shall furnish with such mortgages a schedule containing a description thereof and such other information as may be prescribed by the Federal farm-loan board.

"Upon receipt of such application said farm-loan registrar shall verify said schedule and shall transmit said application and said schedule to the Federal farm-loan board, giving such further information pertaining thereto as he may possess. The Federal farm-loan board shall forthwith cause one or more special appraisers to make such investigation and appraisal of the securities tendered as it shall deem wise, and upon receiving a report from said special appraiser or appraisers it shall grant in whole or in part, or reject entirely, such application.

"The Federal farm-loan board shall promptly transmit its decision as to any issue of farm-loan bonds to the land bank applying for the same and to the farm-loan registrar of the district. Said registrar shall furnish, in writing, such information regarding any issue of farm-loan bonds as the Federal farm-loan board may at any time require.

"ISSUE OF FARM-LOAN BONDS.

"Sec. 19. That whenever any farm-loan registrar shall receive from the Federal farm-loan board notice that it has approved any issue of farm-loan bonds under the provisions of section 18, he shall forthwith take such steps as may be necessary, in accordance with the provisions of this act, to insure the prompt execution of said bonds and the delivery of the same to the land bank applying therefor.

"Whenever the Federal farm-loan board shall reject entirely any application for an issue of farm-loan bonds the first mortgages tendered to the farm-loan registrar as collateral security therefor shall be forthwith returned to said land bank by him.

"Whenever the Federal farm-loan board shall approve an issue of farm-loan bonds the farm-loan registrar having the custody of the first mortgages and bonds tendered as collateral security for such issue of bonds shall retain in his custody those first mortgages and bonds which are to be held as collateral security and shall return to the bank owning the same any of said mortgages and bonds which are not to be held by him as collateral security. The land bank which is to issue said farm-loan bonds shall transfer to said registrar, by assignment in trust, all first mortgages and bonds which are to be held by said registrar as collateral security, said assignment providing for the right of redemption at any time by payment as provided in this act and reserving the right of substitution of other mortgages qualified under section 10 or section 14 of this act. Said mortgages shall be deposited in such deposit vault or bank as the Federal farm-loan board shall approve, subject to the control of said registrar, and in his name as trustee for the bank issuing the farm-loan bonds and for the prospective holders of said farm-loan bonds.

"No mortgage shall be accepted by a farm-loan registrar from a Federal land bank as part of an offering to secure an issue of farm-loan bonds, either originally or by substitution, except first mortgages made subject to the conditions prescribed in said sections 10 or 14.

"It shall be the duty of each farm-loan registrar to see that the farm-loan bonds delivered by him and outstanding do not exceed the amount of collateral security pledged therefor. Such registrar may, in his discretion, temporarily accept in place of mortgages withdrawn United States Government bonds, farm-loan bonds, or cash.

"The Federal farm-loan board may, at any time, call upon any land bank for additional security to protect the bonds issued by it.

"FORM OF FARM-LOAN BONDS.

"Sec. 20. That all bonds provided for in this act shall be issued under the authority and by the direction of the Federal farm-loan board. They shall be issued in denominations of \$25, \$50, \$100, \$500, and \$1,000. They shall run for specified minimum and maximum periods, subject to be paid and retired at the option of the land bank at any time after 10 years from the date of their issue. They shall have interest coupons attached, payable semiannually, and shall be issued in series of not less than \$50,000, whose amount and term shall be fixed by the Federal farm-loan board. They shall bear a rate of interest not to exceed 5 per cent per annum.

"The Federal farm-loan board shall prescribe rules and regulations concerning the form of farm-loan bonds, and the circumstances and manner in which farm-loan bonds shall be paid and retired under the provisions of this act.

"Farm-loan bonds shall be delivered through the registrar of the district to the bank applying for the same.

"In order to furnish suitably engraved bonds for delivery to Federal land banks and joint-stock land banks, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such bonds of the denominations of \$100, \$500, and \$1,000 as may be required to supply such land banks. Such bonds shall be in form and tenor as directed by the

Federal farm-loan board under the provisions of this act and shall bear the distinctive numbers and names of the several land banks by which they are issued. They may be exchanged into registered bonds of any amount, and reexchanged into coupon bonds, at the option of the holder, under rules and regulations to be prescribed by the Federal farm-loan board.

"When such bonds have been prepared they shall be deposited in the Treasury or in the subtreasury or mint of the United States nearest the place of business of each land bank, and shall be held for the use of such bank, subject to the order of the farm-loan registrar of the district.

"The plates and dies to be procured by the Comptroller of the Currency for the printing of such bonds shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the preparation of such bonds and all other expenses incidental to their issue and retirement shall be paid by the land banks. The Federal farm-loan board shall levy semiannually against the respective Federal land banks and joint-stock land banks, in proportion to the issue of bonds by each, a sufficient amount to cover such expenses.

"The examination of plates, dies, bed pieces, etc., and regulations to such examination of plates, dies, etc., of national-bank notes provided for in section 5174, Revised Statutes, are hereby extended to include bonds herein provided for.

"Any appropriation heretofore made out of the general fund of the Treasury for engraving plates and dies, for the purchase of distinctive paper, or to cover any other expense in connection with the printing of paper currency, and any distinctive paper that may be on hand at the time of the passage of this act may be used in the discretion of the Secretary of the Treasury for the purposes of this act, and should the appropriations heretofore made be insufficient to meet the requirements of this act, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated as may be required for the purpose of furnishing the bonds aforesaid, adequate reimbursement being duly made therefor under the provisions of this section.

"SPECIAL PROVISIONS OF FARM-LOAN BONDS.

"Sec. 21. That each Federal land bank shall be bound in all respects by the acts of its officers in signing and issuing farm-loan bonds, and by the acts of the Federal farm-loan board in authorizing their issue.

"Every Federal land bank issuing farm-loan bonds shall be primarily liable therefor, and shall also be liable, upon presentation of farm-loan bond coupons, for interest payments due upon any farm-loan bonds issued by other Federal land banks and remaining unpaid in consequence of the default of such other land banks; and every such bank shall likewise be liable for such portion of the principal of farm-loan bonds so issued as shall not be paid after the assets of any such other land banks shall have been liquidated and distributed: *Provided*, That such losses, if any, either of interest or of principal, shall be assessed by the Federal farm-loan board against solvent land banks liable therefor in proportion to the amount of farm-loan bonds which each may have outstanding at the time of such assessment.

"Every farm-loan bond issued by a Federal land bank shall be signed by its president and attested by its secretary, and shall contain on the face thereof a certificate signed by the farm-loan commissioner to the effect that it is issued under the authority of the Federal farm-loan act, has the approval in form and issue of the Federal farm-loan board, and is legal and regular in all respects; that it is not taxable by National, State, municipal, or local authority; that it is issued against collateral security of Government bonds, or first mortgages on farm lands, deposited with the farm-loan registrar, and that all Federal land banks, stating the approximate amount of their aggregate capital and surplus, are liable for the payment of each bond.

"APPLICATION OF AMORTIZATION AND INTEREST PAYMENTS.

"Sec. 22. That whenever any Federal land bank, or joint-stock land bank, shall receive any interest, amortization, or other payment upon any first mortgage pledged as collateral security for the issue of farm-loan bonds, it shall forthwith notify the farm-loan registrar of the items so received. Said registrar shall forthwith cause such payment to be duly credited upon the mortgage entitled to such credit. Whenever any such mortgage is paid in full, said registrar shall cause the same to be canceled and delivered to the proper land bank for transmission to the original maker thereof, or his heirs, administrators, or assigns.

"Upon written application by any Federal land bank, or joint-stock land bank, to the farm-loan registrar, it may be permitted, in the discretion of said registrar, to withdraw any mortgages or bonds pledged as collateral security under this act, and to substitute therefor other mortgages or United States Government bonds not less in amount than the mortgages or bonds desired to be withdrawn, such substituted mortgages being qualified under section 10 or section 14 of this act.

"Whenever any farm-loan bonds, or coupons or interest payments of such bonds, are due under their terms, they shall be payable at the land bank by which they were issued, in gold or lawful money, and upon payment shall be duly canceled by said bank. At the discretion of the Federal farm-loan board, payment of any farm-loan bond or coupon or interest payment may, however, be authorized to be made at any Federal land bank, any joint-stock land bank, or any other bank, under rules and regulations to be prescribed by the Federal farm-loan board.

"When any land bank shall surrender to the proper farm-loan registrar any farm-loan bonds of any series, canceled or uncanceled, said land bank shall be entitled to withdraw first mortgages and bonds pledged as collateral security for any of said series of farm-loan bonds to an amount equal to the farm-loan bonds so surrendered, and it shall be the duty of said registrar to permit and direct the delivery of such mortgages and bonds to such land bank.

"Interest payments on hypothecated first mortgages shall be at the disposal of the land bank pledging the same, and shall be available for the payment of coupons and the interest of farm-loan bonds as they become due.

"Whenever any bond matures, or the interest on any registered bond is due, or the coupon on any coupon bond matures, and the same shall be presented for payment as provided in this act, the full face value thereof shall be paid to the holder.

"Amortization or other payments on the principal of first mortgages held as collateral security for the issue of farm-loan bonds shall constitute a trust fund in the hands of the Federal land bank, or joint-stock land bank, receiving the same, and shall be applied or employed as follows:

"In the case of a Federal land bank—

"(a) To pay off farm-loan bonds issued by said bank as they mature.

"(b) To purchase farm-loan bonds issued by said bank or by any Federal land bank.

"(c) To loan on first mortgages on farm lands within the land-bank district, qualified under this act as collateral security for an issue of farm-loan bonds.

"(d) To purchase United States Government bonds.

"(e) To convert said payments into gold or lawful money.

"In the case of a joint-stock land bank—

"(a) To pay off farm-loan bonds issued by said bank as they mature.

"(b) To purchase farm-loan bonds.

"(c) To loan on first mortgages on farm lands within the State in which it has its principal office.

"(d) To purchase United States Government bonds.

"(e) To convert said payments into gold or lawful money.

"The farm-loan bonds, first mortgages, Government bonds, or gold or lawful money, constituting the trust fund aforesaid, shall be forthwith deposited with the farm-loan registrar as substituted collateral security in place of the sums paid on the principal of indorsed mortgages held by him in trust.

"Federal land banks, in the order of their applications, shall have a preference over other subscribers in purchasing the whole or any part of an issue of farm-loan bonds.

"Every Federal land bank, or joint-stock land bank, shall notify the farm-loan registrar of the disposition of all payments made on the principal of mortgages held as collateral security for an issue of farm-loan bonds, and said registrar is authorized, at his discretion, to order any of such payments, or the proceeds thereof, wherever deposited or however invested, to be immediately transferred to his account as trustee aforesaid.

"RESERVE AND DIVIDENDS OF LAND BANKS.

"Sec. 23. That every Federal land bank, and every joint-stock land bank, shall, out of its net earnings, semiannually carry to reserve account 25 per cent thereof until said reserve account shall show a credit balance equal to 20 per cent of the outstanding capital stock of said land bank. Whenever said reserve shall have been impaired, said balance of 20 per cent shall be fully restored before any dividends are paid. After said reserve has reached the sum of 20 per cent of the outstanding capital stock, 5 per cent of the net earnings shall be annually added thereto. For the period of two years from the date when any default occurs in the payment of the interest, amortization installments, or principal on any first mortgage, by both mortgagor and indorser, the amount so defaulted shall be carried to a suspense account, and at the end of the two-year period specified, unless collected, shall be debited to reserve account.

"Whenever the net earnings of any Federal land bank or joint-stock land bank, after deducting the 25 per cent or the 5 per cent hereinbefore directed to be deducted for credit to reserve account, shall amount to 2 per cent upon the face value of the capital stock of such land bank then outstanding, said land bank may, at its discretion, declare a dividend to shareholders of the whole or any part of the balance of said net earnings.

"DEFAULTED LOANS.

"Sec. 24. That if there shall be default under the terms of any indorsed first mortgage held by a Federal land bank under the provisions of this act, the agent, if any, through which said mortgage was received by said Federal land bank shall be notified of said default. Said agent shall thereupon be required, within 30 days after such notice, to make good said default, either by payment of the amount unpaid thereon in cash or by the substitution of an equal amount of farm-loan bonds issued by said land bank, with all unmatured coupons attached.

"EXEMPTION FROM TAXATION.

"Sec. 25. That every Federal land bank, including the capital stock and reserve or surplus therein and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation, except taxes upon real estate held, purchased, or taken by said bank under the provisions of section 11 of this act. First mortgages executed to Federal land banks or to joint-stock land banks and farm-loan bonds issued under the provisions of this act shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation.

"INVESTMENT IN FARM-LOAN BONDS.

"Sec. 26. That farm-loan bonds issued under the provisions of this act by Federal land banks or joint-stock land banks shall be a lawful investment for all fiduciary and trust funds, and may be accepted as security for all public deposits.

"Any bank of the Federal Reserve System may buy or sell farm-loan bonds issued under the authority of this act; any member bank of said system may accept time drafts against a deposit of such bonds as security; acceptances of a member bank thus made, or the direct obligations of such bank maturing within 60 days, when accompanied by farm-loan bonds as collateral security not less in face value than the amount of such direct obligation, shall be eligible for discount by the Federal reserve bank of its district.

"Section 9 of the act of June 25, 1910, entitled 'An act to establish postal savings depositories for depositing savings at interest, with the security of the Government for repayment thereof, and for other purposes' (vol. 36, U. S. Stat. L., p. 814), shall be, and the same is hereby, amended by adding a new paragraph at the close of said section to read as follows: 'Federal farm-loan bonds authorized by the Federal farm-loan board and issued by any Federal land bank may be purchased by the trustees, in lieu of United States bonds or other securities, for the purpose of investing postal savings deposits under the provisions of this section. Whenever funds shall be withdrawn from postal savings depositories for investment, the trustees are hereby authorized to purchase Federal farm-loan bonds in the open market or from any Federal land bank authorized to issue the same: *Provided*, That in no case shall such farm-loan bonds be purchased at more than par, nor shall more than 30 per cent of the postal savings deposits be invested at any one time in farm-loan bonds as herein provided.'

"STATE LEGISLATION.

"Sec. 27. That it shall be the duty of the farm-loan commissioner to make examination of the laws of every State of the United States and to inform the Federal farm-loan board as rapidly as may be whether in his judgment the laws of each State relating to the conveying and recording of land titles, and the foreclosing of mortgages or other instruments securing loans, as well as providing homestead and other exemptions and granting the power to waive such exemptions as respects first mortgages, are such as to assure the holder thereof adequate safeguards against loss in the event of default on loans secured by any such mortgages.

"Pending the making of such examination in the case of any State, the Federal farm-loan board may declare first mortgages on farm lands situated within such State ineligible as the basis for an issue of farm-loan bonds; and if said examination shall show that the laws of any such State afford insufficient protection to the holder of first mortgages of the kinds provided in this act, the said Federal farm-loan board may declare said first mortgages on land situated in such State ineligible during the continuance of the laws in question. In making his examination of the laws of the several States and forming his conclusions thereon said farm-loan commissioner may call upon the office of the Attorney General of the United States for any needed legal advice or assistance, or may employ special counsel in any State where he considers such action necessary.

"At the request of the executive of any State the Federal farm-loan board shall prepare a statement setting forth in what respects the requirements of said board can not be complied with under the existing laws of such States.

"EXAMINATIONS.

"Sec. 28. That the Federal farm-loan board shall appoint as many land-bank examiners as in its judgment may be required to make careful examinations of the banks permitted to do business under this act.

"Said examiners shall be subject to the same requirements, responsibilities, and penalties as are applicable to national bank examiners under the national bank act, the Federal reserve act, and other provisions of law. Said examiners shall be required to examine and report the condition of every Federal land bank and joint-stock land bank at least twice each year.

"Said examiners shall receive salaries to be fixed by the Federal farm-loan board, which shall be paid by the Secretary of the Treasury out of any money in the Treasury not otherwise appropriated.

"PENALTIES.

"Sec. 29. That any applicant for a loan from a Federal land bank or joint-stock land bank who shall knowingly make any false statement in his application for such loan, and any member of a loan committee or any appraiser provided for in this act who shall willfully overvalue any land offered as security for loans under this act shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both. Any examiner appointed under this act who shall accept a loan or gratuity from any bank examined by him, or from any person connected with any such bank in any capacity, shall be deemed guilty of a misdemeanor, and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both, and may be fined a further sum equal to the money so loaned or gratuity given, and shall forever thereafter be disqualified from holding office as an examiner under the provisions of this act. No examiner shall perform any other service for compensation while holding such office, for any bank or banking or loan association, or for any person connected therewith in any capacity.

"Any person who shall falsely make, forge, or counterfeit, or cause or procure to be falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting any bond, coupon, or paper in imitation of, or purporting to be in imitation of, the bonds or coupons issued by any bank or association now or hereafter authorized and acting under the laws of the United States; or any person who shall pass, utter, or publish, or attempt to pass, utter, or publish any false, forged, or counterfeited bond, coupon, or paper purporting to be issued by any such bank or association, knowing the same to be falsely made, forged, or counterfeited; or whoever shall falsely alter, or cause or procure to be falsely altered, or shall willingly aid or assist in falsely altering any such bond, coupon, or paper, or shall pass, utter, or publish as true any falsely altered or spurious bond, coupon, or paper issued, or purporting to have been issued, by any such bank or association, knowing the same to be falsely altered or spurious, shall be deemed guilty of a misdemeanor and shall be fined not exceeding \$5,000 or imprisoned not exceeding five years, or both.

"Other than the usual salary or director's fee paid to any officer, director, or employee of a Federal land bank or a joint-stock land bank, and other than a reasonable fee paid by such bank to any officer, director, attorney, or employee for services rendered, no officer, director, attorney, or employee of any bank organized under this act shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of such bank. No bank organized under this act shall charge or receive any fee, commission, bonus, gift, or other consideration not herein specifically authorized. No examiner, public or private, shall disclose the names of borrowers to other than the proper officers of a Federal land bank without first having obtained express permission in writing from the farm-loan commissioner or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress or of either House duly authorized. Any person violating any provision of this paragraph shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding one year, or both.

"Any person connected in any capacity with any Federal land bank, or joint-stock land bank, who embezzles, abstracts, or willfully misapplies any moneys, funds, or credits, or who without authority from the directors draws any order, assigns any note, bond, draft, mortgage, judgment, or decree, or who makes any false entry in any book, report, or statement of such land bank with intent in either case to defraud such institution or any other company, body politic or corporate, or any individual person, or to deceive any officer of a land bank or any agent appointed to examine into the affairs of any such bank, and every person who with like intent aids or abets any officer, clerk, or agent in any violation of this section, shall be deemed guilty of a misdemeanor, and shall be fined not exceeding \$5,000 or imprisoned not exceeding five years, or both.

"Any person who shall receive, defraud, or impose upon, or who shall attempt to deceive, defraud, or impose upon, any person, firm, or corporation by making any false pretense or representation regarding the character, issue, security, or terms of any farm-loan bond, or coupon, issued under the terms of this act; or by falsely pretending or representing that any farm-loan bond, or coupon, issued under the terms of this act by one class of land banks is a farm-loan bond, or coupon, issued by another class of banks; or by falsely pretending or representing that any farm-loan bond, or coupon, issued under the terms of this act, or anything contained in said farm-loan bond, or coupon, is anything other than, or different from, what it purports to be on the face of said bond, or coupon, shall be deemed guilty of a misdemeanor, and shall be fined not exceeding \$5,000 or imprisoned not exceeding five years, or both.

" GOVERNMENT DEPOSITS.

" SEC. 30. That the Secretary of the Treasury is authorized and directed, upon the request of the Federal farm-loan board, to make advances or deposits for the temporary use of any Federal land bank, out of any money in the Treasury not otherwise appropriated. Such Federal land bank shall issue to the Secretary of the Treasury a certificate of indebtedness for any such advance or deposit, bearing interest at the rate of 2 per cent per annum, to be secured by farm-loan bonds or other collateral to the satisfaction of the Secretary of the Treasury. Any such certificate shall be redeemed and paid by such land bank at the direction of the Federal farm-loan board. The aggregate of all sums so advanced or deposited by the Secretary of the Treasury in any fiscal year shall not exceed the sum of \$6,000,000 at any one time.

" DISSOLUTION AND APPOINTMENT OF RECEIVERS.

" SEC. 31. Upon default of any obligations by any Federal land bank or any joint-stock land bank, said bank may be declared insolvent and placed in the hands of a receiver, to be appointed by the Federal farm-loan board. Such receiver, under the direction of the Federal farm-loan board, shall take possession of the books, records, and assets of every description of said bank, collect all debts, dues, and claims belonging to it, and with the approval of the Federal farm-loan board, or upon the order of a court of record of competent jurisdiction, may sell or compound all bad or doubtful debts, and, on a like approval or order, may sell all the real and personal property of such association on such terms as the Federal farm-loan board or said court shall direct. Such receiver shall pay over all money so collected to the Treasurer of the United States, subject to the order of the Federal farm-loan board, and also make report to said board of all his acts and proceedings.

" Whenever the capital stock of a Federal land bank shall be reduced the board of directors shall cause to be executed a certificate to the Federal loan board showing such reduction of capital stock, and if said reduction shall be due to the insolvency of a farm-loan association, the amount repaid to such association.

" No Federal land bank or joint stock land bank shall be dissolved without the written consent of the Federal farm-loan board.

" ORGANIZATION EXPENSES.

" SEC. 32. That the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be expended under the direction of the Federal farm-loan board, for the purpose of carrying into effect the provisions of this act.

" LIMITATION OF COURT DECISIONS.

" SEC. 33. That if any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof, directly involved in the controversy in which such judgment shall have been rendered.

" REPEALING CLAUSE.

" SEC. 34. That all acts or parts of acts inconsistent with this act are hereby repealed, and this act shall take effect upon its passage. The right to amend, alter, or repeal this act is hereby expressly reserved.

" Amend the title so as to read: 'A bill to provide capital for agricultural development, to create a standard form of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to provide for the investment of postal savings deposits, to create Government depositories and financial agents for the United States, and for other purposes.'

The VICE PRESIDENT. The question is on the substitute of the Senator from South Dakota.

Mr. CURTIS. Mr. President, when this bill was agreed upon by the committee I sent a number of them and copies of the bill introduced by the Senator from North Dakota [Mr. GRONNA] and a House bill to various organizations in the State of Kansas. At that time I thought the Gronna bill would be offered as a substitute for this measure; and I asked the heads of these organizations if they would not comment upon the two bills and write me what they thought of them. I stated in the letter that as this measure had been agreed upon by the committee and was endorsed by the majority, it would likely pass.

I have here a letter from one of the leading farmers of the fourth Kansas district, in which he analyzes this measure, and I should like to have it read in my time. After it is read, I want to submit a few remarks.

The VICE PRESIDENT. Is there any objection? The Chair hears none.

The Secretary read as follows:

HON. CHARLES CURTIS,
Washington, D. C.

ONAGA, KANS., March 25, 1916.

MY DEAR SENATOR: Under date of February 18 you wrote me asking the farmers' view on rural credits bill recommended by the Joint Committee on Rural Credits. You will pardon my delay in responding thereto, but I desired to give the matter careful consideration before submitting an opinion, and, if possible, ascertain from farmers themselves their consensus of the measure proposed. I feel that I can now give you the general view of the Kansas farmer.

The Kansas farmer has very little trouble to-day in securing real estate loans on improved land, or on land in cultivation upon which improvements are to be made, for a period of five years or longer, to the amount of 50 per cent of the value of the land, at 6 per cent interest. Fully half of these loans are made by loan agents and the other half by trust companies, banks, and private persons. The loan agents and trust companies obtain their money at 5 per cent. They sell the loans in the East so that the purchaser realizes 5 per cent interest on his money, and they thus make 1 per cent profit, less their expense, in securing and writing the business. It is apparent, therefore, that the Kansas farmer is securing money at a fair rate of interest.

Under the proposed measure loans will be made to actual tillers of the soil for 50 per cent of the value of the land, at 5 per cent interest, no loan to exceed the sum of \$10,000, or for a longer time than 36 years, said loans to become due in case the land is sold by the mortgagor.

The first criticism of this bill is the complicated machinery for putting same into effect.

1. The appointment of a Federal farm-loan board of five members, with a staff of assistants and clerks.
2. The appointment of a registrar.
3. The creation of 12 Federal land banks, with directors, attorneys, appraisers, stockholders, and a corps of employees.
4. The creation of national farm-loan associations of two kinds.
5. The organization of joint-stock land banks.

It is difficult to determine just how many persons will be required to start the system, but that it will require the services, in whole or in part, of a great number is clear. This will require the expenditure of a large sum of money, and after the system is started the expense of operation will be large.

The second objection is that the system is founded upon the idea of profit. The Federal land bank and the joint-stock land bank are to have paid-up capital stock. This stock is to be subscribed by persons, firms, corporations, by the United States, and by national farm-loan associations. The stock of any one or all of these banks might be held by capitalists. Every subscriber, except the national farm-loan associations, will purchase such stock as an investment, and the incentive to every investment is profit.

If the object of this legislation is to provide funds which are to be loaned to farmers at the lowest rates of interest, then, why should it be founded upon the idea of profit? While we do not think it would happen, however, it is possible that the stock of these banks might be controlled by a very few persons.

There is no good reason why our Government should build up a system of dividend-paying financial institutions in order to supply money to the agricultural interests of the country. If the primary object is the issuing of bonds secured by farm mortgages, then the bank idea should be eliminated.

Now, if banks are necessary in conducting this business, why should the number be limited to 12? It would seem that certain financial centers of the country are to be favored once more, as in the case of the Federal reserve banks.

Any view of this measure looks toward the exploitation of the borrower in the interest of the investor. The bill does not seek to give the borrower the lowest rate obtainable. If money can be obtained on 4 per cent bonds, then it should be loaned to the borrower at 4 per cent plus the expense of handling the business and a slight charge to cover possible losses or depreciation in values. The bill contemplates loaning the money, raised by the sale of 4 per cent bonds, to the borrower at 5 per cent interest. This will give the bank making the loan a profit of 1 per cent, less expenses. The loans are to run from 5 to 36 years, which means that 5 per cent to 36 per cent of the loan will go to the bank making the loan during the period of time.

There is no provision made for distribution of surplus in case the bonds should sell at a premium, which is very probable. Under the bill such premium would be the property of the bank issuing the bonds and could be paid out in dividends.

The farm-mortgage indebtedness of the United States is more than seven and one-half billions of dollars. If this legislation is to be of any benefit to the farmer he must have the privilege of refunding his outstanding mortgage indebtedness, should he desire to do so, and he will desire to do so where he is now paying more than 5 per cent interest. That being the case, it is fair to assume that seven billions of the present mortgage indebtedness will be rewritten within a year after the bill becomes a law, if the money is available. It is very doubtful whether so much money can be raised by the sale of 4 per cent bonds, but that is a fair estimate of the amount which will be required to meet the demand. The profit to the banks on that amount would be \$7,000,000 annually. Assuming that there will be 36 banks, with a combined capital of twenty-four millions, and assuming that the business can be handled for one-half of 1 per cent, which is about the cost at the present time, these banks could set aside 12 per cent on their capitalization the first year. If the new business amounts to one billion a year, which is a fair assumption, at the end of five years these banks would be making over 35 per cent. This is manifestly unfair to the borrower, when the paramount purpose of this bill is to furnish money at a low rate. The Government of the United States, which is conducted for the benefit of all the people, should not lend aid to the creation of any financial institution or system which will grow fat on the earnings of the people as a whole. A proposition very similar to this caused trouble in 1836.

As has been said, half of the real estate loans made to-day are successfully made without the assistance of a bank, except to cash the checks. Surely, then, a system can be devised whereby bonds secured by real estate mortgages can be placed on the market and the proceeds loaned without the establishment of dividend-paying financial institutions, where the profits go not to the borrowers but to private investors.

This is the age of cooperation. The producer is learning that the secret of success is to cooperate with those similarly engaged. The most successful cooperative organizations are those where the profits of the business are distributed among the patrons according to the patronage of each. The profits under this bill should be distributed to the borrowers according to the amount of money loaned.

The bill, then, should provide for the issue and sale of bonds, without the aid of joint-stock companies, by associations composed of borrowers, and the profits should be distributed among the members.

There are other objections to the bill, but as these are the leading ones, I shall omit the others. Trusting that this may be of some benefit to you, and assuring you that I shall be pleased to furnish what information I may have at any time, I am,

Yours, truly,

CHESTER A. LEINBACH.

Mr. CURTIS. Mr. President, it is not my intention to comment upon this letter nor to detain the Senate very long in a discussion of this measure. Upon two different occasions I have pointed out objections to the measure. One is that I think it provides for too many offices. In fact, I doubt if anyone now knows how many it will require. The reserve bank system now employs, with only 12 banks, 593 persons, and I judge that this measure will require many more than that number.

I believe it is top-heavy, and I doubt very much if there are many farmers in the State of Kansas who will take advantage of the provisions of the act. I doubt if it will be of any benefit to them.

I doubt if you will get 10 or more farmers in Kansas or in other parts of the country to organize and become responsible for each other's mortgages and the obligations of the association provided for in the act. I doubt that very much. But, in my judgment, if the bill does them no good, it will do them no harm. There may be some sections of the country where the bill will do some good, and because I believe it is a step in the right direction it is my intention to vote for the bill upon its final passage. In the meantime, I shall vote for the substitute offered by the Senator from North Dakota [Mr. GRONNA].

I may say in this connection that I have received several letters from farmer organizations, or, rather, from heads of organizations, who have studied these measures very carefully, and every one who expressed a preference, expressed a preference for the Gronna bill with the exception, I think, of one or two, who favored the House bill, which I think is known as the Morgan bill.

I do not believe we are justified in building up a great organization here and providing for 12 banks in different sections of the country, with a corps of officers of all kinds to be paid large salaries. I believe if we want to help the farmers we should provide for an organization or an association and have the loans made in the simplest way and with just as little expense as possible. As was said by the writer of the letter which was read, these associations should not be organized for profit. If we are going to help the farmers, we ought to help them by making the loans through associations which will not be so expensive as to be burdensome.

Mr. GRONNA. Mr. President—

Mr. CURTIS. I yield to the Senator from North Dakota.

Mr. GRONNA. I do not know whether I misunderstood the letter when it was read, but I understood the writer to say that the rates to the farmers are going to be 5 per cent and that the rates on the bonds would be 4 per cent. I wish to say to the Senator from Kansas that the pending bill—the Hollis bill—provides for a maximum of 5 per cent on bonds and 1 per cent more to the farmer, which, of course, would be 6 per cent.

Mr. CURTIS.—I understand that, and in that regard, of course, the writer was mistaken. I wished to say this much before the final vote is taken. I shall vote for the measure not because I believe it is going to do our farmers in Kansas any good in its present shape, but it can do them no harm, and it may do good elsewhere, and in the course of time defects may be discovered in the measure and a future Congress can and will remedy those defects.

Mr. CLAPP. Mr. President, at the proper time I shall offer, in behalf of the senior Senator from North Dakota [Mr. McCUMBER], a substitute. He is necessarily absent from the Senate. I may say in passing that it will be a pleasure to offer this substitute. If we are unable to substitute either this or the so-called Gronna substitute, I shall vote for the pending bill, although I regret some of its features. It does seem to me that every time we undertake a movement of this kind instead of starting back to the party who is to be benefited we start with a great top-heavy organization here in the city of Washington.

I shall not take the time of the Senate at this late hour to discuss the merit of farm credits. I believe that we are coming to recognize in this country that farm credits require a different system of handling than do commercial credits.

Nor am I at all deterred in supporting either of these measures by the charge that they are along the line of paternalism or constitute class legislation. Nearly all our legislation in the first instance benefits some particular class. We justify such legislation upon the broad ground that in the last analysis the entire public receives the benefit of it. Those who have received directly and at first hand the benefits of such legislation along former lines may as well recognize at one time as another that you can not pass legislation where the direct benefit is first hand to a particular class without sooner or later meeting the proposition that such legislation will be advanced all along the line of our activities.

The pending bill is at least a recognition that farm credits do require a different system of handling than ordinary commercial credits. I have received some requests to vote against the pending bill, but I shall vote for it upon the principle that it is the recognition that farm credits do require a different system of handling, and if we can once get that principle enacted into legislation I have no doubt that whatever imperfections or disappointments may be disclosed in connection with the pending bill will be later corrected.

I will not go over the McCumber substitute. He has twice discussed it at length in the Senate. It is simply a plain proposition to take the agencies that are already in existence all over the country and, instead of establishing additional agencies in

every town and village, to use the agencies that are already there and through those agencies make the loans at a rate of 4½ per cent, the Government taking the mortgages and issuing debentures upon them at the rate of 4 per cent. Under this plan there is no question of taxation. The mortgages will belong to the Government and the debentures will be issued by the Government, and naturally, of course, both mortgages and debentures would be free from any taxation.

The plan is a plain one, a simple one, and I believe it is a workable plan. Instead of starting in with a great top-heavy organization, as the pending bill does, it utilizes those organizations and those instrumentalities which are already in operation.

As soon as the pending substitute of the junior Senator from North Dakota [Mr. GRONNA] is disposed of I shall offer the substitute proposed by the senior Senator from North Dakota [Mr. McCUMBER].

Mr. JONES. Mr. President, I wish to offer an amendment in the nature of a proviso at the close of paragraph 7, on page 32, of the bill.

The VICE PRESIDENT. It will be stated.

Mr. HOLLIS. Mr. President, a point of order. I think the Senator from North Dakota [Mr. GRONNA] has already an amendment pending.

The VICE PRESIDENT. The original text can be perfected before the question is put on the substitute. The amendment proposed by the Senator from Washington will be stated.

The SECRETARY. On page 32, line 13, after the word "appraisal" and before the period, insert a colon and the following proviso:

Provided, That whenever a loan is desired for improving land in such a manner as to enhance the value of the land itself as distinguished from increase in value due to the erection of buildings or other similar improvements, and delivery of money to be loaned is not desired until the completion of such improvement, and the application so states and fully describes the proposed improvement, the appraisal shall state the value which such land will have when so improved, and the loan may equal one-half of such valuation, but the loan so made shall not be forwarded by the land bank for delivery until the loan committee appraising such land reports to it that such improvement has been made and that the value of the land as so improved equals the appraised valuation, and if such report be not received within six months after the date of making the loan and notice thereof to the applicant, or such further time as the land bank in its discretion may allow, such loan shall be canceled and the mortgage given to secure it shall be satisfied on payment of the accrued interest. An applicant may apply for a loan to improve land, the loan to be delivered on the completion of the proposed improvement, and at the same time make a separate application on other land for a loan to be delivered immediately.

Mr. JONES. Mr. President, this amendment was suggested by one of my constituents. It takes into consideration a particular situation which he has in mind, but the amendment applies to another situation that is especially applicable to the West.

In the irrigated sections the lands that are to be irrigated are in such a condition that, before they can be put into crop, they require the expenditure of a considerable sum of money to get them levelled, to get the ditches built, and to get them in proper shape. This cost ranges from ten to fifteen, twenty-five, thirty-five dollars, or more, an acre. The particular situation that this gentleman has in mind is where lands have been logged off. It costs a great deal then to get the land clear of stumps, so that it may be cultivated. This amendment, therefore, is intended to cover a situation like the one described; and, in my judgment, it is very important, not only to all the logged-off sections, but to practically every irrigated section throughout the West.

As I understand, under the bill the appraisement is made, if the land is not actually under cultivation, upon the basis of the condition of the land when the application is submitted. Wherever the land is improved by leveling and getting it in proper shape under irrigation projects for the planting of crops, it is worth just the amount, at least, that has been expended to get it in shape more than it is in the raw state. As I say, that cost runs from ten, fifteen, twenty, twenty-five, thirty, or forty dollars an acre. So, with reference to the land that has been cut for the timber, that land is increased in value by clearing away the stumps, practically what it costs to clear the stumps away; and that may be as high as \$100 an acre, if the man has to clear it himself, a small tract at a time; but, if it is possible for a man who owns, say 40 acres of this logged-off land, to let a contract, by which a person who is accustomed to do this work can take the whole 40-acre tract, he can get it done for probably \$25 an acre.

The purpose of this amendment is to give the man who wants to get a loan, the benefit of the value of the land that has been thus improved and put into shape for cultivation. Under the amendment the money will not be advanced until the improvement is actually made and completed. So if the land is

not cleared of stumps or leveled or put in shape, the loan is not made.

I think that is a very important provision and a very wise one. I think it would accomplish a great deal of good. I doubt myself if any particular use of this bill will be made in my State unless something of this kind is put into it. Unless that be done, I doubt if very much use of it will be made in the different irrigated sections of the country where this rural-credit legislation is really needed by the men who are trying to make homes in that desert country.

So, I hope, Mr. President, that the chairman of the committee will not make an objection to this amendment.

Mr. HOLLIS. Mr. President, the purpose of this bill is to enable farmers to borrow money on land as it exists. The proposed amendment is to permit the land bank to make a contract that it will loan a certain amount of money as the land may exist at some future time. I do not think that will do any particular harm, but we must depend for the money that we are to loan farmers on the money that we can borrow from the investors in farm-loan bonds; and I fear that those investors would look with apprehension on any plan that bound a land bank to loan a certain amount of money on a tract of land as it might exist at some future time.

Mr. JONES. Mr. President, I want to call the Senator's attention to the fact that the loan will not actually be made until the land has been put in the condition contemplated, so that it is in practical effect the same as if the loan were made upon the land in its improved condition.

Mr. HOLLIS. It seems to me that every practicable end will be reached under the bill as it is. It is perfectly easy to go to a land bank, just as a man goes to the savings bank now, to see if he can borrow a certain amount of money if he buys a certain farm. If the land bank thinks that the land under consideration is going to be worth that amount of money when the work has been done, it will undoubtedly give him assurance; but I do not, however, think this matter is very important. I do not feel that I ought to accept the amendment; but my feelings will not be injured if the Senate should adopt it.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Washington [Mr. JONES]. [Putting the question.] The "noes" seem to have it.

Mr. JONES. I ask for a division, Mr. President.

The VICE PRESIDENT. All in favor of the amendment will rise and stand until they are counted. [A pause.] Those opposed will rise. [A pause.] The amendment is rejected.

