

By Mr. LOUD: Memorial of Woman's Christian Temperance Union of Coleman, Mich., favoring national prohibition; to the Committee on the Judiciary.

By Mr. McDERMOTT: Papers to accompany bill for relief of E. J. Harshman; to the Committee on Invalid Pensions.

By Mr. McFADDEN: Memorial of Methodist Episcopal Church, Woman's Christian Temperance Union, and 29 citizens of Hamlin, 50 of Springville, and 45 of Great Bend, all in the State of Pennsylvania, favoring national prohibition; to the Committee on the Judiciary.

By Mr. McKENZIE: Petition of citizens of Dixon, Ill., protesting against passage of House bill 13048, to create a juvenile court in the District of Columbia; to the Committee on the District of Columbia.

By Mr. MEEKER: Petition of 70 citizens of St. Louis, Mo., favoring Hay bill relative to National Guard; to the Committee on Military Affairs.

Also, petition of 23 citizens of St. Louis, Mo., against bills to amend the postal laws; to the Committee on the Post Office and Post Roads.

By Mr. RAKER: Petition of First National Bank of Alturas, Cal., favoring amendment of the Federal reserve bank act; to the Committee on Banking and Currency.

Also, protest against the closing of barber shops in the District of Columbia on Sunday; to the Committee on the District of Columbia.

Also, protest against a bill to amend the postal laws by citizens of Hamamonton, Cal.; to the Committee on the Post Office and Post Roads.

By Mr. ROUSE: Petition of citizens of the State of Kentucky, protesting against House bill 13048, to create a juvenile court in the District of Columbia; to the Committee on the District of Columbia.

By Mr. SLOAN: Petition of John H. Freeman and 16 others, of Omaha, Nebr., favoring resolution for increase in pay of custodian employees; to the Committee on Labor.

By Mr. SMITH of Michigan: Papers to accompany House bill 14897, for the relief of Eliza C. Spears; to the Committee on Invalid Pensions.

By Mr. SNELL: Memorial of Henry H. Paradis, George Hensby, S. W. Mayne, A. B. Jamieson, Smith Jamieson, Charles J. Locke, David H. Hesselgrave, F. G. Briggs, Truman R. Griffith, Herbert Washburn, Clark F. Nichols, Henry G. Waddell, F. S. Lawrence, E. R. Johnston, and Roy A. White, of Ogdensburg, N. Y., protesting against the passage of the Fitzgerald and Siegel postal bills; to the Committee on the Post Office and Post Roads.

By Mr. STEPHENS of California: Resolution of the Chamber of Commerce of Wilmington, Cal., favoring House bill 4726, for the appointment of a tariff commission; to the Committee on Ways and Means.

Also, petitions protesting against House bills 491 and 6468, to amend the postal laws, from C. F. Morgan and 47 other citizens of Los Angeles, Cal., and William F. Miller and 9 other citizens of Watts, Cal.; to the Committee on the Post Office and Post Roads.

Also, letter from Herbert Edward Law, of San Francisco, Cal., protesting against a power plant being erected on the river boulevard in Washington; to the Committee on the District of Columbia.

Also, petition from George H. Fardo and 45 other citizens, of Los Angeles, Cal., protesting against House bill 13048, entitled "An act to create a juvenile court in the District of Columbia"; to the Committee on the District of Columbia.

By Mr. STINESS: Petition of Ashaway (R. I.) Line & Twine Manufacturing Co., favoring 1-cent letter postage; to the Committee on the Post Office and Post Roads.

Also, petitions of Hon. William M. P. Bowen, M. E. Littlefield, Dr. M. M. Blumer, George E. Crowle, George A. Halliwell, and Frank Chapman, all of Providence, R. I., favoring the Chamberlain military bill, especially section 56; to the Committee on Military Affairs.

By Mr. TAYLOR of Colorado: Memorial of citizens of Colorado Springs, Colo., against the delay in House Judiciary Committee reporting suffrage amendment; to the Committee on the Judiciary.

By Mr. TILLMAN: Petition of sundry citizens of Arkansas, favoring amending rural-credit bill; to the Committee on Banking and Currency.

Also, petition of sundry citizens of Fayetteville, Ark., against bills to amend the postal laws; to the Committee on the Post Office and Post Roads.

Also, petition of sundry citizens of Gentry, Ark., against bill to create a juvenile court in the District of Columbia; to the Committee on the District of Columbia.

SENATE.

TUESDAY, April 25, 1916.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, the Ruler of the Universe, our highest and first allegiance is to Thee. We would have no part in life apart from Thee. Thou art the giver of every good and perfect gift. We come praying that Thou wilt, through all the manifold ministries of Thy grace, incline our hearts to keep Thy law. Put high and noble thoughts into our minds. Inspire our hearts with all that is purest, highest, and best. We would not have friendship except that which can be sweetened and refined by the divine companionship. We would not have patriotism that is not sanctified by divine grace. Enable us to be true first to our obligations to God and to ourselves. If we are true to Thee and to ourselves, we feel that we can never be untrue to our fellow men. Guide us in the discharge of the duties of this day. For Christ's sake. Amen.

The Journal of yesterday's proceedings was read and approved.

DISTRICT OF COLUMBIA APPROPRIATIONS.

The VICE PRESIDENT laid before the Senate a communication from the chairman of the Public Utilities Commission of the District of Columbia, stating that balance sheets for the year ended December 31, 1915, had been forwarded, pursuant to law, to the Speaker of the House of Representatives February 1, 1916, and that additional balance sheets submitted subsequent to February 1 had also been transmitted to the Speaker of the House of Representatives, which was referred to the Committee on Interstate Commerce.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by E. T. Taylor, jr., one of its clerks, announced that the House disagrees to the amendment of the Senate to the bill (H. R. 12766) to increase the efficiency of the Military Establishment of the United States, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. HAY, Mr. DENT, and Mr. KAHN managers at the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 12843) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. RUSSELL of Missouri, Mr. ASHBROOK, and Mr. FULLER managers at the conference on the part of the House.

The message further announced that the House had passed a bill (H. R. 8348) to amend an act entitled "An act to create a Juvenile Court in and for the District of Columbia, and for other purposes," in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills and joint resolutions, and they were thereupon signed by the Vice President:

H. R. 6241. An act to ratify, approve, and confirm an act amending the franchise granted to H. P. Baldwin, R. A. Wadsworth, J. N. S. Williams, D. C. Lindsay, C. D. Lufkin, James L. Coke, and W. T. Robinson, and now held under assignment to Island Electric Co. (Ltd.), by extending it to include the Makawao district, on the island of Maui, Territory of Hawaii; and extending the control of the Public Utilities Commission of the Territory of Hawaii to said franchise and its holder;

H. R. 9909. An act to authorize the Chicago, Milwaukee & St. Paul Railway Co. to construct a bridge across the Missouri River;

H. R. 11320. An act granting the consent of Congress to the counties of Twin Falls and Minidoka, State of Idaho, to construct a bridge across Snake River;

H. R. 11471. An act to amend paragraphs 177 and 178 of an act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, relating to the duty on sugar, molasses, and other articles;

S. J. Res. 98. Joint resolution to print as a public document the final report and testimony submitted to Congress by the United States Commission on Industrial Relations; and

S. J. Res. 121. Joint resolution authorizing the appointment of a representative of the United States Government to appear at the celebration of the landing of Sir Francis Drake on the coast of California.

PETITIONS AND MEMORIALS.

Mr. JONES presented memorials of sundry citizens of Pasco and Hoquiam, in the State of Washington, 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.

Mr. JOHNSON of South Dakota. I present a memorial of sundry citizens of Hayti, S. Dak., remonstrating against the United States becoming involved in the European war, which I ask may be printed in the RECORD and referred to the Committee on Foreign Relations.

There being no objection, the memorial was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

HAYTI, S. DAK., April 21, 1916.

To the Hon. E. S. JOHNSON,
United States Senate, Washington, D. C.:

Whereas we, the undersigned citizens in and about Hayti, Hamlin County, S. Dak., believe that the acts of any of the European nations up to date do not justify the United States to enter the European war, therefore we respectfully petition and request you to exert your influence as a United States Senator to prevent war or anything that leads toward war with any of the European nations.

F. J. BENTHIN
(And many others).

Mr. HUSTING presented petitions of sundry citizens of Wisconsin, praying for national prohibition, which were referred to the Committee on the Judiciary.

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 petitions of sundry citizens of Ocean View and Harrington, in the State of Delaware, praying for national prohibition, which were referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Harrington, Del., praying for prohibition in the District of Columbia, which was ordered to lie on the table.

Mr. OLIVER presented petitions of sundry citizens of Pennsylvania, praying for national prohibition, which were referred to the Committee on the Judiciary.

He also presented petitions of sundry patriotic societies of Pennsylvania, praying for the enactment of legislation to further restrict immigration, which were ordered to lie on the table.

He also presented memorials of sundry citizens of Shillington, Pa., 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 a petition of sundry citizens of Allegheny County, Pa., praying for the enactment of legislation to found the Government on Christianity, which was referred to the Committee on the Judiciary.

He also presented a memorial of the Chamber of Commerce of Pittsburgh, Pa., remonstrating against the proposed location of a power plant in the city of Washington, D. C., which was ordered to lie on the table.

He also presented petitions of Capt. Francis P. Siviter Post No. 87, Veterans of Foreign Wars, and of the Allegheny County Central Committee, Veterans of Foreign Wars, of Pittsburgh, Pa., praying for the enactment of legislation to grant pensions to widows and orphans of veterans of the Spanish-American War, which were ordered to lie on the table.

Mr. POINDEXTER presented petitions of sundry citizens of King County, Wash., praying for the enactment of legislation to found the Government on Christianity, which were referred to the Committee on the Judiciary.

He also presented petitions of sundry citizens of the State of Washington, praying for national prohibition, which were referred to the Committee on the Judiciary.

He also presented a memorial of W. D. Schmuck and sundry other citizens of Dolphin, Wash., remonstrating against the enactment of legislation for compulsory Sunday observance in the District of Columbia, which was ordered to lie on the table.

He also presented memorials of sundry citizens of Dolphin and Sunset, in the State of Washington, 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 a memorial of Marion Grange No. 276, Patrons of Husbandry, of Buckley, Wash., remonstrating against an increase in armaments, which was ordered to lie on the table.

Mr. PHELAN presented a petition of sundry citizens of San Rafael, Cal., praying for the enactment of legislation to further restrict immigration, which was ordered to lie on the table.

He also presented a petition of the Rotary Club of Oakland, Cal., praying for an appropriation of \$1,000,000 for the construction of a new Federal building at Oakland, Cal., which was referred to the Committee on Public Buildings and Grounds.

He also presented petitions of the Chamber of Commerce of Coalinga and of the Woman's Club of Carpinteria, in the State of California, praying that an appropriation of \$300,000 be made for the improvement of the Yosemite National Park, etc., which were referred to the Committee on Appropriations.

He also presented a petition of the Sacramento Valley Development Association, of Sacramento, Cal., praying for the establishment of the Lassen Volcanic Park district, which was referred to the Committee on Public Lands.

Mr. BURLEIGH presented a memorial of sundry citizens of Rumford, Me., remonstrating against the enactment of legislation for compulsory Sunday observance in the District of Columbia, which was ordered to lie on the table.

Mr. ASHURST. I present resolutions adopted by the Central Labor Council, of Globe, Ariz., which I ask may be printed in the RECORD and referred to the Committee on Education and Labor.

There being no objection, the resolutions were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

GLOBE CENTRAL LABOR COUNCIL,
Globe, Ariz., April 16, 1916.