Mr. SMOOT. Mr. President, I have here a letter from the Secretary of the National Civil Service Reform League, of New York. It is in relation to the amendment which was offered by the Senator from Nebraska [Mr. NORRIS] proposing to strike out the part of section 3 beginning on line 21, page 5. It is the provision that all attorneys, experts, assistants, clerks, laborers, and other employees, and all registrars and appraisers of the Federal farm-loan board shall be appointed without complying with the requirements of the civil-service law. I shall not take the time to read the letter, but I ask that it be printed in the Record, without reading.

The VICE PRESIDENT. It is so ordered in the absence of objection. The Chair hears none.

The letter referred to is as follows:

NATIONAL CIVIL SERVICE REFORM LEAGUE,
New York, May 3, 1916.

Hon. REED SMOOT,
United States Senate, Washington, D. C.

MY DEAR SENATOR SMOOT: On behalf of the National Civil Service Reform League I earnestly urge that section 3 (page 5, lines 21 and following) of the pending rural-credits bill (S. 2986, Calendar No. 135) be eliminated.

This is the section which provides that all "attorneys, experts, assistants, clerks, laborers, and other employees, and all registrars and appraisers" of the Federal farm-loan board shall be appointed without complying with the requirements of the civil-service law.

The bill specifically provides that these subordinate places are all to be treated, initially at least, as unclassified offices. The effect is only to subject the administration of the new act to the most serious menace possible, namely, the influences of partisan politics in the entire organization of the subordinates of the board. It will be impossible to keep these influences out if the places are in the unclassified service. Everyone knows this to be true. The adoption of the amendment, in other words, will expose the new rural-credits system of the country to the corrupting and extravagant influences of the spoils system. Nothing could be more surely fatal to the success of the new system than this result. On its merits and aside from its character as a rider it is neither necessary nor in the slightest degree excusable. No more serious menace to the new rural-credits system, for example, could be imagined than that its administration be tainted with politics, and no surer way could be found to make that menace real than by opening the entire subordinate force to partisan appointments, as the rider in the rural-credits bill does.

For the great majority, if not in fact for all, of the places not the slightest difficulty will be encountered in securing efficient men of practical experience without political ties and obligations through examinations conducted by the Civil Service Commission with the aid

of the experts which it can employ. If any exceptions are necessary, it would be within the President's power to make such exceptions by Executive order under the civil-service law. This power to classify offices or put them in the unclassified service should be left to the President, as has been the practice under the civil-service law for 30 years.

In explaining the presence of this outrageous spoils item in the bill, Senator HOLLIS referred to the exemption of the employees of the Federal Reserve Board. It is true that these employees were exempted by act of Congress without just cause. The best answer in favor of the elimination of such spoils provisions is the statement of Senator HOLLIS that the Federal Reserve Board is using the machinery of the Civil Service Commission to secure a great many of its employees. The Federal Reserve Board needed the protection of the civil-service law against the pressure of spoilsmen.

It is further contended by the advocates of the rider that competitive examinations would mean a delay for years in the organization of the new rural-credits system. Such a statement is not supported by the facts, inasmuch as the Civil Service Commission is holding examinations to secure highly technical eligibles for many of the great departments. The staff for the railway valuation work in the Interstate Commerce Commission were all obtained as the result of competitive examinations conducted by the Civil Service Commission. Such an explanation on the part of the Senator in charge of the bill can not possibly support the exemption of every single employee of the Federal farm-loan board including "clerks, laborers, and other employees."

For these reasons, the league, therefore, urges that if an opportunity is given you register your opposition to this dangerous provision and vote against its adoption by the Senate.

Very truly, yours,

GEORGE T. KEYES, Secretary.

Mr. STERLING. Mr. President, I should like to ask the Senator from New Hampshire if there has been any change in the first paragraph of section 17 of the bill?

Mr. HOLLIS. I will say, in reply to the Senator, that I find the only change has been to strike out the word "some," in line 12 of that section.

Mr. STERLING. I should like to call the attention of the Senator to the peculiar language of that paragraph of the section. It reads as follows:

SEC. 17. That whenever, after this act shall have been in effect one year, it shall appear to the Federal farm-loan board that national farm-loan associations have not been formed, and are not likely to be formed, in any locality, because of peculiar local conditions, said board may, in its discretion, authorize Federal land banks to make loans on farm lands through agents approved by said board.

I call the Senator's attention to the words "after this act shall have been in effect one year." Of course the effect of that would be to prevent any would-be borrower from securing a loan from a Federal land bank during that year unless there was formed a national farm-loan association.

Mr. HOLLIS. That is exactly the purpose of the language; that is precisely the intention.

Mr. STERLING. Well, does the Senator think that is a wholesome and wise provision?

Mr. HOLLIS. Certainly; otherwise they would not organize and we should not secure the cooperative features requiring the assistance of the farmers to the farm-loan association. They would all do it through land banks, and we should miss the important features of the bill which we had in mind when we chartered them.

Mr. STERLING. There may be peculiar conditions in a given locality which will prevent the organization during the first year. You ought to provide every man where there is no farm-loan association the opportunity to apply for a loan during that time.

Mr. HOLLIS. Yes; that is it. We shall have one year to find out.

Mr. STERLING. I move to strike out the words "after this act shall have been in effect one year."

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from South Dakota.

The amendment was rejected.

Mr. THOMPSON. Mr. President, I desire to offer a slight amendment in line 3 on page 30, which I think the Senator from New Hampshire will be glad to accept. I have received a large number of letters from farmers and others interested in the passage of this bill, who feel that they should have the right, or at least the option, to make payments annually as well as semiannually. I move as an amendment, after the word "semiannual," in line 3, on page 30, to insert the words "or annual." I think the Senator from New Hampshire will accept that amendment.

Mr. SMOOT. If that is what the Senator desires to reach, why not strike out the word "semiannual" and insert the word "annual"?

Mr. THOMPSON. I think it is proper to give the option of paying either semiannually or annually; that is all.

Mr. HOLLIS. I do not think the purpose will be clearly expressed unless both "semiannual" and "annual" are inserted. That will give the option. In some parts of the country the payments could be made semiannually and in other parts they could be made annually. So far as I am concerned, I am willing to accept the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Kansas.

The amendment was agreed to.

Mr. JONES. Mr. President, I have a letter from the commissioner of the Washington State Grange, representing the department of rural credits and national marketing, with reference to this bill, in which he points out some features to which those for whom he speaks are very much opposed, stating that they do not think it will bring very much relief, but that he has been advised by different Representatives that the committee bill is the only one that stands any chance of passage. Taking that view of it in this letter, he urges that the bill be amended in certain particulars. One is to strike out all of sections 7, 8, 9, 10, and 11 and insert in lieu section 12 of what he calls the Morgan bill. As I understand the amendment of the Senator from South Dakota [Mr. STERLING], it does that, and so I shall not offer that amendment. Furthermore, I am satisfied that it would be useless to offer the amendment anyhow, because I can see that the Senator from New Hampshire could not very well accept it, and, with his opposition, it would stand no chance of passage.

I want to call the attention of the Senator from New Hampshire also to another suggestion or two which this gentleman makes, and ask the Senator whether or not the committee has considered these propositions. He suggests that paragraph 3 of section 12 be stricken out, and that there be inserted the words "Every such mortgage shall run for a period of at least 5 years and not exceeding 60 years."

Mr. HOLLIS. I am perfectly willing to accept that.

Mr. JONES. If the Senator is willing to accept it, I offer the amendment, namely, in section 12, to strike out paragraph 3 and insert—

Mr. HOLLIS. It will be sufficient to strike out the word "thirty-six," in line 8, and insert "sixty."

Mr. JONES. Very well; that will cover it, and I offer that amendment.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 30, line 8, it is proposed to strike out "thirty-six" and insert "sixty."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. JONES. The gentleman referred to also suggests in section 12, that paragraph 5 be stricken out, and that there be inserted in lieu the following. I will read it to the Senator and ask what he thinks of it:

The rate of interest charged for such loans shall not exceed 5 per cent per annum, of which one-half of 1 per cent shall apply as amortization payment, and one-half of 1 per cent shall be used for administration expense.

Mr. HOLLIS. Mr. President, I can not accept that amendment. The section has already been amended by inserting the following:

No loan or mortgage shall be made under this act at a rate of interest exceeding 6 per cent per annum, exclusive of amortization payments.

If we can not place our farm-loan bonds at 5 per cent, then we can not loan to anybody; but we can do a great deal of good if we can loan in some sections as high as 6 per cent. I am afraid the amendment the Senator has suggested would defeat the object of the bill.

Mr. JONES. The Senator knows much more about that than I do, and I am not going to urge it further, but I desired to offer the suggestion.

I have one further amendment that I should like to see adopted. I know it is late; but I have been hoping to get to present it during the day, but, on account of the continuance of general debate, I have been unable to do so. I desire to offer now an amendment as a new section to the bill.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add a new section to read as follows:

Sec. —. That the Federal farm-loan board provided for herein be, and it is hereby, authorized and directed, in connection with the loaning system provided for in this act, to organize and put in operation a loaning system under and through which loans of not exceeding \$5,000 may be made to any one person at not to exceed 4 per cent interest per annum and for a period of time not to exceed 20 years. Such loans shall be made only for the purpose of acquiring farm lands or city property and improving the same for residence purposes, or for improving residence property, and shall be made to such honest, industrious, temperate, economical persons as, in the judgment of said board, with the property so purchased or improved as security, will reasonably insure the repayment of such loan with interest within the time fixed. The terms of payment shall be arranged as the board may deem wise, and be such as will repay the loan with interest by the time set for the maturity of the same.

The said Federal farm-loan board is hereby authorized to make all rules and regulations necessary to carry out the foregoing provisions and not inconsistent with the provisions of this act.

For the purpose of instituting and carrying on operations under this section the sum of \$5,000,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to continue available until used, and to be supplemented by such appropriations as Congress may from time to time make upon estimates to be submitted by said board. All repayments of loans made hereunder and all income from such loans shall constitute a loaning fund hereunder. All the provisions of this act which are applicable to the purposes of this section and not inconsistent with its provisions shall apply to the same.

Mr. JONES. Mr. President, I am not going to take the time to express my views with reference to the pending measure, further than I have already expressed them and as they have been expressed by several of the Senators who have spoken with reference to it. I am going to vote for it, in the hope that it will accomplish some good, and that it will at least inaugurate a system that can be worked out in the end to bring relief to those whom we are trying to relieve and as the best that it is possible to get now.

Rural-credit legislation has been promised in all of the political platforms, so that it is not a partisan question at all. I fear that this measure will not meet the public sentiment that led to those platform declarations. Money will not be secured as easily or as cheaply as those who have urged rural-credit legislation had hoped for nor by those who expect relief by it.

The amendment which I have proposed is in substance a bill which I introduced at the last session of Congress. When I introduced it I made a brief statement with reference to the purpose of it. At that time a very prominent Senator on the floor seemed to regard it in rather a light way, and made some rather caustic suggestions with reference to it. He seemed to think that there was nothing at all in it except paternalism and socialism, and said with reference to it:

I really think the Senator ought to amend his bill, however. There are a great many young men and young women who would like to go into the mercantile business. They have not the means to buy stock, and present prices for money and interest are too heavy a burden for them. They will have to have their experience, and they need a little Government assistance. There are a great many people who want to go into the fruit business, others into the dairy business, and I might mention half a thousand businesses which people would like to go into, but they really have not the means to start in the business. It will be experimental with them, and they do not want to take the chance of the experimentation. They want the Government to take the chance and give them an opportunity to develop the "individualism" of which the Senator speaks.

Mr. President, we have been trying this same proposition with the American Indian. We have had it in operation for the last 50 years. We furnish them plows, we furnish them farms, we try to start them in business, and every year we have to furnish the same thing over and over again. We have been trying to develop individualism in the Indian to take care of himself, and just so long as we will do that he will allow the Government to take care of him; and almost any individual, be he white or black or yellow, will do substantially the same thing.

Inasmuch as the Senator is seeking to apply our policy with reference to the American Indian to our farmers and people generally, it seems to me this bill ought to be referred to the Committee on Indian Affairs.

Mr. President, I bided my time; I felt the Senator would see the light; I was sure he would join the ranks of those who really want to help those who really need help. He has done so. I am glad to say that this Senator has proposed as a substitute for the pending measure practically the measure I then introduced—at least, a measure under which money will be taken directly from the Treasury of the United States and loaned, not to school-teachers, not to merchants, not to these thousand and one other businesses, but to the farmers. So, I am glad to have my bill now receive the indorsement of this able Senator—not only the indorsement by actually adopting the principle of it but by introducing it here in all seriousness without even having it referred to the Indian Affairs Committee and pressing it with far greater ability than I.

Mr. President, what I propose is to furnish money directly to those who need it without the intervention of an expensive and complex agency upon security that will be just as ample, in my judgment, as what you have under this bill. Under this amendment we provide for the loaning of money at not exceeding 4 per cent interest. The interest rate is fixed. There will not be any question like that raised by the Senator from Iowa [Mr. CUMMINS] with reference to the rate of interest, and the borrower getting the benefit of a low rate. It is to be not exceeding 4 per cent. It must be paid off in 20 years, and so arranged over that period as to meet the interest and make sufficient payments to cancel the obligation at the end of 20 years. The security which the Government will have will be the property that is purchased, and all of the money that is loaned must be used in the purchase of property—farm property or city property—and back of that you have the industry and character of the individual.

Some suggest, "How do you determine the character of these men?" Why, it will be determined by the agencies provided in this bill for passing upon loans. Every loaning association that will be organized under this bill can pass with reasonable cer-

tainty upon the character of any man that may apply for a loan, and the probabilities of his repaying that loan. They will know whether he is reliable or not.

I know and you know in your communities of men to whom, if you had money to loan, you would be perfectly satisfied to loan that money if you could direct what they should purchase with it; and with your knowledge of their character and industry and economy and what they can do, you would count that as a better security than to take farm lands at 50 per cent of their value. Of course the man is apt to die within a day or two after he gets the loan; that is true, but suppose he does. The Government has everything that was purchased with that money. Nothing is lost if proper supervision was exercised in the purchase. Each year that passes the principal is lessened and the amount of security increases. There might be some loss on a particular loan, but on the whole the Government would be amply secured. The sole purpose of this amendment is to get the money to people that need it, with ample security to the Government.

I know of renters in the different States of this country who are not only supporting themselves, but supporting somebody else—not only supporting their own family, but supporting some other family—off 40 or 80 or 160 acres that they have rented. In many of the sections of the Middle West a man who rents a farm gives half his crop to the landlord, and if he takes the risk and pays cash rent, he pays \$5, \$6, or \$7 an acre cash rent. If he gets a crop he is able to pay that and get something himself. If he gets no crop he has to pay the \$5, \$6, \$7, or \$8 an acre, if it can be gotten out of him; and in many cases men have had to turn over to the landlord, in effect, every dollar in value of the crops that they have raised on their lands leased in order to discharge their rent. The landlord takes no chances. He gets his return without effort on his part, while the renter may get nothing for his labor and his family suffer from want. These men are honest; they are industrious and frugal; but it is almost impossible for a man to support his own family and some other family at the same time off of farm lands. If the Government is to help anyone these are the men to be assisted. If these men had an opportunity to get money to buy a farm, so that whenever they worked upon it the whole profit of their labor was their own and what they did not have to use for the support of their family they could use for paying the purchase price of land, we would find a great many people who are renters in this country who in a very few years would own their own farms.

So it is with laboring men in the cities. They would soon be able to own their homes. There are building and loan associations, I know, organized and doing a great deal of good. That is true. I think much greater use could be made of them than is made of them. But as we are starting upon a proposition to take the money of the United States to help some of the people of this country, I should like to see some of it used for the men who really need help.

I am not so much interested in helping the man who has a quarter-section of land or a section of land already. I am not interested in his ability to borrow five, ten, or fifteen thousand dollars upon that in order to make more or buy out his poor neighbor so much as I am interested in enabling the poor fellow who has not any land, who has not any home, to get a home. That is what I should like to do something toward accomplishing, if we could.

Mr. SUTHERLAND. Mr. President, does the Senator's amendment contemplate that money shall be loaned at 4 per cent per annum to the full purchase price of the property, and that that is the only security which shall be taken for the loan?

Mr. JONES. That and the character of the man. It contemplates that if a man wants to buy 80 acres of land, which he can get for \$5,000, he will come here to the agency provided in this bill and make his showing to them. Then if they approve it and say: "This land is worth \$5,000; he is getting it at a reasonable rate; he is the right kind of a man; his industry and character and economy and frugality and all that sort of thing commend him to us, and we recommend that he shall have the \$5,000 to buy that 80 acres," that is what the amendment proposes to do.

Mr. SUTHERLAND. How much money does the Senator think the Government of the United States would have to invest in this enterprise to satisfy all the people in the United States who would be willing to acquire farms and city homes upon those terms?

Mr. JONES. Mr. President, we can not go beyond the amount provided in the bill—\$5,000,000.

Mr. SUTHERLAND. The Senator proposes to appropriate \$5,000,000?

Mr. JONES. Yes.

Mr. SUTHERLAND. And then says that other appropriations shall be made as from time to time may be found to be necessary?

Mr. JONES. Yes.

Mr. SMITH of Michigan. "First come, first served."

Mr. SUTHERLAND. I think the Senator will agree with me that the \$5,000,000 would not last very long.

Mr. JONES. Well, I do not know how long it would last; but it certainly would do some good while it did last. Here we put up, for these banks, \$6,000,000. How much good is that going to do? How much real, substantial good to the men that need help will the Government money do that you put up under this bill?

Mr. SUTHERLAND. I think probably that \$5,000,000 would not get beyond the Members of this Senate, who would be very glad to borrow money upon those terms, pay 4 per cent, and simply use the lands that they had bought as security, and speculate themselves upon the increased valuation of the lands.

Mr. JONES. Oh, no; there would not be any speculation under this. This is to be acquired for a home, and the people of a community know whether a man is acquiring land for a home or not. Of course, if the Senator from Utah went off into the State of Washington and wanted to buy something there, he might not get a report from the loan association at that place under which he would get the money. But if he was right in his home place, where they knew that he was not going to be a candidate for the Senate or for the Presidency or for the Supreme Bench—for all of which he is well qualified—if they knew that he was going to settle down there and stay at home and live among them as one of them, they would probably not hesitate to recommend him for a loan to enable him at the end of his term, when he goes out without anything, to have \$5,000 to acquire a home for his declining years. That home, with his ability and industry, would make the loan gilt-edged.

Mr. SUTHERLAND. If the Senator's amendment is adopted, I am quite sure that the Senator and myself will both write out an application for a loan very quickly after his amendment goes into the bill.

Mr. JONES. Mr. President, I will not speak for the Senator from Utah; but I do not think I would apply for the loan, because I will frankly say that I like the work in the Senate. I have seen the time, however, when I was glad to apply for a loan on substantially those terms, and I am glad to say that I got it. I am glad that I could even get a loan without any landed security, and that the man who loaned it never lost a cent, and that he did not hesitate about letting it go. It was suggested to me a moment ago that one of the greatest financiers of this country loaned a large sum of money to some individual without any security except his word; but he knew what was back of the man. He knew what was back of his word. He knew whether or not he was likely to get his money back, and he knew it much better than if somebody that he did not know had come to him with a lot of land security or other kind of security. He knew that honesty, good judgment, and industry are the best kinds of security. They never depreciate.

Mr. President, I will not say that I do not hope this amendment will be adopted; possibly it will not be; and yet the fundamental principle of this amendment—Government aid to private parties—is the fundamental principle of the pending bill, and in the several substitutes that are offered for this bill. The only difference is in the application of the principle. Adopt the principle and its application is only a matter of degree and judgment. Adopt this bill and the time will come when you will adopt my amendment and the Congress of the United States will make it a little bit easier and make it possible for men who really need help, for men who have but very little security except their character to get some help and some relief. You may laugh at this amendment, but you will vote for the principle of it in this bill.

I should like to see some encouragement given to the forming of organizations in this country similar to those abroad, under which men are able to get credit largely upon their character, with security from the neighbors who know them and who know that they can be depended upon. That is the correct system, but we are not yet ready for it here. Possibly we will work out something along those lines by and by, rather than something like this; but there is not anything of that sort in this bill.

Mr. President, I have taken more time than I intended to take. I would not have taken so much except for the interruptions, and for the very great interest I see manifested in the amendment I have proposed; and I shall submit it to the Senate without further argument.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Washington.

Mr. JONES. I ask for the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. CUMMINS. Mr. President, to perfect the bill, I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add to section 29 the following proviso:

Provided, That if the farm-loan board finds and certifies as a fact that the foregoing exemption from taxation does not operate to reduce the rate of interest to the borrowers by substantially the rate of taxation from which the aforesaid property is exempted, then this section shall cease to have any force and effect.

Mr. CUMMINS. Mr. President, just a moment with regard to the amendment. I had hoped that the Senator from New Hampshire would at once accept it.

Mr. HOLLIS. I thought the Senator was sure that this exemption from taxation would not be effective. If so, there is no point to his amendment.

Mr. CUMMINS. I do not believe the Congress has any authority to pass section 29. My mind has not been changed upon that subject by the very learned arguments from the other side, to which I have listened with great interest. But the Senator from New Hampshire [Mr. HOLLIS] and the Senator from Montana [Mr. WALSH] believe that Congress has the power to make the exemptions specified in section 29. They have asserted—at least, the Senator from New Hampshire has asserted many times—that the purpose of the exemption is to make it possible for the farmer to borrow money from the land banks at a rate of interest lower than he would be able to borrow the money for if the property were subject to taxation.

This amendment takes the Senator from New Hampshire at his word; and if the effect of the exemption is to benefit the farmer, section 29 will continue in effect. If, however, it shall turn out—as I fear it will turn out—that the exemption from taxation benefits only men or institutions of great capital, and if the farmer is still compelled to pay the rate of interest which he would be required to pay if there were no exemption, then it is a plain, palpable conclusion that we ought not to exempt the property of these moneyed men from taxation.

I believe the amendment I have offered is entirely within our competency. It has been held more than once, I think, that an administrative body may be given the authority to ascertain a fact upon the existence of which the continuance of the operation of a law shall depend. If the farm-loan board is as faithful as I am sure it will be in conserving the interests of the farmers, there ought to be no apprehension of any unwise or unfounded ascertainment of the fact which I have pointed out.

I should like to know from any Senator, whether on this side or the other side of the Chamber, why the proposal should be opposed if it turns out that the borrower does not receive the benefit of the exemption which is said to be made in the section.

I hope the Senator from New Hampshire will not think that I have offered the amendment lightly. I am sincerely in favor of it. I asked the Senator from Georgia, it will be remembered, when he was speaking whether he could make any suggestion that would render it certain that the farmers shall receive the benefit of the exemption. He had no suggestion, except the general operation of unwritten financial or commercial usages. I have since that time put my mind upon it, and this is the result of my efforts to find a way in which we will make it reasonably sure, anyhow, that the intended beneficiary of this exemption shall, in fact, receive what it is intended he should have.

Mr. POMERENE. Mr. President—

Mr. CUMMINS. I yield to the Senator from Ohio.

Mr. POMERENE. If the Senator will permit me, the other day some reference was made to our constitution in the State of Ohio, and, if I may repeat very briefly, I think we have an object lesson in that State. The constitution of the State of Ohio adopted in 1851 provided that all property, real, personal, and intangible, including credits, bonds, and mortgages, should be taxed according to its true value in money and according to a uniform rule. That has remained the provision in our constitution except for a period of perhaps three or four years, during which time the constitution had been amended and the amendment remained in force. Under the amendment township bonds, county bonds, municipal bonds were exempted from taxation. Prior to that time all public funds of this character were sold and usually held by the savings banks in the New England States. During the time they were exempt from taxation most of them were bought and held in the State of Ohio by farmers

and other small owners. While they could thus be held the bonds sold in Ohio for either a less rate of interest or for a very much higher premium. I have no doubt that that would be the result if these bonds here are exempted from taxation. Later the constitution was again amended and these bonds were again made taxable, and since that time nearly all of them have been held outside of the State.

The Senator may say, if that be true it is no reason why this amendment should not be incorporated in the bill. My judgment is so firm that it will benefit the farmer that I see no need for placing it in the bill, and if it is placed in it will simply be a matter for contention later on. For that reason I for one would be opposed to the amendment.

Mr. CUMMINS. Mr. President, the question propounded by the Senator from Ohio is somewhat intricate. I, of course, shall not attempt to answer it as a question; but it is plain, is it not, that the case he suggests is not parallel to the case under consideration. There—

Mr. POMERENE. I do not agree with the Senator.

Mr. CUMMINS. Allow me to answer the question, if I can. There the State of Ohio or a municipality as the borrower deals directly with the loaner of the money. It is a matter of contract between the two without any intermediary. Under this bill the farmer does not deal directly with the person who ultimately advances the money and who will control the rate of interest. The land bank is the institution which deals with the farmer through the farm-loan association. Even if it were true that ordinarily exemption from taxation does tend to increase the value of a security, and I have no doubt about that, it would be absurd to doubt it, when the farm-loan bonds are offered for investment they will be in competition with similar securities that are subject to taxation. Those who invest in the farm-loan bonds want to secure the highest rate of interest possible under the circumstances. In my judgment, therefore, the fact that farm-loan bonds are exempt from taxation will not diminish the rate of interest upon them to the extent suggested by the Senator from Ohio as to State or municipal bonds. On the other hand, those who supply the money market for these securities will get all the interest they can, and if they believe that they can secure the higher rate of interest by insisting upon it then they will receive the benefit of the exemption and not the borrower.

Mr. HOLLIS. I ask for a vote on the pending amendment.

The VICE PRESIDENT. The question is on the amendment of the Senator from Iowa [Mr. CUMMINS].

The amendment was rejected.

Mr. STERLING. I offer the following amendment.

The SECRETARY. On page 33, at the end of line 5, add the following:

Nor shall any loan be for a less sum than \$200.

Mr. STERLING. Mr. President, just a word with reference to this proposed amendment—

Mr. HOLLIS. I will accept the amendment.

The amendment was agreed to.

Mr. NORRIS. I offer the following substitute—

The VICE PRESIDENT. A substitute for the bill?

Mr. NORRIS. For the bill.

The VICE PRESIDENT. It is not in order. There is a substitute pending now.

Mr. NORRIS. What is the substitute pending?

The VICE PRESIDENT. The one offered by the Senator from South Dakota [Mr. STERLING].

Mr. GRONNA. Mr. President, I move to strike out on page 44, section 18. This is the section which provides for the joint-stock land banks. I do not believe that it should be in the bill. I discussed it quite fully this afternoon, and I shall not take any further time of the Senate, but simply ask to have a vote on it.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota.

Mr. NORRIS. Mr. President, briefly stated this bill provides for three kinds of securities. First we have the security of farm-loan associations that is based upon mortgages, where the liability of the individual members of the farm-loan association is unlimited. Then we have bonds issued by the farm-loan bank based upon mortgages from farm-loan associations in which their liability is limited. Then we have bonds issued by joint-stock banks which are organizations organized with private capital. It is the joint-stock land-bank provision that the Senator from North Dakota seeks to strike out of the bill by his amendment.

I realize that it is perhaps useless now at this stage to try to amend the bill, but I do believe that there ought to be only one kind of bonds issued under this law, I think if we permit the

bill to stand as it is now, with three separate and distinct kinds of bonds that are attempted to be floated under the provisions of the bill, we will have these different kinds of bonds coming into competition with each other, and the investing public will be induced by various means and in various ways to invest their money in one and against the other. The tendency of the private institutions who have organized joint-stock companies for private profit will be to try to induce the investing public to believe that the bonds of the joint-stock company are better as a matter of investment than the other bonds provided for in the bill.

I had intended to introduce an amendment similar to this, but it became apparent to me that it would be useless, although I am glad that the Senator from North Dakota has offered the amendment. It seems to me that it will strengthen this law. I do not believe there can be any doubt about it. More than that, there is no reason why, in my judgment, we should organize by Federal law a system by which we expect to furnish the farmer cheap money by a sort of mutual organization plan, and at the same time and in the same law put into it a provision that will put that very idea into competition with privately owned and privately managed institutions for the purpose of profit, which will certainly come in competition with the other methods provided for in the bill.

There is ample room now under the various State laws for private corporations and stock companies to organize and go into this business if they desire to, and I for one would not want to keep them out of the field; but Congress is trying to devise a plan here by which farmers can organize among themselves associations of borrowers for the purpose of combining their credit and getting money at as near cost as possible. Then we ought to confine our energies and our efforts, it seems to me, to that kind of a plan. As I understand it, this plan was put into the bill, as well as the two forms of farm associations, limited and unlimited, because there were certain people who advocated that we ought to pass a bill, and that the only bill we ought to pass is one that would provide for private individuals to organize for the purpose of profit organizations and corporations similar to the joint-stock provision. There were other people who said that under a certain system in Europe, where they had unlimited liability, they got cheaper money. They advocated that in these associations the liability of the farm membership should be unlimited, and thus we would have a combination of unlimited obligations that would reduce the rate of interest to the farmer and would make the bonds better and sell them at a lower figure, and give the farmer the benefit of it. There were others still who argued that the American farmer could not be induced to go into organizations where the liability of the individual member was unlimited, and that the American farmer, different from the European farmer, would not consent to become obligated for the debt of his neighbor; that he would not permit his farm to be put up as security for some other farmer's debt. Hence they advocated the system of limited liability.

Now, the committee having the bill in charge put all three of them in the measure, so that they would all be satisfied. I am going to vote for the bill whether this amendment is adopted or not, but if I had my way about it I would eliminate what the Senator from North Dakota undertakes to eliminate—the privately organized joint-stock companies—and I would likewise eliminate the unlimited liability associations by which one farmer becomes obligated for the debt of another in the same association, although I am not so particular about that. I do not believe in reality it is necessary to eliminate that, because according to my belief, if this bill goes into effect, there never will be an association organized anywhere in America where the farmers will go in under the unlimited plan. They will not consent to become liable, both individually and with their property, for the debts of somebody else; but as far as the joint-stock company is concerned, it seems to me we ought to eliminate it. If a joint-stock company method is the way to get money for the farmers, then we ought to eliminate everything else that is in the bill. There is not any reason, in my judgment, for having three methods provided for in the bill that will come into competition with each other on the money market and that, I believe, will do injury.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota [Mr. GRONNA].

The amendment was rejected.

Mr. GRONNA. On page 55, line 3, I move to strike out the word "five" and to insert the word "four," so as to read:

They shall bear a rate of interest not to exceed 4 per cent per annum.

I call the attention of the Senator from New Hampshire to this amendment that I am offering.

Mr. HOLLIS. Does the Senator ask me to accept it? He knows well I can not. You can not regulate the rate of interest by passing statutes. It depends on the market. I can not accept it.

Mr. GRONNA. I ask for a vote on my amendment.

The amendment was rejected.

Mr. GRONNA. I move to strike out the word "five" and to insert the words "four and one-half," so as to read:

They shall bear a rate of interest not to exceed 4½ per cent per annum.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from North Dakota [Mr. GRONNA]. The amendment was rejected.

Mr. CLAPP. Mr. President, I offer the substitute—

The VICE PRESIDENT. There is a substitute pending. The Chair is trying to get the original amendment perfected so as to put the question on the substitute.

Mr. CLAPP. I thought the substitute had been acted upon.

The VICE PRESIDENT. Is there any further amendment to the original bill? The Chair hears none. The question now is on the substitute offered by the Senator from South Dakota [Mr. STERLING]. [Putting the question.] The "noes" seem to have it. The "noes" have it, and the amendment is rejected.

Mr. GRONNA. Mr. President, I now offer as a substitute for the bill the amendment to which I have heretofore referred, which has been ordered printed in the RECORD. I ask for a vote of the Senate upon it.

The VICE PRESIDENT. The question is on the amendment in the nature of a substitute offered by the Senator from North Dakota.

The amendment was rejected.

Mr. CLAPP. Mr. President, I offer the substitute which has been heretofore proposed by the Senator from North Dakota [Mr. McCUMBER], and I ask unanimous consent that it may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it will be printed in the RECORD.

The substitute referred to is as follows:

That there is hereby created in the Treasury Department a bureau to be known as the bureau of farm credits. Said bureau shall be presided over by an officer, who shall be designated commissioner of farm credits. The Secretary of the Treasury shall provide for sufficient clerical force to perform the duties of said bureau.

Sec. 2. That there is hereby appropriated and set aside for the use of said bureau, in the manner hereinafter provided, the sum of \$10,000,000, or so much thereof as may be necessary.

Sec. 3. That the said sum so provided shall be used for the purpose of purchasing notes secured by first mortgages on agricultural lands, as hereinafter provided, for stationery and clerical expenses, and such other expenses as may be incident to the business of said bureau.

Sec. 4. That every national bank and every State bank desiring to avail itself of the privileges herein provided are hereby created and declared to be agencies of the Treasury Department for the purpose of receiving from mortgagors notes and mortgages securing same, advancing the moneys to the said mortgagors and transmitting said notes and mortgages to the bureau of farm credits, and receiving in return therefor the amount advanced to the mortgagor by the said bureau.

Sec. 5. That it shall be the duty of the Secretary of the Treasury to apportion the sum hereby appropriated among the several States according to the agricultural population, importance of the agricultural productions of each State, and percentage of agricultural lands incumbered by mortgages or trust deeds, and to pay for such notes and mortgages as may be presented to the extent of the amount apportioned to any State.

Sec. 6. That any owner of agricultural lands within the United States, who is living upon and farming such lands, desiring a loan under the provisions of this act, shall execute a promissory note, due in 10 years, bearing interest at the rate of 4½ per cent per annum, interest payable annually, which interest shall be evidenced by 10 coupon notes attached to said principal note, and which coupons shall also bear interest at the rate of 5 per cent per annum from the date of maturity until paid, payable annually. Said note shall also provide that the principal may be paid on any interest-paying day after the expiration of five years. Said note shall be secured by a first mortgage upon the lands so farmed by the owner and executed and recorded in the manner provided by the laws of the State in which the land is situated, for the execution and recording of mortgages on real estate. Such mortgage shall be accompanied by an application for loan, which application shall recite the purpose for which the loan is desired, the market value of the land, the value at which it was last assessed for taxation, the value and kind of buildings thereon, the number of acres under cultivation, the character and quality of the soil, the number of acres capable of being cultivated, and such other information as may be required by the rules of the said bureau. Said application shall have attached thereto or made as a part thereof an affidavit signed by the owner and at least two neighbors who are thoroughly acquainted with land values in the vicinity, stating the market value of such lands and the market value of the particular lands to be mortgaged. Said note, mortgage, and application shall also be accompanied by an abstract of title duly certified by an abstract company, the register of deeds, or other officer authorized by the laws of the State to make and certify abstracts of lands, which abstract shall show no other mortgages, judgments, delinquent taxes, or other liens of any character against the said lands, unless the purpose of the loan is to secure money to cancel such liens. Said owner shall then present to any national bank or State bank accepting the provisions of this act the said loan papers. The said abstract and papers shall be carefully examined by the president, cashier, or other officer of the bank for the purpose of ascertain-

ing whether the title is perfect in the mortgagor, whether the land is affected by any liens, who shall certify the result of his examination of the abstract, and who shall further certify what in his opinion and judgment is the actual cash selling price of the land. And no mortgage shall be accepted for a greater amount than one-half of the value of such lands, including improvements, nor in any event to an amount exceeding one-half of the actual market value thereof. The said bank may charge the borrower for its services in examining papers and abstract, and in forwarding the papers to the bureau of farm credits, a sum not exceeding 1 per cent of the amount of the mortgage. No mortgage shall be less than \$300 nor more than \$10,000 to one person or company, and shall be in multiples of \$100. The said notes and mortgages shall not be dated at the time they are executed and presented to the bank. The said bank shall forward all the said papers to the said bureau of farm credits, which bureau shall examine the abstract, note, mortgage, and application, and if said abstract shows the land to be clear or to have no liens of greater amount than the amount desired to be loaned, and all papers properly executed, it shall remit to the bank forwarding the papers the amount of the loan, and shall date the notes and mortgage the date on which the remittance is made, from which date interest shall begin to accrue; and all coupons shall be dated to correspond with the date affixed to the principal instrument; and said bureau shall return, with the remittance, the abstract of title. Upon the receipt of the said abstract of title by the bank said bank shall require the abstract to be continued up to date of payment by said bank to the borrower, and if said abstract, after being continued, shows the land clear, the bank shall indorse over to the borrower the remittance made by the bureau of farm credits. If there are any liens upon the land, the bank, out of the remittance, shall first pay and have canceled such liens and pay the balance to the borrower. The bank shall be held responsible for any negligence in the performance of its duties as agent of said bureau. The principal and all interest coupons shall be payable at the bank where and through which the loan is negotiated and remitted by said bank to said bureau.

Sec. 6. That whenever the bureau of farm credits shall have received such mortgages to the extent of \$1,000,000 it shall issue bonds in the name of the United States, payable in 20 years and bearing 4 per cent interest, payable annually, with the privilege and option of the said bureau to pay the principal at the expiration of 10 years. Said bonds shall be issued in denominations from \$100 to \$500 each, and the said commissioner of farm credits shall sell the said bonds for the face value thereof to any person applying therefor, preference being given to those desiring small investments. Said bonds shall not be subject to taxation by the United States, a State, or municipality. All moneys received by the said commissioner in the sale of bonds and the principal and all interest paid on said mortgages shall be covered into the said fund of \$10,000,000 and used in the payment of mortgages as they may be presented, the expenses of the bureau, the interest on bonds, and payment thereof at maturity.

Sec. 7. That all mortgages shall run to the commissioner of farm credits, and said commissioner shall have all the rights and authority of a mortgagee under the laws of the State wherein such mortgage is executed.

Sec. 8. That all taxes of every kind levied by a State or municipality which may become a lien prior to said mortgage shall be paid by the mortgagor at least 30 days prior to the time such lands could be sold for delinquent taxes. Upon his failure to do so, or to pay any other lien that may attach to said lands and become superior to said mortgage, the commissioner may pay the same and the mortgage shall stand as security for such sums so paid and interest thereon at 8 per cent per annum. And said mortgage shall further provide that in default of the payment of any interest or the payment of taxes, or other superior liens, as aforesaid, the commissioner may foreclose the premises pursuant to the laws of the State in which the land is situated. All papers necessary for the foreclosure proceedings shall be prepared and premises foreclosed by the proper law officer of the bureau. In lieu of foreclosure the commissioner may sell the mortgage to any person desiring to purchase the same, without recourse, and the money so received shall be covered into said fund. Upon foreclosure, the said commissioner may transfer and assign the certificate of sale to any purchaser, and after the period of redemption has expired, may sell the lands. And any sum received therefor shall in like manner be covered into said fund.

Sec. 9. That it is the purpose of this act not only to secure and facilitate borrowing upon agricultural lands at a reasonable rate of interest, but also to afford a means for those who desire a safe investment, and so long as the said bureau shall be able to dispose of bonds at par it shall accept mortgages presented to any extent above the \$10,000,000 hereby appropriated.

Sec. 10. That said bonds shall be negotiable in form, and transferable by indorsement, and may be bought and sold by Federal reserve banks under the provisions of sections 13 and 14 of the Federal reserve act, approved December 23, 1913, and may also be received as collateral for the issue of Federal reserve notes under the provisions of section 16 of said act.

Sec. 11. That the word "mortgage" shall be construed to include deeds of trust or any other instruments of security on agricultural lands.

Sec. 12. That the Secretary of the Treasury shall make all needful rules and regulations to carry out the provisions of this act.

Sec. 13. That this act shall take effect from and after its passage and approval.

The VICE PRESIDENT. The question is on the amendment, in the nature of a substitute, proposed by the Senator from Minnesota [Mr. CLAPP] for the Senator from North Dakota [Mr. McCUMBER].

The amendment was rejected.

Mr. NORRIS. Mr. President, I reoffer the amendment which I offered awhile ago.

The VICE PRESIDENT. The amendment proposed by the Senator from Nebraska will be stated.

The SECRETARY. It is proposed to strike out all after the enacting clause and to insert the following—

Mr. HOLLIS. Mr. President, does the Senator from Nebraska care to have the amendment read, if it may be printed in the RECORD?

Mr. NORRIS. No. It has already been printed in the RECORD. I do not care to have it read. I discussed it at con-

siderable length the other day, but I should like to have it printed in the RECORD at this point. I do not care to have the Secretary take up the time to read it.

The VICE PRESIDENT. Without objection, it is so ordered. The amendment referred to is as follows:

That there is hereby established in the Department of Agriculture a bureau to be called the bureau of farm loans. There shall be appointed a director of said bureau, who shall receive a salary of \$6,000 per annum, and an assistant director, who shall receive a salary of \$4,500 per annum. The assistant director shall perform the duties of the director of said bureau in case of the death, resignation, removal from office, or absence of the director, and he shall also perform such other duties as may be assigned to him by the Secretary of Agriculture, by the director, or by law. There shall also be in said bureau a chief clerk and such other agents, clerks, inspectors, and employees as are provided for in this act or as may hereafter be authorized by law, or as may be authorized by the Secretary of Agriculture. The director and assistant director shall hold their respective offices for a term of 10 years and shall be removed from office during such term only for cause. The Secretary of Agriculture can remove either of said officers for a violation of law or neglect of duty, but only after a public trial upon charges duly made, of which the accused official shall have reasonable notice, and then only upon the approval in writing of the President of the United States. The director and assistant director shall be appointed by the President, by and with the advice and consent of the Senate, and in case there is a vacancy in either of said offices the appointment to fill the same shall be made for the full term.

Sec. 2. That under the rules and regulations made by the director of said bureau and approved by the Secretary of Agriculture, and in accordance with the provisions hereinafter provided, the said bureau shall make loans on farm lands located in any of the States of the Union or in the District of Columbia. Said loans shall be secured by mortgage made payable to said bureau, and shall bear interest at the rate of 4 per cent per annum, payable semiannually. No loan shall be made upon any tract of land less than 10 acres in area. Loans shall be made only for \$100 or any multiple of \$100 up to and including \$2,000. The mortgage securing any such loan shall provide that at the end of five years one-tenth of said loan shall become due, and that thereafter one-tenth of said loan shall become due each year until the entire loan matures. Said mortgage shall also provide that whenever any interest is due, the mortgagor or his grantee shall have the right to pay the entire loan or to make a payment of \$100 or any multiple thereof on the principal thereof, and upon such payment being made the interest on the amount so paid shall thereupon cease. Said mortgage shall also provide that both principal and interest shall draw interest at the rate of 6 per cent per annum from maturity.

Sec. 3. That no person shall be entitled to a loan of money from said bureau until he has made application therefor under oath upon blanks to be furnished by said bureau. Such application can be sworn to before any person authorized to administer an oath, and all postmasters and their deputies in the United States are hereby authorized to administer oaths to applicants making application for loans under this act and to administer oaths to such applicants or other persons to any other affidavits made necessary by the rules and regulations of said bureau. Whenever any oath is administered by a postmaster or deputy postmaster no charge shall be made therefor. No person shall be entitled to a loan under this act who is not of good moral character and who does not establish to the satisfaction of said bureau that he is honest and bears a good reputation in the neighborhood where he resides. No loan shall be made to any person who is not an actual resident on and engaged in the cultivation of the land offered as security: *Provided*, That where the applicant for the loan is endeavoring to secure the money for the purpose of building a house upon the land or for the purpose of making part payment upon the purchase price thereof, the bureau can waive this stipulation if convinced that it is the intention of applicant as soon as possible to reside upon the land and to cultivate the same, the intention of this act being to provide money only for persons who intend to reside upon and cultivate the land which they offer as security. No loan shall be made for more than one-half of the value of the land offered as security and only for one or more of the following purposes:

First. To make payment of part of the purchase money of the land to be mortgaged.

Second. To pay off an indebtedness already existing against said land.

Third. To build a house, barn, or other building or buildings upon said land: *Provided*, That said bureau, under proper rule and regulation, can provide that not to exceed 50 per cent of any loan may be used for the purchase of stock and farm implements. Any applicant or other person testifying falsely to any material fact in any application or other affidavit connected with any loan under this act shall, upon conviction thereof, be deemed guilty of perjury and punished accordingly.

Sec. 4. That it shall be the duty of every postmaster, deputy postmaster, or other employee or official of the Government, without fee or pay therefor, to make confidential reports to said bureau, upon request therefor, upon anything pertaining to any loan and upon the character or standing of any applicant or witness. Such postmaster, deputy postmaster, or other officer shall also, when requested by said bureau, appoint appraisers to appraise the land offered for security under the regulations of and upon the blanks furnished by said bureau.

Sec. 5. That any person applying for a loan shall furnish to said bureau an abstract of title to the land offered as security and shall pay all the necessary expenses connected with the making of said loan. Such applicant shall furnish conveyance for the appraisers appointed to fix a value upon land offered for the loan, or shall pay for the transportation of said appraisers to and from said land, and if required by said appraisers he shall pay a fee to each of them, not exceeding two in all, which fee shall be ascertained in advance and fixed by the official appointing said appraisers. It shall be the duty of said bureau and the officials appointing said appraisers to select efficient, qualified, and unbiased persons, but, at the same time, to regulate any fee that they may charge for such service so as to make the same as small as possible. Said appraisers shall make return upon blanks provided by the bureau and shall swear to the same before some person qualified under this act to administer an oath.

Sec. 6. That it shall be the duty of every United States district attorney or deputy district attorney, upon request from said bureau, to examine the abstract of title to any land offered as security under this act and to make return thereof to the said bureau. It shall likewise be the duty of any district attorney or deputy district attorney when

requested by the bureau to foreclose any mortgage taken as security for a loan under this act and to prosecute the same to final judgment. All such services so rendered by an attorney connected with the Department of Justice shall be a part of his official duty and shall be rendered without pay, but said bureau shall pay in all cases the actual expenses of any such attorney in connection with such litigation.

SEC. 7. That it shall be the duty of any post-office inspector, United States marshal, deputy United States marshal, or other employee or inspector of any other department, when engaged in official business in the vicinity of any land mortgaged to said bureau, upon request of said bureau, to make a personal inspection of the same and to report thereon to said bureau. Such inspection shall be made without charge, but said bureau shall pay the actual expenses, if any, made necessary thereby. It shall likewise be the duty of any postmaster, deputy postmaster, or other governmental official residing or doing business in the vicinity of any land that has been mortgaged to said bureau, upon request of said bureau, to make a report upon said loan or as to whether the money borrowed upon said land has been expended or is being expended in accordance with the purposes for which the same was loaned, and in making any loan under this act the said bureau can withhold, under such rules and regulations as it may prescribe, any part of the same for the purpose of insuring the application of said loan to the purposes for which the same was made.

SEC. 8. That should the owner of any land mortgaged to said bureau fail or neglect to pay the interest thereon at or before the time when the same is due, or permit the taxes on the land to become delinquent, or neglect or refuse, without the consent of said bureau, to apply the money borrowed in accordance with the statements made in the application for the loan, or if he has made any false statement as to any material matter in said application, or if he neglects to properly care for the improvements on said land, or if he do any other act that materially injures the value of the security, either by overt act or by neglect and inattention, or should said land, without the consent of the bureau, cease to be farmed and cultivated, then the said bureau shall have the right, at its election and without notice, to declare the entire amount secured by said mortgage due and payable, and may take any steps necessary for the foreclosure of said mortgage and the collection of said loan, and from and after said election so made by the bureau the amount secured by said mortgage shall bear interest at the rate of 6 per cent per annum.

SEC. 9. That in making any payment of interest or payment of the principal, or part payment of the same, upon any loan made under this act the person making such payment can pay the same to any postmaster designated by said bureau, and the same shall be transmitted by said postmaster either directly to the bureau or to such Federal reserve bank as may be designated by the bureau, and such postmaster shall immediately notify the bureau of such payment and the transmission of the money so paid, and thereupon credit shall be given for the payment of such money as of the date the same was paid to the postmaster. The said bureau shall notify each person to whom a loan has been made as to the post office where payments upon his loan can be made. The bureau may make such designation by general circular or by specific notice in writing, and can designate by such notice a post office within a county or other district to which all payments within such district can be made.

SEC. 10. That the bureau shall deposit all money it receives in the Federal reserve banks provided for in the act of December 23, 1913, and in making disbursements of money it shall do so by check upon such banks. Any Federal reserve bank organized under the said Federal reserve act is hereby authorized and instructed to receive such deposits and to pay checks or drafts drawn by said bureau upon said deposits, the same as other accounts authorized to be held by said banks under said act.

SEC. 11. That the bureau shall have power to sue and to be sued, to complain and defend in any court of law or equity having jurisdiction of the subject matter in litigation. To protect any loan it may pay the taxes or any other prior lien due and unpaid against the land securing said loan, and in such case the amount paid in liquidation of such taxes or lien shall be added to and become a part of its mortgage on said real estate, and from the date of such payment shall bear interest at the rate of 6 per cent per annum. It shall have the right and authority to purchase, at sale under judgments or decrees of court rendered in foreclosure proceedings of any mortgage it owns, the land so mortgaged, but in such case it shall not bid a greater amount for such land at such sale than the amount due in such proceedings, together with costs and expenses expended in relation to said loan. In case the bureau obtains title as set forth in this section to any real estate, it shall have authority to sell the same at such price as may be for the best interests of said bureau, in the judgment of the director, and to convey title to the purchaser thereof by deed signed and acknowledged by the director. In making such sale it shall be authorized to take a return mortgage from the purchaser for part of the purchase price thereof in accordance with the provisions of this act.

SEC. 12. That in order to secure money for the purpose of making loans as hereinbefore provided the said bureau shall issue bonds which shall be the obligation both as to principal and interest of the United States. Said bonds shall be issued in denominations of \$100 or any multiple thereof, and shall bear interest at the rate of 3½ per cent per annum, payable semiannually. Said bonds, together with the interest thereon, and also all notes and mortgages taken by said bureau upon farm lands, shall be entirely free from all taxation of every kind, National, State, and municipal. When in need of money for the purpose of making loans as provided in this act, the bureau shall give notice of its intention to issue bonds and invite from the public generally subscriptions to said bonds. If the amount of subscriptions shall exceed the then demand of the bureau, it shall give preference in accepting money for said bonds to those offered in the smallest amounts, the intention being to give as wide circulation and distribution to said bonds throughout the country as is possible. Said bonds shall be issued for the term of 15 years, with the privilege on the part of said bureau of paying the same upon the date of maturity of any interest payment after 10 years. After this act shall have been in active operation for one year said bureau shall have authority to change the rate of interest charged for farm loans hereafter made and to also change the rate of interest upon the bonds hereafter provided for thereafter issued, it being the object of this act to pay as low a rate of interest upon said bonds as will float said bonds at par and to charge as low a rate of interest upon the farm loans herein provided for as will bring in sufficient revenue to pay said bonds, the interest thereon, the expenses connected with the making of said loans, and any losses, if any, incurred therein.

SEC. 13. That it shall be unlawful for any Senator, Member of the House of Representatives, or any other official of the Government of the United States to use or attempt to use any political or other influence to induce said bureau to make or refuse to make any loan or loans. Any person found guilty of the conduct in this section prohibited shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding \$2,000.

SEC. 14. That it shall be unlawful for any official of any State or any officer or member of any political committee to use or attempt to use any political or other influence to induce said bureau to make or refuse to make any loan or loans. Any person found guilty of the conduct in this section prohibited shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

SEC. 15. That it shall be the duty of the officials of said bureau to give publicity to any letter or communication from any of the persons named in the above two sections requesting or urging said bureau to make or to refuse to make any loan, and to give to the Department of Justice the names of any of said mentioned persons attempting to influence the action of said bureau in allowing or refusing any application for a loan, together with the evidence connected with said attempt, whether the same be in writing or otherwise.

SEC. 16. That any person who shall make any false representation to said bureau in connection with the making or the investigation of any application for a loan shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding \$1,000 or be imprisoned for a term not exceeding one year, or both such fine and imprisonment, in the discretion of the court.

Mr. NORRIS. So far as I am concerned, I am ready for a vote on the amendment.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Nebraska.

The amendment was rejected.

Mr. LANE. Mr. President, before the bill proceeds further, in justice to myself, I wish to say that it is not so liberal as I would like to have it. It does not render it so easy for the deserving farmer to obtain money as it should. In Oregon we loan \$6,000,000 of the school fund to farmers, and have had such a fund for 30 years, at 6 per cent, with the governor, the secretary of state, and the State treasurer acting as a board, under the advice of the attorney general, without the loss of one dollar of the loan. Such a Federal law would be safe, if it were administered with ordinary business acumen; but the Members of this body have not yet arrived at that conclusion, and this bill being the best that we can get under the circumstances, I am going to vote for it in the hope that it may lead to something better.

Mr. NORRIS. Mr. President, the brief remarks of the Senator from Oregon [Mr. LANE] illustrate what I tried to establish the other day, and which I tried to carry out in the substitute which I have offered. How many millions did the Senator say had been loaned of the school fund in the State of Oregon?

Mr. LANE. The loan is now \$6,000,000.

Mr. NORRIS. Six million dollars belonging to the school fund. That has been loaned out to the farmers of Oregon for how many years?

Mr. LANE. For about 30 years, if my memory serves me aright.

Mr. NORRIS. That practice has been going on for about 30 years; and, as the Senator states, without the loss of a dollar. The substitute which I proposed, in effect, undertook to carry that into the Nation as it has been carried out in the State of Oregon with the exception that the rate of interest would be 4 per cent, instead of 6 per cent. In my judgment there can be no way in which cheap money can be afforded for loaning purposes to the farmers of the country unless the Government lends its credit for the purpose of floating the bonds that will be placed upon the market. Personally I can not see why the Government should not do so directly with the loans properly supervised in the same way in which the State of Oregon has done it in that State. It would not be dangerous in any respect, as I look at it, to the Government; but it would certainly bring about a reduction in the rate of interest. Unless the Government credit is loaned to any plan of this kind, it will not result in the relief that is possible to be brought about. To my mind the pending bill gives some relief of that kind. It does not do it, however, in the right way, nor does the bill go to the extent to which it ought to go.

I do not believe that it is necessary for the Government to loan its general funds for any purpose of this kind. My substitute did not provide for anything like that; but in some way the Government ought to loan its credit; and, in my judgment, it is a proper use of Government credit, and a proper instrumentality of the Government, if we can bring about a low rate of interest, that must be paid by the man who has the best security in the world and who has to pay the highest rate of interest under present conditions.

I said the other day that I doubted very much whether this bill would work satisfactorily. Other men just as honest and much more able than I think it will. I know it has been conceived and drafted in a very honest intention and with the

honest belief that it will bring relief. I sincerely trust that it will, although I feel morally certain that if it does bring some relief, it will not be to the degree that we ought to go and to the degree that we may properly go if we utilize the Government credit in the proper way.

The bill was reported to the Senate as amended.

The VICE PRESIDENT. The question is on concurring in the amendments made as in Committee of the Whole.

Mr. HOLLIS. I reserve the amendment which was submitted by the Senator from Utah [Mr. SMOOT] to the committee amendment. I want a separate vote on that amendment in the Senate.

The VICE PRESIDENT. What is the amendment?

Mr. HOLLIS. The amendment is, on page 3, line 12, where, on the motion of the Senator from Utah, the figures "\$10,000" were struck out and the figures "\$7,500" were inserted.

The VICE PRESIDENT. The question is on concurring in all the other amendments made as in Committee of the Whole.

The amendments made as in Committee of the Whole, with the exception of the reserved amendment, were concurred in.

The VICE PRESIDENT. The question now is on concurring in the amendment which was adopted, as in Committee of the Whole, on the motion of the Senator from Utah [Mr. SMOOT] to the amendment reported by the committee, on which the Senator from New Hampshire [Mr. HOLLIS] desires a separate vote. The amendment will be stated.

The SECRETARY. In the committee amendment, on page 3, line 12, the Senate, as in Committee of the Whole, struck out "\$10,000" and inserted "\$7,500."

Mr. SMOOT. On that I ask for the yeas and nays.

Mr. HOLLIS. Mr. President, those opposed to the amendment of the Senator from Utah, I understand, will vote "nay"? The VICE PRESIDENT. Yes.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). I have a general pair with the Senator from Georgia [Mr. HARDWICK], which I transfer to the Senator from Illinois [Mr. SHERMAN], and vote "yea."

Mr. PAGE (when Mr. DILLINGHAM'S name was called). I wish to announced the necessary absence of my colleague [Mr. DILLINGHAM]. He is paired with the senior Senator from Maryland [Mr. SMITH]. If present and permitted to vote, my colleague would vote "yea."

Mr. FALL (when his name was called). I have a general pair with the senior Senator from West Virginia [Mr. CHILTON]. I transfer that pair to the Senator from California [Mr. WORKS] and vote "yea."

Mr. OWEN (when his name was called). I transfer my pair with the Senator from New Mexico [Mr. CATRON] to the Senator from Delaware [Mr. SAULSBURY] and vote "nay."

Mr. ASHURST (when the name of Mr. SMITH of Arizona was called). I rise to announce that my colleague has just been called from the Chamber on a very important matter at one of the departments.

Mr. SHAFROTH (when the name of Mr. THOMAS was called). I desire to announce the unavoidable absence of my colleague [Mr. THOMAS]. He is paired with the senior Senator from North Dakota [Mr. McCUMBER].

Mr. TILLMAN (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. GOFF] to the Senator from Arkansas [Mr. ROBINSON] and vote "yea."

Mr. TOWNSEND (when his name was called). I transfer my pair with the Senator from Florida [Mr. BRYAN] to the junior Senator from Rhode Island [Mr. COLT] and vote "yea."

Mr. UNDERWOOD (when his name was called). I have a general pair with the junior Senator from Ohio [Mr. HARDING]. I transfer that pair to the Senator from Arizona [Mr. SMITH] and vote "nay."

Mr. LODGE (when the name of Mr. WEEKS was called). My colleague [Mr. WEEKS] is absent from the Chamber. If present, he would vote "yea." He is paired with the Senator from Kentucky [Mr. JAMES].

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the Senator from Illinois [Mr. LEWIS] and vote "nay."

The roll call was concluded.

Mr. BECKHAM. I transfer my pair with the Senator from Delaware [Mr. DU PONT] to the Senator from Louisiana [Mr. BROUSSARD] and vote "yea."

Mr. STONE. I thought I had arrangements made with a Senator on the other side for a mutual transfer of pairs; but I do not see him present, and as I am unable to obtain a transfer of my standing pair with the Senator from Wyoming [Mr. CLARK] I will have to withhold my vote. If I were permitted to vote, I should vote "nay."

Mr. MYERS. I transfer my pair with the Senator from Connecticut [Mr. McLEAN] to the Senator from Tennessee [Mr. SHIELDS] and vote "nay."

Mr. JAMES. I desire to withdraw my vote, as I am paired with the junior Senator from Massachusetts [Mr. WEEKS], and he has not voted.

Mr. SMITH of Georgia. I desire to announce the absence of my colleague [Mr. HARDWICK]. He is paired with the junior Senator from Kansas [Mr. CURTIS].

Mr. CURTIS. I am requested to announce the following pairs:

The Senator from Maine [Mr. BURLEIGH] with the Senator from Nebraska [Mr. HITCHCOCK];

The Senator from North Dakota [Mr. McCUMBER] with the Senator from Colorado [Mr. THOMAS];

The Senator from New Hampshire [Mr. GALLINGER] with the Senator from New York [Mr. O'GORMAN]; and

The Senator from Utah [Mr. SUTHERLAND] with the Senator from Arkansas [Mr. CLARKE].

The result was announced—yeas 29, nays 31, as follows:

YEAS—29.

Beckham	Fall	Norris	Sterling
Borah	Gronna	Oliver	Tillman
Brady	Jones	Overman	Townsend
Brandegee	Kenyon	Page	Vardaman
Clapp	Lane	Polindexter	Wadsworth
Culberson	Lodge	Reed	
Cummins	Martine, N. J.	Smith, Mich.	
Curtis	Nelson	Smoot	

NAYS—31.

Ashurst	Johnson, Me.	Newlands	Smith, Ga.
Bankhead	Johnson, S. Dak.	Owen	Smith, S. C.
Chamberlain	Kern	Phelan	Swanson
Fletcher	La Follette	Pittman	Taggart
Gore	Lea, Tenn.	Pomerene	Thompson
Hollis	Lee, Md.	Ransdell	Underwood
Hughes	Martin, Va.	Sheppard	Williams
Husting	Myers	Simmons	

NOT VOTING—36.

Broussard	du Pont	McCumber	Smith, Ariz.
Bryan	Gallinger	McLean	Smith, Md.
Burleigh	Goff	O'Gorman	Stone
Catron	Harding	Penrose	Sutherland
Chilton	Hardwick	Robinson	Thomas
Clark, Wyo.	Hitchcock	Saulsbury	Waish
Clarke, Ark.	James	Shafroth	Warren
Colt	Lewis	Sherman	Weeks
Dillingham	Lippitt	Shields	Works

So the amendment of Mr. SMOOT to the amendment of the committee made as in Committee of the Whole was nonconcurring in.

The amendment of the committee was concurred in.

The VICE PRESIDENT. The bill is in the Senate, and open to amendment.

Mr. STERLING. I submit the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to strike out lines 18 and 19 on page 25; and strike out "division A" in line 20 on the same page and insert in lieu thereof the words "national farm loan"; and to strike out pages 26, 27, and down to and including the word "board," in line 10 on page 28.

Mr. STERLING. Mr. President, just a word in explanation of this amendment. The amendment relates to the two classes of farm-loan associations, the limited class and the unlimited class. If the amendment is adopted the provision will read:

That shareholders of every farm-loan association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

In other words, the amendment will provide for the limited liability of the members of the national farm-loan associations, and there will not be any distinction in liability whatsoever.

I wish to say further that I hardly think that the adoption of this amendment will affect any of the other provisions of the bill. If it does, and if the amendment should be accepted, the necessary changes could be made very readily so as to make the bill correspond with the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was rejected.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. BRANDEGEE. Mr. President, I shall take only one minute, and it is the first minute I have taken on the floor since this bill has been under consideration.

This bill will do my section of the country no good whatever, in my opinion. There is no demand for it there. The loans are obtainable upon good farm security from the insurance

companies and the savings banks, and, in my opinion, this bill and its provisions will not be availed of at all. I would not, however, vote against the bill for that reason if I were convinced that it would be of any substantial benefit in other parts of the country; but I regard the bill as an unpractical and unconstitutional piece of legislation, and therefore I shall cast my vote against it.

As showing the extent to which the insurance companies have loaned money upon farms and the exceedingly moderate rates which they have charged, I ask permission to insert in the RECORD a short editorial from the Hartford Courant, of my State.

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

[Editorial from the Hartford Courant of May 1, 1916.]

ABOUT FARM LOANS.

While there is agitation over Government banks to afford to farmers the opportunity to borrow on their farms it is well worth while to look over the extent and the experience of one of our great life insurance companies in this field, suggesting alike the worth of such investments and the ease with which the farmer can borrow.

The Connecticut Mutual Life Insurance Co., of this city, the first life insurance company organized under the laws of Connecticut, dating back to 1840, found that the accustomed outlets for investments in city mortgages, Government, municipal, railway, and other securities of the most desirable standard were somewhat limited; and in that year, after a thorough study of the whole situation, the company began making farm loans, and selected for its operations the choicest agricultural areas in the States of Ohio, Indiana, Illinois, Missouri, Iowa, and Nebraska, and northeastern Kansas, commonly known as the "corn belt."

From August 1, 1881, to April 26, this year, the company has made loans on farm lands and improvements in the vast sum of \$128,786,021.67. There have been retired on this account, in cash payment or new loans, the sum of \$95,038,811.56, leaving outstanding in force on April 26, 1916, \$33,747,210.11. In the 35 years of this experience the company has acquired title to these mortgaged farm lands in a sum amounting to only sixty-three one-hundredths of 1 per cent of the principal. These farms so taken have, on the other hand, yielded to the company on sales a net profit of \$68,367.61.

These loans have all run directly to the company and have been negotiated through its approved financial correspondents in the various States—men of judgment, experience, and personal integrity; men of the highest standing in their respective communities, competent and experienced in all matters relating to farm-loan securities; experts in valuations, and with personal knowledge of the character and responsibility of the borrowers. These loans have been made on the most favorable rates of interest to the thousands of borrowers, running from a minimum of 4½ per cent to a maximum of 6 per cent per annum. It is a most notable share, through this remarkable experience, that this company has had in the development and conservation of the great agricultural interests so vital to our country's prosperity.

There would seem to be little occasion for the exploitation of the scheme entitled "rural credits," with all its complications, covered in the Hollis bill, so called, pending in the Congress, or for its acceptance, with its many burdensome details, by the multitude of borrowers whose relations with this company and many others transacting a like business have been and are satisfactory in all respects.

It is a significant fact in this relation that at the close of 1914 (the figures for 1915 are not yet available) 148 American life insurance companies carried in their assets \$654,630,505 loans on farms in the United States, or 39.3 per cent of their entire mortgage holdings, all of which amounted to \$1,677,102,467.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. HOLLIS. On that I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. BECKHAM (when his name was called). I transfer my pair with the Senator from Delaware [Mr. DU PONT] to the Senator from Louisiana [Mr. BROUSSARD] and will vote. I vote "yea."

Mr. HOLLIS (when Mr. CHILTON's name was called). I have been requested to announce that the senior Senator from West Virginia [Mr. CHILTON], the junior Senator from Delaware [Mr. SAULSBURY], and the junior Senator from Arkansas [Mr. BOBINSON] are absent on official business, and are all paired in favor of the bill.

Mr. CURTIS (when his name was called). I am paired with the junior Senator from Georgia [Mr. HARDWICK]. He has authorized me to vote on this bill, as he would vote "yea," and I intend to vote "yea." I, therefore, vote "yea."

Mr. PAGE (when Mr. DILLINGHAM's name was called). I wish to announce the necessary absence of my colleague [Mr. DILLINGHAM]. He is paired with the senior Senator from Maryland [Mr. SMITH]. If present and at liberty to vote, my colleague would vote "nay."

Mr. FALL (when his name was called). I announce my pair with the senior Senator from West Virginia [Mr. CHILTON], but as I am at liberty to vote upon this matter I vote "yea."

Mr. JAMES (when his name was called). I transfer the general pair I have with the junior Senator from Massachusetts [Mr. WEEKS] to the junior Senator from Georgia [Mr. HARDWICK] and will vote. I vote "yea."

Mr. OVERMAN (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. WARREN]. I transfer that pair to the junior Senator from Tennessee [Mr. SHIELDS] and will vote. I vote "yea."

Mr. OWEN (when his name was called). I transfer my pair with the Senator from New Mexico [Mr. CATRON] to the Senator from Delaware [Mr. SAULSBURY] and will vote. I vote "yea."

Mr. ASHURST (when the name of Mr. SMITH of Arizona was called). I again announce the unavoidable absence of my colleague [Mr. SMITH of Arizona].

Mr. STONE (when his name was called). I transfer my standing pair with the Senator from Wyoming [Mr. CLARK] to the Senator from West Virginia [Mr. CHILTON] and will vote. I vote "yea."

Mr. SMOOT (when Mr. SUTHERLAND's name was called). My colleague [Mr. SUTHERLAND] is necessarily detained from the Senate. He has a general pair with the senior Senator from Arkansas [Mr. CLARKE].

Mr. SHAFROTH (when Mr. THOMAS's name was called). I desire to announce the unavoidable absence of my colleague [Mr. THOMAS].

Mr. TILLMAN (when his name was called). Repeating the announcement I made a moment ago, I vote "yea."

Mr. UNDERWOOD (when his name was called). I have a general pair with the junior Senator from Ohio [Mr. HARDING]. I transfer that pair to the junior Senator from Arizona [Mr. SMITH] and vote "yea."

Mr. MYERS (When Mr. WALSH's name was called). My colleague [Mr. WALSH] is necessarily absent. If he were present, he would vote "yea."

Mr. LODGE (when Mr. WEEKS's name was called). My colleague [Mr. WEEKS] is necessarily absent. He is paired with the senior Senator from Kentucky [Mr. JAMES]. If present, my colleague would vote "nay."

Mr. WILLIAMS (when his name was called). Repeating the announcement made upon the last roll call, I vote "yea."

The roll call was concluded.

Mr. HOLLIS. I wish to announce that the senior Senator from Nebraska [Mr. HITCHCOCK] is paired with the junior Senator from Maine [Mr. BURLEIGH]. If the Senator from Nebraska were present, he would vote "yea."

Mr. SHAFROTH. I desire to announce that my colleague [Mr. THOMAS], who is unavoidably absent, is paired with the senior Senator from North Dakota [Mr. McCUMBER], and that if my colleague were present he would vote "yea."

Mr. MYERS. I desire to announce the pair of my colleague [Mr. WALSH] with the Senator from Rhode Island [Mr. LIPPITT], both of whom are absent.

Mr. CURTIS. I desire to announce that the Senator from New Hampshire [Mr. GALLINGER] is paired with the Senator from New York [Mr. O'GORMAN]. I also desire to announce the absence of the Senator from Maine [Mr. BURLEIGH], who is paired with the Senator from Nebraska [Mr. HITCHCOCK]. I do not know how the Senator from Maine would vote if he were present.

The result was announced—yeas 58, nays 5, as follows:

YEAS—58.

Ashurst	Hughes	Nelson	Smith, Mich.
Bankhead	Husting	Newlands	Smith, S. C.
Beckham	James	Norris	Smoot
Borah	Johnson, Me.	Overman	Sterling
Brady	Johnson, S. Dak.	Owen	Stone
Clapp	Jones	Phelan	Swanson
Chamberlain	Kenyon	Pittman	Taggart
Culberson	Kern	Poindexter	Thompson
Cummins	La Follette	Pomerene	Tillman
Curtis	Lane	Ransdell	Townsend
Fall	Lea, Tenn.	Reed	Underwood
Fletcher	Lee, Md.	Shafroth	Vardaman
Gore	Martin, Va.	Sheppard	Williams
Gronna	Martine, N. J.	Simmons	
Hollis	Myers	Smith, Ga.	

NAYS—5.

Brandegee	Oliver	Page	Wadsworth
Lodge			

NOT VOTING—33.

Broussard	du Pont	McLean	Sutherland
Bryan	Gallinger	O'Gorman	Thomas
Burleigh	Goff	Penrose	Walsh
Catron	Harding	Robinson	Warren
Chilton	Hardwick	Saulsbury	Weeks
Clark, Wyo.	Hitchcock	Sherman	Works
Clarke, Ark.	Lewis	Shields	
Colt	Lippitt	Smith, Ariz.	
Dillingham	McCumber	Smith, Md.	

So the bill was passed.

The title was amended so as to read: "A bill to provide capital for agricultural development, to create a standard form of in-

vestment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to provide for the investment of postal savings deposits, to create Government depositaries and financial agents for the United States, and for other purposes."

PETITIONS AND MEMORIALS.

Mr. NELSON presented petitions of sundry citizens of Minnesota, praying for national prohibition, which were referred to the Committee on the Judiciary.

Mr. DU PONT presented a petition of sundry citizens of Rehoboth Beach, Del., praying for national prohibition, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Newark, Del., praying for the adoption of an amendment to the Constitution granting the right of suffrage to women, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Milford, Del., praying for prohibition in the District of Columbia, which was ordered to lie on the table.

Mr. THOMAS presented petitions of sundry citizens of Colorado, praying for national prohibition, which were referred to the Committee on the Judiciary.

Mr. JONES presented petitions of sundry citizens of Washington, praying for national prohibition, which were referred to the Committee on the Judiciary.

Mr. PHELAN presented memorials of sundry citizens of California, remonstrating against the enactment of legislation for compulsory Sunday observance in the District of Columbia, which were ordered to lie on the table.

He also presented petitions of the Friday Study Club, of Santa Barbara, and of the Woman's Club, of Carquinez, all in the State of California, praying for an investigation into conditions surrounding the marketing of dairy products, which were referred to the Committee on Agriculture and Forestry.

He also presented a memorial of the Civic Art Commission of Berkeley, Cal., remonstrating against the proposed location of the central heating, lighting, and power plant in the District of Columbia, which was ordered to lie on the table.

Mr. TILLMAN presented a petition of sundry citizens of Salley, S. C., praying for national prohibition, which was referred to the Committee on the Judiciary.

Mr. TOWNSEND presented petitions of sundry citizens of Michigan, praying for national prohibition, which were referred to the Committee on the Judiciary.

He also presented petitions of sundry citizens of Michigan, praying that the United States remain at peace, which were referred to the Committee on Foreign Relations.

He also presented a petition of the Fourth District Michigan Christian Endeavor Union, of Holland, Mich., praying for Federal censorship of motion pictures, which was referred to the Committee on Education and Labor.

He also presented a petition of the Fourth District Michigan Christian Endeavor Union, of Holland, Mich., praying for prohibition in the District of Columbia, which was ordered to lie on the table.

He also presented a petition of Orcutt Camp, No. 10, Sons of Veterans, of Kalamazoo, Mich., praying for an increase in armaments, which was ordered to lie on the table.

Mr. KERN presented a petition of the Lutheran Ministers and Teachers' Conference, of Peru, Ind., praying that the United States remain at peace, which was referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens of Indianapolis, Ind., remonstrating against the enactment of legislation to limit the freedom of the press, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of sundry citizens of Franklin, Ind., praying for the enactment of legislation to recognize the services of certain employees in the Canal Zone, which was referred to the Committee on Interoceanic Canals.

He also presented petitions of sundry citizens of New Albany, Ind., praying for the enactment of legislation to further restrict immigration, which were ordered to lie on the table.

Mr. WADSWORTH presented memorials of sundry citizens of New York, remonstrating against the enactment of legislation to limit the freedom of the press, which were referred to the Committee on Post Offices and Post Roads.

He also presented memorials of sundry citizens of Jamestown, N. Y., remonstrating against the enactment of legislation for compulsory Sunday observance in the District of Columbia, which were ordered to lie on the table.

Mr. SMITH of Michigan. I have a telegram from the mayor of Port Huron, Mich., which I ask may be printed in the Record.

There being no objection the telegram was ordered to be printed in the Record, as follows:

PORT HURON, MICH., May 4, 1916.

HON. WILLIAM ALDEN SMITH,
Washington, D. C.:

Port Huron is a city of 22,000 and growing. It has varied industries, including elevators, large thrashing machinery plant, railroad shops, and marine interests. At present, because we have no sufficient channel, we do not benefit by large lake commerce which passes our door. We are located at the foot of Lake Huron on the greatest waterway in the world and the St. Clair River, but get no benefit. Consequently the surrounding and interior territory get no benefit. We urge your co-operation and help in securing an appropriation for the construction of an additional channel such as is recommended by engineer and shipping interests.

JOHN L. BLACK, Mayor.

Mr. O'GORMAN presented a petition of the Merchants' Association of New York, praying for the extension of the pneumatic-tube service of the New York City post office, which was referred to the Committee on Post Offices and Post Roads.

He also presented the petition of Adolph Lewisohn, of New York City, N. Y., praying for the enactment of legislation to provide a guarantee of the Philippine government bonds in connection with the proposed legislation to grant independence to the Philippine Islands, which was ordered to lie on the table.

He also presented a petition of the Chamber of Commerce of Plattsburg, N. Y., praying for the enactment of legislation to provide an adequate standing army, which was ordered to lie on the table.

Mr. PAGE presented memorials of Industrial Grange, No. 127, Patrons of Husbandry, of Andover; of Crystal Lake Grange, No. 441, Patrons of Husbandry, of Barton; and of Mount Philo Grange, No. 329, Patrons of Husbandry, of North Ferrisburg, all in the State of Vermont, remonstrating against an increase in armaments, which were ordered to lie on the table.

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BANKHEAD:

A bill (S. 5841) to authorize the Perdido Bay Bridge & Ferry Co., a corporation existing under the laws of the State of Alabama, to construct a bridge over and across Perdido Bay from Lillian, Baldwin County, Ala., to Cummings Point, Escambia County, Fla.; to the Committee on Commerce.

By Mr. DU PONT:

A bill (S. 5842) granting an increase of pension to Hetty R. Lynch; to the Committee on Pensions.

By Mr. KERN:

A bill (S. 5843) granting an increase of pension to Mary J. Yocum; to the Committee on Pensions.

By Mr. TAGGART:

A bill (S. 5844) granting a pension to Wilbur C. Gahret; and A bill (S. 5845) granting an increase of pension to Louise P. Wasem (with accompanying papers); to the Committee on Pensions.