Hon. HENRY F. ASHURST,
Washington, D. C.:

Whereas there is a bill (H. R. 456) before Congress for the creation of a Federal commission to preexamine and censor all motion pictures; Whereas we believe no group of five men are great enough or divine enough to determine what pictures 100,000,000 people should see or should not see, and would naturally be influenced in their decisions by their own petty views on public morals and questions; Whereas we believe that it is contrary to the fundamental principles of our Government, guaranteeing the freedom of expression; and Whereas institutions of the same class as the motion pictures, such as the public press, the drama, literature, and art are immune from such censorship: Therefore be it

Resolved, That we, the Globe Central Labor Council, are unalterably opposed to motion-picture censorship and H. R. 456; and be it further *Resolved*, That copies of these resolutions be sent to Congressman CARL HAYDEN and Senators ASHURST and SMITH, and that we urge these gentlemen to do all in their power to oppose and prevent the passage of any censorship bills.

Mr. THOMAS. I present resolutions adopted at a meeting of women voters of Colorado in mass meeting assembled in Denver, April 15, 1916, which I ask may be printed in the RECORD.

There being no objection, the resolutions were ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas President Wilson declared yesterday in his speech in New York that the Democratic Party controls the Government; that he personally is interested in lifting the lead depressing humanity: Be it

Resolved, That we, the women voters of Colorado, in mass meeting assembled in Denver, April 15, 1916, in the Broadway Theater, agree with the President, and now demand that the Democratic Party fulfill this responsibility that has been laid upon it by its leader and give at once the necessary aid and facilities for the passage during this session of Congress of the Susan B. Anthony amendment, proposing to enfranchise the women of the Nation; be it further

Resolved, That we protest against the undemocratic methods now being used against this measure to free humanity and the continued blocking of the submission of it to the various States for ratification; be it finally

Resolved therefore, That we call upon the President and all his colleagues to pass the Federal suffrage amendment on to the States without further delay, and that a copy of this resolution be sent to all the administration leaders and to the members of the House Judiciary Committee and to the entire Colorado congressional delegation, to be read into the CONGRESSIONAL RECORD in the Senate and in the House.

Ida Kruse McFarlane, chairman of the mass meeting; Margaret Long, chairman Denver District Congressional Union; Mrs. James B. Belford, First Vice President; Louise Mellon, Second Vice President; M. Jean Gale, Third Vice President; Garnet Isabel Pelton, Fourth Vice President; Ida B. Blakemore, Secretary; Mrs. Helen T. Miller, Treasurer; Kate Russell, Third Vice President State Executive Committee; Frances Wayne, Fourth Vice President State Executive Committee; Mrs. L. M. Culbert and Dora Phelps Buell, National Advisory Committee.

Mr. THOMAS. Mr. President, I ask to have printed in the RECORD copies of two short telegrams passing on the 21st of April between the Senator from Wisconsin [Mr. HUSTING] and certain citizens of the State of Wisconsin.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

[Telegram.]

OCONOMOWOC, Wis., April 21, 1916.

Hon. PAUL O. HUSTING,
Washington, D. C.:

We urge upon you to use every effort to keep this Nation at peace.
FRED PABST. FRANK WINTERBOTTOM.
OTTO L. HUEBNER. FRANK K. BOYLE.
ADOLPH VONMOOTEN. EDWIN J. WILCOX.
D. G. ENDERTON. CRISTINE PAWLK.
H. J. FISKE.

[Telegram.]

APRIL 21, 1916.

Mr. FRED PAEST AND OTHERS,
Oconomowoc, Wis.

Answering your telegram, will say that no one is more desirous of keeping this country out of war than I am; but war can best be avoided by wrong yielding to right and not by right yielding to wrong. Would therefore respectfully suggest that you also wire the German ambassador of the fervent desire of all Americans that their country remain at peace, and that peace can best be preserved by the strict observance on the part of the Imperial Government of the provisions of international law governing naval warfare. Would further suggest that you wire the ambassador that all Americans, regardless of their ancestry or sympathies, stand solidly back of their Government in this crisis.

PAUL O. HUSTING,
United States Senator.

SOUTH CAROLINA NAVAL MILITIA.

Mr. SMITH of South Carolina. From the Committee on Immigration I report back favorably without amendment the joint resolution (H. J. Res. 79) authorizing the Secretary of Labor to permit the South Carolina Naval Militia to use the Charleston immigration station and dock connected therewith, and I ask for its immediate consideration. The joint resolution has been recommended by the Bureau of Immigration and also was unanimously passed in the House. I ask that it be read with a view to its immediate consideration.

The VICE PRESIDENT. The joint resolution will be read.

The Secretary read the joint resolution, as follows:

Resolved, etc., That the Secretary of Labor is authorized to permit the South Carolina Naval Militia to occupy the Charleston immigration station and the dock therewith connected and use them as an armory and place of landing under such conditions as may be prescribed by him: *Provided*, That the State of South Carolina shall make, at its own expense, such repairs as may be necessary on said building and dock, ordinary wear and tear excepted, so long as the same is used for the purposes set forth in this resolution: *Provided further*, That the Secretary of Labor may take possession of and reoccupy said immigration station and dock whenever in his judgment he may deem such possession and reoccupancy desirable.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered as in Committee of the Whole.

Mr. SMOOT. I should like to ask the Senator for what purpose the buildings are now used?

Mr. SMITH of South Carolina. They are Government buildings, lying there useless. The occupancy for this purpose will tend to preserve them.

Mr. SMOOT. Just one more question. Suppose the buildings were destroyed by fire, who would be responsible for the loss?

Mr. SMITH of South Carolina. I suppose that they are insured as Government buildings.

Mr. SMOOT. They are insured by the Government?

Mr. SMITH of South Carolina. I presume that the Government would not leave that property uninsured there in the fire zone.

Mr. SMOOT. I suppose there may be less risk now, the buildings being unoccupied, than there would be by the occupation of them. I was wondering whether the Senator from South Carolina really knew that the Government has insurance upon them.

Mr. SMITH of South Carolina. I do not think they would be uninsured in view of the fact that they are within the fire zone.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

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. SUTHERLAND:

A bill (S. 5737) granting an increase of pension to Lewis B. Crout (with accompanying papers); to the Committee on Pensions.

By Mr. DU PONT:

A bill (S. 5738) granting an increase of pension to Catherine E. Wilson; to the Committee on Pensions.

By Mr. STERLING:

A bill (S. 5739) for the relief of Thomas E. Philips (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 5740) granting an increase of pension to Frances A. Kniffin (with accompanying paper); to the Committee on Pensions.

By Mr. JOHNSON of Maine:

A bill (S. 5741) granting an increase of pension to John Condon (with accompanying papers);

A bill (S. 5742) granting an increase of pension to Stanford H. Chase (with accompanying papers);

A bill (S. 5743) granting an increase of pension to Mary Lynch (with accompanying papers);

A bill (S. 5744) granting an increase of pension to Simeon H. Haskell (with accompanying papers);

A bill (S. 5745) granting an increase of pension to Henry M. Bennett (with accompanying papers); and

A bill (S. 5746) granting a pension to Charles W. Spencer (with accompanying papers); to the Committee on Pensions.

By Mr. ASHURST:

A bill (S. 5747) to provide for the purchase of a site and the erection of a building thereon at the town of Flagstaff, in the State of Arizona; to the Committee on Public Buildings and Grounds.

By Mr. GORE:

A bill (S. 5748) to authorize the issuance of patent to Oscar R. Howard, and for other purposes; to the Committee on Public Lands.

By Mr. O'GORMAN:

A bill (S. 5749) providing for the refund of certain duties incorrectly collected on joss sticks; to the Committee on Finance.

By Mr. MARTINE of New Jersey (by request):

A bill (S. 5750) to regulate the thickness of walls in buildings in the District of Columbia; to the Committee on the District of Columbia.

By Mr. CLARK of Wyoming:

A bill (S. 5751) authorizing the addition of certain lands to the Wyoming National Forest, Wyo.; to the Committee on Agriculture and Forestry.

By Mr. TILLMAN:

A bill (S. 5752) granting to the widow of Col. David Du B. Gaillard authority to place, in his memory, a tablet in the memorial amphitheater at Arlington, Va.; to the Committee on the Library.

By Mr. STONE (for Mr. REED):

A bill (S. 5753) granting an increase of pension to Lucy M. Settle (with accompanying papers); and

A bill (S. 5754) granting an increase of pension to John W. Moore (with accompanying papers); to the Committee on Pensions.

By Mr. O'GORMAN:

A bill (S. 5755) to reimburse Le Grand C. Cramer for amount of damages to his motor launch *Winninich* by the U. S. launch *Guedmertrix* at Morris Heights, N. Y., on March 31, 1911; and

A bill (S. 5756) to reimburse A. S. Rosenthal Co., New York City, N. Y., for the nondelivery and loss of a case of silk, the property of the said company, while said case of silk was in the custody of the United States at the United States appraisers' stores at 641 Washington Street, New York City, in October or November, 1914 (with accompanying papers); to the Committee on Claims.

By Mr. OWEN:

A joint resolution (S. J. Res. 124) providing national publicity pamphlets, and for other purposes; to the Committee on Privileges and Elections.

AMENDMENTS TO APPROPRIATION BILLS.

Mr. OVERMAN submitted an amendment authorizing the President of the United States to designate such lands which have been or which may hereafter be purchased by the United States in the western part of the State of North Carolina under the provisions of the act of March 1, 1911, as should, in his opinion, be set aside for the protection of game, animals, birds, or fish, etc., intended to be proposed by him to the Agricultural appropriation bill (H. R. 12717), which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

Mr. OLIVER submitted an amendment intended to be proposed by him to the river and harbor appropriation bill (H. R. 12193), which was referred to the Committee on Commerce and ordered to be printed.

OFFICERS ON THE RETIRED LIST.

Mr. DU PONT submitted the following resolution (S. Res. 178), which was read and referred to the Committee on Military Affairs:

Whereas the act approved March 4, 1915, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1916" (38 Stat. L. 1068), provides that retired officers of the Regular Army who shall stand a satisfactory medical and professional examination for promotion as now provided for by law, shall be restored to the active list of the Army as supernumerary officers: Therefore be it

Resolved, That the Secretary of War be, and he is hereby, directed to inform the Senate as to the number of retired officers of the Regular Army who have applied for restoration to the active list of the Army

under the above-mentioned act, as to the number who have passed the necessary examinations, and as to the cause of the delay in acting upon their cases.

REPORT ON INDUSTRIAL CONDITIONS IN EUROPE.

Mr. JONES. I have the report of the commissioners of the State of Washington on the work of the American commission that went to Europe to study industrial conditions, rural credits, and so forth. Quite a large edition of this report was printed by the State of Washington, but it is now exhausted, and there is quite a demand for it. It is a very valuable report, in my judgment, and I submit it with the request that it be referred to the Committee on Printing to consider the question of printing it as a public document.

The VICE PRESIDENT. That action will be taken.

NATIONAL DEFENSE.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 12766) to increase the efficiency of the Military Establishment of the United States and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CHAMBERLAIN. I move that the Senate insist upon its amendments, agree to the conference asked for by the House, the conferees on the part of the Senate to be appointed by the Chair.

The motion was agreed to, and the Vice President appointed Mr. CHAMBERLAIN, Mr. BECKHAM, Mr. BROUSSARD, Mr. DU PONT, and Mr. WARREN conferees on the part of the Senate.

HOUSE BILL REFERRED.

H. R. 8348. An act to amend an act entitled "An act to create a Juvenile Court in and for the District of Columbia," and for other purposes, was read twice by its title and referred to the Committee on the Judiciary.

WOMAN SUFFRAGE.

The VICE PRESIDENT. The morning business is closed.

Mr. SHAFROTH. Mr. President, I send to the desk Senate joint resolution No. 1 and ask to have it read.

The VICE PRESIDENT. The Secretary will read the joint resolution.

The Secretary read Senate joint resolution 1 proposing an amendment to the Constitution of the United States conferring upon women the right of suffrage, which had been introduced by Mr. SUTHERLAND December 7, 1915, and reported by Mr. THOMAS, from the Committee on Woman Suffrage, January 8, 1916, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article be proposed to the legislatures of the several States as an amendment to the Constitution of the United States, which, when ratified by three-fourths of the said legislatures, shall be valid as part of said Constitution, namely:

"ARTICLE —

"SECTION 1. The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of sex.

"SEC. 2. The Congress shall have power, by appropriate legislation, to enforce the provisions of this article."