By Mr. BECKHAM:

A bill (S. 5846) granting a pension to James G. Rollins (with accompanying papers);

A bill (S. 5847) granting a pension to Jacob F. Allen (with accompanying papers);

A bill (S. 5848) granting an increase of pension to Cyrus B. Parrigin (with accompanying papers);

A bill (S. 5849) granting an increase of pension to John French (with accompanying papers); and

A bill (S. 5850) granting an increase of pension to William Ingram (with accompanying papers); to the Committee on Pensions.

By Mr. MARTIN of Virginia:

A bill (S. 5851) granting the consent of Congress to the Norfolk-Berkley Bridge Corporation, of Virginia, to construct a bridge across the Eastern Branch of the Elizabeth River in Virginia; to the Committee on Commerce.

By Mr. O'GORMAN:

A bill (S. 5852) for the relief of the Hellenic Transatlantic Steam Navigation Co. (with accompanying paper); to the Committee on Claims.

By Mr. UNDERWOOD:

A bill (S. 5853) to incorporate the Federal Council of the Churches of Christ in America; to the Committee on the Judiciary.

By Mr. SWANSON:

A bill (S. 5854) to provide for the erection, furnishing, and equipping of a building in the city of Washington, D. C., for the Department of Justice; to the Committee on Public Buildings and Grounds.

By Mr. LODGE:

A joint resolution (S. J. Res. 128) authorizing the acceptance of the gift of the Berkshire Trout Hatchery, Berkshire County, Mass.; to the Committee on Fisheries.

GOOD ROADS.

Mr. SHAFROTH submitted an amendment intended to be proposed by him to the bill (H. R. 7617) to provide that in order to promote agriculture, afford better facilities for rural transportation and marketing farm products, and encourage the development of a general system of improved highways, the Secretary of Agriculture, on behalf of the United States, shall in certain cases aid the States in the construction, improvement, and maintenance of roads which may be used in the transportation of interstate commerce, military supplies, or postal matter, which was ordered to lie on the table and be printed.

INDIAN APPROPRIATIONS—CONFERENCE REPORT.

Mr. ASHURST. Mr. President, I wish to give notice that to-morrow morning, immediately after the reading of the Journal, or as soon thereafter as I can secure the floor, I shall ask the Senate to consider the conference report on the Indian appropriation bill.

The report has been standing for something like a week, and I shall ask the Senate to dispose of it to-morrow.

GOOD ROADS.

Mr. BANKHEAD. I move that the Senate proceed to the consideration of House bill 7617, commonly known as the good-roads bill.

Mr. SMOOT. The Senator can take up that bill by motion in the morning just as well.

Mr. BANKHEAD. I will lay it aside at once.

Mr. SMOOT. With that understanding, I have no objection.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7617) to provide that in order to promote agriculture, afford better facilities for rural transportation and marketing farm products, and encourage the development of a general system of improved highways, the Secretary of Agriculture, on behalf of the United States, shall in certain cases aid the States in the construction, improvement, and maintenance of roads which may be used in the transportation of interstate commerce, military supplies, or postal matter.

Mr. BANKHEAD. I ask that the bill may be temporarily laid aside.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KERN. I move that the Senate adjourn.

The motion was agreed to; and (at 6 o'clock and 50 minutes p. m., Thursday, May 4, 1916) the Senate adjourned until to-morrow, Friday, May 5, 1916, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

THURSDAY, May 4, 1916.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Almighty God, our heavenly Father, we thank Thee for all the rich and varied blessings of life, especially for the faculties of mind and soul with which Thou hast endowed us, and we most fervently pray that we may wisely, conscientiously, and efficiently use them in the work Thou hast called us to do, that we may be faithful sons of Thee, the living God. And Thine be the praise through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

ILLITERACY.

Mr. HUGHES. Mr. Speaker, I ask unanimous consent to print in the RECORD an article from the Macon (Ga.) Telegraph on the subject of illiteracy, in which article is incorporated a plan of correction inaugurated most successfully by the very distinguished gentleman from Georgia, Judge PARK, which is worthy of the highest commendation.

The SPEAKER. The gentleman from Georgia asks unanimous consent to print in the RECORD an article from the Macon (Ga.) Telegraph on the subject of illiteracy, incorporating a system of correcting it inaugurated by a Member of the House, Judge PARK. Is there objection?

There was no objection.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, one of its clerks, announced that the Senate had passed bill (S. 5802) to amend an act approved June 8, 1906, entitled "An act to amend section 1 of an act entitled 'An act relating to the Metropolitan police of the District of Columbia,' approved February 28, 1901," in which the concurrence of the House of Representatives was requested.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees as indicated below:

S. 5802. An act to amend an act approved June 8, 1906, entitled "An act to amend section 1 of an act entitled 'An act relating to the Metropolitan police of the District of Columbia,' approved February 28, 1901"; to the Committee on the District of Columbia.

S. 509. An act for the relief of the heirs of Joshua Nicholls; to the Committee on War Claims.

S. 3423. An act to provide for the construction of a bridge across the Salt Fork of the Arkansas River near White Eagle Agency, in the Ponca Indian Reservation, Okla.; to the Committee on Indian Affairs.

S. 4425. An act to provide for the retirement of officers and employees of the Bureau of Lighthouses and the Lighthouse Service; to the Committee on Interstate and Foreign Commerce.

S. 4426. An act to regulate the salaries of keepers of lighthouses; to the Committee on Interstate and Foreign Commerce.

CALENDAR FOR UNANIMOUS CONSENT.

The SPEAKER. Under the order heretofore made the Calendar for Unanimous Consent will be called, and the Clerk will report the first bill.

FRAUDULENT ENLISTMENT.

The first business on the Calendar for Unanimous Consent was the bill (H. R. 7619) to repeal section 3 of section 1342 of the Revised Statutes of the United States, enacted July 27, 1892.

The SPEAKER. Is there objection?

Mr. MANN. I object.

The SPEAKER. The gentleman from Illinois objects, and the bill is stricken from the calendar.

Mr. MANN. Mr. Speaker, the gentleman from Ohio [Mr. GORDON] who is interested in the bill is not present, and I am perfectly willing that it should go over without prejudice.

Mr. FOSTER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

SECTION 20 OF THE ACT TO REGULATE COMMERCE.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 722) to amend section 20 of an act to regulate commerce, approved February 4, 1887, as amended, and for other purposes.

The SPEAKER. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, there is a minority report upon this bill. The gentleman from New Jersey [Mr. PARKER] filed a minority report and is not present. In his absence I would have to object, unless the gentleman from Georgia will consent to having it passed over without prejudice.

Mr. ADAMSON. Mr. Speaker, I know the gentleman is in the city, for he attended a committee meeting a few moments ago.

The SPEAKER. Has the gentleman from Georgia any suggestion to make in respect to the bill?

Mr. ADAMSON. Mr. Speaker, I will act on the suggestion of the gentleman from Illinois and ask unanimous consent that it be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

JOINT COMMITTEE TO INVESTIGATE INTERSTATE AND FOREIGN COMMERCE.

The next business on the Calendar for Unanimous Consent was the joint resolution (S. J. Res. 60) creating a joint subcommittee from the membership of the Senate Committee on Interstate Commerce and the House Committee on Interstate and Foreign Commerce to investigate the conditions relating to interstate and foreign commerce, and the necessity of further legislation relating thereto, and defining the powers and duties of such subcommittee.

The SPEAKER. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, I am making some further inquiries which are not yet complete, and I hope the gentleman from Georgia will ask to have this joint resolution passed over without prejudice.

Mr. ADAMSON. Mr. Speaker, I have no disposition to refuse to oblige the gentleman from Illinois in any respect, but I beg to state to him, in showing the importance of this matter, that probably one-half, or at least a very large percentage, of the bills before our committee are depending on this resolution. Every time we take up one for consideration somebody suggests it will be covered by the jurisdiction of the joint committee, if appointed under this joint resolution. I would be glad to have the joint resolution disposed of one way or the other, so that our committee would be relieved of that embarrassment.

Mr. MANN. Mr. Speaker, I am sure that the gentleman's committee is busy with important work, so that they are not losing anything by putting over some bills.

Mr. ADAMSON. The gentleman speaks correctly, so far as that is concerned, yet there are so many bills as to which that plea is made that it amounts to an embarrassment. The gentleman suggests to me that it can be called up again a week from next Monday, and, in view of that statement, I ask unanimous consent that it be passed over without prejudice.

The SPEAKER. Is there objection?
There was no objection.

FOREST HOMESTEAD ACT.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 10668) to repeal section 4 of the act of Congress approved June 11, 1906, known as the forest homestead act, and for other purposes.

The SPEAKER. Is there objection?
There was no objection.

The SPEAKER. This bill is on the Union Calendar.

Mr. FOSTER. Mr. Speaker, I ask unanimous consent that it be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and the Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That section 4 of the act of Congress, approved June 11, 1906, entitled "An act to provide for the entry of agricultural lands within forest reserves," be, and the same is hereby, repealed: *Provided,* That lands within forest reserves in Lawrence and Pennington Counties, in South Dakota, shall remain subject to all other provisions of the said act of June 11, 1906.

With the following committee amendments:

After the word "reserves," in line 6, insert "as amended by the act of February 8, 1907 (Stat. L., vol. 34, p. 883), and by the act of July 3, 1912 (Stat. L., vol. 37, p. 239)."

Mr. MANN. Mr. Speaker, I move to amend the committee amendment, line 10, page 1, by striking out the words "two hundred and thirty-nine" and inserting "one hundred and eighty-eight."

The SPEAKER. The Clerk will report the amendment.
The Clerk read as follows:

Amend, page 1, line 10, by striking out the words "two hundred and thirty-nine" and inserting "one hundred and eighty-eight."

Mr. FOSTER. Mr. Speaker, let me ask the gentleman—he has probably looked it up—as to whether the reference to the page is wrong—

Mr. MANN. The reference is wrong, and I think I am correct in the amendment I offered. I have that notation, and I did look it up.

Mr. FOSTER. All right.

Mr. MANN. It was acknowledged to be wrong when the bill was up the last time.

Mr. FOSTER. That is my recollection.

The SPEAKER. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was agreed to.

The amendment as amended was agreed to.

The Clerk read the next committee amendment, as follows:

Page 2, line 1, strike out, after the word "repealed," the colon and the words "Provided, That" and insert a period and the word "all."

The question was taken, and the amendment was agreed to.

The next committee amendment was read as follows:

Page 2, line 2, strike out the words "forests reserves" and insert the words "a national forest."

Mr. MANN. Mr. Speaker, I ask unanimous consent to amend the committee amendment by striking out the word "a" and inserting the word "the."

The amendment was agreed to.

The committee amendment as amended was agreed to.

The next committee amendment was read, as follows:

Page 2, line 3, after the word "shall," insert the words "be and."

The question was taken, and the amendment was agreed to.

The next committee amendment was read, as follows:

In line 5, page 2, after the word "six," insert the words "and acts amendatory thereof and supplementary thereto."

The question was taken, and the amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

MANUSCRIPT COPIES OF PATENT OFFICE RECORDS.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 11798) providing for the temporary employment of typewriters in the Patent Office.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to inquire of the gentleman having charge of this bill what is the especial need of this additional force? I see the chairman of the subcommittee on the legislative, executive, and judicial appropriation bill present, and, as I recall, this authorization was included as a Senate amendment to the bill which was not agreed to in conference.

Mr. MANN. Was agreed to.

Mr. BYRNS of Tennessee. No; it was not agreed to. But I will call the attention of the gentleman to the fact that this is a different provision and covers a much wider scope than the Senate amendment, because that amendment was limited to the expenditure of \$10,000, and there is absolutely no limit of expenditure that may be made under this bill except the provision here providing that the amount expended for such employment shall not exceed in any month the amount received for furnishing the manuscript copies of records, and so forth.

Mr. STAFFORD. In other words, the language of this bill is broader than the item which was objected to in conference?

Mr. BYRNS of Tennessee. Yes.

Mr. STAFFORD. Mr. Speaker, in the absence of the gentleman having charge of the bill, I am going to ask—

Mr. MORRISON. Mr. Speaker, Mr. OGLESBY has charge of this bill, and I do not see him present at this moment; but I would like to answer any question any gentleman desires to ask in reference to the purposes of this bill.

Mr. STAFFORD. Can the gentleman inform the House whether any other bureau has a similar authority to that intended to be vested by this bill?

Mr. KITCHIN. Mr. Speaker, I suggest that the bill be passed over without prejudice until Mr. OGLESBY returns. He will be in in a few moments.

Mr. STAFFORD. Very well.

Mr. SISSON. Then it will go to the heels of this docket.

Mr. FOSTER. Mr. Speaker, I ask that it be passed over without prejudice.

The SPEAKER. The gentleman asks that this bill be passed over without prejudice—

Mr. MORRISON. Mr. Speaker, I am chairman of that committee, and I am willing to assume the responsibility of answering any question.

Mr. KITCHIN. I beg the gentleman's pardon. I did not so understand, and I withdraw my request.

Mr. STAFFORD. Mr. Speaker, I renew the inquiry I put to the gentleman as to whether there is any other bureau that has a similar authority which is intended to be vested in the Commissioner of Patents?

Mr. MORRISON. Mr. Speaker, I am not able to answer that question, but I would like to be permitted to state how we came to have this bill before the House. The Patent Office is called upon frequently to furnish certified copies of records to be used in litigation. The present force is not able to furnish the work within a reasonable time, and it operates to the great disadvantage of litigants.

Mr. STAFFORD. Will the gentleman permit?

Mr. MORRISON. Certainly.

Mr. STAFFORD. Is this additional work done throughout the year, or is it periodical?

Mr. MORRISON. It is periodical, because it grows very largely, if not exclusively, out of litigation, and there is no assurance in advance how much demand there will be for this work.

Mr. STAFFORD. Of course there are advantages, which the gentleman would recognize, in having a permanent force rather than a small temporary force of employees, as provided in this bill.

Mr. MORRISON. It is not general. As I recall the bill, the Commissioner of Patents has permission to give temporary employment to those who are already eligible to permanent employment, so that this work when it is needed may be done quickly. I will state the financial side of it so far as the Patent

Office is concerned. The typewriters who do the work are paid \$2.50 per day. On the average the office will receive for their work \$8 to \$10 a day. It is not a matter that will involve expense on the part of the Government except long enough to pay for the help, deliver the work, and get back the current price as fixed by law.

Mr. STAFFORD. Under the phraseology of this bill, what would prevent the Commissioner of Patents from detaching these typewriters on other work and keeping them employed continuously throughout the year?

Mr. MANN. The bill, if the gentleman will pardon me, only provides for keeping current the work of furnishing manuscript copies of records. They could not under this bill employ these clerks for any other purposes. It only authorizes the employment for that purpose. Those records are sold. So all this bill does is that if the gentleman or some one else ordered some manuscript copies of patents for use, they could get them promptly. Now you can not always get them promptly because there is no force to copy them. This bill would authorize the temporary employment of typewriters to copy those manuscripts, which are sold at 10 cents a folio, or something like that. Is that the price?

Mr. MORRISON. I think so. That is my recollection.

Mr. STAFFORD. I reserved the objection more to direct the attention of the conferees on the legislative bill to this measure, as they have objected to a similar provision in the appropriation bill as a Senate amendment.

Mr. FOSTER. Mr. Speaker, reserving the right to object, I understand they have 140 copyists over in that office now.

Mr. MANN. Those are permanent employees.

Mr. FOSTER. I know they are.

Mr. MANN. And this bill provides that when there is an excess demand for manuscript copies over those that can be furnished by the permanent employees, the Commissioner of Patents can furnish those manuscripts, which are sold and used in patent litigation.

Mr. FOSTER. There is no limitation on this bill.

Mr. MANN. There is a limitation that they can not be used for any other purpose than that.

Mr. FOSTER. It seems to me that this is not a good way to give the department leave to go ahead and employ copyists.

Mr. MANN. It is immaterial to me, but here is the situation: Here is a patent lawyer who has litigation. He wants to obtain copies of patents. He asks the Government to furnish him those copies. Under the law he is required to pay 10 cents a folio for them, and the office can not furnish them to him. Litigation has to be put off on the ground that the Government of the United States can not furnish copies of the patents which are necessary to the litigation, and that is a reflection upon the governmental operation.

Mr. GOOD. Let me ask the gentleman how far behind the commissioner is in furnishing requests for copies?

Mr. MANN. I do not suppose he is behind at all now, but there are times when he is behind and can not furnish the copies.

Mr. GOOD. He can furnish them within a few days. He has so many clerks there that he can so adjust the work that these copies can be furnished. This is simply another plan to get additional clerks where we have already granted so many additional clerks that for one I do not see what the Commissioner of Patents is going to do with them.

Mr. MANN. I have not talked with the Commissioner of Patents about this bill, but I know a great many patent lawyers in Chicago, where a great deal of patent business is transacted, have frequently complained to me that they were delayed unduly in obtaining copies of patents which they had to have in their litigation, and that occasionally, at least, it required the postponement of litigation which was ready to be disposed of. I do not think that ought to occur.

Mr. MADDEN. I think that in any ordinary business we would do just exactly what this bill proposes to do. We would give to the man in charge of the office the facilities to keep his business up current. And inasmuch as only \$2.50 is paid for any person who is employed for every \$8 that is received, it seems to me that it is a good business transaction if nothing else, to say nothing at all of the importance and propriety of giving to the people who are interested in the work prompt service.

Mr. SISSON. They are making a little profit out of this work now.

Mr. MADDEN. They always will.

Mr. SISSON. This bill provides that they may employ this temporary service, provided that it does not exceed the return on the sale of these copies—that is, the fees for copies. The re-

sult of it is that if you furnish these clerks to the departments then the other clerks will be doing other work, and you simply put more clerks there than are needed, and in that way they will be able to eat up under this bill all the profits that may come to the Government under the present system.

Mr. MADDEN. But they pay them by the folio, do they not?

Mr. SISSON. Not these per diem clerks. Now, they do not pay anything for regular clerks. Where the regular clerks down there copy it is a part of the overhead charge of running the office, which is constant.

Mr. HAMLIN. Here is a limitation which I think the gentleman overlooks in the bill. The commissioner is not authorized to employ these temporary clerks unless it is necessary to keep current the work.

Mr. SISSON. That will always be necessary in all the departments of this Government, and there never will be a time, until you change the system, when that will not be the case. And if you observe closely these departments, you will find, as we all find, that that is true. And the gentleman from Illinois [Mr. MADDEN] has served on the committee, and he will not deny that statement.

Mr. MADDEN. That is true.

Mr. HAMLIN. I think we have to trust executive officers.

Mr. SISSON. I do not know who has the floor, but I am going to object to this bill, anyway.

Mr. MORRISON. I would like the gentleman from Mississippi to withhold his objection until I tell the House the facts, which I think I can do in three minutes.

Mr. SISSON. Very well.

Mr. MORRISON. The fact is that there is no working force in the Patent Office available to furnish these certified copies. The fact is that the litigants of the country from time to time are required to have certified copies. Frequently they must have them within a few days of the time when the order is given.

Mr. GOOD. Where does the litigant get the copies under the present law?

Mr. MORRISON. In some cases he does not get them. In some cases he sends a clerk from his own office to get them, and has them certified after the clerk has made them, and pays the office for the work that his own clerk has done. In other cases he gets a postponement of the trial of the case to some time in the future.

Mr. GOOD. Under the present law the commissioner does not hire people to have these copies made and sent out, does he?

Mr. MORRISON. Under the present law he has no authority to hire persons not regularly on the force to do this work.

Mr. GOOD. No; but he is doing that with his regular force, is he not?

Mr. MORRISON. Yes; when he can, but it frequently happens that it can not be done within five or six or seven weeks after the order is given, and in such instances the litigant must either get the case continued or send his own clerk and have him do the work and get the office to certify the work of his own clerk.

Mr. SISSON. Mr. Chairman, will the gentleman yield?

Mr. MORRISON. Yes.

Mr. SISSON. Does the gentleman understand that the legislative bill, the conference report on which has just passed the House and been sent to the President, gives the commissioner nearly \$70,000 additional to what he had last year? That is in the present bill.

Mr. MORRISON. I do not recall, even if I remembered the amount given; but not one dollar of that is available for this work.

Mr. SISSON. We anticipated in the committee the very bill which was reported by the gentleman's committee reorganizing the Patent Office. We had come before us in the committee the Commissioner of Patents and the chief clerk, and we had hearings as to what would be needed to carry out the law which you gentlemen recommended to Congress and which passed the House. Now, in carrying out that law we added \$67,000 to that bill with the idea that all this work that he has been claiming he had to detail his clerks to do would be done and taken care of with regular clerks, by lower grades of clerks under the civil service, and that there would then be a great profit to the Government in this business. But if you will permit him, as he is permitted under this bill, to permit all that force which is given to be performing various and sundry and other duties, perhaps unnecessary, Congress loses the absolute control of the duties which these permanent clerks may perform, because he will then do all this work with this special \$2.50 per day man. In order that Congress may control what these clerks are doing the committee gave him

\$67,000 worth of clerks in the places where he said they were needed. I do not think the gentleman's committee were aware of the fact when they reported this bill.

Mr. MORRISON. The committee were aware of all these facts, and still believe that it is a bad thing for the litigants of the country for Congress to refuse this appropriation.

Mr. SISSON. Does the gentleman know how many copyists there are there?

Mr. MORRISON. No; I can not tell the gentleman.

Mr. SISSON. There are 140 copyists there now; what we have given.

Mr. MORRISON. The Patent Office is underofficered and has fewer employees than are needed to give the people of the country the value of their money.

Mr. SISSON. Then I will ask the gentleman what on earth the commissioner can do with 140 copyists? He can have 140 days' work done in one day. Some of these copies that the gentleman refers to include only one typewritten page. The average would not include more than two or three pages to be copied. A great deal of this stuff is in forms printed with cuts. All you have to do is to make that a part of the record and certify to that. All that has been provided for, and the Commissioner of Patents is to be congratulated, as I understand, because he has endeavored to reduce that work to a minimum. Now we have given him 140 copyists. Perhaps he does not like to turn into the Treasury one dollar earned from the work of his office.

Mr. MORRISON. The filing of a claim for a patent and the proceedings thereunder sometimes runs into hundreds of pages. The Patent Office issues a completed patent once in every six minutes of the working time of the employees of that office, and the man who knows that and knows the volume of work that may be entailed by a single application will know what they do with the employees of that office.

The SPEAKER. Is there objection?

Mr. SISSON. I object, Mr. Speaker.

The SPEAKER. The gentleman objects, and the bill is stricken from the calendar.

DISTRICT COURT AT WINCHESTER, TENN.

The SPEAKER. The Clerk will report the next bill.

The next business on the Calendar for Unanimous Consent was the bill (S. 377) providing for the establishment of a term of the district court for the middle district of Tennessee at Winchester, Tenn.

The title of the bill was read.

Mr. WEBB. Mr. Speaker, I ask that this bill be considered in the House as in Committee of the Whole. It is on the Union Calendar.

The SPEAKER. You have not got permission to consider it at all yet. Is there objection to the present consideration of the bill?

Mr. MANN. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman how much business is likely to be transacted at this new location?

Mr. WEBB. I yield to my friend from Tennessee [Mr. MOON] to answer that question. The report sets out those facts.

Mr. MOON. A very large amount of business is done in the middle district of Tennessee at Nashville. We have two Federal courts in Tennessee, one in the eastern and middle districts of Tennessee and one in the western district of Tennessee. There are two Federal judges. One judge has perhaps two-thirds of all the business in the State—the judge presiding in the eastern and middle divisions of Tennessee.

In east Tennessee court is held at three places, and in middle Tennessee there is one at Nashville and one at Cookeville. It is desired by the lawyers who live at the southern end of the middle district of Tennessee, close to the Alabama line, that a term of court be held in Winchester. Winchester is half way between Chattanooga and Nashville, the distance being 156 miles. The lawyers living east of Winchester, within 25 miles of Chattanooga, are obliged to go to Nashville to attend court, so they have to travel 125 or 130 miles there. The judge sits half the year at Nashville. Winchester is in a very large county—Franklin County—which has much Federal business. Of course I can not tell the number of cases.

Mr. MANN. That is what I want to inquire. The report says there will be a great saving to the people of Franklin County. How much Federal business is there in Franklin County?

Mr. MOON. I am not able to tell the gentleman the number of cases; I should suppose 40 or 50 cases in Franklin County.

Mr. MANN. In view of the statement in the report I think somebody ought to be able to tell.

Mr. MOON. I wrote for a report of the number of cases, but have not received it. Now, the point is this: It will be a great convenience, not only to the litigants and in the saving of the trips of witnesses to Nashville but to the bar of that section of the State, for the judge to hold two terms of court there. I am advised that he has no objection to it, and there will be little or no expense to the Government. If it were necessary to put up a Federal court building at Winchester or to rent quarters for the Federal court there, some question of economy might be involved, but we have a new Federal building there in which we have a Federal court room already.

Mr. MANN. I want to know how you got a Federal court room and a Federal building in a city where there is no authorization to hold a Federal court?

Mr. MOON. I can tell the gentleman very easily how it happened.

Mr. MANN. I know it is a secret that other Members of the House would like to obtain.

Mr. MOON. An appropriation was made for a post-office building, and one large room was set aside for Federal purposes, and could be used for any Federal purpose. The post office does not need specially that room in the building, and it is there, available for use by the Federal judge.

Mr. MANN. What was the occasion for Congress and the department constructing a building and putting in rooms which the Government did not need?

Mr. MOON. Of course, the gentleman understands that the building was not put up for a Federal court room, but there is that space which is not needed for post-office purposes which can be used for a court room.

Mr. MANN. All I know, except what the gentleman says, is the statement in the report:

It has a new Federal building in which there is room provided for holding court.

Mr. MOON. That simply means that there is a room there which can be utilized for that purpose. I do not mean to say that the law has already directed it to be held there at all.

Mr. MANN. I understand the gentleman to say that the Supervising Architect has provided a room there for which there is no use now.

Mr. MOON. No; he has provided a room which can be utilized for holding court and which is not used for any purpose now.

Mr. MANN. For which there is no use now?

Mr. MOON. There is not, of course, except for that purpose.

Mr. MANN. Of course, that is an extra expense.

Mr. MOON. If the gentleman wants to know about the facts, there is nothing to be concealed. The appropriation for this building was \$55,000, and it was requested by the people of Winchester, when that building was put up, that space be given in the upper part of it for the purpose of holding a court, so that if eventually we could get it there that might be done. Now, there is no expenditure outside of the appropriation of \$55,000.

Mr. MANN. I will say this, that the people of Winchester are very forehanded, and that is more than can be said of the Supervising Architect's Office, which was not economical.

Mr. MOON. Oh, well, \$55,000 is the amount they put in all these buildings. If the gentleman has had any experience with one of these smaller buildings, he knows that if the contractor's bid is \$45,000 and the appropriation is \$55,000, the Government will force you to use the other \$10,000 on the building in some way.

Mr. MANN. Well, we would not. Let me ask the gentleman another question. There is no provision in this bill that I think it is customary to have in some bills in reference to a deputy clerk or marshal.

Mr. MOON. That is not necessary. The marshal, of course, has his deputies, and the clerk can go to Winchester. I think the only expense that will possibly be attached under present conditions to the holding of this court at Winchester will be the purchase of the dockets, and possibly a few tables and chairs for that room.

Mr. MANN. We pay the judge \$10 a day while he is holding court.

Mr. MOON. Yes; we pay him that, wherever he is.

Mr. MANN. Oh, no.

Mr. MOON. He is paid that wherever he is in the middle division of Tennessee.

Mr. MANN. We do not pay him that when he is at home.

Mr. MOON. He is not at home except in Knoxville, in east Tennessee, so anywhere he holds court in middle Tennessee he gets the allowance.

Mr. MANN. At how many places are Federal courts now held in Tennessee?

Mr. MOON. They are held in Knoxville, Chattanooga, and Greeneville, in the eastern division, which is smaller than the middle division, and they are held at Nashville and Cookeville, in the middle division, and now we want this one at Winchester to accommodate the people in the lower end or southern part of middle Tennessee. Then court is also held at Jackson, in west Tennessee, and Memphis, in west Tennessee. There are two judges for the State of Tennessee.

Mr. GREEN of Iowa. Will the gentleman yield further?

Mr. MOON. Yes.

Mr. GREEN of Iowa. Are there jury rooms and the marshal's room and a room for the clerk at Winchester?

Mr. MOON. No.

Mr. MANN. There soon will be an addition.

Mr. MOON. It is not the purpose to hold criminal courts there. The main docket that will be disposed of there will be the equity docket. It is purely for the convenience of lawyers and the judge. Now, we hold a court under exactly similar circumstances. We have a room provided in the post-office building. As a matter of course, if you are going to have a Federal building and maintain three or four terms a year you might want these extra rooms, but here is a term once a year, purely for the accommodation of the judge and the lawyers. As to the convenience of jury rooms, that is altogether available, because we have a fine public building—a courthouse—in less than 200 feet of this new building, which can be used if needed.

Mr. GREEN of Iowa. Does the gentleman think that they will be contented with that very long, and that they will not be in here asking for an appropriation to enlarge that building to provide these additional rooms?

Mr. MOON. Oh, no; I think not. In Greeneville they have been holding court for a number of years, and they have been contented.

Mr. GREEN of Iowa. What is the population of Winchester?

Mr. MOON. The population of the county is about 30,000 to 40,000.

Mr. GREEN of Iowa. Will it be for the convenience of any of the other counties?

Mr. MOON. Grundy County that adjoins is a mountainous county, and there are tens of thousands of acres of land in litigation between the citizens of Tennessee and nonresidents, and it will be a great convenience to the people of that county, and I have no doubt four or five additional counties. It will be observed that there is no separate division made. This is merely a provision that allows the court to be held in another place, in an already legally established court division of the State. I hope there will be no objection.

The SPEAKER. Is there objection?

Mr. MANN. Reserving the right to object, I think the gentleman ought to get some information definitely before this bill passes.

Mr. MOON. I hope the gentleman will not object. He voted for the passage of a bill for Cookeville and Greeneville.

Mr. MANN. Unless the gentleman asks to have it passed over at this time in order to get the information about the litigation that will be taken care of, I shall object.

Mr. MOON. This county has one-third of the litigation of middle Tennessee.

Mr. MANN. It is easy to ascertain the amount of litigation pending and what will be taken care of by this district, and this information has not been obtained.

Mr. MOON. I will say that that has been written for but it has not been sent. I do not think it is very material, and the gentleman can take the statement of his colleague as to what is to be done.

Mr. MANN. But he does not know.

Mr. MOON. He does know.

Mr. MANN. How much is the litigation that is pending there now?

Mr. MOON. I am not able to tell just what the litigation in middle Tennessee is, but much of it comes from Franklin County.

Mr. MANN. I do not think we ought to take up the time of the House any longer, and unless the gentleman asks to have it postponed I shall object.

Mr. MOON. Well, the gentleman can object.

The SPEAKER. Is there objection?

Mr. MANN. I object.

Mr. WEBB. Mr. Speaker, I ask unanimous consent that the bill be passed without prejudice.

Mr. MANN. It is too late, the bill is off the calendar.

Mr. MOON. Yes; it is too late, and the gentleman will pay one hundred times for his objection.

Mr. MANN. I am willing to pay a thousand times,

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the bill be passed without prejudice.

Mr. MANN. I object, and I objected before.

The SPEAKER. The bill will go off the calendar.

BRIDGE ACROSS ST. LOUIS RIVER BETWEEN MINNESOTA AND WISCONSIN.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 3032) authorizing the county of St. Louis to construct a bridge across the St. Louis River between Minnesota and Wisconsin.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the county of St. Louis, in the State of Minnesota, a municipal corporation organized and existing under and pursuant to the laws of the State of Minnesota, to build, maintain, and operate a bridge across the St. Louis River, at a point suitable to the interests of navigation, between the State of Minnesota and the State of Wisconsin, commencing at or near the intersection of Cherokee Street and One hundred and thirty-fifth Avenue west, in the city of Duluth, Minn., at the suburban village known as Fond du Lac, thence crossing the St. Louis River in a line at right angles to the channel of said river to a point on the Wisconsin shore about 100 feet westerly from the mouth of Dubray Creek, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. ADAMSON, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. MILLER of Minnesota. Mr. Speaker, I ask unanimous consent that I may proceed for three minutes in relation to a bill on the Unanimous Consent Calendar.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to proceed for three minutes with reference to a bill on the calendar. Is there objection?

Mr. MOON. I object.

STATUE OF JAMES BUCHANAN.

The next business on the Calendar for Unanimous Consent was the joint resolution (H. J. Res. 145) authorizing the erection on the public grounds in the city of Washington, D. C., of a statue of James Buchanan, a former President of the United States.

The SPEAKER. Is there objection?

Mr. MANN. Reserving the right to object, let the bill be reported.

The Clerk read as follows:

Resolved, etc., That the Chief of Engineers, United States Army, be, and he is hereby, authorized and directed to grant permission to the trustees designated in the will of Mrs. Harriet Lane Johnston for the erection of a memorial to James Buchanan, a former President of the United States, on public grounds of the United States in the city of Washington, D. C., in the southern portion of Meridian Hill Park, between Fifteenth, Sixteenth, W, and Euclid Streets NW.: *Provided*, That the design and location of said memorial and the plan for the treatment of the grounds connected with its site shall be approved by the Commission of Fine Arts, and that the United States shall be put to no expense in or by the erection of said memorial.

With the following committee amendment:

After the word "Columbia," in line 9, page 1, of the resolution, strike out all the words following down to and including the word "north-west," in line 11.

The SPEAKER. Is there objection?

Mr. MANN. Reserving the right to object, I see that the committee recommends an amendment to strike out the location of this monument. I would like to know where it is to be located.

Mr. SLAYDEN. I will say to the gentleman that that was stricken out because the committee did not feel that the committee or the author of the bill should select the site, and the whole matter is in abeyance awaiting consultation of the Fine Arts Commission, consisting of sundry gentlemen whom the gentleman from Illinois knows and Col. Harts, the secretary of the commission. The matter has not yet been determined, and, so far as I know, the site has not been tentatively selected. The gentleman from Maryland [Mr. LINTHICUM] says it has. I will yield to him.

Mr. LINTHICUM. They have tentatively agreed on a site. I was in conference with Col. Harts yesterday in selecting the Fort McHenry monument at Baltimore, and had a long conversation about this Buchanan monument. He says that the Fine Arts Commission have practically decided to locate it in Meridian Hill Park; that there is to be a large court with an octagonal basin of water in front, and back of this, as a commanding figure, is to be the statue. Then there is to be another line of treatment of the park, all to meet at a central point. This is entirely in accord with the desires of the Fine Arts Commission. They have practically passed upon the statue, with the exception of a few minor changes. The location is well suited and

quite satisfactory, and is in Meridian Hill Park. Col. Harts says that they hope to get busy very shortly.

Mr. MILLER of Minnesota. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. MILLER of Minnesota. I understand the gentleman to state that the Fine Arts Commission is in favor of this statue.

Mr. LINTHICUM. Yes; and they are in favor of placing it in Meridian Hill Park. I was informed by one of the sculptors, acting as a juror on the Fort McHenry monument, that they have practically decided on the statue executed by Bergé, of Baltimore, which is said to be most appropriate.

Mr. MILLER of Minnesota. I presume it is the desire of the gentleman's committee to erect statues in the Capital City to the great men of the Nation. Can the gentleman from Maryland point out just what claims James Buchanan had for such distinction?

Mr. LINTHICUM. The gentleman from Maryland will not attempt to add to the historical knowledge of the gentleman from Minnesota. Knowing the gentleman so well, it would be useless to call his closer attention to the history and life of Buchanan—lawyer, Congressman, ambassador, and President of the United States.

Mr. MILLER of Minnesota. I wanted to give the gentleman from Maryland a chance to make a speech.

Mr. LINTHICUM. I am not desirous of making a speech. My desire is to pass this resolution.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. MOORE of Pennsylvania. James Buchanan was a President of the United States, I will say to the gentleman from Minnesota. And he hailed from Pennsylvania. He was the only Pennsylvania President that we ever had. Some day we will have another, and then we will ask for another monument. I would say further to the gentleman from Minnesota [Mr. MILLER] that Mr. Buchanan was President in a very trying time, when the Union was threatened, and while he was the subject of a very great deal of criticism, he was regarded as one of the very ablest lawyers and statesmen of his day.

Mr. SLAYDEN. And he was also minister to some of the European countries.

Mr. MOORE of Pennsylvania. He had had a very unusual career. He never married. That was one of his failings.

Mr. MILLER of Minnesota. Would it not be more appropriate, then, to erect a monument to the Nation's great who have never married and not specify any particular man?

Mr. MOORE of Pennsylvania. James Buchanan was born in Pennsylvania, and he ought to be given credit for that.

Mr. MILLER of Minnesota. I admit that is a distinction that he could not live down.

Mr. MOORE of Pennsylvania. And he died in Pennsylvania and is buried there. In his earlier career he was a Member of Congress.

Mr. MILLER of Minnesota. Is that on the debit or the credit side of his account?

Mr. MOORE of Pennsylvania. And his name will be found in the archives, where the name of the gentleman from Minnesota will be found some day—not sooner, but later. He was ambassador to Russia and subsequently to the Court of St. James. He was United States Senator and Attorney General of the United States before he was President, and his record was about as strong as that of any man, so far as his serviceability as a citizen is concerned. He was, as I say, President at a time when the Union was in the throes of a very great disturbance, and as the result of his attitude on public questions at that time he was very much criticized, but he was President of the United States, and criticism of a President is not unusual.

Mr. COOPER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MOORE of Pennsylvania. If I may be permitted to do so.

Mr. COOPER of Wisconsin. Speaking of Mr. Buchanan being a great man, a distinguished Pennsylvanian has suggested to me that quite recently he read an authority which said that Pennsylvania had produced but two really great men. One was Benjamin Franklin, of Massachusetts, and the other was Albert Gallatin, of Switzerland. [Laughter.]

Mr. MANN. And I might add for the benefit of the gentleman from Pennsylvania that that statement is quoted from a speech recently made by the President of the United States to which I listened, but he added the name of a third man, of whom I had never heard before or since.

Mr. MOORE of Pennsylvania. I do not care to mention that third name now. [Laughter.] I was about to inform the gentleman from Wisconsin that while he has discovered that Franklin was a Pennsylvanian, and Gallatin also, there are others. Penn-

sylvania's illustrious men are so numerous that I would not undertake to mention them at this time.