Mr. SHAFROTH. Mr. President, in the determination of a great question involving the rights and liberties of human beings, the first and most important inquiry is, Is it right? If that question is determined in the affirmative, it should settle all doubts as to the policy of adopting the measure. But, inasmuch as there are those who will not let the righteousness of the cause determine the policy, I wish to discuss this question from the standpoint: First. Is it right? Second. Is it expedient? Third. Is it practicable?

I.

IS EQUAL SUFFRAGE RIGHT?

Mr. President, previous to modern times the prevailing form of government in the world was that of monarchy, which was founded upon the doctrine of the right of one person by force to govern others. The only way such a doctrine maintained its supremacy was through the ignorance of the masses and the appeal to their extreme religious fears in the declaration that the powers of government descended from God to the monarch and that they who did not accept it were heretics. This doctrine was called the "divine right of kings." At times when the rule of the monarch became very oppressive to the lords and barons, the king was required to surrender some of his power, which concessions incidentally gave rights to the people. The government was then called a limited monarchy and was administered chiefly in the interest of the aristocracy.

In the formation of our Republic we put forth to the world new principles of government which seemed so plain to us that we declared them to be self-evident truths. We declared "that

all men are created equal," not in intellect, not in color, not in height, not in strength, and not in many other respects, but equal in rights. We declared that man is entitled as an inalienable right to life, liberty, and the pursuit of happiness—that is, that these rights are so sacred that they not only shall not be invaded by others, but that they can not be bartered away even by ourselves. We further declared as our fundamental principle that in order to secure these inalienable rights "governments are instituted among men, deriving their just powers," not from kings, not from presidents, not from parliaments, not from congresses, but "from the consent of the governed."

These principles, according to our ideas of right, constitute the ethics of organized society called government.

While men of our Republic acknowledge these principles of government as applicable to all men, many refuse to recognize them as applicable to women. They cling to their power like the monarchs and the aristocracy clung to theirs. They invoke the divine right of sex as the monarchs asserted the divine right of kings.

An eminent writer has said that all powers of government are either delegated or assumed; that all powers not delegated are assumed, and all assumed powers are usurpations.

Mr. President, the powers of government by which men exercise control over women are not delegated powers, because the women never granted such authority to them. Such powers by men, then, are assumed; and as all assumed powers are usurpations, the exercise of the powers of government by men over women is usurpation. Men condemn usurpation in other men. Why will they not condemn their own usurpation over women?

What right have I to make all the laws which shall govern not only myself but also my wife, sister, and mother, without giving to them any voice in determining the justice or wisdom of those laws, when they are just as intelligent as I? It can only be on the assertion of an assumed or usurped authority—that which we have condemned as being not the source of rightful power.

Lincoln's statement that "no man is good enough to govern another without that other man's consent" even the antisuffragist recognizes as a truth when applied to men. As women are human beings—part of the people—why is it not applicable to them?

All remember Lincoln's declaration that "when the white man governs himself, that is self-government; but when he governs himself and also governs another man, that is more than self-government—that is despotism."

The exercise of any power of government not emanating from the consent of the governed, therefore, is despotism. After men, by the usurpation of power, have attached the elective franchise to themselves, is it an answer to the demand of women for equal suffrage to say that we men have concluded now since we alone have the franchise and no extension of it can be made except with our consent, that suffrage is a privilege which attaches neither to man nor to woman by nature? Is it not as great a usurpation to assume the right to dictate who shall be permitted to vote as it is to seize any other power?

Even if superiority of intellect were a justification for usurpation of human rights, which I deny, man would utterly fail in establishing his superiority. The test of scholarship in all co-educational schools and colleges demonstrates that the girls on an average are equal, if not superior, to the boys. In Colorado more girls attend school than boys, and many more girls graduate from high schools than boys.

Politics is the science of government and men are honored for endeavoring to establish and maintain good government. As the sovereignty of government extends over women, why should not their efforts in the same cause be equally as commendable?

HALF THE PROPERTY OF THE UNITED STATES TAXED WITHOUT REPRESENTATION.

Mr. President, there was a time when all the property of women became their husband's on marriage, and in many countries the law of primogeniture prevailed. Since women now, in the United States, have the right to hold and convey property in their own names, and as women under the laws of inheritance acquire equal estates with men, fully one-half of the real and personal property of the country in each generation becomes vested in women. Their property is annually taxed for the maintenance of government in which they are not permitted to participate.

Have we forgotten the cry of our forefathers, which stirred the blood of every patriotic American, that "taxation without representation is tyranny"? Why is it tyranny to men but not to women? Should women be denied the right to protect, by their votes, their property from excessive tax encumbrances, when the right to encumber it by vote is given to men, some of whom can not read or write our language? Is it sufficient to

say that "they are not the only persons taxed as property holders from whom the ballot is withheld," when the only persons from whom it is permanently withheld are lunatics, idiots, illiterates, and criminals? How would men like to be denied the franchise for such reasons?

WOMAN'S SPHERE.

The arrogance with which men assert that women have a sphere to which they should be confined must be irritating to women of thought and action. Who gave man the right to determine woman's sphere without even consulting her? How chivalrous it is in him to determine for her such a momentous question. How easy it is to have it disposed of by the statement that "it is a mistake to suppose that any human reason or argument is needful or adequate to the assignment of the relative positions to be assumed by man and woman in working out the problems of civilization. This was done long ago by a higher intelligence than ours."

A question of importance has rarely ever been presented but some people have sought to foreclose any argument by claiming that it was settled by the Almighty. How can this claim be reconciled with the fact that it has also been settled in Colorado, Wyoming, Idaho, Kansas, Montana, Washington, Oregon, California, Utah, and Arizona, and in Australia, New Zealand, Norway, Iceland, Finland, Denmark, and in the Canadian Provinces of Alberta, Manitoba, and Saskatchewan? Had God nothing to do with settling it there?

In the days of slavery everyone heard the argument that the negro was not capable of taking care of himself; that it was better for him to have a master, who would care for and protect him; that the patriarchs of old, the chosen men of God, had slaves, and therefore slavery had received the sanction of God and was a divine institution.

Abraham Lincoln said:

Whenever I hear anyone arguing for slavery I feel a strong impulse to see it tried on him personally.

So whenever I hear men advocating the denial of rights to others, I feel an impulse to see how they personally would appreciate the denial of those rights to themselves.

WOMEN WANT EQUAL RIGHTS.

Mr. President, many assume that women do not want equal suffrage. That is no argument against a woman's right to vote, even if it were true. Even prisoners become satisfied with their conditions. Byron's Prisoner of Chillon says:

My very chains and I grew friends,
So much a long communion tends
To make us what we are:—even I
Regain'd my freedom with a sigh.

After the Civil War many of the slaves did not want their freedom. They dreaded a change and were satisfied with their condition. Will anyone contend that they should not have had their freedom, even if a majority of them had been satisfied with slavery? Can we justly wipe out the principle of the inalienable rights of a human being by any such false reasoning?

If a majority of the men of a State or of the United States should not care for the elective franchise, would the other men be willing to be deprived of it and of all the benefits that flow from it? There was a time when the suffrage movement was ridiculed so much that it made many women less insistent upon their rights, and no doubt a considerable number were indifferent as to voting; but now the cause of woman suffrage has made a progress, stimulated by their desire for the franchise, that is marvelous, contrasted with the sentiment of even 10 years ago. If a woman for any reason should prefer not to vote, she will always have that privilege. Equal suffrage does not force the exercise of it upon anyone. On the other hand, the denial of the franchise deprives not only the one who does not want it, but also the one who does want it and who believes it is her right.

Do women want equal suffrage? Ask the women of Colorado. Submit the question to those who have tried it and scarcely a small minority can be found to vote against it. Whenever a law is disapproved by the people, expression of that sentiment is found in appeals for its repeal. Colorado has had equal suffrage for 23 years, yet no petitions for repeal have ever been presented.

The fact that no member of the General Assembly of Colorado has ever introduced in that body a bill to resubmit the question to the people shows that there is no demand for any change in the elective franchise of that State. The principle of equal rights for women is as irrevocably determined in Colorado as the freedom of the negro is determined in the Nation.

SUFFRAGE NOT DEPENDENT UPON ABILITY TO FIGHT.

Mr. President, it is contended that woman can not bear arms, therefore, she is not entitled to participate in the affairs of the government of her country. I do not believe the right to vote

should be dependent upon the ability to kill. No such distinction is made among the men of the Nation. The strong and the weak, the youthful and the aged, the active and the decrepit are upon an equality in the exercise of their franchise.

It is said that Elizabeth Cady Stanton was once urging woman suffrage when Horace Greeley, invoking this same contention, asked her if there were a call by the Government upon the women for troops what she would do. Instantly she replied, "I would do exactly as you did in the Civil War, Mr. Greeley, hire a substitute."

Even if a woman could not bear arms, she does bear loyal sons, who are ever ready to enlist for the defense of her country. She has a high sense of honor and courage, which for a just cause makes her willing to sacrifice all for her country. The European war has demonstrated that the women of this day have a courage equal to that of the Spartan mothers, who bade their sons on departing for battle to return with their shields or upon them. In case of necessity I am confident that thousands would enter the field, as many have done in the present world's conflict. But it is an outrage that woman should have no voice in the determination as to whether her country should go to war, when the sacrifice of her sons may be required by the Nation, and when her property to the limit of its value may be taken by taxation to prosecute the war. She is not swayed by the same motives as are some men. She does not become a jingo from a selfish desire for promotion or for glory. The thought of wearing epaulets and gold lace does not affect her judgment. She suffers for her loved ones more than does the soldier on the field of battle. She realizes better than man how horrible and destructive is war, both in victory and defeat, and how much the progress of the human race is retarded thereby. It is for these reasons she would act as a balance wheel in the machinery of government.

Mr. THOMAS. Mr. President—

Mr. SHAFROTH. I yield to my colleague.

Mr. THOMAS. Mr. President, I assume that my colleague has not overlooked the fact that during the great conflict in Europe women have taken the places of men in all the industrial departments of life, and are conducting the industries and the ordinary pursuits which are inseparable from existence with a devotion, a courage, and an efficiency equal to that which prevailed prior to the outbreak of the war, and that also in the hospital work and in some lines of field duty, notably in organizations for reserve service in Great Britain, women have been doing and are doing men's work and doing it well. They have done it so well in Great Britain that Mr. Sidney Brooks, one of the leading English writers of this generation and heretofore a strong opponent of woman suffrage in England, has recently declared that woman has earned her right to the enjoyment of political equality and political privilege—a right which he asserts will be freely conceded to women in the British Empire as soon as peace shall have returned and normal conditions again prevail.

Mr. SHAFROTH. Mr. President, I thank the Senator for the statement; and I can go a little further by saying that I have noticed in the newspapers a number of instances in which women have gone into the trenches in the European war by the side of the men where they are fighting in defense of their country.

Mr. President, civilization demands that international disputes shall not continue to be determined by the amount of death and destruction which can be wrought, and woman's influence backed by a vote is greatly needed in the work of creating a tribunal to settle such disputes by arbitration. It is absurd to say that questions of honor can not, as in lawsuits, be settled by international arbitration tribunals. That was the argument that prevented for centuries the passage of laws prohibiting dueling, an institution which sacrificed, under the pretense of maintaining honor, thousands of the most brilliant men of the world; yet no one would now sanction for a minute a return to that destructive practice.

IS IT WRONG TO ADOPT THE CONSTITUTIONAL AMENDMENT?

Mr. President, vigorous objection is made to adopting an amendment to the Federal Constitution providing for equal suffrage on the ground that the elective franchise is a subject inherently within the province of a State, and the adoption of such a constitutional amendment would force upon some States a franchise which they might believe was detrimental to their people. The same objection can be made to the adoption of any constitutional amendment when opposed by even one State.

Some people believe that the United States Government has no right to place an embargo upon what the people of a State shall drink and they regard a prohibition amendment to the Constitution as an infringement of their personal liberty.

It is true the United States Government is one of enumerated, delegated powers, and those powers not delegated are reserved to the States. When applied to a law of which the power to enact

has not been delegated, the argument is invincible, but the adoption of a constitutional amendment is the very delegation of the power to the Federal Government. There is, therefore, as against the adoption of an amendment to the Federal Constitution, no such thing as a "subject inherently within the province of a State."

The Constitution prescribes that—

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution. * * * which shall be valid to all intents and purposes as part of this Constitution, when ratified by the legislatures of three-fourths of the several States.

All concede that the adoption of such an amendment in the manner prescribed is legally right. Then, wherein is it morally wrong? The States adopted the Constitution knowing full well of this provision. The safeguard protecting the interest of a State is in the provision requiring such a large majority vote of the Members of each House of Congress to adopt an amendment and in the legislatures of the States to ratify the same. The fact that the people of three-fourths of the States want an amendment is the best evidence that it is morally right.

To us of Colorado who believe that woman's influence in government has always been and is sure to continue to be for the enactment of all good and moral legislation and the enforcement of the same, it is inconceivable that her right to vote could do any harm or wrong to any State.

For these reasons I contend that equal suffrage by State or National constitutional amendment is right.

II.

IS WOMAN SUFFRAGE EXPEDIENT?

Mr. President, the statement is made that even if every woman should exercise the suffrage, "the votes of the thoughtful and conscientious would almost certainly be largely outweighed by the votes of the disreputable, the ignorant, the thoughtless, the purchased, and the coerced."

In that declaration the assumption is made either that the disreputable and ignorant women are in the majority or that the good women will not vote, both of which I most emphatically deny.

The contention that the immoral women in large numbers are eager to vote is refuted by experience. Not more than one-half of 1 per cent of the women are immoral—that is 1 out of every 200—and hence their votes could never constitute a large factor in elections. Women of the red-light district are never eager to vote. They know that their business is unlawful and is liable to be closed if they should take an active part against the candidates who win. It is for that reason they shrink from casting any vote whatever and would not ordinarily participate in elections unless urged to do so by the police force of their city. They dislike to register or give any facts concerning themselves or their names and addresses; they are, therefore, usually unwilling voters, and many are disqualified by reason of the frequent change of habitation.

On the other hand, the good and intelligent women are equally interested with men in good government and respond in about the same proportion as men in performing their duty as citizens.

They are even more interested than men in all movements in behalf of moral uplift and of humanity.

There have been a few instances in which a woman has been guilty of fraud in an election in Colorado. The antisuffragists seemed to have gone into spasms over the occurrence and have urged it as a sure indication of the corrupting influence of women in politics. In reading of the exposure they have totally ignored the fact contained in the same news item that there were 10 or more men implicated with the woman in the fraud, and that the men procured her participation in order to divert suspicion from themselves.

Mr. OWEN. Mr. President—

Mr. SHAFROTH. I yield to the Senator from Oklahoma.

Mr. OWEN. What is the proportion of criminals confined in Colorado of the feminine sex as compared with men?

Mr. SHAFROTH. About one-twentieth. It varies a fraction above or below that; but the average is about one-twentieth.

Mr. OWEN. Then, men would appear to be twenty times as bad as women?

Mr. SHAFROTH. Yes, sir; that seems to be the fact from the criminal court records.

The majority of the press of the country has always been unfair to women in the publication of such incidents. They have always put in headlines the part derogatory of women and have seldom referred to the fact, which usually existed, of more than ten times as many men being implicated in the same fraud.

A clipping from a Washington paper contained headlines, in capitals, as follows:

WOMEN'S VOTES AT \$1 EACH—THREE FAIR KENTUCKIANS INDICTED FOR FRAUDS AT A SCHOOL ELECTION.

The text of the dispatch, in small type, was as follows:

PIKEVILLE, KY., February 6, 1915.

Three women have been indicted on charges of selling votes in the last school election. They will be tried with the 1,100 men who are accused of having committed fraud at the primary election here last August. It was alleged in the indictment that the women sold their votes for \$1 each. The trials of those indicted will be resumed on Monday.

What an injustice it was to refer in the headlines to only the fraud of 3 women when the startling fact existed of the commission of election frauds by 1,100 men!

If it is so potential an argument against woman suffrage that a few women have been implicated in election frauds, why is it not ten times as strong an argument against manhood suffrage when the facts will show that there were at least ten times as many men implicated in the same frauds? Since the conviction and disfranchisement on account of election frauds of nearly all of the men of Adams County, Ohio, it seems to me such an argument against woman suffrage would never be urged.

Mr. THOMAS. Mr. President, may I ask my colleague right there whether every argument that is advanced against equal suffrage, if sound and if carried to its logical consequences, would not disfranchise the male citizens of America?

Mr. SHAFROTH. Unquestionably it would. If the argument is valid that because one woman commits a fraud in an election, therefore all the women should not be permitted to vote, it would disfranchise, of course, the men, because ten times as many men as women are guilty of such frauds.

Mr. THOMAS. I suggest whether the arguments of incapacity, of indifference, of ignorance, and the like are not equally conclusive, if conclusive at all, when applied to men?

Mr. SHAFROTH. That is true in almost every instance. I have some statistics here, to which I will refer, as to the number of women who vote. Some say they do not vote, but the statistics show the contrary.

Mr. President, who are these women who, many seem to fear, will have a corrupting influence on elections if given the right to vote? They are our mothers, our wives, our sisters, and our daughters. Is there a man good or bad in high life or low who believes his mother, wife, sister, or daughter would be more corrupt than he in exercising the elective franchise?

Woman's influence has always been for good, and in no sphere has this been better demonstrated than in politics. The election polls, since the advent of woman suffrage in Colorado, with the exception of a few in the low parts of the cities, have been transformed into as respectable places of meeting as dry goods stores or public halls. Laws have been enacted for the very purpose of preventing disturbances. No electioneering is permitted within 100 feet of the voting place. The rowdy element, which was once wont to assemble at and remain around the polls all day, is wanting. There is absolutely no danger of an insult to a woman at the polls where neighbors and friends vote.

The precinct primaries and elections are conducted by local authorities and at public expense and are held at residences or other respectable places. The restraining influence of the presence of women has greatly improved the tone of political conventions and meetings.

PRODUCES BETTER NOMINATIONS.

Mr. President, the influence of women has been felt most, perhaps, in the character of nominations made by each political party. Many men, after denouncing a candidate as dishonest and immoral before his nomination, support him at the election because they believe they must have a consistent party record in order to get subsequent recognition from their party.

Women have no political records to keep consistent. Only in rare instances are they candidates for office. In no instance has a woman in Colorado sought the nomination for any State office, except that of superintendent of public instruction, and able and highly educated women have been elected to that position ever since equal suffrage was adopted. A small percentage of women is elected to the house of representatives and the senate of the general assembly, all of whom have made excellent records.

To such an extent is the moral influence of women felt that if a disreputable candidate is mentioned the argument is urged by men that the women will not support him, and he is generally defeated for nomination or his name by reason of failure of support is not placed upon the primary ballot. Thus,

woman's presence in politics has introduced an independent element which compels better nominations and better officials.

Some fear has been expressed by those who have not observed the operation of the law that women will spend most of their time in politics and thereby neglect their home duties. Ninety-nine per cent of the women in Colorado devote no more time to politics than to attend one or two political meetings every year and go to the polls near their homes on election day and cast their votes. Not one-hundredth part of the time is spent by women in political affairs as is spent by the average woman in social duties.

WILL WOMAN SUFFRAGE PRODUCE DISCORD IN THE FAMILY?

Mr. President, it was predicted by many that equal suffrage, by the discussion of political questions and the merits of candidates for office, would produce dissension in the home which would often culminate in separation and divorce. There is no instance known in Colorado where it was even claimed in a divorce case that the difficulties between the husband and wife arose over disputes as to politics.

A short time before the vote in the United States Senate was taken upon the adoption of the Susan B. Anthony amendment to the Constitution in March, 1914, I wrote a letter to each of the 19 judges of the district courts in the State of Colorado, those being the courts in which nearly all of the divorce actions are brought, which letter was in the following form:

WASHINGTON, D. C., February 17, 1914.

Judge GEORGE W. ALLEN,
Courthouse, Denver, Colo.

DEAR JUDGE: There is pending in the Senate a joint resolution for a constitutional amendment granting equal suffrage to women. There has been some contention among those who are opposed to woman suffrage that the passage of such a constitutional amendment would have a tendency to produce quarrels among husbands and wives.

I would thank you very much if you would let me know whether in any divorce case which you have tried it was claimed upon either side that the cause of any dissension or disagreement among the parties to the suit originated from or was caused by differences as to politics or candidates. If there have been any such, I would thank you very much if you would indicate the proportion where such disagreements and difficulties arose as contrasted with the number of divorce cases which you have tried. By giving me this information you will greatly oblige.

Yours, truly,

JOHN F. SHAFROTH.

The answer of each of the judges was substantially that given by Judge Allen in the following reply to my communication:

CHAMBERS, DISTRICT COURT,
Denver, Colo., February 24, 1914.

HON. JOHN F. SHAFROTH,
Washington, D. C.

DEAR SENATOR: I take pleasure in answering your inquiry of the 17th instant.

During my experience on the bench, which has covered a period of approximately 20 years, I have never known of a divorce case among the many as such wherein it was claimed or suggested that political differences in any manner had been the cause of troubles between husband and wife. I know of no divorce case brought in the court wherein it was claimed or alleged upon either side that political differences had caused any dissensions to disturb the marital relations between husband and wife.

Universal suffrage has existed by law in our State since 1893.

Sincerely, yours,

GEO. W. ALLEN,
Judge District Court.

The answers of the other district judges of Colorado to the same effect can be found in a speech I delivered in the Senate on March 2, 1914, printed on page 4141 of the CONGRESSIONAL RECORD of that date.

In view of this unanimous testimony of men who know, what a base slander it is to say that equal suffrage in Colorado causes political quarrels between husbands and wives, resulting in cruelty, which often produces grounds for divorce.

The States of Maine and Colorado are about equal in population. Between 1887 and 1906, according to the only census statistics available, there were granted in Maine 14,194 divorces, of which 4,844 were on the charge of cruelty; while in Colorado, during the same period, there were 15,844 divorces granted, of which 2,717 were on the charge of cruelty. Thus it can be seen that in Colorado woman suffrage has not produced political quarrels resulting in cruelty between husbands and wives.

It may be true that some more divorces have been granted in the far Western States than in some other parts of the country, but that is not due to woman suffrage, for the percentage of divorces was just as great during the years before such States adopted equal suffrage as now. That condition is due to the fact that so many people from the other parts of the Union desiring to avoid the publicity at their home cities and communities of the scandals which grow out of such proceedings go to these far Western States to commence and prosecute their divorce actions.

HIGHER WAGES FROM SUFFRAGE.

Mr. President, that equal suffrage opens to women more positions and occupations, which fact, according to the principle of

supply and demand, must produce better wages, it seems to me no one can deny.

There was a time when it was considered unseemly for women to accept employment other than in the factory or in the household. To be a clerk in a store or an office was considered almost scandalous. With such a public sentiment closing the door of opportunity for positions, what chance had women of obtaining employment at remunerative wages? The very agitation for equal suffrage has forced public sentiment to recognize, at least, the right of women to work in any vocation that is honorable.

If it were not that many honorable women in past years persistently advocated equal rights the sphere of labor for women would likely still be principally in the household and factory. The right to exercise the franchise in determining the important questions of city, State, and National Governments, as well as in the selecting of the officers of the same, gives woman that important consideration and respect which everyone possessing power receives.

Deprive any class or nationality of men of the elective franchise, and its detrimental effect would be felt almost immediately. Their petitions for legislation would no longer receive prompt and careful consideration; and if the proposed legislation conflicted with laws favorable to a class of voters, it would be almost impossible to get a legislator or Congressman to introduce and urge such a measure.

Mr. President, while a Member of Congress I appeared with Miss Susan B. Anthony, Dr. Anna Howard Shaw, and others before a committee of the National House of Representatives every session for nine years, begging for a favorable report on the Susan B. Anthony amendment which I had introduced. The most favorable expression we were ever able to obtain from the committee was that the members would give the matter their careful consideration. No report was ever made.