Mr. MILLER of Minnesota. Mr. Speaker, if we are going to erect a statue to a Pennsylvanian who really created something of permanent value and benefit to the people, does the gentleman not think that a statue erected to the memory of James Wilson would be very appropriate? He probably was the most potent influence in the framing of our Constitution.

Mr. MOORE of Pennsylvania. That is very true, and we honor him very much in our State, and people from other States honor him likewise. It is quite unnecessary to say that if we undertook to call the roll of great men who have come from Philadelphia, who started this Nation from that city, it would take more time than the Speaker would permit us to use for the purpose.

Mr. SLOAN. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. Mr. Speaker, will the gentleman yield?

The SPEAKER. To whom does the gentleman yield?

Mr. MOORE of Pennsylvania. I yield to my friend from Nebraska to say that his forbears came from Pennsylvania and that we are proud of the fact.

Mr. SLOAN. The gentleman was naming the eminent natives and citizens of Pennsylvania and among others mentioned Benjamin Franklin and Albert Gallatin, but there is Moore, I understand. [Laughter.]

Mr. MOORE of Pennsylvania. Oh, yes; but I did not want to mention that.

Mr. DAVIS of Texas rose.

Mr. MOORE of Pennsylvania. Mr. Speaker, it might be interesting to my friend from Texas to know that Daniel Boone also came out of Pennsylvania.

Mr. DAVIS of Texas. I want to suggest that my recollection is that the man who rang the Liberty Bell was a Pennsylvanian.

Mr. GREENE of Vermont. Oh, they always have a lot of old ringers in that State. [Laughter.]

Mr. MOORE of Pennsylvania. In addition to the Liberty Bell I might remind the gentleman that we also contributed the Declaration of Independence and the Constitution.

Mr. MANN. Mr. Speaker, while I am perfectly willing and desirous that as to any of these statues or monuments the Fine Arts Commission should be consulted and that we should not act contrary to their recommendations, yet I am certainly not willing, so far as I am concerned, by unanimous consent, to eliminate the Congress from any consideration in the choice of a place for the erection of any statue anywhere in the District of Columbia. I think the recommendation of the place of erection should be made so that we can approve when we pass the bill.

The Fine Arts Commission under this bill, if passed as recommended by the committee, might erect this statue on the White House Lot, the Washington Monument Lot, in the Potomac Park, in Rock Creek Park, in Meridian Hill Park, or anywhere else. They might erect it down here in front of the Post Office Building or in front of the White House. We ought to have something to say about where these things are to be erected, and unless we can, none of these bills will pass by unanimous consent, and I object until we get that information.

The SPEAKER. The gentleman from Illinois objects.

Mr. LINTHICUM. Will the gentleman withhold his objection for a moment?

The SPEAKER. And the resolution is stricken from the calendar.

Mr. MANN. I am willing that it should be passed over without prejudice.

Mr. LINTHICUM. Mr. Speaker, I ask the gentleman to withhold his objection for a moment to say that this monument and its location have been definitely decided upon for the southern part of Meridian Hill Park, and it was so included in my bill. But the gentlemen of the committee having charge of the bill thought we had better leave the matter entirely in the hands of the Fine Arts Commission. I thought that was the general practice, but if the gentleman objects to it in this shape, I will ask him to withhold his objection and let the resolution be passed without prejudice.

Mr. MANN. Ask that it be passed over.

The SPEAKER. The gentleman from Maryland asks unanimous consent that the resolution be passed without prejudice. Is there objection? [After a pause.] The Chair hears none.

CONCURRENT JURISDICTION IN REFERENCE TO FISH IN THE COLUMBIA RIVER.

The next business in order on the Calendar for Unanimous Consent was the bill (H. R. 6097) to ratify the contract and agreement between the States of Oregon and Washington regarding concurrent jurisdiction over the waters of the Columbia

River and its tributaries in connection with regulating, protecting, and preserving fish.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. MOON. Mr. Speaker, I object.

Mr. GANDY. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. GANDY. I rise to ask unanimous consent to return to the bill H. R. 10668 for the purpose of making a correction.

The SPEAKER. As soon as we get through with this bill. Does the gentleman object?

Mr. MOON. Mr. Speaker, I object, and was on my feet when I did so.

The SPEAKER. The gentleman from Tennessee objects.

Mr. HAWLEY. Mr. Speaker, will the gentleman from Tennessee withhold his objection?

Mr. MOON. No, sir.

Mr. JOHNSON of Washington. Mr. Speaker, I ask unanimous consent that this bill be passed without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. MOON. Mr. Speaker, I object.

The SPEAKER. The bill is ordered stricken from the calendar.

FOREST HOMESTEAD ACT.

Mr. GANDY. Mr. Speaker, I ask unanimous consent to return to the bill (H. R. 10668) for the purpose of making a correction.

The SPEAKER. What is the calendar number?

Mr. MANN. Unanimous Consent Calendar No. 94.

The SPEAKER. Is there objection to the request of the gentleman to return to the bill mentioned?

Mr. MANN. Mr. Speaker, I reserve the right to object until I can hear the gentleman.

Mr. GANDY. Mr. Speaker, in line 2, page 2, the amendment recommended by the committee read, "A national forest," and, on the suggestion of the gentleman from Illinois [Mr. MANN], that was changed to "the national forest." I will say there are two forests, and I now ask unanimous consent to strike out the word "the" and make the word "forest" in the plural.

Mr. MANN. What are those forests?

Mr. GANDY. Harney, on the south side of what is known as the Base Line, and the Black Hills National Forest, on the north side, within those two counties.

Mr. MANN. Will the gentleman please make that request a little later, after I have looked this over? I had looked the matter over very carefully before.

Mr. GANDY. I did not understand when.

Mr. MANN. Give me a little chance to look it over again.

Mr. GANDY. All right.

INVESTIGATION OF AVIATION SERVICE IN THE UNITED STATES ARMY.

The next business in order on the Calendar for Unanimous Consent was the joint resolution (S. J. Res. 65) creating a joint commission of Congress to be known as the joint commission of Congress to investigate the aviation service of the United States Army.

The Clerk read the title.

The SPEAKER. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, I will leave the objection to the gentleman from Tennessee—

Mr. MOON. Mr. Speaker, I do not know why the gentleman from Illinois should have made such a gratuitous remark.

Mr. MANN. It was not gratuitous.

Mr. MOON. I have no partnership with him on the subject of objections.

Mr. MANN. It was the action of the gentleman in objecting and his attitude.

Mr. MOON. The gentleman has very little sense, then, in judging a man's attitude.

The SPEAKER. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, what is the necessity or occasion for the passage of this resolution now? Has not the aviation service been reorganized by the Secretary of War?

Mr. CALDWELL. Well, the gentleman will understand that aviation was started in America; that it is commonly understood—

Mr. MANN. Oh, I was here when it started, and helped to start it and put it in the Army.

Mr. CALDWELL. If the gentleman will allow me, I will answer him.

Mr. MANN. But what has all this got to do with this question?

Mr. CALDWELL. If the gentleman will wait a minute I will

state, and if he will listen he will learn something. There are men in the world who learn as they grow older.

Mr. MANN. The gentleman from Tennessee does not.

Mr. CALDWELL. Neither does the gentleman from Illinois, apparently. I have endeavored to be as courteous as I possibly can.

Mr. MANN. The courtesy is not too great.

Mr. CALDWELL. I understand that; but it is because the gentleman will not permit it, that is all. Now, as I was saying, aviation started in America. We find ourselves to-day the last in aviation service of all the great powers in the world. The object of this resolution is to get the necessary information for the purpose of framing a law that will put America in the forefront in the matter of aviation. There was, of course, at the time this resolution was first offered, a deplorable condition existing in the aviation service. That condition has been, to some extent, rectified, but at the same time there is no law pending before this Congress, and the Military Committees of both Houses do not feel they are in this position to frame the proper kind of a bill until we know more about conditions. We know men who have appeared before those committees have not been able to give the information that was required. We know men came here who are heads of the service, but who were unable to answer the questions and were compelled to rely upon the people who are their subordinates, and they have proven inefficient. We want this for the purpose of having a law that will protect America in the air as well as she is protected on the land and in the sea.

Now, it is my purpose to offer an amendment to this bill, if we get consent to the consideration of it, to change the time of reporting from July 1 to December 1, in order that a thorough examination of this situation can be undertaken. And I will say to the gentleman that this resolution has been considered by the Committee on Military Affairs in the House and has been unanimously reported, and I have been directed to press it here if possible.

Mr. MANN. Has the gentleman finished?

Mr. CALDWELL. Yes, sir; I have finished.

Mr. MANN. Mr. Speaker, the report in this case, favorably reporting the joint resolution, says:

The committee has had under consideration the evidence on file and the statements submitted by Senator ROBINSON, the author of the joint resolution, to the Senate Committee on Military Affairs, as embodied in Senate Report No. 153.

Mr. MOON. Mr. Speaker, of course everybody understands that the gentleman from Illinois [Mr. MANN] is just trying to take up the time in casting out his insinuations and remarks against gentlemen here who had nothing to say about it. I do not want to take any more time on this matter, and I am going to object right now.

Mr. CALDWELL. I hope the gentleman will withdraw his objection.

The SPEAKER. The gentleman from Tennessee has objected.

Mr. MOON. I give notice right now, that if a bill with the merit in it that the bill possessed which I presented a while ago can not receive consideration under unanimous consent there is no bill on this calendar that will.

Mr. CALDWELL. Mr. Speaker, I ask unanimous consent that this bill retain its place on the calendar without prejudice.

The SPEAKER. The gentleman from New York asks unanimous consent that this bill be passed without prejudice. Is there objection?

There was no objection.

HEROES OF THE TITANIC.

The next business on the Calendar for Unanimous Consent was the House joint resolution 104, granting permission to the Woman's Titanic Memorial Association to erect a memorial on public ground in the city of Washington, D. C.

The SPEAKER. Is there objection to the consideration of the resolution?

Mr. KAHN. Mr. Speaker, I ask unanimous consent that the resolution remain on the calendar and be passed without prejudice.

The SPEAKER. Is there objection?

Mr. HUDDLESTON. Mr. Speaker, I object.

The SPEAKER. The gentleman objects, and the resolution is stricken from the calendar. The Clerk will report the next bill.

FEDERAL RESERVE ACT.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 13391) to amend the act approved December 23, 1913, known as the Federal reserve act, by adding a new section.

The SPEAKER. Is there objection?

Mr. BENNET. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. BENNET. In order to stop the slaughter of the innocents, I move that the House do now adjourn.

The SPEAKER. The gentleman from New York moves that the House do now adjourn.

The question was taken, and the motion was rejected.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 13391) to amend the act approved December 23, 1913, known as the Federal reserve act, by adding a new section.

Be it enacted, etc., That the act approved December 23, 1913, known as the Federal reserve act, be amended by adding thereto a new section, as follows:

"Sec. 25a. Any national bank possessing a capital and surplus of \$1,000,000 or more may purchase and hold stock in foreign or domestic corporations, other than national banks, which are authorized by their charter to do a banking business in foreign countries: *Provided, however*, That the aggregate amount of stock so held by any one national bank shall not exceed 10 per cent of the capital and surplus of the bank: *And provided further*, That before any such national bank shall purchase stock in any such corporation it shall file with the Federal Reserve Board a copy of the charter or articles of incorporation of such association and shall agree to be bound by such special regulations or restrictions regarding its business with, and relations to, such corporation as may be prescribed by the Federal Reserve Board: *And provided further*, That before any national bank shall be permitted to purchase stock in any such corporation, the said corporation shall enter into an agreement or undertaking with the Federal Reserve Board to restrict its operations or conduct its business in such manner or under such limitations and restrictions as the said board may by regulations provide. If at any time the Federal Reserve Board shall ascertain that the said restrictions or limitations prescribed by it are not being complied with by such corporation or by any national bank holding stock therein, said board shall be authorized and shall have power to institute an investigation of the matter and to send for persons and papers, subpoena witnesses and administer oaths, in order to satisfy itself as to the actual nature of the transactions referred to. Should such investigation result in establishing the failure of the corporation in question, or of the national bank or banks which may be stockholders therein, to comply with the regulations laid down by the said Federal Reserve Board, such national banks may be required to dispose of stockholdings in the said corporation upon 30 days' notice, and in the event of their noncompliance with such order the Federal Reserve Board shall request the Comptroller of the Currency to institute proceedings for forfeiture of charter.

"Any national banking association located in a city or incorporated town of more than 100,000 inhabitants and possessing a capital and surplus of \$1,000,000 or more may, under such rules and regulations as the Federal Reserve Board may prescribe, establish branches within the corporate limits of the city or town in which it is located.

"Any national banking association located in any other place may, with the approval of the Federal Reserve Board, and under such rules and regulations as such board may prescribe, establish branches within the limits of the county in which it is located, provided that no such branch shall be established unless the capital of the parent bank is at least equal to the aggregate of the amounts which would be required of each branch, under the provisions of section 5138, Revised Statutes, if it were organized as an independent association, together with the amount required of the parent bank itself by that section."

Also the following committee amendments were read:

On page 1, line 10, strike out the colon after word "countries" and insert after the word "countries," in line 10, the word "exclusively," followed by a colon.

On page 2, line 4, strike out the word "special."

On page 2, line 7, strike out the colon after the word "Board" and insert a comma, and insert after the word "Board," in line 7, the following: "and the said board is hereby empowered and directed to make regulations for the conduct of such foreign business for each foreign country where such business is to be conducted," to be followed by a colon.

On page 2, line 13, strike out the words "be regulations."

On page 2, line 13, strike out, after the word "provide," the period and insert the following: "for the foreign country wherein such business is to be conducted."

On page 2, line 15, strike out the word "limitations" and insert in lieu thereof the word "regulations."

On page 3, lines 3 and 4, strike out the words "shall request" and insert in lieu thereof the words "may direct."

On page 3, strike out all of lines 13 to 24, inclusive.

The SPEAKER. Is there objection?

Mr. MOON. Mr. Speaker, I object.

Mr. GLASS. Mr. Speaker, I move to suspend the rules and pass the bill.

Mr. FINLEY. Mr. Speaker, it is not in order to suspend the rules now according to the usual practice here?

The SPEAKER. It is an unusual situation.

Mr. FINLEY. It has not been the practice.

The SPEAKER. The Chair understands that.

Mr. MANN. Did not the bill pass the point of consideration?

The SPEAKER. No.

Mr. MANN. I thought it did.

Mr. GLASS. Mr. Speaker, I move to suspend the rules and consider the bill H. R. 13391.

Mr. MANN. The gentleman will have to make his motion to pass the bill in a certain way.

Mr. GLASS. And pass the bill with the committee amendments and with the further amendment that I send to the Clerk's desk.

The SPEAKER. The gentleman from Virginia moves to suspend the rules and pass the bill, which the Clerk will report. The Clerk will read the amendment into the bill.

Mr. MANN. That is to take something out of the bill?

Mr. GLASS. Yes; it is to strike out.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] had best pay close attention to the reading of this, so as to get the amendment where he wishes it, because he can not amend.

Mr. GLASS. It is a very simple amendment, Mr. Speaker.

The SPEAKER. The Chair suggests to the gentleman from Virginia that the gentleman knows more about his bill than anybody else does, and if he gives close heed to the reading he will get it the way he wants it.

The Clerk read as follows:

Be it enacted, etc., That the act approved December 23, 1913, known as the Federal reserve act, be amended by adding thereto a new section, as follows:

"Sec. 25a. Any national bank possessing a capital and surplus of \$1,000,000 or more may purchase and hold stock in foreign or domestic corporations, other than national banks, which are authorized by their charter to do a banking business in foreign countries exclusively: *Provided, however*, That the aggregate amount of stock so held by any one national bank shall not exceed 10 per cent of the capital and surplus of the bank: *And provided further*, That before any such national bank shall purchase stock in any such corporation it shall file with the Federal Reserve Board a copy of the charter or articles of incorporation of such association and shall agree to be bound by such regulations or restrictions regarding its business with, and relations to, such corporation as may be prescribed by the Federal Reserve Board and the said board is hereby empowered and directed to make regulations for the conduct of such foreign business for each foreign country where such business is to be conducted: *And provided further*, That before any national bank shall be permitted to purchase stock in any such corporation, the said corporation shall enter into an agreement or undertaking with the Federal Reserve Board to restrict its operations or conduct its business in such manner or under such limitations and restrictions as the said board may provide for the foreign country wherein such business is to be conducted. If at any time the Federal Reserve Board shall ascertain that the said restrictions or regulations prescribed by it are not being complied with by such corporation or by any national bank holding stock therein, said board shall be authorized and shall have power to institute an investigation of the matter and to send for persons and papers, subpoena witnesses and administer oaths, in order to satisfy itself as to the actual nature of the transactions referred to. Should such investigation result in establishing the failure of the corporation in question, or of the national bank or banks which may be stockholders therein, to comply with the regulations laid down by the said Federal Reserve Board, such national banks may be required to dispose of stockholdings in the said corporation upon 30 days' notice, and in the event of their noncompliance with such order the Federal Reserve Board may direct the Comptroller of the Currency to institute proceedings for forfeiture of charter."

The SPEAKER. Is a second demanded?

Mr. MADDEN. I demand a second, Mr. Speaker.

Mr. GLASS. I ask unanimous consent, Mr. Speaker, that a second be considered as ordered.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] asks unanimous consent that a second be considered as ordered. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] has 20 minutes, and the gentleman from Illinois [Mr. MADDEN] has 20.

Mr. GLASS. Mr. Speaker, I shall require only a moment or two to explain the provisions of this bill.

Mr. MOON. Mr. Speaker, I make the point that there is no quorum in this House.

The SPEAKER. The gentleman from Tennessee makes the point that there is no quorum present, and evidently there is not.

Mr. GLASS. I move a call of the House, Mr. Speaker.

The SPEAKER. The gentleman from Virginia moves a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Adair	Collier	Gard	Jones
Aiken	Conry	Gardner	Keister
Anderson	Copley	Garland	Kent
Austin	Costello	Godwin, N. C.	Kiess, Pa
Bacharach	Cullop	Goodwin, Ark.	Kincheloe
Barchfeld	Dale, N. Y.	Gould	King
Barkley	Davis, Minn.	Gray, N. J.	Konop
Barnhart	Dewalt	Griest	Kreider
Beales	Doolling	Griffin	Lee
Britt	Driscoll	Guernsey	Lehbach
Brumbaugh	Dunn	Hamilton, N. Y.	Lewis
Burnett	Dyer	Haskell	Liebel
Byrns, S. C.	Eagan	Heaton	Lindbergh
Candler, Miss.	Estopinal	Helgesen	Littlepage
Cantril	Fairchild	Henry	Loft
Casey	Flynn	Hopwood	Longworth
Chandler, N. Y.	Focht	Humphrey, Wash.	McDermott
Coleman	Fordney	James	McFadden

McGillicuddy	Phelan	Scott, Mich.	Stephens, Nebr.
McLaughlin	Porter	Scott, Pa.	Summers
Martin	Pou	Scully	Sutherland
Morgan, La.	Powers	Sells	Switzer
Morin	Price	Sinnott	Vare
Moss, W. Va.	Ragsdale	Slomp	Walsh
Mott	Rainey	Small	Ward
Neely	Roberts, Mass.	Smith, N. Y.	Watkins
North	Roberts, Nev.	Snell	Watson, Pa.
Norton	Rowland	Snyder	Williams, Ohio
Overmyer	Sanford	Sparkman	Wilson, Fla.
Paige, Mass.	Saunders	Steele, Iowa	Wilson Ill.
Patten	Schall	Steele, Pa.	Wood, Ind.

The SPEAKER. On this roll call 310 Members, a quorum, answered to their names.

Mr. GLASS. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

The SPEAKER. The Doorkeeper will open the doors. The gentleman from Virginia [Mr. GLASS] has 20 minutes and the gentleman from Illinois [Mr. MADDEN] has 20.

Mr. GLASS. Mr. Speaker, as previously stated, I shall not occupy more than a minute or two to explain this bill. It is merely an amplification of the provisions of section 25 of the Federal reserve act, authorizing national banks with a million dollars or more of capital to establish branches abroad.

It was found that under the provisions of the Federal reserve act only national banks of very large capital could operate effectively, so that of the six branch banks established abroad, in the South American countries and in Panama and in Cuba, four of them have been established by the National City Bank of New York, and two by a banking association here in Washington. Thus it would appear that under the provisions of the Federal reserve act there is a very great likelihood of the foreign banking business becoming a monopoly. Hence a large number of national banks have petitioned that the law be so amended as to permit a number of national banks to unite and form a banking corporation to do business in foreign countries—to subscribe 10 per cent of their capital to such domestic or foreign corporation doing a banking business exclusively in foreign countries.

That, in a word, is the purpose of this bill.

Mr. KITCHIN. Mr. Speaker, may I interrupt the gentleman a moment?

Mr. GLASS. Yes.

Mr. KITCHIN. Was that a unanimous report from the committee?

Mr. GLASS. It is a unanimous report. There was no objection whatever to the bill.

I may state in this connection that the committee embodied in this bill a provision for domestic branch banking; but in view of the fact that there was considerable opposition to that proposition, and no objection whatsoever to the other proposition, it was thought advisable to eliminate from the bill the domestic branch banking proposition in order to separate it from the foreign banking proposition, to which there was no objection.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. GLASS. I yield.

Mr. STAFFORD. I notice that you provide but 30 days' notice in which a bank that fails to comply with the regulations of the Federal Reserve Board must dispose of its holdings of stock in this foreign banking corporation. Does the gentleman believe that in case a national bank offends in the particular suggested, 30 days would be sufficient time for them to dispose of their holdings in a foreign bank?

Mr. GLASS. It will not necessarily be a foreign bank. There is doubt whether it will be a foreign bank. It will be a bank authorized in the United States to do a foreign business. It is in a new field of banking, and the committee thought that every possible safeguard and precaution ought to be taken in initiating this new adventure in the banking business, and we thought that 30 days will be ample time for an offending bank. A bank has no business to offend.

Mr. STAFFORD. That would be ample time in which to dispose of their stock after they had failed to comply with the conditions?

Mr. GLASS. The committee thinks so.

Mr. RUBEY. Mr. Speaker, will the gentleman yield?

Mr. GLASS. Yes.

Mr. RUBEY. I notice on page 3 lines 13 to 19 have been stricken out.

Mr. GLASS. Yes; lines 13 to 19 have been stricken out. Mr. Speaker, I reserve the balance of my time.

Mr. MADDEN. Mr. Speaker, I do not intend to take much time in the consideration of this bill. I do not want to consume the time of the House. I think the recommendation made by the committee in this bill fills a long-felt want. We have been in

a very embarrassing situation on account of not having any foreign banking connections. I can realize how impossible it would be for any single bank in the United States, even though we may have some very large ones, to organize a bank to do a foreign business; whereas, under the recommendations proposed in this bill it will be possible for national banks to take stock in a bank to do an exclusively foreign business and thereby enable the exporters of the United States to enlarge the scope of their activities abroad. Inasmuch as the committee have thought wise to offer an amendment to modify other clauses of the bill, I see no reason why the bill as proposed to be amended should not pass. Therefore I will not take the time that was allotted to me under my demand for a second.

Mr. GLASS. Mr. Speaker, I ask for a vote.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question being taken and two-thirds voting in the affirmative, the rules were suspended and the bill passed.

GOLD.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 13474) to amend section 6 of an act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes, approved March 14, 1900, as amended by the act of March 2, 1911.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The bill was read, as follows:

Be it enacted, etc., That section 6 of an act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes, approved March 14, 1900, as amended by the act approved March 2, 1911, be, and the same is hereby, further amended by striking from the last proviso of said section 6 the word "one-third" and inserting in lieu thereof the word "one-half," making the last proviso of said section 6 read as follows:

And provided further, That the Secretary of the Treasury may, in his discretion, receive, with the Treasurer or any assistant treasurer of the United States, deposits of gold bullion bearing the stamp of the coinage mints of the United States, or the assay office in New York, certifying their weight, fineness, and value, in amounts of not less than \$1,000 in value, and issue gold certificates thereof of the description herein authorized. But the amount of gold bullion and foreign coin so held shall not at any time exceed one-half of the total amount of gold certificates at such time outstanding. And section 5193 of the Revised Statutes of the United States is hereby repealed.

With the following committee amendments:

Page 2, line 3, strike out the word "one-half" and insert "two-thirds"; on page 2, line 14, strike out the word "one-half" and insert "two-thirds."

The SPEAKER. This bill is on the Union Calendar.

Mr. GLASS. I ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Virginia asks unanimous consent to consider the bill in the House as in Committee of the Whole. Is there objection?

There was no objection.

Mr. MANN. Mr. Speaker, will the gentleman yield for a question?

Mr. GLASS. I yield to the gentleman.

Mr. MANN. The law now provides for one-third bullion. The department originally recommended that that be changed to make it one-half, and the committee has now reported in favor of making it two-thirds?

Mr. GLASS. In favor of making it two-thirds.

Mr. MANN. I will say to the gentleman that that seems to me to be perfectly proper. Was there any change in the situation between the time that the department made its recommendation and the bill was introduced and the time when the bill was reported, or was it the result of further reflection?

Mr. GLASS. The alteration was made in consequence of the fact that the Director of the Mint was notified to appear before the committee, and the suggestion was made by my colleague the gentleman from California [Mr. HAYES] that owing largely to the disuse of coin on the Pacific coast, where coin had been most used theretofore, he thought the change should be made from one-half, as suggested by the Secretary of the Treasury, to two-thirds, to which suggestion the Director of the Mint readily agreed that it would be better to have it that way.

Mr. HAYES rose.

Mr. GLASS. I yield to my colleague.

Mr. HAYES. The only place where gold coin is used to any great extent that I know of is in California.

Mr. LA FOLLETTE. Oregon and Washington also.

Mr. HAYES. And Oregon and Washington. Gradually the people of those States are coming to use paper money, and I can see no reason in the world for paying \$125,000, which is the difference in cost between what the present law requires us to

coin and what this bill would require, for coining money that will never be put in circulation. The bullion is just as good to base gold certificates on as the coin.

Mr. GLASS. This is unanimously reported by the committee, Mr. Speaker, and it not only saves \$125,000 in coinage, but it releases the mints to engage in minting foreign coinage, and to that extent it will be an additional saving.

Mr. MILLER of Minnesota. Will the gentleman yield for an inquiry?

Mr. GLASS. I do.

Mr. MILLER of Minnesota. I understood from the statement just made by the gentleman from California [Mr. HAYES] that the only place where gold coin is now used is in the States of California, Oregon, and Washington. Will the coining of one-third, as provided for in this bill, no more than accommodate the demand for gold coin in those three States?

Mr. GLASS. The accommodation is now more than ample for all the gold coin that is demanded.

Mr. MILLER of Minnesota. I do not know anything about it, but I want to add that I do know that we want American gold in the various parts of the world, because that is the only thing that you can exchange at a fair, decent rate in the foreign countries of the world.

Mr. GLASS. This bill simply enables the Treasury Department to hold a greater amount of bars against outstanding gold certificates than heretofore, and a less amount of coin. To comply technically with the existing law would involve the Treasury in a useless expenditure of \$125,000, and the gold coins are not demanded.

Mr. MANN. Does it not go a little further than that? We have been bringing in a very large amount of foreign coin in the last year or so. It is not unlikely that sooner or later in the course of transfers much of that will go out of the country again, and it is better not to recoin it or even reduce it to bullion, but it is better to send the coin back when we do have to export gold.

Mr. GLASS. That is entirely true.

Mr. HAYES. If the gentleman will yield, I desire to say that the amount provided for here will undoubtedly meet every demand for gold coin that can exist, and if that be not so the Secretary of the Treasury will have authority under the law, as it will be if this bill passes, to coin more if it is demanded.

Mr. GLASS. Oh, yes.

Mr. HAYES. It only authorizes that in case there is no demand for the coin the unnecessary coinage shall be suspended, thereby saving the money that would be uselessly expended.

Mr. HILL. Mr. Speaker, I move to strike out the last word. The gentleman from Minnesota [Mr. MILLER] said that he wants to see American coin go all over the world. Some years ago I visited the vaults of the Bank of England. I had the same patriotic idea that the gentleman from Minnesota has, and I found that the only result of not having such a law as this was that the United States, England, and France all went to the expense of melting down one another's money and coining it into their own coin. This bill will tend largely to prevent that, and save not only this Government but other Governments the expense of unnecessary recoinage. The gentleman from Illinois [Mr. MANN] very appropriately says that we have been receiving a large amount of gold from abroad. The probability is that when the war is over a great deal of that gold will go back again. Now, supposing we coin that into American coin, what will happen? It goes over to Paris and to London, and the result will be that if you go into the vaults of the respective banks you will find a little machine with an arm on one side, a funnel at the top, and they pour the coin into the funnel; it runs down grade until it comes to the end of the arm, and then if it is the least mite light weight it is tossed to one side; if it is full weight it is tossed to the other side; it is "separating the sheep from the goats." If it is a light weight in the slightest degree, it is recoined; it goes into the world's commerce and then it possibly comes back here again and we have been in the habit of melting it down into American coin to put it behind our gold certificates, and so it goes on year after year, a perfect economic absurdity, and this bill in a large degree corrects that thing. There ought not to be the slightest opposition to it on the part of anybody.

Mr. BENNET. Will the gentleman yield?

Mr. HILL. Yes.

Mr. BENNET. Is the gentleman sure that this bill does to any large extent cure that trouble?

Mr. HILL. I think it does. It allows the Treasury to use a larger proportion of gold bullion and foreign coin, instead of changing it into American coin, and putting it behind the certificate in the form it was received.

Mr. BENNET. Along about the Sixtieth or the Sixty-first Congress we passed some sort of an act to do away with recoinage.

Mr. HILL. To some extent we did, but this goes further than that, and the further it can be carried with proper convenience to the American people the better. There are some countries where you have to ship American coin. Africa, for instance, in some cases, and certain countries in South America, but the great bulk of it goes back and forth between Paris, Berlin, London, and New York, and you can not stop it.

A word in regard to another matter. I rose to take the time on a former bill, and the gentleman will pardon me if I talk about a bill that has already passed, because I want to correct an erroneous impression in the country.

Mr. GLASS. I have no objection.

Mr. HILL. Mr. Speaker, not long ago a most distinguished citizen of the United States made this statement:

Until the recent banking act you could not find, so far as I am informed, a branch of an American bank anywhere outside of the United States, whereas other nations of the world are doing their banking business on foreign shores through the instrumentality of their own banks.

Now, that statement was pardonable because the deadly isolation of some official positions in this country are such as excuse it. But when the head of the Bureau of Foreign Commerce, who is supposed to be directly conversant with such things, repeats the statement, and when, if I am not mistaken, it is again repeated on the floor of this House by one of the leading business men of one of the largest States in the Union, it seems to me that it ought to be corrected in the interest of everybody.

I made a trip around the world in 1901, and I then found what I believe to be the best business on earth, and that was foreign banking. I came home, and was gratified to learn that my own State had chartered a bank for the purpose and that it was doing business. And now, for the information of those gentlemen and the country at large, I want to tell you what a modest American bank has been doing the last 14 or 15 years, since 1902, in extending American business and American commerce throughout the world.

The International Banking Corporation was chartered in 1902. They have been carrying on branches at Bombay, Calcutta, Canton, Cebu, Colon, Hankow, Hongkong, Kobe, London, Manila, Panama, Peking, San Francisco, Shanghai, Singapore, and Yokohama. They have \$37,000,000 cash assets engaged in that business; and yet, notwithstanding a branch has been kept right here in the city of Washington until a year or two ago, that through all these years it has been a recognized agent of the United States Government in transacting business in the Philippine Islands and all through the Orient, that for 14 years it has been carrying on this business in all the principal commercial centers of the Orient and the North American Continent, the statement is made here that we need to pass this bill—and I think we do—which has been passed in order to encourage American business in foreign countries.

We do not realize what American citizens are doing to carry the honor, glory, and credit of this great country all over the world. [Applause.] It seems to me to be fair to make this statement to the House so that they can realize that the bill as passed a moment ago is but supplementary to what is already being done by our citizens. [Applause.]

The SPEAKER. The gentleman from Connecticut withdraws his pro forma amendment, and the question is on the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. GLASS, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXCLUSION OF INTOXICATING LIQUORS FROM NATIONAL PARKS.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6814) to exclude intoxicating liquors from national parks and national forest reserves.

The bill was read by title.

The SPEAKER. Is there objection?

Mr. MOON. I object.

Mr. RANDALL. Mr. Speaker, I ask unanimous consent that the bill may hold its position on the calendar.

The SPEAKER. The gentleman from California asks unanimous consent that the bill be passed without prejudice.

Mr. MEEKER and Mr. GALLAGHER objected.

DRY-LAND AGRICULTURE.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 393) to authorize an exchange of lands

with the State of North Dakota for promotion of experiments in dry-land agriculture, and for other purposes.

The SPEAKER. Is there objection?

Mr. MOON. Mr. Speaker, I object.

The SPEAKER. The gentleman from Tennessee objects, and the bill is stricken from the calendar, and the Chair recognizes the gentleman from Tennessee [Mr. PADGETT].

OFFICERS AND ENLISTED MEN OF THE NAVY AND MARINE CORPS
DETAILED FOR SERVICE IN HAITI.

Mr. PADGETT. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 12835) to authorize and empower officers and enlisted men of the Navy and Marine Corps to serve under the Government of the Republic of Haiti, and for other purposes, with the committee amendments, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized, in his discretion, to detail to assist the Republic of Haiti such officers and enlisted men of the United States Navy and the United States Marine Corps as may be mutually agreed upon by him and the President of the Republic of Haiti: *Provided*, That the officers and enlisted men so detailed be, and they are hereby, authorized to accept from the Government of Haiti the said employment with compensation and emoluments from the said Government of Haiti, subject to the approval of the President of the United States.

SEC. 2. That to insure the continuance of this work during such time as may be desirable, the President may have the power of substitution in the case of the termination of the detail of any officer or enlisted man for any cause: *Provided*, That during the continuance of such details the officers and enlisted men shall continue to receive the pay and allowances of their ranks or ratings in the Navy or Marine Corps.

SEC. 3. That the following increase in the United States Marine Corps be, and the same is hereby, authorized: Two majors, 12 captains, 18 first lieutenants, 2 assistant quartermasters with the rank of captain, 1 assistant paymaster with the rank of captain, 5 quartermaster sergeants, 5 first sergeants, 5 gunnery sergeants, and 11 sergeants.

SEC. 4. That the following increase in the United States Navy be, and the same is hereby, authorized: One surgeon, 2 passed assistant surgeons, 5 hospital stewards, and 10 hospital apprentices, first class.

SEC. 5. That officers and enlisted men of the Navy and Marine Corps detailed for duty to assist the Republic of Haiti shall be entitled to the same credit for such service, for longevity, retirement, foreign service, pay, and for all other purposes, that they would receive if they were serving with the Navy or with the Marine Corps.

The SPEAKER. Is a second demanded?

Mr. CALLAWAY. Mr. Speaker, I demand a second.

Mr. PADGETT. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that a second be considered as ordered. Is there objection?

Mr. CALLAWAY. I object.

The SPEAKER. The gentleman from Texas objects, and the Chair appoints the gentleman from Tennessee, Mr. PADGETT, and the gentleman from Texas, Mr. CALLAWAY, to take their place as tellers, and the House will divide on the question of ordering a second.

The House divided; and the tellers reported—ayes 78, noes 12.

Mr. CALLAWAY. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point of order that there is no quorum present. Evidently there is no quorum present.

Mr. PADGETT. Mr. Speaker, I move a call of the House.

Mr. CRISP. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CRISP. Under the rules of the House, when the House is dividing on seconding a motion to suspend the rules, and a quorum fails to vote, is there not an automatic call of the House?

The SPEAKER. The gentleman is correct. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll. The question is on seconding the motion to suspend the rules.

The question was taken; and there were—yeas 229, nays 63, answered "present" 9, not voting 132, as follows:

YEAS—229.

Abercrombie	Cannon	Dale, Vt.	Elston
Adamson	Capstick	Dallinger	Emerson
Aiken	Carew	Danforth	Esch
Allen	Carlin	Davenport	Estopinal
Almon	Carlin, Okla.	Davis, Tex.	Evans
Anthony	Cary	Dempsey	Farr
Ayres	Charles	Denison	Ferris
Beakes	Chiperfield	Dent	Fess
Bennet	Church	Dickinson	Fields
Blackmon	Clark, Fla.	Dill	Flood
Bocher	Condy	Dillon	Foss
Britt	Connelly	Dixon	Foster
Britten	Cooper, Ohio	Doollittle	Freeman
Browne	Cooper, W. Va.	Dowell	Fuller
Browning	Cooper, Wis.	Drukker	Gallagher
Bruckner	Cox	Dupré	Gallivan
Butler	Crago	Dyer	Gandy
Byrns, Tenn.	Cramton	Eagle	Gard
Campbell	Crosser	Ellsworth	Garland

Garner	Kinkaid	Oakey	Snyder
Gillett	Kitchin	Oldfield	Stafford
Glynn	La Follette	Oliver	Stegall
Good	Lenroot	Olney	Stedman
Gould	Lever	O'Shaunessy	Steele, Iowa
Gray, Ind.	Lieb	Overmyer	Steele, Pa.
Green, Iowa	Linthicum	Padgett	Steenerson
Greene, Vt.	Lobeck	Parker, N. J.	Stephens, Cal.
Hadley	Loud	Parker, N. Y.	Stephens, Nebr.
Hamil	McAndrews	Peters	Sterling
Hamilton, Mich.	McArthur	Phelan	Stiness
Harrison	McClintic	Platt	Stone
Haugen	McCracken	Powers	Sullivan
Hawley	McGillicuddy	Pratt	Sweet
Hay	McKellar	Ragsdale	Swift
Hayden	McKenzie	Raker	Taggart
Hayes	McKinley	Ramseyer	Tague
Helgesen	McLaughlin	Randall	Talbott
Hernandez	Madden	Rauch	Taylor, Colo.
Hicks	Magee	Reavis	Temple
Hilliard	Mann	Ricketts	Tilson
Hinds	Mapes	Rodenberg	Timberlake
Holland	Matthews	Rogers	Tinkham
Hollingsworth	Mays	Rowe	Towner
Howell	Meeker	Rucker	Treadway
Hulbert	Miller, Del.	Russell, Ohio	Volstead
Hull, Iowa	Miller, Minn.	Sabath	Wason
Husted	Miller, Pa.	Sanford	Watson, Va.
Hutchinson	Mondell	Sears	Whaley
Igoe	Mooney	Shallenberger	Wheeler
Johnson, S. Dak.	Moore, Ind.	Siegel	Williams, T. S.
Johnson, Wash.	Morgan, Okla.	Sims	Williams, W. E.
Kearns	Moss, Ind.	Sinnott	Winslow
Kennedy, Iowa	Mudd	Sloan	Wood, Ind.
Kennedy, R. I.	Murray	Smith, Idaho	Woods, Iowa
Kent	Neison	Smith, Mich.	Young, N. Dak.
Ketner	Nicholls, S. C.	Smith, Minn.	
Key, Ohio	Nichols, Mich.	Smith, Tex.	
King	Nolan	Snell	

NAYS—63.