If persons representing one-tenth as many voters had made an appeal for some important legislation affecting their rights, do not we know that those same Congressmen would almost have fought with each other for the privilege of writing a favorable report?

Nor would such effect be produced upon legislators only. A prejudice against a class or nationality deprived of the franchise exists among the masses, and when conflict of interest arises it manifests itself often in violence, which even the officers of the law are powerless to prevent.

Does anyone suppose the Chinese would have received the treatment accorded them had they been voters? Would not their allegiance to a political party have procured the friendship and protection of the members of that party? Would not more positions of employment have been opened to them under that protection, and would not that demand for their labor have produced better wages for them?

If this franchise is so important to men, why is it not equally important to women? If it is so instrumental in getting legislation for men, why would it not be equally effective for women? If it lessens the number of positions available to a class of men to be deprived of their franchise, and consequently affects their wages, why does it not produce the same effect on the positions open to women and their wages?

RESPECT FOR WOMEN.

Mr. President, the contention that women will lose the respect of men has been urged against every advance made by women. From the modifications of the old unjust laws against them to the admission of women to the best colleges and universities of our land the same contention has been made. But is not there as much respect for women now as when under the law the husband had the right to chastise his wife, and when they were debarred from entering colleges and universities?

The respect for woman is based upon her intelligence and morality. Is there anything calculated to degrade her in the act of going to the polls on election day, where she will find in line her neighbors and friends, and casting her vote to determine State and National questions and who shall administer the affairs of the Government? Does any man believe that he has been degraded by casting an honest vote? Why should we assume that it will degrade women and not men?

In Colorado I find no tendency in men to omit the acts of courtesy and respect which women have always commanded.

During the last 20 years I have lived about half the time at Washington City and the other half at Denver, Colo. I have observed the women of those two cities to ascertain, if possible, whether the elective franchise of Colorado has either lowered woman's ideals or changed her refined, womanly qualities. In education, in culture, and in her home influence the Colorado woman is surpassed by none, and her ideals are as lofty and as pure as our own glorious mountains, by which she is surrounded.

These facts, it seems to me, conclusively show that equal suffrage is expedient.

III.

IS EQUAL SUFFRAGE PRACTICABLE?

Mr. President, the contention that equal suffrage is impracticable because women will not vote is flatly contradicted by the election returns in the equal-suffrage States of the Union.

The women in those States, in proportion to their number, cast about as many votes as do the men. This is demonstrated by contrasting the vote in the equal-suffrage States with that of other States of equal population. The assumption that there are as many qualified voters in a State as the census report shows there are inhabitants over 21 years of age is erroneous. The census enumerators do not see each inhabitant, and are encouraged by the people of each city and community to make the enumeration as large as possible, and usually, by duplications and incorrect reports, the number is considerably increased. The enumeration contains all the unnaturalized population as well as those who by statute are permanently disqualified from voting. It contains those who have not resided in the State, county, or precinct long enough to be entitled to vote. Even the registered voters can never all vote. The changes in the addresses of those not having homes is always considerable. The absence from the polls on registration days or election days of voters on account of business, visits, sickness, and so forth, is always large in all States.

The population of Colorado in 1910 was 799,024, and of Maine was 742,371, yet the vote cast in 1912 for presidential electors was 266,871 in Colorado and only 129,636 in Maine.

The population of Kansas in 1910, where woman suffrage now prevails, was 1,690,949, and the population of Oklahoma in 1910, where woman suffrage does not prevail, was 1,657,155, yet the total vote cast in 1914 for governor in Kansas was 530,206, while in Oklahoma it was only 233,682.

The population of the State of Washington in 1910 was 1,141,990 and of Connecticut 1,114,756. The total vote cast in the State of Washington in 1914, where equal suffrage prevails, was 345,279, while in Connecticut, where equal suffrage does not prevail, the vote cast in 1914 was 181,108.

Mr. JONES. Mr. President, I desire to direct the Senator's attention to the fact that there was no election in the State of Washington for governor in 1914; there was in 1912. But in 1914, of course, we had a congressional election, and prohibition resolutions were voted upon. My recollection is that about 350,000 votes were cast on that issue.

Mr. SHAFROTH. Three hundred and forty-five thousand two hundred and seventy-nine is the exact figure given by the World Almanac. I supposed the governor was elected.

Mr. JONES. No.

Mr. SHAFROTH. If he was not elected, of course, it would not have been so important an election as it would if the governor had been elected, and, consequently, it is more favorable to the position I take.

Mr. JONES. Yes; that is true.

Mr. SHAFROTH. Perhaps the clearest demonstration that women do vote when given the franchise is shown in the election returns of such States immediately preceding and immediately after equal suffrage has been adopted. It must be borne in mind also that in all the equal-suffrage States there are many more men of voting age than women. In Colorado there are 85,940 more men.

The vote cast in Arizona in 1912 for President was 23,722. At that election the people of that State adopted an equal-suffrage constitutional amendment. At the next election, in 1914, the total vote cast was 51,007.

In the State of Kansas the total vote cast in 1912 for presidential electors was 365,444. At that same election a constitutional amendment was adopted granting suffrage to women. In the election of 1914 there were cast for governor in that State 530,206 votes.

In the State of Oregon the total vote cast in 1912 for presidential electors was 137,040. At that same election a constitutional amendment was adopted granting suffrage to women. In the election of 1914 there were cast for governor in that State 248,052 votes.

In the State of Washington the total vote cast in 1908 for presidential electors was 183,630. In 1910 woman suffrage was adopted in that State, and in the election of 1912 there were 322,799 votes cast.

Compare the total vote of 1912 with that of 1914 in any State having male suffrage only and you will find that the increase is very inconsiderable if any.

Presidential elections nearly always bring out a larger vote than State elections.

The officers of very few counties in Colorado tabulate the vote at elections by sex, there being no law requiring it, but those of the city of Denver make such tabulation in presidential years.

In the city of Denver there were registered, in 1908, 41,530 men, of whom 36,891 voted, and 35,620 women, of whom 29,085 voted.

In the city of Denver there were registered, in 1912, 46,010 men, of whom 34,632 voted, and 34,170 women, of whom 25,315 voted.

The registrations are very complete, and represent practically all the voters in the city.

It seems to me that these statistics should determine conclusively that women will and do vote at elections in about the same proportion as men.

DO WOMEN VOTE AS THEIR HUSBANDS?

Mr. President, it is said that if women vote they will support the same candidates for office as their husbands, and thereby the vote will be doubled at considerable expense without any gain in result. The sons of a household usually belong to the same political party as their father, but no one would think for that reason the sons should be disfranchised. Perhaps in a majority of instances women do vote the same as their husbands, but when they do not, it is generally because of some reprehensible or immoral conduct upon the part of the candidate which the husband, for party expediency or to keep his own political record straight, may overlook. In such instances her vote is the better for good government.

Women have had equal suffrage in school elections in 23 States of the Union for many years. Has anyone ever contended that the exercise of that right has contaminated school elections or the women who participated therein, or made less efficient the teaching or moral instruction in such States?

It is universally recognized in Colorado that the women who have filled official positions in that State have made excellent records. While only one State elective office has been filled by a woman, namely, superintendent of public instruction, yet women have been appointed on many State boards, and such boards have been better managed than they ever were by men alone.

LAWS IN COLORADO URGED BY WOMEN.

Mr. President, women have materially assisted in having enacted many excellent laws, among which are the following:

Establishing a juvenile court and a code for the treatment of juvenile delinquents and for the punishment of those who contribute to their delinquency, and for the redemption of offenders; a State industrial school for girls; a State home for dependent children; a State home for mental defectives; compulsory education for all children from 8 to 16 years of age; a law preventing child labor during terms of school; establishing parents as joint heirs of deceased children; making it a misdemeanor for adult children to fail to support aged or infirm parents; increasing the age of consent of girls and protecting them by criminal statutes (the age of consent of girls in some States is as low as 12 years); creating a State traveling library commission of women; establishing a pure-food bureau and providing for the enforcement of laws as to pure food; preventing husbands from mortgaging household goods without signature of the wife; providing for examination of teeth, eyes, and ears of school children; creating a bureau for prevention of cruelty to dumb animals; abolishing the sweat box in getting confessions from prisoners; authorizing commutation of sentence for prisoners so that by good conduct and work they can earn their liberty in much shorter time; establishing a board of charities for the supervision of all public prisons and eleemosynary institutions; prohibiting men from taking the earnings of immoral women; providing for protection of children by forbidding publicity in cases in which they are involved; providing for minimum wages for women and minors; providing minimum salary for teachers; providing eight-hour law for miners; creating a public-utilities commission; prohibiting employment of children in certain unhealthy and dangerous occupations; and adopting a State-wide prohibition constitutional amendment.

Every moral law or movement has had the support of a large majority of the women. It was the Interparliamentary Union at London which declared that Colorado has "the sanest, most humane, most progressive, most scientific laws relating to the child to be found on any statute books in the world."

The money raised by taxation for school purposes in Colorado is greater in amount, considering the population, than that raised in any other State of the Union.

EQUAL SUFFRAGE SURE TO WIN.

Mr. President, it is one of the truths verified by history that nearly all the movements in behalf of freedom and liberty have

originated in the mountains or high altitudes. It was in the Alps that freedom was first established in Continental Europe and it was in the Highlands of Scotland that Bruce and Wallace laid the foundation of English liberty—

When Freedom from her mountain height
Unfurled her standard to the air,
She tore the azure robe of night
And set the stars of glory there.

So it was in the Mountain States, the birthplace of freedom, that equal suffrage was first given to women in this Republic. It is as certain to extend to every State in the Union as is the certainty of the ultimate triumph of every principle of right.

Women have in their hearts as much love of liberty and freedom as men. They now have full suffrage in 10 of the States of the Union and have full school suffrage in 18 other States. Giving them limited suffrage will not and should not satisfy them. It is one of the peculiar traits of human nature that palliative measures tending toward liberty simply whet the appetite for absolute freedom.

Mr. President, the advance in the establishment of equal suffrage is simply the progress of evolution in our form of government. It can no more be arrested than can the world's progress in democratic government. Our Declaration of Independence has produced a republic in nearly every country in the Western Hemisphere and has had a modifying influence in behalf of human rights upon every monarchy of Europe and Asia. Education and love of liberty, the solid foundation of all republics, are preparing the world for governments "of the people, for the people, and by the people."

For these reasons, I maintain that equal suffrage is right, expedient, and practicable, and that the highest considerations of the public welfare demand its adoption.

Both of the great political parties are soon to assemble in national convention. May they by strong declarations approve this Senate joint resolution No. 1 and thereby take an advance step in the progress of human rights and good government.

Mr. OWEN. Mr. President, I wish to take only a moment. The argument made by the Senator from Colorado [Mr. SHAFROTH] on woman's suffrage looks to the sovereignty of the people, for when he speaks of the people he speaks of all the people, women as well as men. I regard this recognition of women as most important to the welfare of the American people. Woman's suffrage is a final culmination of the triumph of the people in self-government, and for that reason I take a deep interest in it.

I wish to put in the RECORD the secret treaty of Verona of November 22, 1822, showing what this ancient conflict is between the rule of the few and the rule of the many. I wish to call the attention of the Senate to this treaty because it is the threat of this treaty which was the basis of the Monroe doctrine. It throws a powerful white light upon the conflict between monarchical government and government by the people. The Holy Alliance under the influence of Metternich, the Premier of Austria, in 1822, issued this remarkable secret document:

[American Diplomatic Code, 1778-1884, vol. 2; Elliott, p. 179.]

SECRET TREATY OF VERONA.

The undersigned, specially authorized to make some additions to the treaty of the Holy Alliance, after having exchanged their respective credentials, have agreed as follows:

ARTICLE 1. The high contracting powers being convinced that the system of representative government is equally as incompatible with the monarchical principles as the maxim of the sovereignty of the people with the divine right, engage mutually, in the most solemn manner, to use all their efforts to put an end to the system of representative governments, in whatever country it may exist in Europe, and to prevent its being introduced in those countries where it is not yet known.

ART. 2. As it can not be doubted that the liberty of the press is the most powerful means used by the pretended supporters of the rights of nations to the detriment of those of princes, the high contracting parties promise reciprocally to adopt all proper measures to suppress it, not only in their own States but also in the rest of Europe.

ART. 3. Convinced that the principles of religion contribute most powerfully to keep nations in the state of passive obedience which they owe to their princes, the high contracting parties declare it to be their intention to sustain in their respective States those measures which the clergy may adopt, with the aim of ameliorating their own interests, so intimately connected with the preservation of the authority of the princes; and the contracting powers join in offering their thanks to the Pope for what he has already done for them, and solicit his constant cooperation in their views of submitting the nations.

ART. 4. The situation of Spain and Portugal unite unhappily all the circumstances to which this treaty has particular reference. The high contracting parties, in confiding to France the care of putting an end to them, engaged to assist her in the manner which may the least compromise them with their own people and the people of France by means of a subsidy on the part of the two empires of 20,000,000 of francs every year from the date of the signature of this treaty to the end of the war.

ART. 5. In order to establish in the Peninsula the order of things which existed before the revolution of Cadiz, and to insure the entire execution of the articles of the present treaty, the high contracting parties give to each other the reciprocal assurance that as long as their views are not fulfilled, rejecting all other ideas of utility or other measure to be taken, they will address themselves with the shortest possible delay to all the authorities existing in their States and to all their

agents in foreign countries, with the view to establish connections tending toward the accomplishment of the objects proposed by this treaty.

ART. 6. This treaty shall be renewed with such changes as new circumstances may give occasion for, either at a new congress or at the court of one of the contracting parties, as soon as the war with Spain shall be terminated.

ART. 7. The present treaty shall be ratified and the ratifications exchanged at Paris within the space of six months.

Made at Verona the 22d November, 1822.

For Austria :

METTERNICH.

For France :

CHATEAUBRIAND.

For Prussia :

BERNSTET.

For Russia :

NESSERLODE.

I ask to have printed in the CONGRESSIONAL RECORD this secret treaty, because I think it ought to be called now to the attention of the people of the United States and of the world. This evidence of the conflict between the rule of the few versus popular government should be emphasized on the minds of the people of the United States, that the conflict now waging throughout the world may be more clearly understood, for after all said the great pending war springs from the weakness and frailty of government by the few, where human error is far more probable than the error of the many where aggressive war is only permitted upon the authorizing vote of those whose lives are jeopardized in the trenches of modern war.

Mr. SHAFROTH. Mr. President, I should like to have the Senator state whether in that treaty there was not a coalition formed between the powerful countries of Europe to reestablish the sovereignty of Spain in the Republics of South and Central America?

Mr. OWEN. I was just going to comment upon that, and I am going to take but a few moments to do so because I realize the pressure of other matters. This Holy Alliance, having put a Bourbon prince upon the throne of France by force, then used France to suppress the constitution of Spain immediately afterwards, and by this very treaty gave her a subsidy of 20,000,000 francs annually to enable her to wage war upon the people of Spain and prevent their exercise of any measure of the right of self-government. The Holy Alliance immediately did the same thing in Italy, by sending Austrian troops to Italy, where the people there attempted to exercise a like measure of liberal constitutional self-government; and it was not until the printing press, which the Holy Alliance so stoutly opposed, taught the people of Europe the value of liberty that finally one country after another seized a greater and greater right of self-government, until now it may be fairly said that nearly all the nations of Europe have a very large measure of self-government.

However, I wished to call the attention of the Senate and the country to this important history in the growth of constitutional popular self-government. The Holy Alliance made its powers felt by the wholesale drastic suppression of the press in Europe, by universal censorship, by killing free speech and all ideas of popular rights, and by the complete suppression of popular government. The Holy Alliance having destroyed popular government in Spain and in Italy, had well-laid plans also to destroy popular government in the American colonies which had revolted from Spain and Portugal in Central and South America under the influence of the successful example of the United States. It was because of this conspiracy against the American Republics by the European monarchies that the great English statesman, Canning, called the attention of our Government to it, and our statesmen then, including Thomas Jefferson, took an active part to bring about the declaration by President Monroe in his next annual message to the Congress of the United States that the United States would regard it as an act of hostility to the Government of the United States and an unfriendly act if this coalition or if any power of Europe ever undertook to establish upon the American Continent any control of any American Republic or to acquire any territorial rights.

This is the so-called Monroe doctrine. The threat under the secret treaty of Verona to suppress popular government in the American Republics is the basis of the Monroe doctrine. This secret treaty sets forth clearly the conflict between monarchical government and popular government and the government of the few as against the government of the many. It is a part, in reality, of developing popular sovereignty when we demand for women equal rights to life, to liberty, to the possession of property, to an equal voice in the making of the laws and the administration of the laws. This demand on the part of the women is made by men, and it ought to be made by men as well as by thinking, progressive women, as it will promote human liberty and human happiness. I sympathize with it, and I hope that all parties will in the national conventions give their approval to this larger measure of liberty to the better half of the human race.

PRICE OF PRINT PAPER.

Mr. BANKHEAD. I move that the Senate proceed to the consideration of House bill 7617.

Mr. GORE. Mr. President—

The PRESIDING OFFICER (Mr. WALSH in the chair). Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. BANKHEAD. I do.

Mr. GORE. I will say to the Senator from Alabama that I merely ask unanimous consent to offer a Senate resolution, and I ask that it may lie on the table.

Mr. BANKHEAD. I yield for that purpose.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. OWEN. I should like to know what the resolution is.

Mr. GORE. I ask that it be read.

The PRESIDING OFFICER. The resolution will be read.

The Secretary read the resolution (S. Res. 179), as follows:

Resolved, That the Federal Trade Commission be, and is hereby, directed to investigate the recent rapid and unprecedented advance in the price of print paper, and to ascertain and report to the Senate the causes and forces which have brought about such advance of prices.

Mr. GORE. Let the resolution go to the table.

Mr. SMOOT. Let it go over one day.

The PRESIDING OFFICER. The resolution will lie over under the rule.

Mr. GORE. Mr. President, I addressed the Presiding Officer on yesterday for the purpose of offering this resolution, but at the instance of the Senator from West Virginia I deferred its introduction to facilitate the consideration of other business. The adoption of a similar resolution, however, dispenses with the necessity of the passage of the resolution which I have offered.

GOOD ROADS.

Mr. BANKHEAD. I believe when the Senate adjourned last Friday the amendment of the Senator from Nebraska [Mr. NORRIS] was before the Senate.

Mr. SMOOT. Has the bill been presented to the Senate?

The PRESIDING OFFICER. It has not. The Senator from Alabama moves that the Senate proceed to the consideration of House bill 7617.

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

The PRESIDING OFFICER. The Senator from Pennsylvania suggests the absence of a quorum. The Secretary will call the roll.

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

Ashurst	Gallinger	McCumber	Saulsbury
Bankhead	Gore	Martin, Va.	Shafroth
Beckham	Hardwick	Martine, N. J.	Sheppard
Borah	Hollis	Myers	Sherman
Brady	Hughes	Nelson	Smith, Ariz.
Burlingame	Husting	Norris	Smith, Ga.
Chamberlain	Johnson, Me.	Olliver	Smoot
Chilton	Johnson, S. Dak.	Overman	Sutherland
Clark, Wyo.	Jones	Owen	Swanson
Culberson	Kenyon	Page	Vardaman
Cummins	Lane	Phelan	Wadsworth
Curtis	Lippitt	Polindexter	Walsh
Dillingham	Lodge	Ransdell	Williams

Mr. CHILTON. My colleague [Mr. GOFF] is absent on account of illness. I will let this announcement stand for the day. I wish also to announce the absence of the Senator from Arkansas [Mr. ROBINSON] for unavoidable reasons.

Mr. BECKHAM. I wish to announce that the Senator from Tennessee [Mr. SHIELDS] is absent on account of illness in his family.

The PRESIDING OFFICER. Fifty-two Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Alabama that the Senate proceed to the consideration of House bill 7617.

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.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska [Mr. NORRIS].

Mr. LODGE. I should like to have the amendment stated.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. The Senator from Nebraska [Mr. NORRIS] offers the following amendment, which is pending:

On page 12, line 25, after the word "thereof," strike out the comma and the words down to and including the word "thereof," on line 3, page 13, and insert: "but upon satisfactory evidence that such failure of maintenance no longer exists, he may resume the contributions to which the State would be entitled under the provisions of this act."

Mr. NORRIS. Mr. President, I wish the Secretary would read the text of the bill as it will stand if the amendment is agreed to.

The PRESIDING OFFICER. The Secretary will read as requested.

The SECRETARY. Section 7, if amended as proposed, will read as follows:

SEC. 7. That the Secretary of Agriculture is authorized to withhold apportionment of funds to any State in which roads constructed under the provisions of this act have not, in his judgment, been properly maintained by the State, or any subdivision thereof; but upon satisfactory evidence that such failure of maintenance no longer exists he may resume the contributions to which the State would be entitled under the provisions of this act.

Mr. BANKHEAD. Mr. President, I understand from hearing the reading of the amendment proposed by the Senator from Nebraska [Mr. NORRIS] that it strikes out the provision of the bill which requires that the Secretary of Agriculture shall give notice that the roads have not been properly maintained. Is that correct?

Mr. NORRIS. Yes.

Mr. BANKHEAD. Mr. President, I hope the Senate will not adopt an amendment like that. I do not think the Secretary of Agriculture ought to be permitted to pounce on the government of a State without the permission of the State, and cut off the State's appropriation because, in his opinion, obtained perhaps from second-hand or some other source, the roads have not been properly maintained. I think it is but fair and just and right that the States should have notice that they have not maintained their roads properly under the provisions of the bill, and that unless they do so within a given time their appropriations will be discontinued.

I hope the amendment will not be adopted. Indeed, I hope my friend from Nebraska will not insist upon it, because it is so unjust and so unfair to the State that I can not conceive any reason why it should be adopted.

Mr. NORRIS. Mr. President, I do not care to again discuss this amendment at any length, because I went over it with some particularity the other day when we had the bill before us. I simply want to call the attention of the Senate to what I believe all students of the subject will give their adherence—that is, that any road bill, whether it be Federal or State, that does not provide for the maintenance of roads after they are built is simply throwing public funds into a rat hole.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield for a question.

Mr. BANKHEAD. Does not the Senator from Nebraska realize that the provisions of the bill for maintenance are just as emphatic and mandatory as they could possibly be written?

Mr. NORRIS. Yes; and I am going to discuss that briefly, since the Senator from Alabama has asked that question. The bill does provide for the maintenance of roads, and that is one reason why I feel inclined to support it. I would not vote for any road bill which I did not believe provided for the maintenance of roads after they were constructed; but while this bill in another place does provide for road maintenance, if we leave in the bill the language which I propose to strike out, it, in my judgment, nullifies the provision of the bill for road maintenance. It would be a legislative crime to use public money to build roads unless we did provide for their maintenance. Everyone knows that, although you may build a perfect highway, if there is no provision for its maintenance it will only be a short time until that highway may become impassable. When you undertake to spend public funds you have no excuse for using them for the purpose if the public highway, or whatever other thing you construct with those funds, is not going to be maintained after it is built. If we, representing the Federal Government, in providing for the building of roads want to see that those roads are maintained it is necessary for us to put something into the bill in the way of a penalty which the Federal Government can inflict if those roads are not maintained. The penalty hurts nobody if the law is complied with; the State loses nothing if the State maintains the road; but if the State does not maintain the road the only thing the Federal Government can do is to suspend future payments. We can not go into court and ask for

the issuance of a mandamus against a State to compel it to comply with an agreement to maintain a highway. That would be an impossibility.