Ashbrook	Gray, Ala.	Lloyd	Summers
Aswell	Gregg	McLemore	Tavener
Bailley	Hamlin	Page, N. C.	Taylor, Ark.
Bell	Hastings	Park	Thomas
Buchanan, Ill.	Heflin	Quin	Thompson
Buchanan, Tex.	Helm	Rayburn	Tillman
Burgess	Helvering	Reilly	Tribble
Callaway	Hensley	Rouse	Venable
Caraway	Hood	Rubey	Vinson
Cline	Huddleston	Russell, Mo.	Walker
Crisp	Hughes	Sherwood	Webb
Dies	Jacoway	Sisson	Wilson, La.
Doughton	Johnson, Ky.	Slayden	Wingo
Edwards	Keating	Stephens, Miss.	Wise
Finley	Kincheloe	Stephens, Tex.	Young, Tex.
Gordon	Leshner	Stout	

ANSWERED "PRESENT"—9.

Cantrill	Hull, Tenn.	Montague	Morrison
Glass	London	Moon	Shackleford
Hill			

NOT VOTING—132.

Adair	Doremus	James	Paige, Mass.
Alexander	Driscoll	Jones	Patten
Anderson	Dunn	Kahn	Porter
Austin	Eagan	Keister	Pou
Bacharach	Edmonds	Kelley	Price
Barchfeld	Fairchild	Kiess, Pa.	Rainey
Barkley	Farley	Konop	Riordan
Barnhart	Fitzgerald	Kreider	Roberts, Mass.
Beales	Flynn	Lafean	Roberts, Nev.
Black	Focht	Langley	Rowland
Borland	Fordney	Lazaro	Saunders
Brumbaugh	Frear	Lee	Schall
Burke	Gardner	Lehibach	Scott, Mich.
Burnett	Garrett	Lewis	Scott, Pa.
Byrnes, S. C.	Godwin, N. C.	Liebel	Scully
Caldwell	Goodwin, Ark.	Lindbergh	Sells
Candler, Miss.	Graham	Littlepage	Sherley
Carter, Mass.	Gray, N. J.	Loft	Shouse
Casey	Greene, Mass.	Longworth	Slemp
Chandler, N. Y.	Griest	McCulloch	Small
Coleman	Griffin	McDermott	Smith, N. Y.
Collier	Guernsey	McFadden	Sparkman
Conry	Hamilton, N. Y.	Maher	Sutherland
Copley	Hardy	Martin	Switzer
Costello	Hart	Moore, Pa.	Van Dyke
Cullop	Haskell	Morgan, La.	Vare
Curry	Heaton	Morin	Walsh
Dale, N. Y.	Henry	Moss, W. Va.	Ward
Darrow	Hopwood	Mott	Watkins
Davis, Minn.	Houston	Neely	Watson, Pa.
Decker	Howard	North	Williams, Ohio
Dewalt	Humphrey, Wash.	Norton	Wilson, Fla.
Doolling	Humphreys, Miss.	Oglesby	Wilson, Ill.

So a second was ordered.

The Clerk announced the following pairs:

For balance of day:

Mr. MORRISON with Mr. HUMPHREY of Washington.

For this session:

Mr. DEWALT with Mr. McFADDEN.

Until further notice:

Mr. DALE of New York with Mr. HASKELL.

Mr. ADAIR with Mr. GRIEST.

Mr. LANGLEY with Mr. CANTRILL.

Mr. SPARKMAN with Mr. MOBIN.

Mr. SMALL with Mr. WILLIAMS of Ohio.

Mr. RAINEY with Mr. HILL.

Mr. HOUSTON with Mr. GUERNSEY.
 Mr. GODWIN of North Carolina with Mr. NORTH.
 Mr. WATKINS with Mr. ROWLAND.
 Mr. MAHER with Mr. HEATON.
 Mr. HENRY with Mr. FOCHT.
 Mr. JAMES with Mr. KONOP.
 Mr. OGLESBY with Mr. ROBERTS of Nevada.
 Mr. BARKLEY with Mr. FAIRCCHILD.
 Mr. LEE with Mr. LEHLBACH.
 Mr. GARRETT with Mr. McCULLOCH.
 Mr. JONES with Mr. NORTON.
 Mr. LOFT with Mr. ROBERTS of Massachusetts.
 Mr. NEELY with Mr. SCOTT of Michigan.
 Mr. PATTEN with Mr. SWITZER.
 Mr. SHERLEY with Mr. WILSON of Illinois.
 Mr. HART with Mr. MOORE of Pennsylvania.
 Mr. MORGAN of Louisiana with Mr. SCHALL.
 Mr. VAN DYKE with Mr. SELLS.
 Mr. GRIFFIN with Mr. KELLEY.
 Mr. HOWARD with Mr. LONGWORTH.
 Mr. HUMPHREYS of Mississippi with Mr. MOTT.
 Mr. POU with Mr. SCOTT of Pennsylvania.
 Mr. WILSON of Florida with Mr. PORTER.
 Mr. PRICE with Mr. MOSS of West Virginia.
 Mr. LAZARO with Mr. KREIDER.
 Mr. RIORDAN with Mr. VARE.
 Mr. SCULLY with Mr. WATSON of Pennsylvania.
 Mr. LITTLEPAGE with Mr. KIESS of Pennsylvania.
 Mr. LEWIS with Mr. MARTIN.
 Mr. SAUNDERS with Mr. LAFEAN.
 Mr. SMITH of New York with Mr. PAIGE of Massachusetts.
 Mr. McDERMOTT with Mr. SUTHERLAND.
 Mr. LIEBEL with Mr. WARD.
 Mr. RAGSDALE with Mr. WALSH.
 Mr. ALEXANDER with Mr. CARTER of Massachusetts.
 Mr. SHOUSE with Mr. HAMILTON of New York.
 Mr. BRUMBAUGH with Mr. DARROW.
 Mr. DECKER with Mr. HOPWOOD.
 Mr. FLYNN with Mr. KEISTER.
 Mr. EAGAN with Mr. KAHN.
 Mr. BURKE with Mr. ANDERSON.
 Mr. CALDWELL with Mr. BEALES.
 Mr. HARDY with Mr. GREENE of Massachusetts.
 Mr. CULLOP with Mr. EDMONDS.
 Mr. FARLEY with Mr. COSTELLO.
 Mr. CANDLER of Mississippi with Mr. BARCHFIELD.
 Mr. BURNETT with Mr. GRAHAM.
 Mr. DOREMUS with Mr. FORDNEY.
 Mr. COLLIER with Mr. DAVIS of Minnesota.
 Mr. FITZGERALD with Mr. COPELY.
 Mr. DRISCOLL with Mr. GRAY of New Jersey.
 Mr. BORLAND with Mr. FREAK.
 Mr. CONRY with Mr. CURRY.
 Mr. BARNHART with Mr. DUNN.
 Mr. BLACK with Mr. GOLEMAN.
 Mr. BYRNES of South Carolina with Mr. CHANDLER of New York.

Mr. CASEY with Mr. BACHARACH.

Mr. DOOLING with Mr. AUSTIN.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present; the Doorkeeper will unlock the doors. The gentleman from Tennessee [Mr. PADGETT] is recognized for 20 minutes and the gentleman from Texas [Mr. CALLAWAY] for 20 minutes.

Mr. PADGETT. Mr. Speaker, two weeks ago this bill was before the House, and there was considerable discussion over the matter, and I do not feel called upon at this time to renew that discussion. Recently the President of the United States negotiated a treaty with the Republic of Haiti, which was ratified by the Senate, but which has not yet been proclaimed. As I understand, it is being held up in order to get this legislation in aid of the treaty. Under that treaty the United States is to appoint and administer the finances of the Republic of Haiti.

Mr. COX. Will the gentleman yield?

Mr. PADGETT. I do.

Mr. COX. What was the necessity for making that kind of a treaty? What conditions existed between the two countries which required such a treaty, in brief?

Mr. PADGETT. There was anarchy there on that little island, which is right here under our protection, and we have felt in reference to Haiti as we have felt in reference to Santo Domingo and a number of other countries, that, as under the Monroe doctrine we will not let anybody else interfere with them, it is necessary for us to maintain order and good government.

Mr. COX. They were wasting and squandering the revenues of that little Republic?

Mr. PADGETT. Absolutely, sir.

Mr. COX. And not applying them to their debts?

Mr. PADGETT. No, sir. Now, also, it was stipulated that the Government of the United States should reorganize their constabulary. We have disbanded their constabulary and have taken charge of it under the military government. Now that this treaty has been ratified, and it must be taken under civil administration, this is for the purpose temporarily of organizing the constabulary of that Republic.

Mr. SISSON. Will the gentleman yield for a question?

Mr. PADGETT. Yes, sir.

Mr. SISSON. The treaty which the gentleman speaks of provides that the Haitian Government shall pay as much for the constabulary as the Federal Government pays, does it not?

Mr. PADGETT. Not that I know of; I do not know of such a provision.

Mr. SISSON. Now, my understanding of the treaty is that half the amount to be paid for the constabulary shall be paid by the Haitian Government. Now, that being true, since the gentleman has fixed full pay for these officers, the 20 per cent for serving in the tropics simply means, under the treaty, the Haitian Government must respond in like amount, which gives these officers and marines two salaries. Now that is my understanding of the treaty.

Mr. PADGETT. I think there is no such provision in the treaty that applies to the men. A marine, an enlisted man in the Marine Corps, who is receiving somewhere from \$18 to \$30 or maybe \$35 a month goes down there. This provides that he shall have authority to receive from the Republic of Haiti as much additional compensation as the Republic of Haiti may give him, as may be approved by the President of the United States.

Mr. SISSON. Now that is the gentleman's bill?

Mr. PADGETT. Yes, sir.

Mr. SISSON. The President will be compelled, if the treaty is as I have been informed it is, to comply with the treaty.

Mr. PADGETT. No. This being a later law the later law governs always.

Mr. SISSON. That is true; but if the gentleman were President of the United States he would not repudiate a treaty, would he?

Mr. PADGETT. He would be governed by this law that authorizes their employment.

Mr. SISSON. Without consulting the other party?

Mr. PADGETT. This says we shall consult them. It says such compensation as the President of the Republic of Haiti may pay, which may be approved by the President of the United States.

Mr. SISSON. The gentleman is asking Congress to rather buy a pig in a sack until we know what is in the treaty and what we are doing by this bill.

Mr. PADGETT. Not at all, sir; it is as plain as anything can be, and I see nothing to be alarmed over in allowing these marines that receive a small compensation, who go down into that country under hard circumstances, among a population which is not congenial, to organize temporarily a constabulary there and maintain order, this being only a temporary matter, to allow them to receive such additional compensation—

Mr. COX. What will it cost this Government?

Mr. PADGETT. It would cost this Government very little, as it is contemplated sending only about 35 of our marines down there. They have estimated the number at 35.

Mr. CALLAWAY. Will the gentleman yield?

Mr. PADGETT. Yes.

Mr. CALLAWAY. I want to know how much extra pay we give for foreign service, which is provided by this bill, that they shall have in addition to what they get under the regular service?

Mr. PADGETT. The men get 20 per cent for foreign service and officers get 10 per cent.

Mr. CALLAWAY. In addition to that, do we pay anything for service in the Tropics?

Mr. PADGETT. No, sir; that is foreign-service pay.

Mr. CALLAWAY. In tropical service, then, or foreign service, we pay 20 per cent additional to our men and 10 per cent additional to our officers. Can you tell us how many men in addition to the ones named here, the increase provided in this bill, will be named in that service?

Mr. PADGETT. Not even all of those are expected to go. There are about 55 additional officers provided there, but it is estimated in the hearing of Gen. Barnett, the commandant of the Marine Corps, that they would employ in the Government of Haiti about 35 men. That is his statement. But this addi-

tional number that is authorized is because the Marine Corps has to operate in detached and irregular bodies, a certain number here, a smaller number yonder, and a different number there, not having a regularly constituted organization, as in the Regular Army, and it would require these additional officers referred to in the bill.

Mr. CARAWAY. Haiti is practically under martial law at the present time, is it not?

Mr. PADGETT. Our Marine Corps is in control there. We are hoping to get this legislation through so that the President of the United States can proclaim the treaty recently ratified by the Senate and put the civil government of Haiti into full control and operation.

Mr. CALLAWAY. Has this anything to do with the treaty?

Mr. PADGETT. With the exception of its promulgation the treaty is complete. It has been ratified by the Senate of the United States, and the President has not yet issued his proclamation, because when the proclamation is issued the treaty would become operative, and it is waiting to have this legislation so that the President will have authority then, as the treaty provides, to take charge under civil administration and civil organization.

Mr. CALLAWAY. Do you mean to tell this House that that treaty can not become operative until this act is passed?

Mr. PADGETT. I do not. But I mean to say this, that the President could not carry out the provisions of this treaty in the way that it is intended that he should without this legislation.

Mr. CALLAWAY. Do you mean it is intended he should in this bill?

Mr. PADGETT. Just exactly.

Mr. CALLAWAY. It does not have anything on earth to do with the operation of the treaty?

Mr. PADGETT. The treaty would become operative as a treaty regardless of this legislation, but the President would not have the means of executing it as he would like to do it.

Now, I desire to reserve the remainder of my time.

Mr. CANNON. Does not the gentleman think that the difficulty in the United States now in getting volunteers for the Marine Corps and for the Army and for the Navy, at pay which is comparatively inconsiderable to what they would receive in private life, is that just such discussions as this, and just such pay as is authorized here, have a tendency to say to a hundred million of people, "After all, what good?"

Mr. HENSLEY. What other countries south of us do we bear the same relation to as we do to Haiti?

Mr. PADGETT. We have a treaty with Santo Domingo. I do not remember whether there are other treaties or not.

Mr. HENSLEY. Nicaragua?

Mr. PADGETT. I do not know whether there is a treaty with Nicaragua or not, but we have done the same thing in Nicaragua, by going down there and putting our marines in control under military authority and military government. This treaty and legislation is to put them in control under civil administration.

Mr. HENSLEY. Now, then, the Marine Corps of this country who are serving in those countries are receiving also the additional pay that this bill provides the marines shall receive in Haiti?

Mr. PADGETT. Down there they receive 20 per cent additional for the enlisted men and 10 per cent for the officers. They are there only for a short time.

Mr. HENSLEY. Why make an exception of Haiti? Why not pass a general law to cover all those countries and permit them to receive this additional pay?

Mr. PADGETT. Because I think it better to deal with each case as it arises and under the peculiar equities of each time. I reserve the balance of my time.

The SPEAKER. The gentleman from Texas [Mr. CALLAWAY] is recognized for 20 minutes.

Mr. CALLAWAY. Mr. Speaker, Haiti is under martial law at the present time, with the United States Government in charge. Now, the impression that the chairman of this committee might have left on the minds of some Members of the House—that we have a treaty entered into between the United States and the Haitian Government, ratified by the Senate, which will not become operative until this law is passed—is pure buncombe. This law has not a thing on earth to do with that treaty. That treaty will go on and operate just as well without this act and just as thoroughly as it will with it. Treaties are not made between the different Governments and ratified that have to have a part passed by the House. The truth about it is that the United States marines do not want to go down to the Haitian Government under the treaty, knowing that this

provision is pending, until this law is passed, they will get only one salary instead of two salaries. Now, that is the meat in the coconut; that is the vitals in this bill.

When this bill first came before the committee it provided that the United States troops the United States Government sent to Haiti to administer the Haitian Government would receive the same salary from the Haitian Government that the Haitian Government was accustomed to pay their people for like services, in addition to the salaries they received from the United States Government, which were the regular salaries of the Marine Corps, plus 20 per cent for serving in the Tropics or in foreign service.

Mr. TEMPLE. Will the gentleman yield?

Mr. CALLAWAY. Yes.

Mr. TEMPLE. Is it true that you say this provision is in the treaty between the United States Government and the Haitian Government?

Mr. CALLAWAY. I did not say a word about that.

Mr. TEMPLE. Is there an agreement by which Haiti pays a certain amount?

Mr. CALLAWAY. No, sir.

Mr. TEMPLE. That point was brought out by another gentleman a while ago, and I thought it well to correct it.

Mr. SISSON. Will the gentleman yield?

Mr. CALLAWAY. Yes, sir.

Mr. SISSON. I have not seen a copy of the treaty.

Mr. CALLAWAY. I would like to know if there is a man in the House that has a copy of the treaty.

Mr. MANN. I have one here, and anybody can get one who wants it.

Mr. CALLAWAY. What I said about the treaty I based on my general understanding, that I take it every man in the House has, that a treaty made between the United States and a foreign country, when it is ratified by the Senate of the United States, does not wait on the passage of a law to do what the terms of it provide.

I did not consider it worth while to look to the treaty. We are passing a law, not part of a treaty.

Mr. HUDDLESTON. Mr. Speaker, will the gentleman yield?

Mr. CALLAWAY. Yes.

Mr. HUDDLESTON. I would like to inquire of the gentleman if our marines are not there to-day, performing exactly the same duties that they will perform later, and for which it is proposed to pay them this increased allowance, without any increase?

Mr. CALLAWAY. Yes; and they will perform the same service without additional allowance. Some men have spoken to me about this bill. They had letters from relatives and friends and people in their respective districts who were in the service and wanted to go to Haiti, provided this bill passed increasing their pay. That influence, I take it, is largely responsible for this bill.

Mr. DILL. Mr. Speaker, will the gentleman yield?

Mr. CALLAWAY. Yes.

Mr. DILL. Will the giving to these men of an extra salary while they are in Haiti, serving there, have any influence upon their desire to continue there?

Mr. CALLAWAY. I take it that the gentleman asked the question knowing he is talking to a practical man, who could not answer but one way. Of course, if they get two salaries while they stay there and only one when they come away, they will want to stay.

Another thing: These men detailed for service in Haiti are the men on whom we depend to put that Government in such a state as that we can withdraw, and they are the men whose advice we will depend on to determine when we shall withdraw. How long will it take them to conclude that it is in such condition that we should withdraw them if they are drawing two salaries as long as they stay and only one salary when they quit staying?

Some may say they are patriots that salaries will not affect. But they are talking to a practical-minded man when they make such statements to one who knows human nature works just the same in the Marine Corps as it works in practical everyday business.

Another thing: When we do this for those sent to Haiti to police that country we will be called on to do it for every police squad sent at any time to any country to do police duty. I can not understand how anybody can argue that we ought to do it. They say that service is hard in a tropical country, but we add 20 per cent to the salary to pay for additional hardships of foreign service. This bill provides not only that they get the 20 per cent provided by general law, but in addition to that they get

such a salary from the Haitian Government as it pays for such service. The testimony before the committee shows this conclusively.

Mr. TILSON. Mr. Speaker, will the gentleman yield there?

Mr. CALLAWAY. Yes; I yield.

Mr. TILSON. This will not increase the salary of these men unless it is approved by the President of the United States. All this is subject to approval by the President of the United States, and if he decides that receiving this additional salary is in any way unwise or productive of sinister effect upon these men he could refuse to approve of it and could stop the payment of additional pay under the terms of this bill. Is that correct?

Mr. CALLAWAY. No; it is not correct at all, because the President will be influenced by the advice of the men sent down there. They are the people who will advise him. It will have to depend upon them. Acting upon their advice, he will be influenced by the extra pay they get.

Mr. BENNET. Mr. Speaker, will the gentleman yield there?

Mr. CALLAWAY. Yes.

Mr. BENNET. Is not the gentleman willing to trust the President of the United States in a matter of this kind?

Mr. CALLAWAY. Well, I am not long on trust anywhere. [Laughter.]

Mr. TEMPLE. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Texas yield to the gentleman from Pennsylvania?

Mr. CALLAWAY. Yes.

Mr. TEMPLE. Can the gentleman tell how many officers and men of the Marine Corps are stationed now in Haiti?

Mr. CALLAWAY. No; I can not.

Mr. TEMPLE. Or how it will compare in expense to keep those there that are there or to send the 35 that it is proposed to send?

Mr. CALLAWAY. I do not suppose it would make any difference whether you paid them two salaries or one. Will two salaries enable them to accomplish more than one salary would enable them to accomplish?

Mr. TEMPLE. There are now 1,665 men of the Marine Corps under 82 officers. It would cost a great deal more to keep them there than to keep the 40 men provided by this bill. If the gentleman is in favor of economy, he ought to be in favor of this bill.

Mr. CALLAWAY. Oh, that is pure buncombe that you are working on the House and has nothing to do with the facts.

Mr. TEMPLE. There are 1,665 men.

Mr. CALLAWAY. That has nothing to do with it. The men that are to be sent can do better work if you pay them the two salaries provided in this bill than if you pay them one salary as provided by law. That is all there is to it. Does any man attempt to say if we pay two salaries you can withdraw the Army and 35 could do the work, and if we do not provide two salaries you will have to have the Army? We know that you can not. That is rot, rot, rot.

Mr. MANN. Mr. Speaker, will the gentleman yield for a question?

Mr. CALLAWAY. Yes.

Mr. MANN. Under the existing law would the President have the authority to detail Marine officers to act as officers of the local constabulary there?

Mr. CALLAWAY. I do not think that this bill will affect the President in detailing the officers at all. If that were the question and anybody had made it in the committee or had offered it here, there would be no question raised on that. The whole question involved in this bill is a question of two salaries from different Governments.

Mr. MANN. The gentleman is on the committee. My understanding was that to make legal the detail of these officers is the main proposition.

Mr. CALLAWAY. The President has the right to detail the officers. He has the power under the treaty made and ratified by the United States Senate. It is already in effect. He could detail officers to do the work. This bill simply provides additional salaries. That is the only reason for the bill. That is the only reason I have ever heard for it.

Mr. HULBERT. Mr. Speaker, will the gentleman yield for a question?

Mr. CALLAWAY. Yes; but gentlemen have taken up all my time. Some others want to be heard.

Mr. HULBERT. I have not taken up any of the gentleman's time.

Mr. CALLAWAY. I do not refer to the gentleman.

Mr. HULBERT. I have not yet made up my mind. It will depend somewhat on the answer that I get from the gentleman. The gentleman has stated that these men will receive two salaries—one that they are now receiving, plus 20 per cent by

the Government. Do I understand that the other salary will be paid to them from the customs receipts of Haiti, or will both salaries be paid by the United States?

Mr. CALLAWAY. One salary will be paid by Haiti and the other by this Government.

Mr. HULBERT. These officers, sent down there, perform dual functions, do they not? In the first place, they are peace officers and maintain peace, and, on the other hand, they perform administrative functions on behalf of the Haitian Government?

Mr. CALLAWAY. I thought when a man was an officer in the Army he performed the service that the United States detailed him to perform, without regard to the number of the services.

Mr. HULBERT. Within the United States.

Mr. CALLAWAY. When he goes into foreign service he gets 20 per cent extra for the foreign service.

Mr. HULBERT. Will the gentleman yield for one more question?

Mr. CALLAWAY. Yes.

Mr. HULBERT. Does the gentleman make any distinction between sending a man into a foreign country with United States forces, in the service of his own country exclusively, and a case where men are sent into a foreign country to act in behalf of the people of that country?

Mr. CALLAWAY. That is a hair-splitting proposition I do not care to go into.

Mr. REAVIS. Will the gentleman yield for a question?

Mr. CALLAWAY. I want to save the rest of my time for the other members of the committee.

The SPEAKER. The gentleman from Tennessee [Mr. PADGETT] has eight minutes remaining and the gentleman from Texas [Mr. CALLAWAY] has five minutes.

Mr. PADGETT. I yield five minutes of my time to the gentleman from Illinois [Mr. MANN].

Mr. MANN. Mr. Speaker, last summer and fall a treaty was negotiated between this country and the Republic of Haiti, signed by the representatives of the two Governments on the 10th day of September last. On the 8th day of January last the Secretary of State transmitted that treaty to the President of the United States with a letter, in which he said:

The undersigned, the Secretary of State, has the honor to submit, with a view to its transmission to the Senate, if you approve thereof, to receive the advice and consent of that body to its ratification, a treaty—

And so forth. On January 11 the President, having approved thereof, transmitted this treaty to the Senate of the United States for ratification.

On February 28 the treaty was ratified by the Senate. This is about the most distinctive act which the present administration has performed in our foreign relations. The treaty was approved by the President, and by the Secretary of State transmitted to a Democratic Senate, and approved by the Democratic Senate. It requires certain action on the part of the House of Representatives to carry that treaty into effect.

The treaty provides that the constabulary in the Haitian Republic shall be officered by officers of the United States Army or Navy. The President can not direct that without an act of Congress. The bill now pending before us was prepared in the State Department and the Navy Department jointly, and transmitted to Congress with the recommendation that it be passed. To-day the motion was made to suspend the rules. To bring it up for consideration required a vote on a second, which is usually dispensed with, and on that vote 46 Democrats voted against considering the bill—128 Republicans voted in favor of considering the bill. [Applause on the Republican side.] Eighty-eight Democrats, not a two-thirds majority of the Democratic side, followed the Republicans in voting to consider the bill. Not a Republican voted against considering the bill. Here is an administration measure. [Applause on the Republican side.] A few days ago I heard gentlemen on that side of the House say, "We must stand by the President, who has asked us to agree to the Clarke amendment to the Philippine bill." Every one of the 46 Democrats who voted against the consideration of this bill meekly and mildly excused himself for his vote the other day on the ground that he was following the President. They roasted the other Democrats who did not follow the President then. Well, gentlemen, you are not following him now.

Mr. HENSLEY. Mr. Speaker, will the gentleman yield?

Mr. MANN. No; I do not yield. It is much more important to this administration to carry out this treaty that it has made with Haiti than it was to have the Clarke amendment in the Philippine bill. You have gone back on your own administration. When it comes to great questions, when it comes to the important problems in dealing with our foreign affairs—

Mr. GORDON. Like the McLemore resolution—

Mr. MANN. When it comes to the important problems, during a whole century of time, all administrations must depend upon the Republican side of the House for support. [Applause on the Republican side.]

The SPEAKER. The gentleman from Texas has five minutes left and the gentleman from Tennessee three minutes.

Mr. CALLAWAY. I yield the time on this side to the gentleman from Missouri [Mr. HENSLEY].

Mr. HENSLEY. Mr. Speaker and gentlemen of the House, it was not my intention to submit any observations concerning this bill, but after listening to the arguments made by both those who are favorable to it and those who are against it I feel inclined to say something. I can not quite understand how the Members of the House can make such arguments in connection with this matter as I have heard made here to-day. I have faith in the intelligence and the honesty of the membership of this body and I can not believe that they, if they fully understood the meaning of this measure, would support it.

It is said by the chairman of the Committee on Naval Affairs and others that it is necessary to pass this bill in order to put into force and effect the treaty which has already been ratified by the Senate between this country and Haiti. There can not be any connection whatsoever between this bill and the treaty. The provisions of the treaty can be put into force and effect without this bill, which has for its purpose wholly the increase in pay of the men and officers in the marine service of this Government. The Good Book says that one can not serve two masters, and yet in the very terms of this bill there is a divided allegiance and a divided authority. The marines in the service of this Government, enjoying full pay from this Government with 20 per cent additional for the enlisted men and 10 per cent additional for the officers for foreign service, are, under the provisions of this bill, to receive a salary from the Haitian Government, fixed by certain officers.

The first bill submitted by the chairman of the committee provided explicitly that in addition to the pay from this country they are to receive the same pay of native men and officers of the Haitian Government in similar positions. I stated before the committee and I say now that if it is necessary for these men and officers to receive additional pay over and above what the law provides at the present time that upon a proper showing of that fact I am perfectly willing to vote for an increase, and I have no doubt but that they are entitled to an increase, but the money should be recovered from the Haitian Government by some means or other and the whole pay of our officers and men should be chargeable against the Treasury of this Government. In other words, they should be the servants of this Government even though a portion of the money they receive is first gotten from the Haitian Government. I think it is a bad principle. We bear the same relation to several other small Republics south of us that we bear to Haiti. Now, this will be used as a precedent in case this bill becomes a law, and we will find that bills on the same basis will be introduced to take care of our men and officers in these other countries. If this is necessary, why should not there be a general law to cover all such cases as this?

Then, too, Mr. Speaker, this Government must of necessity depend upon our representatives in these countries for information; and upon the question as to when our relations with these Governments should be changed information must come from these people, and it is as natural as the night follows the day that these people will be considering their own individual interests in reporting to this Government. I am informed now that several Members of the House have friends in the service besieging them for their influence in being detailed for this constabulary service at Haiti; and, in addition to this, there is another point that I wish to call your attention to. Peculiar and extraordinary conditions prevail throughout our country concerning the question of military preparedness. I have not the time to present to you my views with reference to the causes for this situation, but we all know that in this plea of patriotism, if we make military increases, the burden must rest somewhere. Patriotism necessarily requires service. The duty devolves upon the people to render that service, and I say here and now, Mr. Speaker, that my observations thus far during this session of Congress convince me that the military people, who are most instrumental in this propaganda for preparedness, are urging increases in every way they can. I appreciate that I should be more definite and certain in my statement. I should point out to you instances where officers and men are asking and receiving increases in provisions contained in different bills from time to time, but I warn you here and now that you will find from time to time as we progress with this movement that these people will be recognized in their demands for increases simply

because the people, they believe, are willing to stand for it now under the present stress of conditions.

In conclusion, Mr. Speaker, I desire again to say that I can not subscribe to this divided allegiance and divided authority. I want our people who are servants of this Nation to serve under the Stars and Stripes and not under the flag of any other nation. [Applause.]

Mr. PADGETT. Mr. Speaker, I yield three minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER. Mr. Speaker, the vote against the consideration of this bill, I feel sure, was due to misapprehension as to what in fact is its real purpose and effect. I fully concur in the view stated by the gentleman from Illinois [Mr. MANN] that the primary purpose of this bill is to make effective the treaty between this country and the Government of Haiti. The only opposition, so far as I understood, that was even suggested to the bill was due to the fact that it provided some possible additional pay for the officers and members of the Marine Corps who might be stationed there, such additional pay to come out of the revenues of the Government of Haiti.

The committee carefully guarded against any real objection that might be offered on that ground by providing in the bill that before any additional pay can be received by the officers or members of the Marine Corps, the President of the United States must first approve the same. The duty enjoined on officers and enlisted men of the Marine Corps who may be detailed for service in Haiti under the provisions of the bill are in many respects different from the duties ordinarily imposed on such officers and enlisted men. It has been correctly stated that they will have important administrative duties to perform.

Mr. CALLAWAY. Will the gentleman yield?

Mr. OLIVER. No; I can not yield now. I desire to say in support of the bill that it is my opinion that its passage is important in order to give full effect to the treaty between this Government and the Government of Haiti. The provisions, as stated, in reference to additional pay are fully guarded, and the Marine officers will be entitled to none, unless they first secure the approval of the President of the United States. [Applause.]

The proposed bill has been strongly urged by the Secretary of the Navy and the Secretary of State, and I will here insert in the RECORD as a part of my remarks and for the purpose of showing the necessity of this legislation letters from both of these Secretaries to the chairman of the Committee on Naval Affairs.

DEPARTMENT OF THE NAVY,
Washington, March 3, 1916.

MY DEAR MR. CHAIRMAN: In reply to the committee's letter, inclosing the bill (H. R. 12584) to authorize and empower officers and enlisted men of the Navy and Marine Corps to serve in the Government of Haiti, and for other purposes, and requesting my views and recommendations of the department thereon, I have the honor to inform you that the department recommends this bill for your favorable consideration.

However, to better accomplish the purpose of the bill, I suggest that it be redrafted in the form of the draft herein inclosed, which has been prepared with a view to a compliance with those provisions of the treaty with Haiti which require the detail for various positions under the Government of the Republic of Haiti of officers and enlisted men of the naval service.

The bill (H. R. 12584) provides for the detail of officers and enlisted men of the naval service to serve with the Haitian Gendarmerie, without reference to the approval by the Government of Haiti, contrary to the provisions of the treaty.

The first proviso in the bill that officers and enlisted men detailed for service with the Haitian Gendarmerie "shall receive the pay and allowances of their grades in the Marine Corps and in the Medical Corps and Hospital Corps of the Navy" is ambiguous for the reason that there are several ranks in some of the grades, and that the rate of pay of the individual may be based rather on his rank than on his grade. In the Quartermaster's Department of the Marine Corps there are only two grades, those of quartermaster and assistant quartermaster, whereas there is one rank in the upper grade, that of colonel, and three ranks in the lower grade, those of lieutenant colonel, major, and captain.

Among the articles of the treaty are the following:

"The President of Haiti shall appoint, upon nomination by the President of the United States, a general receiver and such aids and employees as may be necessary, who shall collect, receive, and apply all customs duties on imports and exports accruing at the several customhouses and ports of entry of the Republic of Haiti."

"Upon the appointment of the financial adviser the Government of the Republic of Haiti, in cooperation with the financial adviser, shall collate, classify, arrange, and make full statement of all the debts of the Republic, the amounts, character, maturity, and condition thereof, and the interest accruing and the sinking fund requisite to their final discharge."

I have been advised that it is the intention to appoint temporarily, and until some further arrangements are made, officers of the line of the Pay Corps of the Navy to the positions provided for in the above articles of the treaty. To provide for this contingency it is deemed necessary that the language in section 1 of the inclosed draft should be employed.

According to the information received by the department, an additional medical officer is desired by the Haitian Government to supervise sanitary measures, and I suggest that provision be made for an increase in the Medical Corps of one surgeon and two passed assistant surgeons, as set forth in the inclosed draft; also that provision be made for the increase of five hospital stewards and two hospital apprentices, first class, in order to provide for the detail of men of those ratings.

The increases noted in the proposed draft are only to replace such officers and enlisted men as may be detailed for service under the Republic of Haiti, and the numbers proposed are in accordance with the plans submitted to the department as having been determined upon and approved after consultation with the Haitian Government. The Marine Corps is now very short of officers and noncommissioned officers, and the Medical Department of the Navy is in a similar condition, and it would seriously embarrass the service to furnish the proposed detail for the Haitian Republic unless legislative provision were made to fill the vacancies so caused. I am informed that it is very desirable to secure the speedy enactment of such legislation, since the plans for assistance of the Republic of Haiti can not be carried into effect without the details being made from the naval service; and, as you are aware, officers of the Navy and Marine Corps can not legally assume or hold offices under the Haitian Government owing to the provisions of Article I, section 9, clause 8, of the Constitution, without the consent of Congress.

Sincerely, yours,

JOSEPHUS DANIELS, Secretary of the Navy.

The CHAIRMAN COMMITTEE ON NAVAL AFFAIRS, House of Representatives.

DEPARTMENT OF STATE, Washington, March 4, 1916.

HON. LEMUEL P. PADGETT, Chairman Committee on Naval Affairs, House of Representatives.

SIR: I have the honor to acknowledge the receipt of your letter of March 3, 1916, with which you were good enough to inclose a copy of House resolution 12584, entitled "A bill to authorize and empower officers and enlisted men of the Navy and Marine Corps to serve under the Government of Haiti, and for other purposes."

In reply to your request for an expression of my opinion on the bill, I venture to suggest that if it meets with your approval the bill be redrafted in the form of the inclosure herewith, which I understand has been already submitted to your consideration by the Secretary of the Navy.

You will note certain increases in the numbers of sergeants, hospital stewards, and hospital apprentices, first class, which have been suggested by the Department of the Navy.

Now that the treaty between the United States and the Republic of Haiti, signed at Port au Prince on September 16, 1915, and approved by the Haitian Chambers November 11, has been ratified by the United States Senate, it is most desirable that every effort should be made to put the provisions thereof in operation with the least delay, and it is therefore my earnest hope that favorable action may be taken upon the bill at the earliest moment possible.

I can not too strongly recommend that officers and enlisted men of the Navy and Marine Corps of the United States can be made available for service in Haiti, not only because I am convinced that the purpose of the treaty would be most advantageously carried to a successful completion by them, but particularly on account of the fact that by their excellent behavior and considerate bearing they have gained the confidence and esteem of the Government and people of Haiti, toward whom this Government has now assumed great responsibilities and obligations.

It is needless for me to assure you that I shall be most happy to be of any assistance in this connection, and I beg to thank you for your courtesy in affording me an opportunity to express an opinion in the matter.

I have the honor to be, sir, Your obedient servant,

ROBERT LANSING.

The SPEAKER. The question is on suspending the rules and passing the bill.

Mr. CALLAWAY. Mr. Speaker, I demand the yeas and nays. The yeas and nays were ordered.

The question was taken; and there were—yeas 230, nays 53, answered "present" 6, not voting 135, as follows:

YEAS—230.

Table listing names of members who voted 'Yeas' (230 total). Includes names like Abercrombie, Dallinger, Glynn, King, etc.

Table listing names of members who voted 'Nays' (53 total). Includes names like Olney, Riordan, Snell, Temple, etc.

NAYS—53.

Table listing names of members who voted 'Present' (6 total). Includes names like Almon, Edwards, Lloyd, Taylor, Ark., etc.

ANSWERED "PRESENT"—6.

Table listing names of members who answered 'Present' (6 total). Includes names like Caraway, Helgesen, Moon, Reilly, Shackelford.

NOT VOTING—135.

Table listing names of members who did not vote (135 total). Includes names like Adair, Edmonds, Kitchen, Pou, etc.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following additional pairs:

On the vote:

Mr. TALBOTT (for Padgett bill) with Mr. CARAWAY (against). Mr. PATTEN (for Padgett bill) with Mr. REILLY (against).

Until further notice:

Mr. WHALEY with Mr. MUDD. Mr. HAY with Mr. GOULD.

Mr. AIKEN with Mr. BARCHFIELD.

Mr. FLOOD with Mr. FORDNEY.

Mr. KITCHIN with Mr. MCKINLEY.

Mr. LOFT with Mr. WALSH.