While I am not presuming that a State will violate its agreement, I know that there are public roads which have been built, into the construction of which thousands of dollars have been put, as to which no provision was made for their maintenance; and in a few years they had become worse than nothing. As to any bill for the construction of a road which does not contain any provision or any machinery for the maintenance of the road, that condition will naturally follow, because it will be nobody's business to look after the road after it shall have been constructed. We all know that if we have a road constructed in any locality, very often \$1 expended in its maintenance will save \$100 of expense a few weeks later. In other words, if the roads which are proposed to be constructed are not maintained, in a short time they will be worse than no roads, whereas by the expenditure of a comparatively small amount of money we can keep them in good condition all the time.

A State that shall not have the machinery for road maintenance and a State that does not keep such machinery actively in operation to maintain the roads ought not to have Federal assistance in building other roads. It is true that when the roads are all built, if the State does not maintain them they would go to ruin, and the Federal Government could not help itself. About the only thing we can do is to say to the State, "If you do not maintain this road, which we in part construct out of the Federal Treasury, then we will give you no more money to help construct other roads." No such notice is necessary. The State knows whether or not it is maintaining the road. If we leave the bill as it is and provide that we must give the State six months' notice, then let us look at it as a practical proposition and see what might happen. Suppose we constructed a road and made it a perfect highway, but nothing was done about its maintenance; that it began to wear out and became worse than no road at all; then, the next year, when the Secretary was going to make another distribution of public funds, he should give notice to the State authorities, that notice must run for six months, and suppose before the expiration of that six months the time comes to make another distribution of Federal money, the Secretary will have no right under this bill to withhold it from that State, although the State may be doing absolutely nothing to maintain the highway which had been constructed with public funds? Do we want that? Is that fair? Will that result in good roads? Will that upbuild the country? Is that the kind of a law that Congress wants to enact?

Why, Mr. President, if the State has not maintained the road, the Secretary of Agriculture ought to be allowed to say—and my amendment would make it his duty to say—"You have not maintained this road and we will give you no further money"; but, in order to save the State, even if that should occur, the amendment provides that afterwards if the State goes to work and maintains that road, then the Secretary of Agriculture, when he comes to distribute more funds, may give the State its proportionate part.

Mr. President, it is argued by the Senator from Alabama, as it was argued by other Senators the other day, that there might be an honest dispute between the Secretary of Agriculture and his engineers and the State engineers. That is true; I admit that. There might be an honest dispute; but if we leave the bill as it is there is just the same probability of that honest dispute existing at the end of the six months. Then, let us see what might happen if that honest dispute is going to take place. We have constructed a road out of Federal funds, the State has not maintained it, and the matter runs along, we will say, until within three months of the next occasion when there must be more money distributed; the State is about to get more money, and the Secretary of Agriculture then gives that State notice, and says, "Unless you maintain this road I will not pay you any more money." That notice must run six months before it is legally effective, and before that time passes the State gets another contribution, but it has not yet commenced to maintain the road, and the matter runs on for another year. As the period for the distribution approaches the State puts its engineers to work and commences to maintain the road, and when the time comes for the distribution it says to the Secretary, "We are now maintaining this road according to law"; but the Secretary says, "No; you are not; my engineers say not." I can conceive of a case where both sides may be honest; but I do not know any way to avoid that difficulty. That difficulty exists in the bill as it stands now, and I do not change it by my amendment; I make it no worse and no better by my amendment. There may be an honest dispute, and, unless you provide some other machinery or make some one supreme above the

Secretary of Agriculture, it will remain in that way, whether or not my amendment is adopted.

Mr. President, I have offered this amendment in the best of faith. I am in favor of this bill; I am just as earnestly in favor of it as is any other Senator; but I want the bill to be put in such shape that it can not justly be charged against us that this is a "pork-barrel" proposition. If, however, we throw the money into roads and do not have any way to stop the continued payment of Federal money for roads, whether they are maintained or not, it could then be rightly said that this is a "pork-barrel" measure.

Suppose the amendment is adopted, what will happen? Assuming now, as it is fair to assume, that the Secretary of Agriculture and his engineers are honest; that they are trying to do the best they can; and that the State engineers and the State highways board are equally honest and are trying to do the best they can—if we assume that, and I believe we ought to so assume, for I imagine that would be the general rule, whether this amendment is adopted or not; each side perhaps in most cases will want to do what is right—here we have constructed a piece of road as to the condition of which the engineers of the State and the engineers of the Government know. They know whether it is being maintained or not. The words "properly maintained" are defined in the bill, so that it would not be necessary for an engineer to go out and see whether or not a road is properly maintained. If one went out and found holes as big as that desk, or smaller or bigger, it would not be necessary to send an engineer to decide whether that road was properly maintained. If it were found that an embankment was washed away in one place and not replaced, it would readily be known that that road was not properly maintained. So it seems to me that it is not going to be a very difficult matter to decide whether a State is properly maintaining a road, for everybody on both sides of the proposition would know whether or not the State was maintaining the road. If the State had the machinery to maintain its roads it would maintain them; there is not any doubt about that; and the real place where this amendment would be applicable, Senators, would be in case some State had no such machinery and made no attempt to maintain its roads, and when that is evident, then we ought to stop paying out the public money for the construction of roads in that State. It seems to me that it would be only fair that we should do that, and that as a practical defense of the Treasury of the United States we ought to do that.

Mr. WORKS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. I yield to the Senator.

Mr. WORKS. The bill provides that the word "maintenance" shall be construed as requiring the road to be kept in as good condition as when it was originally constructed. Does the Senator think that is a possible thing to do?

Mr. NORRIS. Yes; I think so. I have not examined into that question, and of course I do not claim to be a road expert, so that I may be mistaken about it; but however that may be, my amendment does not change that definition. If it is an impossibility to do that, then this bill, if it is strictly enforced, means that there will be only one payment, unless the distribution of the next payment comes before the six months' notice expires, as I have described a few moments ago.

Mr. WORKS. Mr. President—

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

Mr. NORRIS. I yield.

Mr. WORKS. And it means that upon the slightest excuse the Secretary of Agriculture can prevent any State from getting an additional appropriation, because the slightest deviation from that requirement of keeping the road in absolutely perfect condition would furnish a reason for refusing the State a share in any more money paid for this purpose.

Mr. NORRIS. Of course, the Senator assumes by that question that the road is perfect when it is built. I do not suppose there will ever be one built that is perfect. I presume, however, that these men will be reasonable about it; and, so far as my amendment is concerned, the question of the Senator from California has nothing to do with it. It would be just the same one way as the other, except that, if it is impossible to comply with that definition, then, with the provision for the six months' notice left in the bill, we will only throw away so much more money than we would if we exclude a State that is not properly maintaining its roads, as I undertake to provide by the amendment I have offered.

I do not believe there is going to be any difficulty between the Federal authority and the State authorities. I know that

there is a possibility of such difficulty, and I do not see how we can frame a law that will entirely avoid that possibility. I do not believe we pass any laws that do not contain such possibilities. As to every law that we pass, and every one that we will pass in the future, if some one in carrying out its provisions fails to do his duty, if a dishonest official has charge of the construction, or a dishonest official has charge of the maintenance of a public building or a public work, of course things will go wrong, and we may expect imperfections. We can not reach perfection; but I take it that these men, imbued with an honest and patriotic desire to carry out the provisions of the bill according to their spirit and intent, will have no difficulty whatever in doing so. I can not conceive how the State engineers and the Government engineers are going to disagree as to whether or not a road is being maintained.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield to the Senator from Alabama.

Mr. BANKHEAD. I should like to ask the Senator from Nebraska if he has even a suspicion that the Secretary of Agriculture, under the provisions of this bill, would at any time make a second or a third or any other allotment or appropriation to any road where there was a contention or dispute going on between the Secretary of Agriculture and the road authorities as to its proper maintenance?

Mr. NORRIS. Probably not.

Mr. BANKHEAD. Then that is the whole question.

Mr. NORRIS. Yes; and if that be true, then the bill as originally drawn will compel him to do that very thing if the six months' notice has not expired. It may be admitted by the State—you can put it that strongly—that it is not complying with the law, and still the Secretary is compelled to give that State its proportionate share of the distribution, unless the six months' notice has expired.

Mr. President, I do not care to take the time of the Senate further in the debate.

Mr. VARDAMAN. Mr. President, I am greatly interested in the proposed legislation. I think it is going to be far-reaching in its good effects. I think the enactment of a law of this character at this time is going to give an impetus and encouragement to road building, which we all concede to be a matter of very vital importance to that class of our population who live in the rural sections of this country. It not only means saving in the wear and tear of the vehicles and economizing of time, lessening cost of transporting the products of the farm to the market, but there is an ethical side to the question which has heretofore been overlooked. Good roads mean good schools; better schools mean widening the range of the mental vision, developing to higher and nobler manhood and womanhood the boys and girls of the country. It facilitates social intercourse; social intercourse always begets more generous and sympathetic interests in each other, and as a natural consequence promotes the spirit of cooperation and mutual help. That country is strong and great whose rural population is prosperous and contented.

Daniel Webster once said:

When the tillage begins, other arts follow. The farmers, therefore, are the founders of human civilization.

And he voiced the distilled wisdom of all the generations of observant statesmen.

Lord Chatham observed that—

Trade increases wealth and glory of a country, but its real strength and stamina are to be looked for among the cultivators of the land.

I know of no greater service this Government could render itself than to offer encouragement and help in building good post roads throughout the rural districts of America.

Of course the amount appropriated by the General Government is comparatively small, and it should be comparatively small. The States should bear the larger part of the expense. In Mississippi the good-roads movement has progressed very rapidly. Within the last few years the counties of the State have invested more than \$10,000,000 in this direction, and the good work is hardly begun. I stated on the floor of the Senate a day or two ago that the county in which I live, to 1904, in the great Yazoo-Mississippi Delta, had recently issued bonds to the amount of half a million dollars. I was inaccurate in that statement. I should have said \$600,000. This, together with what has already been expended, aggregates more than \$1,000,000 invested in that county alone in the last half decade in road building.

I do not share the apprehension of Senators that the States are going to be careless and negligent in the maintenance of the public highways. It is an unreasonable, unnatural, unjustifiable apprehension to entertain, it seems to me. The amount the General Government will have invested will be only a tithe of

the total investment, and I think the Congress can safely rely upon the people of the States to protect their own interests and not permit their property to go to wreck by neglect just simply because the General Government has contributed a few dollars toward building the roads. But really I have no objection to an amendment similar to the one proposed by the Senator from Nebraska. I do not object to any reasonable requirement on the part of the General Government of the State to maintain the roads. I want them maintained, and if this stipulation by the General Government in the law shall encourage the States in maintaining their roads, no harm at all will come of it. I do feel, however, and that which I most desire to impress upon my colleagues is that the Democratic Party has promised such legislation as is embodied in this bill; the American people are expecting such legislation, and this Congress will fall far short of its duty if it adjourns without enacting this bill or some similar measure.

Senators if they will may vote to spend millions of dollars for preparation for wars which, in my judgment, will never come, but that fact will not excuse them for a failure to pass this bill. The truth is the larger the appropriation for so-called "preparedness" the greater the necessity for legislation of this character, for the reason that the farmer must be helped. He needs assistance to enable him to bear the increased burden of taxation which preparation for war will impose upon him, for after all the entire burden at last rests upon the aching stoop of the man who cultivates the soil. A great deal has been said on the floor of the Senate since this bill was up for discussion about certain States of the Republic being compelled against their interests to contribute an undue proportion of the amount that is going to be invested in public roads should this bill become law.