Mr. CLARK of Florida with Mr. DRUKKER.

Mr. DAVIS of Texas with Mr. KREIDER.

Mr. BOOHER with Mr. HAYES.

Mr. SHERWOOD with Mr. MOTT.

Mr. STOUT with Mr. WINSLOW.

Mr. VENABLE with Mr. BEALES.

Mr. BORLAND with Mr. HUTCHINSON.

Mr. MONTAGUE with Mr. STINESS.

Mr. RAINEY with Mr. NICHOLS of Michigan.

Mr. GRIFFIN with Mr. SELLS.

Mr. COLLIER with Mr. MOSS of West Virginia.

Mr. SEARS with Mr. SMITH of Idaho.

Mr. CONNELLY with Mr. HOPWOOD.

Mr. CONRY with Mr. COLEMAN.

Mr. SAUNDERS with Mr. COSTELLO.

Mr. CARAWAY. Mr. Speaker, I voted "nay" and I am paired with the gentleman from Maryland, Mr. TALBOTT. I desire to withdraw my vote of "nay" and answer "present."

The name of Mr. CARAWAY was called, and he answered "Present."

Mr. REILLY. Mr. Speaker, I voted "nay." I am paired with the gentleman from New York, Mr. PATTEN. I desire to withdraw that vote and answer "present."

The name of Mr. REILLY was called, and he answered "Present."

The result of the vote was announced as above recorded.

Mr. TEMPLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a letter from the Secretary of State and one from Col. Lejeune, of the Marine Corps, and also a copy of the treaty, all bearing on the bill that has just been passed.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD on the bill passed in the manner indicated. Is there objection?

There was no objection.

The letter and treaty referred to are as follows:

DEPARTMENT OF STATE,
Washington, April 10, 1916.

The Hon. H. W. TEMPLE,
House of Representatives.

SIR: I have the honor to acknowledge the receipt of your communication of the 6th instant in which, referring to House bill 12835, authorizing officers and enlisted men of the Navy and Marine Corps of the United States to serve under the Government of the Republic of Haiti, and authorizing an increase both in the Marine Corps and the Navy, you request further information concerning the purpose for which these officers and men are to be used and how such service differs from that which is performed by the Marine Corps in other services.

You are doubtless aware that a detachment of the Marine Corps of the United States is serving at Peking, China, and that another detachment is performing similar duties at Managua, Nicaragua. Their duties are, as the nature of their service implies, to protect the property and personnel of the respective legations.

The duty contemplated by the bill now under consideration, and which will comprise the only other foreign duty of a permanent nature now being performed by the Marine Corps, differs in that such service contemplates their nomination as officers of the Haitian constabulary, provided for in the treaty between the United States and the Republic of Haiti of September 6, 1915, a copy of which, in accordance with your request, I take pleasure in inclosing. Under the operation of this treaty and the exercise of the good offices of the United States the army of Haiti has been entirely disbanded and replaced by a native constabulary, temporarily officered by officers and men of the United States Marine Corps and naval forces.

The important obligation assumed by us to guarantee the protection of life and property, the maintenance of order, and the establishment of an adequate police force in that Republic renders it highly expedient that, until such time as the Haitians may have proven their ability to act in such capacity, the officers and men of the Marine Corps of the United States be duly authorized to act in the capacity contemplated by the bill now under discussion.

Noting with great pleasure that you are inclined to lend this measure your support, and trusting that the information herein contained may satisfactorily answer your inquiry,

I have the honor to be, sir, your obedient servant.

ROBERT LANSING.

(Inclosure: As stated.)

HEADQUARTERS UNITED STATES MARINE CORPS,
COMMANDANT'S OFFICE,
Washington, April 7, 1916.

Hon. H. W. TEMPLE, M. C.,
House of Representatives, Washington, D. C.

MY DEAR MR. TEMPLE: Your letter of the 6th instant, in regard to Mr. PADGETT'S bill, H. R. 12835, has been received, and in the temporary absence of the major general commandant I have the honor to reply as follows:

The only foreign countries, except Haiti, in which marines are now serving are China and Nicaragua. At Peking there are 9 officers and 337 enlisted men, and at Managua, Nicaragua, there are 3 officers and 107 enlisted men; these detachments serving as legationary guards for the protection of the ministers and their suites, and of other Americans and their property, from the violence of the turbulent, disorderly, and revolutionary elements in those countries. Such protection was found necessary because of the extreme instability of the Governments, the former detachment having been established in September, 1905, relieving an Army detachment, and the latter in November, 1912.

The First Brigade of Marines, consisting at present of 82 officers and 1,665 enlisted men, is now serving on shore in Haiti, engaged in the preservation of life, property, and tranquillity in that country. The brigade landed in July and August, 1915, and succeeded in a short time in reducing a state of disorder and anarchy to one of order and peace.

The military and police forces of Haiti have been found unreliable and have been abolished. It is proposed to organize and train a gendarmerie composed of native Haitians to assist in and eventually to take over most of the work now being done by the marines. It will be necessary that this force be temporarily officered largely by Americans in order to insure its efficiency and to place it on a sound basis from the start. The treaty signed September 16, 1915, and ratified by the Senate on February 28, 1916, provides for the detail of such officers by the President of Haiti on the nomination of the President of the United States. Marine officers and noncommissioned officers are at present assisting informally in the organization and training of this gendarmerie, but are prohibited by the Constitution from accepting positions contemplated by the treaty above referred to without the authority of Congress.

The bill to which you refer gives the necessary authority of Congress, and provides for the replacing of the officers and enlisted men

detached for this duty. Without the provision for filling the places of those necessarily separated from their ordinary duty, the corps would be very seriously handicapped in the discharge of its normal functions. I trust that the foregoing contains the information that you desire.

Very respectfully,

JOHN A. LEJEUNE,
Colonel, United States Marine Corps.

To the Senate:

With a view to receiving the advice and consent of the Senate to its ratification, I transmit herewith a treaty between the United States and the Republic of Haiti, signed at Port au Prince on September 16, 1915, having for its objects the strengthening of the amity existing between the two countries, the remedying of the present condition of the revenues and finances of Haiti, the maintenance of the tranquillity of that Republic, and the carrying out of plans for its economic development and prosperity.

WOODROW WILSON.

The WHITE HOUSE,
Washington, January 11, 1916.

The PRESIDENT:

The undersigned the Secretary of State has the honor to submit, with a view to its transmission to the Senate, if you approve thereof, to receive the advice and consent of that body to its ratification, a treaty between the United States, and the Republic of Haiti, signed at Port au Prince on September 16, 1915, having for its objects the strengthening of the amity existing between the two countries, the remedying of the present condition of the revenues and finances of Haiti, the maintenance of the tranquillity of that Republic, and the carrying out of plans for its economic development and prosperity.

Respectfully submitted.

ROBERT LANSING.

DEPARTMENT OF STATE,
Washington, January 8, 1916.

TREATY BETWEEN THE UNITED STATES AND THE REPUBLIC OF HAITI.

PREAMBLE.

The United States and the Republic of Haiti desiring to confirm and strengthen the amity existing between them by the most cordial cooperation in measures for their common advantage;

And the Republic of Haiti desiring to remedy the present condition of its revenues and finances, to maintain the tranquillity of the Republic, to carry out plans for the economic development and prosperity of the Republic and its people;

And the United States being in full sympathy with all of these aims and objects and desiring to contribute in all proper ways to their accomplishment;

The United States and the Republic of Haiti have resolved to conclude a convention with these objects in view, and have appointed for that purpose plenipotentiaries.

The President of the United States, Robert Beale Davis, Jr., chargé d'affaires of the United States;

And the President of the Republic of Haiti, Louis Borno, secretary of state for foreign affairs and public instruction, who, having exhibited to each other their respective powers, which are seen to be full in good and true form, have agreed as follows:

ARTICLE I.

The Government of the United States will, by its good offices, aid the Haitian Government in the proper and efficient development of its agricultural, mineral, and commercial resources and in the establishment of the finances of Haiti on a firm and solid basis.

ARTICLE II.

The President of Haiti shall appoint, upon nomination by the President of the United States, a general receiver and such aids and employees as may be necessary, who shall collect, receive, and apply all customs duties on imports and exports accruing at the several customhouses and ports of entry of the Republic of Haiti.

The President of Haiti shall appoint, upon nomination by the President of the United States, a financial adviser, who shall be an officer attached to the Ministry of Finance, to give effect to whose proposals and labors the minister will lend efficient aid. The financial adviser shall devise an adequate system of public accounting, aid in increasing the revenues and adjusting them to the expenses, inquire into the validity of the debts of the Republic, enlighten both Governments with reference to all eventual debts, recommend improved methods of collecting and applying the revenues, and make such other recommendations to the minister of finance as may be deemed necessary for the welfare and prosperity of Haiti.

ARTICLE III.

The Government of the Republic of Haiti will provide by law or appropriate decrees for the payment of all customs duties to the general receiver, and will extend to the receivership and to the financial adviser all needful aid and full protection in the execution of the powers conferred and duties imposed herein; and the United States on its part will extend like aid and protection.

ARTICLE IV.

Upon the appointment of the financial adviser the Government of the Republic of Haiti, in cooperation with the financial adviser, shall collate, classify, arrange, and make full statement of all the debts of the Republic, the amounts, character, maturity, and condition thereof, and the interest accruing and the sinking fund requisite to their final discharge.

ARTICLE V.

All sums collected and received by the general receiver shall be applied, first, to the payment of the salaries and allowances of the general receiver, his assistants and employees and expenses of the receivership, including the salary and expenses of the financial adviser, which salaries will be determined by previous agreement; second, to the interest and sinking fund of the public debt of the Republic of Haiti; and, third, to the maintenance of the constabulary referred to in Article X, and then the remainder to the Haitian Government for purposes of current expenses.

In making these applications the general receiver will proceed to pay salaries and allowances monthly and expenses as they arise, and on the first of each calendar month will set aside in a separate fund the quantum of the collection and receipts of the previous month.

ARTICLE VI.

The expenses of the receivership, including salaries and allowances of the general receiver, his assistants and employees, and the salary and expenses of the financial adviser, shall not exceed 5 per cent of the collections and receipts from customs duties, unless by agreement by the two Governments.

ARTICLE VII.

The general receiver shall make monthly reports of all collections, receipts, and disbursements to the appropriate officer of the Republic of Haiti and to the Department of State of the United States, which reports shall be open to inspection and verification at all times by the appropriate authorities of each of the said Governments.

ARTICLE VIII.

The Republic of Haiti shall not increase its public debt except by previous agreement with the President of the United States, and shall not contract any debt or assume any financial obligation unless the ordinary revenues of the Republic available for that purpose, after defraying the expenses of the Government, shall be adequate to pay the interest and provide a sinking fund for the final discharge of such debt.

ARTICLE IX.

The Republic of Haiti will not without a previous agreement with the President of the United States modify the customs duties in a manner to reduce the revenues therefrom; and in order that the revenues of the Republic may be adequate to meet the public debt and the expenses of the Government, to preserve tranquillity, and to promote material prosperity, the Republic of Haiti will cooperate with the financial adviser in his recommendations for improvement in the methods of collecting and disbursing the revenues and for new sources of needed income.

ARTICLE X.

The Haitian Government obligates itself, for the preservation of domestic peace, the security of individual rights, and full observance of the provisions of this treaty, to create without delay an efficient constabulary, urban and rural, composed of native Haitians. This constabulary shall be organized and officered by Americans, appointed by the President of Haiti, upon nomination by the President of the United States. The Haitian Government shall clothe these officers with the proper and necessary authority and uphold them in the performance of their functions. These officers will be replaced by Haitians as they, by examination conducted under direction of a board to be selected by the senior American officer of this constabulary and in the presence of a representative of the Haitian Government, are found to be qualified to assume such duties. The constabulary herein provided for shall, under the direction of the Haitian Government, have supervision and control of arms and ammunition, military supplies, and traffic therein throughout the country. The high contracting parties agree that the stipulations in this article are necessary to prevent factional strife and disturbances.

ARTICLE XI.

The Government of Haiti agrees not to surrender any of the territory of the Republic of Haiti, by sale, lease, or otherwise, or jurisdiction over such territory, to any foreign Government or power, nor to enter into any treaty or contract with any foreign power or powers that will impair or tend to impair the independence of Haiti.

ARTICLE XII.

The Haitian Government agrees to execute with the United States a protocol for the settlement, by arbitration or otherwise, of all pending pecuniary claims of foreign corporations, companies, citizens, or subjects against Haiti.

ARTICLE XIII.

The Republic of Haiti, being desirous to further the development of its natural resources, agrees to undertake and execute such measures as in the opinion of the high contracting parties may be necessary for the sanitation and public improvement of the Republic, under the supervision and direction of an engineer or engineers, to be appointed by the President of Haiti upon nomination by the President of the United States, and authorized for that purpose by the Government of Haiti.

ARTICLE XIV.

The high contracting parties shall have authority to take such steps as may be necessary to insure the complete attainment of any of the objects comprehended in this treaty; and, should the necessity occur, the United States will lend an efficient aid for the preservation of Haitian independence and the maintenance of a government adequate for the protection of life, property, and individual liberty.

ARTICLE XV.

The present treaty shall be approved and ratified by the high contracting parties in conformity with their respective laws, and the ratifications thereof shall be exchanged in the city of Washington as soon as may be possible.

ARTICLE XVI.

The present treaty shall remain in full force and virtue for the term of 10 years, to be counted from the day of exchange of ratifications, and further for another term of 10 years if, for specific reasons presented by either of the high contracting parties, the purpose of this treaty has not been fully accomplished.

In faith whereof, the respective plenipotentiaries have signed the present convention in duplicate, in the English and French languages, and have thereunto affixed their seals.

Done at Port au Prince, Haiti, the 16th day of September, A. D. 1915.

[SEAL.]

ROBERT BEALE DAVIS, JR.,
Chargé d'Affairs of the United States.

[SEAL.]

LOUIS BORO,
Secretary of State for Foreign Affairs and Public Instruction.

Mr. HENSLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the bill that has just been passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the bill just passed.

The SPEAKER. Is there objection?

There was no objection.

PREVENTION AND TREATMENT OF LEPROSY IN THE UNITED STATES.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 193) to provide for the care and treatment of persons afflicted with leprosy and to prevent the spread of leprosy in the United States.

The SPEAKER. Is there objection?

Mr. MOON. Mr. Speaker, I object.

Mr. ADAMSON. Mr. Speaker, will the gentleman object to passing it over without prejudice?

Mr. MOON. No.

Mr. ADAMSON. Then I so request.

The SPEAKER. Is there objection?

There was no objection.

Mr. ADAMSON. Mr. Speaker, would the Chair entertain a motion to suspend the rules?

The SPEAKER. He will.

Mr. ADAMSON. Then, Mr. Speaker, I move to suspend the rules and pass the bill as amended, and in addition to the committee amendment I suggest an amendment, on page 2, in line 21, to strike out the words "or homes."

The SPEAKER. The Clerk will report the bill with amendments.

The Clerk read as follows:

Be it enacted, etc., That for the purpose of carrying out the provisions of this act the Secretary of the Treasury is authorized to select and obtain, by purchase or otherwise, a site suitable for the establishment of a home for the care and treatment of persons afflicted with leprosy, to be administered by the United States Public Health Service; and either the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, or the Secretary of Agriculture is authorized to transfer to the Secretary of the Treasury any abandoned military, naval, or other reservation suitable for the purpose, or as much thereof as may be necessary, with all buildings and improvements thereon, to be used for the purpose of said home or homes.

SEC. 2. That there shall be received into said home, under regulations prepared by the Surgeon General of the Public Health Service, with the approval of the Secretary of the Treasury, any person afflicted with leprosy who presents himself or herself for care, detention, and treatment, or who may be apprehended under authority of the United States quarantine acts, or any person afflicted with leprosy duly consigned to said home by the proper health authorities of any State, Territory, or the District of Columbia. The Surgeon General of the Public Health Service is authorized, upon request of said authorities, to send for any person afflicted with leprosy within their respective jurisdictions, and to convey said person to such home for detention and treatment, and when the transportation of any such person is undertaken for the protection of the public health, the expense of such removal shall be paid from funds set aside for the maintenance of said home.

SEC. 3. That regulations shall be prepared by the Surgeon General of the Public Health Service, with the approval of the Secretary of the Treasury, for the government and administration of said home and for the apprehension, detention, treatment, and release of all persons who are inmates thereof.

SEC. 4. That the Secretary of the Treasury be, and he is hereby, authorized to cause the erection upon such site of suitable and necessary buildings for the purposes of this act at a cost not to exceed the sum herein appropriated for such purpose.

SEC. 5. That when any commissioned or other officer of the Public Health Service is detailed for duty at the home herein provided for he shall receive, in addition to the pay and allowances of his grade, one-half the pay of said grade and such allowances as may be provided by the Surgeon General of the Public Health Service, with the approval of the Secretary of the Treasury.

SEC. 6. That for the purposes of carrying out the provisions of this act there is hereby appropriated, from any money in the Treasury not otherwise appropriated, the sum of \$250,000, or as much thereof as may be necessary, for the preparation of said home, including the erection of necessary buildings, the maintenance of the patients, pay and maintenance of necessary officers and employees, until June 30, 1917.

The SPEAKER. Is a second demanded?

Mr. MANN. Mr. Speaker, I demand a second.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Georgia is entitled to 20 minutes and the gentleman from Illinois to 20 minutes.

Mr. ADAMSON. Mr. Speaker, I do not care to consume much time. The gentleman from Virginia [Mr. MONTAGUE] prepared the bill for presentation. I will take just a minute to state that it is the same bill that we passed last year, I think, with practical unanimity. It was not considered in the Senate. There is a tremendous demand for this all over the country on account of the increasing number of lepers that are upon different communities in the United States. I hope there will be no trouble about passing the bill. I reserve the remainder of my time.

The SPEAKER. Does the gentleman from Illinois care to consume his time?

Mr. MANN. No.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

SESSION OF UNITED STATES COURT AT DURANGO, COLO.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 13765) to amend section 73 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911.

The SPEAKER. Is there objection?

Mr. MOON. Mr. Speaker, I reserve the right to object.

Mr. TAYLOR of Colorado. Mr. Speaker, will the gentleman from Tennessee [Mr. Moon] withhold his objection and permit me to make a brief statement in respect to this bill?

Mr. MOON. Yes.

Mr. TAYLOR of Colorado. Mr. Speaker, I earnestly hope that neither the gentleman from Tennessee [Mr. Moon] nor anyone else will object to the consideration of this bill, because it is of very great importance to the people and the business interests of southwestern Colorado. At the present time the State of Colorado is one Federal judicial district. Terms of court are now held in Denver, Pueblo, and Montrose, and the purpose of this bill is to establish an additional term of court in the city of Durango.

Durango is a city of some five or six thousand population and is practically 500 miles from Denver. The business interests, the lawyers, litigants, and all people in the five counties of the southwestern part of Colorado are exceedingly anxious to have a term of court established at that city. The expense at the present time, and ever since Colorado was admitted into the Union, of taking Federal business from that portion of the State to Denver for trial has been very burdensome. In fact, it is prohibitive to litigants of ordinary means. For instance, when a poor man brings a suit in the State court, which is a case that can be transmitted to the Federal court, and the defense elects to transfer it to that court, and takes the case to Denver, it practically prevents the plaintiff from following up, and he is virtually denied his rights.

The board of county commissioners of La Plata County, Colo., in which the city of Durango is located, have filed a guaranty to furnish court rooms for the holding of terms of court, including fuel, light, heat, and janitor services, free and without any expense to the Government until such time as a public building can be constructed in that city. That guaranty is in the form of a resolution, as follows:

RESOLUTION.

Whereas there is now pending before Congress a bill (H. R. 22) to amend the laws relating to the judiciary and to establish a term of the Federal court in the city of Durango, La Plata County, Colo.: Now, therefore, be it

Resolved by the board of county commissioners of said La Plata County, That in consideration of the passage of said bill and establishing a term of the Federal court in the city of Durango, La Plata County, Colo., said La Plata County hereby agrees to furnish court room for the holding of said term of court, including fuel, light, heat, and janitor service, free and without expense to the Government, until such time as a public building may be constructed in the city of Durango.

Passed and approved this 10th day of March, A. D. 1916.

Attest: A. E. REECH, Chairman.
OLIVE ORME, County Clerk.

STATE OF COLORADO,
County of La Plata, ss:

I, Olive Orme, county clerk within and for said La Plata County, do hereby certify the above to be a true and correct copy of a resolution passed and approved by the board of county commissioners of said La Plata County on the 10th day of March, A. D. 1916. In testimony whereof I have hereunto affixed my name and the seal of said county at Durango, Colo., this 10th day of March, A. D. 1916.

[SEAL.] OLIVE ORME,
County Clerk and Recorder.

A public building at Durango was authorized by Congress some four years ago and the Supervising Architect is preparing to construct that building now. And the people are desirous of having a suitable provision made in that building for the Federal court, and such provision can not be made excepting by authority of Congress in the form of the passage of a bill of this kind. So that there is an emergency for the passage of this bill as soon as possible.

The Southwestern Colorado Bar Association has prepared a statement upon this subject which is very complete, and I ask to have it inserted in the RECORD as a part of my remarks, as follows:

DURANGO, COLO., March 11, 1916.

To the DURANGO EXCHANGE,
Durango, Colo.

GENTLEMEN: The Southwestern Bar Association is very much interested in the establishment of a Federal court at Durango, and at your suggestion has taken up the matter of the bill introduced by Mr. TAYLOR for that purpose, together with the suggestions made by Judge Robert E. Lewis. A canvass of the bar association and a study of the conditions show:

1. That the members of the bar to a man are unwilling to accept any provision which does not fix a definite, regular term of court to be held here if there is any business to be transacted.

2. They have no desire to cause expense or to compel the attendance of the court and officials when there is no business to transact, and to the end that the suggestions made by Judge Lewis may be met they are willing that the bill be so amended as to provide:

(a) That when there are no cases to be tried and no business to be transacted the term may be continued or adjourned by the judge in chambers at Denver.

(b) That jurors for each term may be selected from such counties as the judge may designate.

3. The board of county commissioners have by resolution agreed to furnish a courtroom, light, heat, and janitor service, without expense to the Government until such time as a public building may be constructed. Provision for such construction has been made and the site has been purchased. A certified copy of said resolution is herewith transmitted.

4. An office of the district clerk in Durango is maintained in the courthouse. The clerk is in attendance there every day and is available in all business hours. If he were also appointed clerk of the United States court the expense of that office would be nominal, and business could be transacted as readily and promptly as at the offices in Denver and Pueblo.

Under these conditions we feel that the establishment of a term of court here will not involve any considerable expense or serious inconvenience to the judge and court officials, and we think there is no valid objection to the establishment of such court.

The greater part of this district is distant from Denver at least 500 miles. It takes practically 24 hours to get to Denver from Durango, and a day longer from some other portions of the district. It takes substantially the same time and almost the same cost to reach Pueblo, and the only train service to Pueblo lands us there at 1 or 2 o'clock in the morning and makes us leave there at about midnight. It takes as long to reach Montrose, and because of higher rates over the Southern Railroad the expense is about as great as to reach Denver, and the conveniences of travel are very limited. Under these conditions it is preferable to transact the Federal court business from this district at Denver rather than at Montrose or Pueblo, and it is a hardship which should not be imposed upon our people to require them to attend at any of these places.

The bar association has been unable to get any complete data as to the business from this section which has been transacted in the Federal court. It has no record of such business outside of this county, and has no complete record of the business here. Reports made by a part only of the local attorneys to our committee show that they have been interested in the last few years in some 150 matters in the Federal court. The United States commissioner at this place has had upward of 125 cases from 1907 to this time. There are other commissioners in the district and several other counties which would be included in a Federal district to be formed, and the amount of business from these counties has been considerable. At one time, when the mining business was active, there were some 40 mining cases from Dolores County alone pending in the Federal court. During last summer there was tried in Denver a case from this section where more than 150 witnesses were taken to Denver. We think it will appear that the costs to the Government in its cases against the Porter Fuel Co., the New Mexico Lumber Co., the Pagosa Lumber Co., the Denver & Rio Grande Railroad Co., and other cases where a large number of witnesses were required, would maintain a local court here for a great many years. It has happened that most of the larger cases, involving the greatest expense and the largest number of witnesses, arising in this section have not been heard by Judge Lewis, but have been heard by Judges Trieber, Riner, Marshall, and others. For this reason, probably, Judge Lewis is not fully aware of the extent of the business actually arising in this section.

We suggest, further, that in all probability the Federal court business hereafter will increase rather than diminish, for the following reasons:

1. There is a land office here, within whose jurisdiction all kinds of public-land business is transacted and from which before long appeals to the courts will probably be allowed.

2. There are two Indian reservations, with separate agencies, schools, and irrigation projects, and with all questions arising on account thereof or on account of dealings with the Indians.

3. There are two large forest reserves with district offices within this district from the administration of which the usual questions pertaining thereto may be expected to arise.

4. There are a large number of mining districts now again actively engaged in mining. A very large proportion of the properties are owned by foreign corporations or nonresident individuals. There is renewed activity in all these camps, resulting from better prices for products and improved methods, and as well from new discoveries of precious metals and new metals.

5. There are several national banks, having the right in certain cases to sue and be sued in Federal courts.

6. The counties, schools, cities, towns, irrigation districts, power plants, mines, and industrial corporations have outstanding large issues of bonds held by nonresidents.

7. There are a large number of irrigation ditches and projected irrigation ditches, heading in Colorado and covering New Mexico lands. It can readily be seen that this condition is certain to furnish a very considerable business for the Federal courts.

8. There are seven large rivers rising in Colorado and running into New Mexico, Utah, Arizona, and California, and interstate questions as to rights to the use of water and as to respective priorities are continually arising.

9. Important questions are arising as to the priority of the Indians as to the right to use water as against the whites who have made actual, prior usage. These questions will arise as to practically all of our streams, and before long must be settled in the Federal courts.

10. This section is geographically and commercially intimately connected with northwestern New Mexico and southeastern Utah, both rapidly growing and developing communities, and controversies arising out of these relations between citizens of different States must result from this intercourse.

To the above matters may be added the facts that there is a large power plant owned and operated by a foreign corporation, which covers a large part of the territory of this district; that a considerable quantity of land has been sold by the Government with coal and mineral rights reserved to the United States; that the Government surveys of lands are very irregular and defective; and that the boundary line between Colorado and New Mexico has never been satisfactorily adjusted, and perhaps dozens of other circumstances from which Federal questions might arise.

In the course of our investigations a matter has come to our attention which we think should be mentioned. We find that several cases (par-

ticularly damage cases) have been removed from the local courts to the Federal courts, with the result that the plaintiff was unable to follow them there and to further prosecute them. We are not advised as to the merits of these cases, but certain it is that their removal to Denver and Pueblo deprived the plaintiffs in these cases of the opportunity to have tried the question involved. This condition ought not to exist, and if for no other reason there should be a Federal court within easy reach where such cases might be tried.

We have a list of the title of something over 200 cases which we can furnish you if desired, and we will endeavor to get returns from other counties, which will largely increase the number. It has been impossible for us to make anything like a full list of the cases from this section, but we have found that a very considerable amount of business, some of which was very important, has originated from this section. A very considerable number of the cases arising in this section have been in charge of Denver attorneys, and consequently are not found on the dockets of our local attorneys.

We ask you to join us in urging the passage of the bill and suggest that you concur in the amendments indicated if such amendments meet with the approval of Mr. TAYLOR.

Respectfully,

THE SOUTHWESTERN COLORADO BAR ASSOCIATION,
By REESE McCLOSKEY, *President*.
ROBT. S. CLEMENTS, *Secretary*.

REESE McCLOSKEY,
ROBT. S. CLEMENTS,
B. W. RITTER,
Committee.

It will be observed from the bill that I have therein provided that whenever there is no business to be transacted in any year, if such should ever be the case, that the judge may adjourn the term of court by an order issued at chambers in Denver, and thereby be relieved of the expense and inconvenience of making the trip to Durango. The Judiciary Committee have investigated this matter very carefully and made a complete, unanimous, and strongly favorable recommendation.

Mr. DYER. Will the gentleman yield?

Mr. TAYLOR of Colorado. I will.

Mr. DYER. I just want to state in addition to what the gentleman from Colorado has said that the Committee on the Judiciary of the House had hearings upon this bill and considered it and were unanimous in making a favorable report.

Mr. MOON. May I ask the gentleman from Colorado has he consulted the gentleman from Illinois [Mr. MANN] as to whether this bill should be passed or not?

Mr. TAYLOR of Colorado. I will say yes. [Laughter.] I asked the minority leader just a few minutes ago whether or not he had any objections to this bill, and he very frankly told me he had not. I do not always ask the gentleman from Illinois about my bills, but sometimes I do. This matter is of so much importance to the people of the southern part of my district, that, out of over anxiety, I might say, for the passage of the bill, I endeavored to ascertain whether or not there was going to be any systematic opposition to it on the part of the minority. In view of the number of bills that have been slaughtered here to-day I do not want to take any chances on getting this bill killed if I can possibly avoid it.

Mr. MOON. And he did not object. Mr. Speaker, I want to make a statement for a moment or two. I am not making any captious objection to these bills. I am willing that any bill upon the calendar should pass by a vote of the House of Representatives if it is entitled to pass, but there is a condition existing here that I think is improper. This House took from the Speaker the right of recognition on unanimous-consent requests, and it seems by common consent that everybody now goes to the gentleman from Illinois [Mr. MANN] to see whether he will object or not. I had a bill here to-day to which the gentleman objected that is identical with the bill of the gentleman from Colorado except that he hopes to have a place fixed for his court, and we have already got the place. That is all the difference between them. Just like the balance of you gentlemen, I talked with my friend [Mr. MANN] about the propriety of this matter some time ago, and he wanted to know how many cases arose in that county. Well, I could not tell him how many cases came up in a single county. I knew that division of the State had an immense amount of litigation and that that county furnished a great part of it, and I said I would send for the statement, but it had not come. Now he persists in his objection to a local measure of this kind. He proposes to determine for himself whether my bill shall pass or not. He does not make any objection to the bill of the gentleman from Colorado and does not make any objection to others.

Mr. TAYLOR of Colorado. Will the gentleman permit an interruption?

Mr. MOON. I will.

Mr. TAYLOR of Colorado. I may say the gentleman from Illinois did not agree not to object to it, but he said—

Mr. MOON. I want to say this: The gentleman from Illinois [Mr. MANN] had the right, and I am not questioning his right, to make objections to any bill in this House to which he sees fit to make objection, but when a simple measure like the one I

have already referred to is presented in this House, nothing in the world in it except to hold court at two places in one county in a division, not changed or altered by the terms of the law, for the convenience of the lawyers and the convenience of the public, there comes that objection. Under such conditions I felt that it was about time in this House that bills cease to pass by unanimous consent, if a measure of that sort could not pass. I have no objection, of course, to the bills, but I have to the method of procedure—to this method of the minority leader determining in this House as to whether measures shall be passed or not because he likes or dislikes certain Democrats who may have them up. Now, why did not the gentleman object to that bill? He objected to mine. As I said, the gentleman has the right to object to my bill or anybody else's bill, I concede he has the right to continually make any sort of remark that he sees fit, until he gets to the danger line, and then very probably he will not make them—remarks about Members who are not even engaged in the debate, as he did in reference to myself to-day. Decent procedure in this House demands under such conditions that bills hereafter shall pass by a vote of the House of Representatives and not by unanimous consent, and I shall object from now on except in specially meritorious cases.

The SPEAKER. The gentleman from Tennessee objects.

Mr. TAYLOR of Colorado. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TAYLOR of Colorado. Will the Speaker entertain a motion to suspend the rules and consider this bill at this time?

The SPEAKER. He will.

Mr. TAYLOR of Colorado. Then, Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 13765).

The SPEAKER. The gentleman from Colorado moves that the rules be suspended and the bill be passed which the Clerk will report.

Mr. TAYLOR of Colorado. There are no amendments.

The Clerk read as follows:

A bill (H. R. 13765) to amend section 73 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911.

Be it enacted, etc., That section 73 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, be, and the same is hereby, amended to read as follows:

"Sec. 73. That the State of Colorado shall constitute one judicial district, to be known as the district of Colorado. Terms of the district court shall be held at Denver on the first Tuesday in May and November; at Pueblo on the first Tuesday in April; at Montrose on the second Tuesday in September. That the counties of Archuleta, La Plata, San Juan, Montezuma, and Dolores, in said State, shall constitute the southwestern division of said district, and a term of said court shall be held at the city of Durango, in said district, on the first Tuesday in October of each year; and the clerk of said district court of said State shall maintain an office at said city of Durango, in charge of himself or a deputy, which shall be kept open at all times for the transaction of the business of the court; and the selection of jurors for attendance upon said court in said southwestern division may be selected from said counties: *Provided*, That if at the time of holding a term of said court in any year at said city of Durango there is no business to be there transacted by said court the term may be adjourned or continued by order of the judge of said court in chambers at Denver, Colo.

The SPEAKER. Is a second demanded? [After a pause.] The Chair hears no request for a second. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

CONCURRENT JURISDICTION OVER COLUMBIA RIVER.

Mr. JOHNSON of Washington. Mr. Speaker, I move to suspend the rules and pass the bill H. R. 6097, with an amendment which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the bill and read the amendment into it.

The Clerk read as follows:

A bill (H. R. 6097) to ratify the compact and agreement between the States of Oregon and Washington regarding concurrent jurisdiction over the waters of the Columbia River and its tributaries in connection with regulating, protecting, and preserving fish.

Be it enacted, etc., That the Congress of the United States of America hereby consents to and ratifies the compact and agreement entered into between the States of Oregon and Washington relative to regulating, protecting, and preserving fish in the boundary waters of the Columbia River and other waters, which compact and agreement is contained in section 20 of chapter 188 of the general laws of Oregon for 1915, and section 116, chapter 31, of the session laws of Washington for 1915, and is as follows:

"All laws and regulations now existing, or which may be necessary for regulating, protecting, or preserving fish in the waters of the Columbia River, over which the States of Oregon and Washington have concurrent jurisdiction, or any other waters within either of said States, which would affect said concurrent jurisdiction, shall be made, changed, altered, and amended in whole or in part, only with the mutual consent and approbation of both States."

Nothing herein contained shall be construed to affect the rights of the United States to regulate commerce or the jurisdiction of the United States over navigable waters.

This act shall take effect from and after the date of its passage.

The SPEAKER. Is a second demanded?

Mr. FINLEY. Mr. Speaker, I demand a second.

Mr. JOHNSON of Washington. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The gentleman from Washington [Mr. JOHNSON] is entitled to 20 minutes, and the gentleman from South Carolina [Mr. FINLEY] to 20 minutes.

Mr. FINLEY. Mr. Speaker, I would like to ask the gentleman from Washington to explain the necessity for this legislation on the part of Congress.

Mr. JOHNSON of Washington. This matter is explained in the report of the committee which accompanies the bill. The States of Oregon and Washington have each, in joint sessions of their legislatures, passed memorials to Congress asking for this legislation by Congress, which is in the nature of a ratification of an agreement between the legislatures of the two States. Under the Constitution of the United States the different States can not make treaties and agreements with each other. Any compact or understanding that may be reached has to be ratified by Congress. To provide for such ratification is the purpose of this bill.

Mr. FINLEY. How will it affect the fishing rights of the citizens of other States?

Mr. JOHNSON of Washington. Citizens of other States can not be concerned. These two States have concurrent jurisdiction over the waters of the Columbia River, which runs for 300 miles between the States.

Mr. FINLEY. I understand that. So there is nothing of that kind in the statute or enumerated in the bill?

Mr. JOHNSON of Washington. The right to take fish for sale is limited to citizens of the United States and to persons who have declared their intention to become such and who have been residents of one or other of the States on the Columbia River. We have, by amendment, provided that none of the laws of the United States in regard to navigation may be done away with or anything of that kind.

Mr. FINLEY. I was asking a question with reference to fishing rights of the citizens of other States.

Mr. JOHNSON of Washington. They are not affected.

Mr. FINLEY. One provision that I heard read said they may be altered or amended by the respective States.

Mr. JOHNSON of Washington. I will try to make the general situation clear to the gentleman. For 25 years these two States have had fishing laws that differed greatly. For instance, in regard to placing nets at the mouth of smaller streams that run into the Columbia River, the law was different on one side of the river from that on the other side. The law in regard to citizenship was different, and so on. After these 25 years of quarreling and trouble the two legislatures appointed commissions to get together and harmonize the laws. Then the legislatures adopted uniform laws and then they passed identical memorials to Congress asking for the ratification of a compact, as explained in the bill.

I ask for a vote, Mr. Speaker.

Mr. ADAMSON. I would like to ask the gentleman if the saving amendment that he spoke to me about has been read into the bill?

Mr. JOHNSON of Washington. It has been read into the bill.

Mr. ADAMSON. A provision not to interfere with commerce over navigable waters?

Mr. JOHNSON of Washington. Yes; that has been read in.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

APPROPRIATION FOR THE ORGANIZED MILITIA.

Mr. MCKELLAR. Mr. Speaker, I move to suspend the rules and pass the bill H. R. 15005.

The SPEAKER. The gentleman from Tennessee moves to suspend the rules and pass the bill, which the Clerk will report. The Clerk read as follows:

A bill (H. R. 15005) to appropriate \$200,000 for training the Organized Militia of any State, Territory, or of the District of Columbia.

Be it enacted, etc., That for paying the expenses of the Organized Militia of any State, Territory, or of the District of Columbia, which may be authorized by the Secretary of War to participate in such encampments as may be established for the field instruction of the troops of the Regular Army, as provided by sections 15 and 21 of the act of January 21, 1903, entitled "An act to promote the efficiency of the militia, and for other purposes," to be immediately available and to remain available until the end of the fiscal year 1917, \$200,000 is hereby

appropriated: *Provided*, That when it is not practicable to obtain the presence of regular troops for a joint encampment, the funds herein appropriated shall be available for such encampments, maneuvers, and field instruction for the Organized Militia as the Secretary of War may prescribe.

The SPEAKER. Is a second demanded?

Mr. MANN. Mr. Speaker, I demand a second.

Mr. MCKELLAR. Mr. Speaker I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that a second may be considered as ordered. Is there objection? [After a pause.] The Chair hears none.

The gentleman from Tennessee [Mr. MCKELLAR] is entitled to 20 minutes and the gentleman from Illinois [Mr. MANN] 20 minutes.

Mr. MCKELLAR. Mr. Speaker and gentlemen of the House, this is a bill that comes from the War Department, and the reason for it in substance is as follows:

The Division of Militia Affairs has been arranging for some time to hold summer encampments. It was first contemplated they should be joint encampments composed of divisions of the Regular Army and of the Organized Militia.

However, the Army appropriation bill has been retarded because of the fact that we have to finish the new Army reorganization bill before the Army appropriation bill can be passed. Now they need this money for organizing these camps. Several of them are fixed before the 30th of June, and in the Army appropriation bill the amount appropriated for this purpose will be decreased by this sum of \$200,000 appropriated in this bill. The Secretary of War has recommended that this be done. They need the money in order to carry out these summer-camp plans, and I take it for granted that there can be no real objection to the passage of this bill at this time.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Tennessee yield to the gentleman from Mississippi?

Mr. MCKELLAR. Yes.

Mr. SISSON. Is there an item in the Army bill of this character?

Mr. MCKELLAR. Yes; it is precisely like this; but it will be omitted from the Army bill. This will take the place of the provision that ordinarily goes into the Army bill. It is just appropriating at this time for this purpose in lieu of the usual appropriation in the Army bill. I will say to the gentleman that the Army appropriation bill is frequently passed by this time.

Mr. SISSON. Does the Army appropriation bill carry this amount of money? Is it in the bill?

Mr. MCKELLAR. It will be in the bill. The bill has not been reported out yet, and we can not report it out, I will say to the gentleman, until after the Hay or the Chamberlain bill, or a composite bill, is passed.

Mr. SISSON. It is in conference now?

Mr. MCKELLAR. Yes.

Mr. SISSON. The conference report, of course, will have to come in and be adopted before the Committee on Military Affairs will be able to understand what organization they will have to appropriate for?

Mr. MCKELLAR. Yes.

Mr. SISSON. If that becomes a law, your committee will not appropriate this amount of money for the current year?

Mr. MCKELLAR. No; we will not appropriate this amount of money for this purpose this year.

Mr. TILSON. Mr. Speaker, will the gentleman yield to me for a statement?

Mr. MCKELLAR. Does the gentleman want time?

Mr. TILSON. Yes; I would like to have two minutes.

Mr. MCKELLAR. I will yield to the gentleman from Connecticut two minutes and reserve the balance of my time, Mr. Speaker.

Mr. TILSON. Mr. Speaker, this is by way of anticipation of the usual maneuver-encampment appropriation. It is important that these encampments be extended over as long a period as possible so as to enable as many Regular Army officers as possible to attend them; and if all the encampments must be arranged after June 30, so as to come in under the regular appropriation bill, the time would be very much limited. Hence the importance of having this bill pass ahead of the regular appropriation bill, making \$200,000 immediately available. It is the intention of the committee to report just \$200,000 less in the item for the joint encampments than would be reported if this bill should not pass.

Mr. MCKELLAR. If nobody wishes to be heard, Mr. Speaker—

Mr. MANN. Mr. Speaker, I am not opposed to the passage of this bill. If anyone who is opposed to it desires time, I will

yield time. But I want to make a statement or two in reference to it.

Because of the necessities of the case I am not opposed to the bill, but it is an extremely bad practice. The Committee on Military Affairs does not have jurisdiction over deficiency appropriations. We have passed already in this Congress three deficiency appropriation bills, and if the War Department had attended to its business it would have asked for a deficiency appropriation to have gone in one of those appropriation bills instead of sending in a letter to have an appropriation made, not in an appropriation act at all but as a legislative act.

Mr. McKELLAR. Mr. Speaker, will the gentleman yield?

Mr. MANN. Certainly; I yield.

Mr. McKELLAR. I imagine that the gentleman will agree that our Army appropriation bill has been delayed because of this new Army reorganization bill.

Mr. MANN. Oh, the Army appropriation bill would not have become a law in any event until after the 1st of July. The gentleman knows that. It did not two years ago.

Mr. TILSON. Mr. Speaker, will the gentleman yield to me?

Mr. MANN. Certainly.

Mr. TILSON. As a matter of fact, the gentleman from Illinois is right, and this appropriation ought to have been made in the Army appropriation bill that passed a year ago. They knew at that time that there ought to be maneuver encampments held prior to July 1, 1916, and this sum ought to have been included in last year's appropriation bill.

Mr. MANN. I am not going so far back as that. We are told every day that we are to follow the military experts all along the line. In the main, I agree with that; but the military experts in the War Department are not very expert as to legislation.

They ought to know, and they do know, that when they want a deficiency appropriation they should make an estimate for it as a deficiency appropriation, and let it go before the proper committee as such. We have passed three deficiency appropriation bills which have become laws at this session of Congress. This item, or a part of it, ought to have been included in one of those bills, if they were in a hurry. If it had not been for the unusual circumstances to-day, any one Member could have knocked this bill into a cocked hat if he had wanted to. That is the way the Army does its expert business at times.

Mr. McKELLAR. I will say to the gentleman that if I had known that was what he was going to say, I would not have interrupted.

Mr. MANN. I am not criticizing the Committee on Military Affairs. They did not ask for a deficiency appropriation. They asked for the passage of a bill, which shows how foolish people can be at times.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds voting in the affirmative, the rules were suspended and the bill passed.

ARMY SUPPLIES TO MILITARY SCHOOLS AND COLLEGES.

Mr. MILLER of Minnesota. Mr. Speaker, I move to suspend the rules and pass the bill (S. 4726) to permit issue by the supply departments of the Army to certain military schools and colleges.

The SPEAKER. The gentleman from Minnesota moves to suspend the rules and pass a bill, which the Clerk will report.

The bill was read, as follows:

Be it enacted, etc., That the Secretary of War is authorized to issue, at his discretion and under such regulations as he may prescribe, such quartermaster supplies and stores belonging to the Government, and which can be spared for that purpose, as may appear to be required for the establishment and maintenance of military instruction camps by the students of any educational institution to which an officer of the Army is detailed as professor of military science and tactics, and the Secretary of War shall require a bond in each case in the value of the property for the care and safe-keeping thereof and for the return of the same when required.

The SPEAKER. Is a second demanded?

Mr. FOSTER. I demand a second.

Mr. MILLER of Minnesota. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. The gentleman from Minnesota asks unanimous consent that a second may be considered as ordered. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Minnesota is entitled to 20 minutes and the gentleman from Illinois to 20 minutes.

Mr. MILLER of Minnesota. Mr. Speaker, I can state in a moment's time the reason for the passage of this bill.

For several years the military departments of some of our leading universities, as well as some of the schools in the United States organized and conducted along military lines, have de-

sired the practical experience to be obtained only from fieldwork. Four years ago I introduced a bill permitting the Secretary of War to loan tents and equipages of that kind to schools of this class for the purposes indicated. It did not become a law.

At the beginning of this session of Congress this bill was drawn by the Secretary of War, or under his direction, sent to the Senate and introduced there by Senator NELSON, and passed that body. It has been unanimously reported by the House committee, and is here on the calendar for consideration.

A paragraph in the pending general Army reorganization bill contains this provision. The reason for asking consideration of this bill now is that it is generally agreed that the Army reorganization bill will not become a law until some time in June, or later. There are numerous colleges in the United States that desire to avail themselves of the privileges of this act early in June of this year. I have special reference to the University of Minnesota, with its cadet corps of 1,400 students, which has already made arrangements to mobilize on the Fort Snelling Reservation and conduct a series of field maneuvers lasting eight days, an unusually serious effort for practical military training by this cadet corps, which is pronounced by military inspectors to be one of the best in the United States. The president of the university informs me that it is necessary that this bill be passed immediately, in order that they may avail themselves of the opportunity to get the necessary supplies.

Mr. FOSTER. Mr. Speaker, I do not know that I am opposed to this bill, except for the fact that, as I understand, this provision is in the Army reorganization bill, which in all probability will be reported to the House and Senate for some final action within the next week or 10 days. For that reason I do not see the necessity of passing a separate bill providing for a loan of certain supplies to these military schools and colleges. I suppose that 30 days will not make much difference to these schools and colleges in getting these supplies, which this bill provides shall be obtained from the War Department.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. FOSTER. Yes.

Mr. GREENE of Vermont. The gentleman from Illinois realizes, of course, that a summer camp requires advance preparation by the school authorities, and the procurement of the necessary supplies must be anticipated with sufficient certainty so that they may make requisitions in order to get the supplies in time for use.

Mr. FOSTER. Let me say to the gentleman from Vermont—

Mr. MOON. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Tennessee rise?

Mr. MOON. To suggest that we have worked here long enough without a quorum. I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Tennessee makes the point of order that there is no quorum present. Evidently there is not.

Mr. FOSTER. I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Adair	Eagan	Howard	Mudd
Anderson	Edmonds	Howell	Neely
Anthony	Edwards	Humphrey, Wash.	Nelson
Austin	Evans	Husted	Nichols, Mich.
Bacharach	Fairchild	Hutchinson	North
Barchfeld	Fitzgerald	James	Norton
Barkley	Flood	Jones	Oglesby
Beales	Flynn	Keister	Olney
Borland	Focht	Kelley	O'Shaunessy
Britt	Fordney	Kent	Paige, Mass.
Britten	Frear	Key, Ohio	Patten
Brumbaugh	Freeman	Kiess, Pa.	Platt
Burnett	Gardner, Mass.	Konop	Porter
Byrnes, S. C.	Garrett	Kreider	Pou
Campbell	Gillett	Langley	Rainey
Cantrell	Godwin, N. C.	Lee	Roberts, Mass.
Carter, Okla.	Goodwin, Ark.	Lehlbach	Roberts, Nev.
Casey	Gould	Liebel	Rowland
Chandler, N. Y.	Graham	Lindbergh	Rucker
Clark, Fla.	Gray, N. J.	Littlepage	Saunders
Coleman	Griest	Loft	Schall
Connelly	Griffin	Longworth	Scott, Mich.
Conry	Guernsey	McCracken	Scott, Pa.
Copley	Hamilton, N. Y.	McCulloch	Scully
Costello	Harrison	McDermott	Sells
Cullop	Hart	McFadden	Sherley
Dale, N. Y.	Haskell	McGullicuddy	Sherwood
Darrow	Hastings	Maher	Shouse
Dent	Hay	Martin	Slemp
Dewalt	Heaton	Miller, Pa.	Small
Dickinson	Helvering	Moore, Pa.	Smith, N. Y.
Dooling	Henry	Morgan, La.	Snyder
Driscoll	Holland	Morin	Sparkman
Drukker	Hopwood	Moss, Ind.	Steagall
Dunn	Houston	Moss, W. Va.	Stines

Stone
Sutherland
Switzer
Talbot

Towner
Vare
Walsh
Ward

Watkins
Watson, Pa.
Webb
Whaley

Williams, Ohio
Wilson, Ill.
Winslow
Wise

The SPEAKER. On this vote 275 Members have responded to their names—a quorum.

Mr. COX. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The gentleman from Indiana moves that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. Cox) there were 27 ayes and 159 noes.

So the House refused to adjourn.

Mr. FOSTER. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

Mr. FOSTER. Mr. Speaker, I asked for a second in order to get some information. The gentleman from Minnesota has given this information and says that the War Department asks for this quick action. While I do not like the plan of putting two laws on the statute books relating to the same thing, the other may not become a law for some time, and I shall make no objection.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

BRIDGE ACROSS TOMBIGBEE RIVER.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent for a minute to make a statement that I think will appeal to the brethren.

The SPEAKER. The gentleman from Georgia asks unanimous consent for a minute to address the House. Is there objection?

There was no objection.

Mr. ADAMSON. The gentleman from Alabama [Mr. GRAY], who is sick, has an emergency bridge bill, and has been trying to get it up, but has been unable to, on the Unanimous Consent Calendar. In consideration of the circumstances, I want to request that the Speaker recognize me to move to suspend the rules and take up that bill. It will take but a moment.

Mr. MANN. I have no objection to the Chair recognizing the gentleman to move to suspend the rules.

Mr. ADAMSON. That is what I want.

Mr. MANN. That is a request addressed to the Speaker.

The SPEAKER. The gentleman is recognized to move to suspend the rules.

Mr. ADAMSON. The gentleman moves to suspend the rules and pass the bill S. 4603 as amended.

The SPEAKER. The Clerk will report the bill, reading into it the amendments.

The Clerk read as follows:

An act to authorize the Jackson Highway Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Tombigbee River at Princes Lower Landing, near Jackson, Ala.

Be it enacted, etc., That the Jackson Highway Bridge Co., a corporation organized under the laws of the State of Alabama, its successors and assigns, be, and are hereby, authorized to construct, maintain, and operate a bridge and all approaches thereto across the Tombigbee River at or near Princes Lower Landing, near Jackson, Ala., at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906: *Provided,* That said bridge shall be constructed, maintained, and operated so that it may serve as a roadway for continuous use by the public as a highway bridge, to be used by vehicles, pedestrians, horsemen, animals, and all kinds of highway traffic and travel, for the transit of which reasonable rates of toll may be charged and received.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The SPEAKER. Is a second demanded? [After a pause.] The Chair hears no request for a second. The question is on suspending the rules and passing the bill as amended.

Mr. COOPER of Wisconsin. Mr. Speaker, I would like to ask the gentleman from Georgia a question. Does the bill contain a provision for tolls?

Mr. ADAMSON. It does, but that is regulated by the general bridge act, which authorizes the Secretary of War to control that.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

INTERLOCKING DIRECTORATES OF NATIONAL BANKS.

Mr. GLASS. Mr. Speaker, I move to suspend the rules and pass the bill S. 4432, to amend section 8 of an act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15,

1914, as amended, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That section 8 of an act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, be, and the same is hereby, amended by striking out the period at the end of the second clause of said section, inserting in lieu thereof a colon, and adding to said clause the following:

And provided further, That nothing in this act shall prohibit any officer, director, or employee of any member bank or class A director of a Federal reserve bank, who shall first procure the consent of the Federal Reserve Board, which board is hereby authorized, at its discretion, to grant, withhold, or revoke such consent, from being an officer, director, or employee of not more than two other banks, banking associations, or trust companies, whether organized under the laws of the United States or any State, if such other bank, banking association, or trust company is not in substantial competition with such member bank."

The consent of the Federal Reserve Board may be procured before the person applying therefor has been elected as a class A director of a Federal reserve bank or as a director of any member bank.

The SPEAKER. Is a second demanded?

Mr. BUCHANAN of Illinois. Mr. Speaker, I demand a second.

Mr. GLASS. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Virginia is entitled to 20 minutes and the gentleman from Illinois 20 minutes.

Mr. GLASS. Mr. Speaker, this is a bill known as the Kern amendment to the Clayton Act, reported unanimously from the Banking and Currency Committee of the Senate and passed there, I believe, without objection. It is reported unanimously from the Banking and Currency Committee of the House. Its purpose may best and most briefly be expressed by reading a paragraph from a letter from Gov. Hamlin, of the Federal Reserve Board, to Senator OWEN. In that letter Gov. Hamlin says:

This amendment, if adopted, will give some elasticity to the provisions of the Clayton Act which prohibit directors of other banking institutions from serving as directors of member banks under certain conditions. It would seem to be desirable to have this discretionary power vested in the board, since in many instances the enforcement of the provisions of the Clayton Act will result in depriving a member bank of the services of a director because of his connection with other banking institutions, even though his serving on both boards would not be violative of the spirit of the [Clayton] act.

In a word, this Kern amendment permits a person to be a member of two banking directorates in the same community and one bank directorate in some other community. This is a modification of the Clayton Act only in that respect. It does not contravene the real spirit and intent of the Clayton Act. The dual or triplicate directorship is to be permitted by the action of the Federal Reserve Board first obtained, and only in cases in which it shall appear to the satisfaction of the Federal Reserve Board that there is no substantial competition between the banking institutions upon whose directorates the person wishes to serve.

I reserve the remainder of my time.

Mr. BUCHANAN of Illinois. Mr. Speaker, when the reserve banking act was passed in the last Congress some of us, at least, hoped that the power of Wall Street would be curbed, but it seemed the administration was very kind to that combination which has been committing the crimes against the people and selected members of the Banking Reserve Board who operated affairs in complete accord with those who had been violating—I will not say violating—those who had been exercising the power of depriving the people of their rights. One of the things that we hoped to get a benefit from was denying to the big-business financiers of the country the power of interlocking directorates. This bill puts that power back into their hands. I believe Members of Congress ought to realize that the currency question is one of the biggest questions there is, and they also, at least by this time, when prices are three and four times the normal amount, should realize that there is a power somewhere by which big financiers of the country and big business continue to rob and plunder the wealth-producing masses of the country. And instead of giving them back any part of the power that was taken away from them in the banking and currency bill we ought to be taking more away from them. Why, gentlemen, to-day, through this power that is being exercised, one of the most important commodities there is to the American people, that is steel, has gone up three and four times the price it was before the war occurred, giving the war as an excuse; but in fact the reason is that they have that power or monopoly. They have the power to charge whatever they see fit to the people of the country, and if that power is enlarged at this time, instead of taking it away from them, what can the people of the country hope for?

Now, on account of that enormous robbing price they are charging it is going to stop one of the most important industries of the country if they are not curbed in some manner or other, because they are getting these prices so high that the building and construction industry of the country can not stand it, and it is about time that the Members of Congress and the people of the country wake up to the fact that something ought to be done and that we should take more power away from these people instead of giving them back some of the power that was supposed to be taken from them. Of course as long as the laws are administered by the agents of these criminals and high financiers and they have the judges to construe, strain, wrench, and twist it to suit themselves, it does not matter much about the laws we have in the country, but let us not weaken any of the laws which have been passed. I want to warn the Members of this Congress that if they start to take a step backward that the people of the country will soon become aroused and will relegate to the political scrap heap those who are responsible for it. The administration now is doing nothing to prevent the crimes that are being committed by big business of the country; in fact, they seem to acquiesce in them. We appropriate money here for the investigation of some poor devil who has not committed any crime; but the agents of big business, who are plundering and robbing the great wealth-producing masses of the country, are permitted to run with a free hand rampant over the rights and interests of the people of the country.

Mr. Speaker, this bill did not come to my attention until I came into the Chamber this afternoon. I am sorry that somebody of greater ability has not seen it of sufficient importance to take up this question and try to stop a step backward in this important legislation. In fact, we ought to be giving the people of the country protection from the money power instead of loosening up the reins, so they may have greater freedom in robbing and plundering the great masses of the people.

Mr. SMITH of Minnesota. Will the gentleman yield?

Mr. BUCHANAN of Illinois. I will reserve the balance of my time and will yield time to the gentleman, if he desires.

Mr. SMITH of Minnesota. No; I want to ask the gentleman a question.

Mr. BUCHANAN of Illinois. I do not know that I am prepared to answer the question, but I will if I can.

Mr. SMITH of Minnesota. Is the gentleman aware of the fact that this bill simply permits the Federal Reserve Board to permit a director of a member bank of the Federal Reserve System to be a director of not more than two other banks, and those banks must be noncompetitive?

Mr. BUCHANAN of Illinois. Oh, I understand how those things are done, especially when the control of these privileges are in the hands of the agents of the trusts and big business of the country. I want to say it is dangerous to take such a step. It does not matter whether it is noncompetitive. Who is going to say whether or not they are noncompetitive?

Mr. SMITH of Minnesota. Your Federal Reserve Board created for that purpose.

Mr. BUCHANAN of Illinois. I am not willing that the Federal Reserve Board shall have any more power than they have got now. They have got too much power now.

Mr. GLASS. Mr. Speaker, I ask for a vote.

Mr. MANN. Will the gentleman yield me a minute?

Mr. GLASS. I yield the gentleman—how much time?

Mr. MANN. I do not want but a moment.

Mr. GLASS. I yield to the gentleman.

Mr. MANN. Mr. Speaker, a little while ago we passed a bill authorizing national banks to buy stock in foreign banking companies. When that bill was reported to the House it contained a provision authorizing a national bank in a city of 100,000 to establish branch banks.

Partly at my suggestion, I think—I do not want to put the entire responsibility upon the gentleman from Virginia [Mr. GLASS]—when he moved to suspend the rules, he left that provision out in order that it might be considered by itself. It is a matter of some importance to a city like Chicago, both of these propositions, and I presume the same is true in other large cities. There are in the city of Chicago a number of large national banks in the downtown centers. There are in the outlying portions of the city, I think, 30 or 40 or 50 banks, some of them national banks, but most of them State banks. Under the bill now pending these local outlying banks, of course, all clear through the downtown banks. In one sense they are a kind of branch banks, though the stockholders are entirely different. Those local banks cater to the local business. This bill permits a director of one of the downtown banks to be a director of two of these small outlying banks. And the outlying banks always desire, if practicable, to have one of their directors a director

of one of the big banks through whom they clear. It is an advantageous arrangement to everybody, adds to the value of the small bank, and facilitates the watching of the business that goes through the big banks. These small banks, however, were not in favor of a proposition to let the big banks establish branch banks in their locality, thinking that if that were done the branch banks would be merely receiving banks, to receive deposits without giving much attention to the needs of the locality.

I am very much obliged to the gentleman from Virginia [Mr. GLASS] for the action that he took on the former matter, so that these people can be heard if they desire to be heard in the future, and I am very glad to support this bill.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following bills:

H. R. 10750. An act permitting the Mondak Bridge Co. to construct, maintain, and operate a bridge across the Missouri River, in the State of Montana; and

H. R. 9067. An act to quiet the title to certain lands in the possession of G. B. Dickson, and for other purposes.

ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 34 minutes p. m.) the House adjourned until to-morrow, Friday, May 5, 1916, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Acting Secretary of the Treasury, inviting attention to an item in the general deficiency bill covering the removal and reerection of the wharf at the quarantine station at Honolulu, Hawaii, and making suggestions thereon (H. Doc. No. 1081), were taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. STEPHENS of Mississippi, from the Committee on Claims, to which was referred the bill (H. R. 12582) to relieve the estate of Thomas H. Hall, deceased, late postmaster at Panacea, Fla., and the bondsmen of said Thomas H. Hall, of the payment of money alleged to have been misappropriated by a clerk in said office, reported the same without amendment, accompanied by a report (No. 636), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills and resolutions were introduced and severally referred as follows:

By Mr. HOOD: A bill (H. R. 15346) for the purchase of a site for a public building at Beaufort, Carteret County, N. C.; to the Committee on Public Buildings and Grounds.

By Mr. BOOHER: A bill (H. R. 15347) to amend existing laws relating to the use of alcohol, free of tax, by scientific institutions or colleges of learning; to the Committee on Ways and Means.

By Mr. PARK: A bill (H. R. 15348) to increase the salaries of the United States district attorney and United States marshal for the southern district of Georgia, and for other purposes; to the Committee on the Judiciary.

By Mr. FERRIS: A bill (H. R. 15349) to amend an act entitled "An act to codify, revise, and amend the laws relating to the Judiciary"; to the Committee on the Judiciary.

By Mr. CARLIN: Joint resolution (H. J. Res. 217) extending until October 15, 1918, the effective date of section 10 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914; to the Committee on the Judiciary.

By Mr. TREADWAY: Joint resolution (H. J. Res. 218) authorizing the acceptance of the gift of the Berkshire Trout Hatchery, Berkshire County, Mass.; to the Committee on the Merchant Marine and Fisheries.

By Mr. HOWARD: Resolution (H. Res. 223) authorizing the installation of an electrical mechanical voting machine in the House of Representatives; to the Committee on Accounts.

By Mr. HUGHES: Resolution (H. Res. 224) authorizing the appointment of an annual clerk to the Committee on Education; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 15350) granting a pension to Maria Routte; to the Committee on Pensions.

Also, a bill (H. R. 15351) granting an increase of pension to Robert E. Best; to the Committee on Invalid Pensions.

By Mr. ASHBROOK: A bill (H. R. 15352) granting an increase of pension to Louis C. Baughman; to the Committee on Pensions.

By Mr. CALDWELL: A bill (H. R. 15353) granting a pension to Louisa Donnelly; to the Committee on Invalid Pensions.

By Mr. COADY: A bill (H. R. 15354) granting an increase of pension to Benjamin F. Shipley; to the Committee on Invalid Pensions.

By Mr. CRAGO: A bill (H. R. 15355) granting an increase of pension to Herbert W. Barnhart; to the Committee on Pensions.

By Mr. CULLOP: A bill (H. R. 15356) granting a pension to Perneta J. Campbell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15357) granting an increase of pension to John W. Buskirk; to the Committee on Invalid Pensions.

By Mr. DAVENPORT: A bill (H. R. 15358) for the relief of Lottie Gilstrap; to the Committee on Claims.

By Mr. DEMPSEY: A bill (H. R. 15359) granting a pension to Melissa Sisle; to the Committee on Invalid Pensions.

By Mr. DICKINSON: A bill (H. R. 15360) granting an increase of pension to George W. Wolfe; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 15361) for the relief of Daniel O'Connell; to the Committee on Military Affairs.

By Mr. FREEMAN: A bill (H. R. 15362) granting an increase of pension to Sarah V. Pitts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15363) granting an increase of pension to Mary J. Freeman; to the Committee on Invalid Pensions.

By Mr. FULLER: A bill (H. R. 15364) granting an increase of pension to Ellen B. Thomas; to the Committee on Invalid Pensions.

By Mr. HAYES: A bill (H. R. 15365) granting an increase of pension to Cecile F. Jacobi; to the Committee on Invalid Pensions.

By Mr. HELVERING: A bill (H. R. 15366) granting an increase of pension to William H. Pitts; to the Committee on Invalid Pensions.

By Mr. JONES: A bill (H. R. 15367) to remove the charge of desertion against the military record of William H. Thompson; to the Committee on Military Affairs.

Also, a bill (H. R. 15368) granting a pension to Augustine L. Sherwood; to the Committee on Pensions.

By Mr. KEATING: A bill (H. R. 15369) granting an increase of pension to Edward N. Webb; to the Committee on Invalid Pensions.

By Mr. KEY of Ohio: A bill (H. R. 15370) granting a pension to Sarah Katharine Dodge (incompetent); to the Committee on Invalid Pensions.

By Mr. LITTLEPAGE: A bill (H. R. 15371) granting a pension to James E. Ratliff; to the Committee on Pensions.

By Mr. MCGILLICUDDY: A bill (H. R. 15372) granting an increase of pension to Henry A. Cross; to the Committee on Invalid Pensions.

By Mr. NEELY: A bill (H. R. 15373) granting a pension to Perry L. Lockhart; to the Committee on Pensions.

Also, a bill (H. R. 15374) granting an increase of pension to Isaac Koon; to the Committee on Invalid Pensions.

By Mr. PATTEN: A bill (H. R. 15375) for the relief of the heirs of the late James L. Watson; to the Committee on Claims.

By Mr. RODENBERG: A bill (H. R. 15376) granting a pension to Sarah L. Truck; to the Committee on Invalid Pensions.

By Mr. SANFORD: A bill (H. R. 15377) granting a pension to Christopher Dahlen; to the Committee on Invalid Pensions.

By Mr. SMITH of New York: A bill (H. R. 15378) for the relief of James G. Hill; to the Committee on Military Affairs.

By Mr. STEPHENS of Texas: A bill (H. R. 15379) providing for disposal of the inherited estate of Kills On Her Own Ground, wife and heir to one-half of the estate of Dummy, deceased allottee of the Crow Indian Reservation, Mont.; to the Committee on Indian Affairs.

Also, a bill (H. R. 15380) providing for the disposal of the inherited estate of Kills On Her Own Ground, mother and heir to two-thirds of the estate of Small Head, deceased allottee of the Crow Indian Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. STINESS: A bill (H. R. 15381) granting an increase of pension to Mary A. Dixon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15382) granting an increase of pension to Ellener R. Potter; to the Committee on Invalid Pensions.

By Mr. TAGUE: A bill (H. R. 15383) granting an increase of pension to James W. Call; to the Committee on Invalid Pensions.

By Mr. WILSON of Louisiana: A bill (H. R. 15384) to give jurisdiction to the Court of Claims to readjudicate the case of Albert H. Gillispie against the United States, No. 30777 on the docket of said court; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition; to the special committee to investigate the charges of contempt against H. Snowden Marshall, United States district attorney for the southern district of New York.

Also (by request), memorials of voters at the Leisure Hour Club, Carson City, and mass meeting of Nevada Woman's Civic League, Reno, Nev., favoring a favorable report on the Susan B. Anthony amendment; to the Committee on the Judiciary.

By Mr. BAILEY: Memorial of churches of the western district of Pennsylvania of the Church of the Brethren, against compulsory military training; to the Committee on Military Affairs.

By Mr. CALDWELL: Memorial of the Board of Aldermen of New York, pledging loyalty to the United States Government and favoring adequate preparedness; to the Committee on Military Affairs.

Also, memorial of the Board of Aldermen of New York, favoring House bill 6915 and Senate bill 3081; to the Committee on the Post Office and Post Roads.

Also, petition of Henry W. Volkman, of Richmond Hill, Long Island, N. Y., opposing House bill 13048; to the Committee on the District of Columbia.

Also, petition of sundry citizens of Glendale, Long Island, N. Y., opposing House bills 491 and 6468; to the Committee on the Post Office and Post Roads.

By Mr. DALE of New York: Petition of Nellie H. Nelson, of Minneapolis, Minn., favoring woman suffrage amendment; to the Committee on the Judiciary.

Also, petition of the Chamber of Commerce of Montgomery, Ala., favoring Shields general dam bill; to the Committee on Interstate and Foreign Commerce.

Also, petition of New York Milk Committee, against Senate joint resolution 120, relative to members of United States Public Health Service; to the Committee on Agriculture.

By Mr. EAGAN: Memorial of the Chamber of Commerce of Montgomery, Ala., in re so-called Shields general dam bill; to the Committee on the Public Lands.

Also, memorial of the American Hardware Manufacturers' Association, in re flood control; to the Committee on Flood Control.

By Mr. ELSTON: Petition of D. P. Decker and other citizens of Oakland, Cal., against Sunday observance in the District of Columbia; to the Committee on the District of Columbia.

By Mr. EMERSON: Memorial of Ohio Milk Distributors' Association as to sanitary condition of Ohio dairies; to the Committee on Agriculture.

Also, petition of citizens of the twenty-second district of Ohio, against the water-power bill; to the Committee on Interstate and Foreign Commerce.

By Mr. ESCH: Memorial of Wisconsin Conference of the Evangelical Association, favoring national prohibition; to the Committee on the Judiciary.

Also, petition of 414 members of the Evangelical Lutheran St. Peter's Church, of Dorchester, and 2,170 members of Trinity Evangelical Lutheran Church, of Milwaukee, Wis., against United States in war; to the Committee on Foreign Affairs.

By Mr. FESS: Petition of sundry citizens of Franklin, Madison, and Pickaway Counties, Ohio, against bills to amend the postal laws; to the Committee on the Post Office and Post Roads.

By Mr. FLYNN: Petition of New York Milk Committee, against Senate joint resolution 120, relative to member of United States Public Health Service in a medical or private health association; to the Committee on Agriculture.

Also, memorial of Chamber of Commerce of Montgomery, Ala., favoring passage of the Shields general dam bill; to the Committee on Interstate and Foreign Commerce.

By Mr. FREEMAN: Petition of Woman's Christian Temperance Union of Norwich and Baptist Church of Clinton, Conn., favoring national prohibition; to the Committee on the Judiciary.

By Mr. FULLER: Petition of Illinois Commandery of the Military Order of the Loyal Legion, advocating universal military service; to the Committee on Military Affairs.

Also, petition of Clarence Poe, editor of the Progressive Farmer, relative to rural-credits legislation; to the Committee on Banking and Currency.

Also, petition of associated merchants of La Salle, Ill., opposing the price-maintenance bill; to the Committee on Interstate and Foreign Commerce.

Also, papers to accompany a bill granting an increase of pension to Ellen B. Thomas; to the Committee on Invalid Pensions.

By Mr. GALLIVAN: Petition of sundry citizens of Massachusetts against the Taylor system in Government shops; to the Committee on Labor.

Also, memorial of Bay State Automobile Association in re present prices of gasoline; to the Committee on Interstate and Foreign Commerce.

By Mr. HAMILTON of New York: Papers to accompany House bill 15301, granting a pension to Harriet E. Fellows; to the Committee on Invalid Pensions.

By Mr. KING: Petition of sundry citizens of Kewanee, Ill., against the Taylor system in Government shops; to the Committee on Labor.

Also, petition of Evangelical Lutheran Church of St. John, of Quincy, Ill., against bills to amend the postal law; to the Committee on the Post Office and Post Roads.

By Mr. LOUD: Petition of E. Bromley and Methodist Episcopal Church of Mecosta, Mich., favoring national prohibition; to the Committee on the Judiciary.

By Mr. McCLINTIC: Petition of sundry citizens of Shattuck, Okla., opposing Senate bill 645; to the Committee on the District of Columbia.

Also, petition of sundry citizens, favoring the Emerson joint resolution; to the Committee on Ways and Means.

Also, petition of citizens of Greer, Okla., opposing House bill 13048; to the Committee on the District of Columbia.

By Mr. MEEKER: Petition of 38 citizens of St. Louis, Mo., against passage of bills to amend the postal laws; to the Committee on the Post Office and Post Roads.

Also, petitions of Lodges Nos. 24 and 41 of the International Association of Machinists, of St. Louis, and 39 citizens of St. Louis, Mo., favoring House bill 8665, against Taylor system; to the Committee on Labor.

By Mr. MONDELL: Petitions of citizens of Wheatland, Wyo., and vicinity, against war with Germany; to the Committee on Foreign Affairs.

By Mr. NEELY: Petition of citizens of the State of West Virginia, against the Taylor system in Government shops; to the Committee on Labor.

Also, petition of citizens of Grafton, W. Va., against bills to amend the postal laws; to the Committee on the Post Office and Post Roads.

By Mr. NOLAN: Petition of the Maryland Realty Corporation, Baltimore, Md., and 39 other leading mercantile establishments of Baltimore, favoring the passage of House bill 11876, known as the Nolan minimum-wage bill; to the Committee on Labor.

By Mr. OAKEY: Petition of Capital City Lodge, No. 354, I. A. of M., against the Taylor system in Government shops; to the Committee on Labor.

By Mr. POWERS: Petition of sundry citizens of Somerset, Ky., against the Taylor system; to the Committee on Labor.

By Mr. SCOTT of Michigan: Petition of sundry citizens of the State of Michigan, favoring national prohibition; to the Committee on the Judiciary.

By Mr. SIEGEL: Memorial of Board of Aldermen of New York City, favoring preparedness; to the Committee on Military Affairs.

By Mr. SMITH of Idaho: Papers to accompany House bill 15222, granting an increase of pension to Patrick F. Corron; to the Committee on Invalid Pensions.

Also, paper to accompany House bill 6796, appropriating to purchase a site and construct a Federal building at Halley; to the Committee on Public Buildings and Grounds.

Also, memorial of Commercial Club of Lewiston, Idaho, favoring legislation providing for the conducting of experiments for the production of potash and nitrates; to the Committee on Military Affairs.

By Mr. SNYDER: Petition of sundry citizens of the thirty-third congressional district of New York, against Taylor system in Government shops; to the Committee on Labor.

By Mr. STEPHENS of Nebraska: Petition of W. Ganiard and others, of Petersburg, Nebr., against bills to amend the postal laws; to the Committee on the Post Office and Post Roads.

By Mr. TINKHAM: Memorial of executive committee of the Society of the Chagres, in re conditions in Canal Zone; to the Committee on Reform in the Civil Service.

By Mr. TOWNER: Petition of Rev. R. L. Wilson and other citizens of Allerton, Iowa, praying for the enactment of a Christian amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. WINSLOW: Petition of sundry citizens of the State of Massachusetts, favoring national prohibition; to the Committee on the Judiciary.

SENATE.

FRIDAY, May 5, 1916.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, Thou art worthy to receive all our adoration and praise. Every thought Thou hast had to usward has been a thought of grace, and love, and mercy. Thou hast dealt with us in our larger life, our national life, as Thou hast not dealt with any other people. We pray we may not forget our debt of obligation, an obligation that can be paid only by obedience to Thy will. We thank Thee that Thou hast given to us in this land a patriotism that is not based upon any of those forces that disintegrate and destroy, but upon those high ethical ideals which have been made known to men through the revelation of God. Guide us this day in the discharge of our duties. Forgive our sins. For Christ's sake. Amen.

The Journal of the proceedings of the legislative day of Wednesday, May 3, 1916, was read and approved.

COAST DEFENSES.

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Secretary of War, transmitting, in response to a resolution of the Senate of April 24, 1916, a tabulated statement showing the military forces now located in the States of Oregon and Washington, the branch of the service to which they belong, the places at which stationed, and the numerical strength at each place; also the coast defenses in the States mentioned. The communication and accompanying paper will be printed in the RECORD and referred to the Committee on Military Affairs.

The VICE PRESIDENT subsequently said:

This morning the Chair laid before the Senate a communication from the Secretary of War in response to a resolution that was introduced by the Senator from Oregon [Mr. CHAMBERLAIN] without reading the letter of the Secretary of War. It is in reference to coast defenses, and in the letter it is stated that it is confidential in character. The Chair ordered the communication printed in the RECORD. The Chair has now withdrawn that order, and if there be no objection the communication will go direct to the Committee on Military Affairs without printing.

THE REVOLT IN IRELAND.

Mr. BORAH. Mr. President, I ask leave to have read a very short editorial in the New York Sun of to-day, under the heading, "What would have been Abraham Lincoln's counsel?"

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Secretary read the editorial, as follows:

WHAT WOULD HAVE BEEN ABRAHAM LINCOLN'S COUNSEL?

The heart of the world will join with John Redmond in hoping and pleading that the course of the British Government regarding the great body of Irishmen recently in armed revolt may be shaped by other considerations than those of a sternly punitive policy. At least three of the leaders—brave men, but both technically and legally in treasonable cooperation with the belligerent enemies of the State—have already paid the extreme legal penalty of their infatuated courage. Even as a matter of political expediency it may be doubted whether further executions either under martial or civil process would add an iota to the repressive effect of example. No man of common sense who has studied the history and justly valued the causes of Irish national discontent can mistake the certain consequences to the Empire's future of an attempt to administer retribution by wholesale.

John Redmond is right; and fortunate it will be for Britain if his loyal advice is taken at this time.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 4726) to permit issue by the supply departments of the Army to certain military schools and colleges.