The able and eloquent junior Senator from New York [Mr. WADSWORTH] a few afternoons ago had a good deal to say about the large amount—the disproportionate amount—that New York would be called upon to contribute to this fund. With all due respect to the able Senator, New York will not contribute any more proportionately to her wealth than any other State of this Republic. If New York is rich, if her people are fortunate, if they have amassed great wealth, which they have, somebody outside of New York has contributed to that wealth. As a matter of fact, Mr. President, there is not a rood of land in the United States that does not pay tribute to New York. The money barons of New York have forced the business of the Republic to pay heavy tribute to their princely fortunes. A veritable Pactolian stream has been running at full tide in that direction for three-quarters of a century and emptying into that great commercial reservoir the gold coined of the sweat and toil of the millions of American laborers, and the stream continues to run. It seems to me that it is hardly the graceful thing for the representative in this Chamber of that great State, so extraordinarily favored, to object to returning in the way which this bill provides a small part of its enormous profits. No; New York is not called upon by this bill to contribute any more, I repeat, than any other State in this Union in proportion to its wealth; and the total amount which New York will contribute, while large, is no reason why this bill should not be passed. If the building of good roads will benefit the American people, it will be good for New York. If it is good for the American people, it is good for Mississippi. If it contributes to the well-being of the agricultural sections of America, the entire country and the men and women of every other vocation will be benefited by the disbursements under this bill, because we all realize that as the agriculturists prosper all the other business interests of the country prosper. Agriculture is the source of all wealth in this Republic, and whatever adds to the happiness, to the comfort, to the productive capacity of the land of the farmer will benefit the entire population of America.

I hope the bill may not be amended so as to impair its usefulness; but, as I said a moment ago, I have no objection to any reasonable condition upon the appropriation or any requirement by the General Government that the States shall carry out the terms and purposes of the bill.

Mr. OLIVER. Mr. President, I can not clearly understand why the Senator from Alabama [Mr. BANKHEAD] objects so strenuously to the amendment offered by the Senator from Nebraska [Mr. NORRIS]. It seems to me that it is of the most extreme importance. If we are going to adopt this kind of legislation, the utmost safeguards should be set up in order to compel the maintenance of the roads that are constructed under this proposed legislation. It seems to me that the provision in this bill whereby a State is allowed to let its roads run down before further contributions of the Government can be stopped is lamentably weak; and the amendment proposed by the Senator from Nebraska is intended to make it certain that the State

will provide from the very outset for the maintenance in good order and repair of all the roads, under the fear that the moment it ceases to do so further contributions on the part of the Government will be withheld.

Suppose the provision is left in the bill allowing this six months' notice—six months' notice, remember, after the roads have run down, and after the Secretary of Agriculture ascertains that they have run down and are not being properly maintained—in all probability the community will suffer for a year or two years from bad roads before such notice is given.

Mr. President, I am opposed to this legislation altogether, and I propose before the discussion is finished to state my reasons at somewhat greater length than I can do now; but if the legislation is to be had, and if you are determined to pass this revolutionary measure, by all means let us set up the safeguards that are necessary to prevent the waste of the money which the Government is going to place in the hands of the several States.

I hope the Senator from Alabama, who is in charge of the bill, upon full consideration will see his way clear to accept this amendment; and if he does, it will at least make the bill more palatable to us representatives of States that will, as we think, be penalized by the legislation.

Mr. HUGHES. Mr. President, I should like to have the amendment of the Senator from Nebraska stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The SECRETARY. Beginning on line 25, page 12, it is proposed to strike out "if within six months after he has given notice in writing to the State highway department such roads be not properly maintained by the State, or any subdivision thereof" and to insert:

But upon satisfactory evidence that such failure of maintenance no longer exists, he may resume the contributions to which the State would be entitled under the provisions of this act.

Mr. HUGHES. I take it, then, that the objection that is being made is to that part of the amendment of the Senator from Nebraska which seeks to strike out; not the language that he seeks to insert.

Mr. NORRIS. I think so; yes. That is my understanding of the objection.

Mr. HUGHES. Mr. President, I feel myself constrained to agree with the Senator from Nebraska in this matter. It is an attempt on his part to take the precautions that a reasonable man would take if this were a personal project of his own, and he were dealing with his own money. I doubt if the Senator from Alabama [Mr. BANKHEAD] would object to a clause of this kind in a construction contract which he was making.

It is quite possible that without this amendment the alleged purpose of the legislation will be defeated. It is assumed in this bill that we are attempting to encourage the States in road building. It seems to me that the prime object of the bill, however, is to allow politically corpulent gentlemen to waddle back to Washington; that it is for building good roads to the Capital rather than for building good roads into the interior of the country.

I have no political ideas that would prevent me from voting for a good-roads bill if the Treasury of the United States were in a position to permit us to indulge in a pastime of this kind; but it seems to me that when we are, or ought to be, at our wits' end looking for new sources of revenue, and when we have shown to the country that we will not tax anything that can vote, it is a poor time to be looking for new ways of spending money.

I sincerely hope that this attempt on the part of the Senator from Nebraska to safeguard this measure in some degree will prevail.

Mr. VARDAMAN. Mr. President, may I ask the Senator from New Jersey a question?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Mississippi?

Mr. HUGHES. I do.

Mr. VARDAMAN. Is the Senator in favor of the bill?

Mr. HUGHES. No; I am not in favor of this bill. I tried to make it plain. I expect to vote against this bill because I do not think we have the money to spend; and I do not think the Senator from Mississippi, any more than the Senator from New Jersey, has a right to vote to spend money that we can not afford.

Mr. VARDAMAN. Mr. President, if the Senator will permit me, I want to say that I think the money to be expended under the provisions of this bill will be very much more beneficial to the American people than the money that is going to be spent to build battleships that are not needed, and organize and equip armies which will be a charge upon the taxpayers for all the

years to come, as well as a malign influence upon republican institutions. I do not think this is the time to economize when you are going to benefit the class of people that this bill is intended to benefit. Taking them as a class, the American farmers enjoy fewer privileges, gets less help from the General Government than any other class of our population. And to their credit let it be said they have never demanded any special privileges and are not doing it to-day. Heretofore the men of America who till the soil have been willing to contribute to the material wealth of the country, to feed and clothe the world by their labor, maintain the Nation's commerce in time of peace, and in time of war defend the Nation's flag. The labor upon the farm is not only the source of the greater part of the material wealth, but the men who live close to the soil by reason of their peculiar environments furnish the patriotism which shall save this Republic, if indeed it shall be saved, from the corroding and debauching influence of sordid materialism which is eating out the hearts of some of our people in the congested centers. I protest with all the fervor of my soul against any proposition that will limit the building of public highways because of the enormous outlay which this Congress is to make to buy unnecessary implements of war.

RURAL CREDITS.

Mr. LODGE. Mr. President, I do not know whether it is the intention of the Senator from New Hampshire to go on with the rural-credits bill at 2 o'clock.

Mr. HOLLIS. At 2 o'clock I shall ask the Senate to proceed with that bill.

Mr. LODGE. I have something I want to say about this amendment, but I would have only a minute in which to say it. I think there is a great misconception as to the nature of it.

The PRESIDING OFFICER. If the Senator from Massachusetts will indulge the Chair, the Chair will state that it is so near the hour of 2 o'clock, unless objection is urged, the Chair will lay before the Senate the unfinished business.

Mr. LODGE. I am much obliged to the Chair. I would prefer to go on later.

Mr. HOLLIS. I do not think we need to do that. I ask that the rural-credits bill be now laid before the Senate.

Mr. LODGE. The Senator does not have to make the request. It comes up automatically.

Mr. HOLLIS. If anyone cares to renew the discussion on the good-roads bill, of course that is his right.

Mr. LODGE. I do not want to go on now.

Mr. HOLLIS. Then I ask that the rural-credits bill be laid before the Senate.

Mr. BANKHEAD. Mr. President, I desire to make a short statement in explanation to the Senator from New Hampshire. It is true the calendar shows that the good-roads bill is the unfinished business, but an agreement was reached that the bill was to be taken up in the beginning and we were to have three days, and if we failed to dispose of the bill at the end of that time I would yield to the rural-credits bill. As far as I am concerned I will keep that agreement.

The PRESIDING OFFICER. The Chair asks the Senator from Alabama whether there was a unanimous-consent agreement to that effect.

Mr. LODGE. No; there was no unanimous-consent agreement.

Mr. BANKHEAD. There was no unanimous-consent agreement that the good-roads bill should be taken up. I asked that it be taken up, with an agreement with the Senator from New Hampshire and others interested in the rural-credits bill, and I might add, with the steering committee, that if within three days we were unable to pass the bill we would let it be laid aside temporarily and take up the rural-credits bill, and I am standing by that agreement.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which is Senate bill 2986.

Mr. SMITH of Georgia. I beg to call the attention of the Chair to the fact—

Mr. BANKHEAD. Will the Senator from Georgia yield to me? It being 2 o'clock I ask now that the good-roads bill be temporarily laid aside.

Mr. SMITH of Georgia. I rise to a question of order.

The PRESIDING OFFICER. The Chair has ruled that Senate bill 2986 automatically comes before the Senate at 2 o'clock. The Senator from Georgia is recognized.

Mr. SMITH of Georgia. The calendar shows that the good-roads bill is the unfinished business of the Senate. We have never displaced it as the unfinished business with anything else. We have temporarily laid aside the unfinished business

to take up the rural-credits bill. I beg that the Chair consult the Record of the Senate on that subject before the Chair commits himself to the proposition that the rural-credits bill is the unfinished business.

Mr. LODGE. Mr. President, I rise to a question of order.

The PRESIDING OFFICER. The Senator from Massachusetts will state it.

Mr. LODGE. I was under the same impression as the Chair. I supposed that the unfinished business was the rural-credits bill. It was my supposition that it came up automatically at 2 o'clock. I find by looking at the calendar that the unfinished business is the good-roads bill. Therefore we can only take up the rural-credits bill by unanimous consent or on motion.

Mr. SMITH of Georgia. That is what I was urging.

Mr. LODGE. I wish to say that I think we should not have these shifting, interlacing, kaleidoscopic bills that are running in and out one behind the other, first as unfinished business and then as something else. If we are going to take up the rural-credits bill it must be taken up on motion and be made the unfinished business.

Mr. HOLLIS. I think the Senator from Massachusetts is misinformed. It is true the calendar states that the good-roads bill is the unfinished business but the calendar does not settle it. It is the Record that settles it. Yesterday—

Mr. LODGE. If I am mistaken about it, it is because I supposed, of course, that the calendar is accurate.

Mr. HOLLIS. Yesterday when the unfinished business, the good-roads bill, was laid before the Senate I moved that it be laid aside, not temporarily but that it be laid aside.

Mr. LODGE. Then the rural-credits bill is the unfinished business.

Mr. HOLLIS. I then moved that the rural-credits bill be laid before the Senate for consideration.

Mr. VARDAMAN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Mississippi will state his point of order.

Mr. VARDAMAN. The Senator from Alabama [Mr. BANKHEAD] asked unanimous consent to lay aside the good-roads bill. That is the question that ought to be before the Senate.

The PRESIDING OFFICER. The Chair understands that the question before the Senate is the point of order the Senator from Georgia raised, as to whether Senate bill 2986 is properly laid before the Senate. The Chair was listening to the remarks of the Senator from New Hampshire upon the point of order now suggested by the Senator from Mississippi. The Senator from New Hampshire will proceed.

Mr. HOLLIS. The good-roads bill having been displaced by the action of the Senate in favor of the rural-credits bill, yesterday afternoon at the end of the consideration of the rural-credits bill, I moved that the rural-credits bill be temporarily laid aside. Thereupon it became the unfinished business no matter what the calendar says. I do not think there is any need to discuss it. I think the majority of the Senate will vote to proceed with the rural-credits bill if necessary.

Mr. LODGE. Of course the Senator from New Hampshire can move to take it up, but if it is the unfinished business the calendar is wrong.

Mr. HOLLIS. I think the situation is as I stated it.

Mr. LODGE. The rural-credits bill comes up at 2 o'clock automatically, as I said. There can be no question of that.

Mr. HOLLIS. The Senator from Alabama and I have an understanding.

Mr. MYERS. Mr. President, I wish to ask a question of the Senator from New Hampshire. Was it before or after 2 o'clock yesterday when the Senator from New Hampshire moved to proceed to the consideration of the rural-credits bill?

Mr. HOLLIS. It was at 2 o'clock. The unfinished business was then laid aside and the rural-credits bill was taken up.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Nebraska?

Mr. HOLLIS. I do.

Mr. NORRIS. I rise at this time because I want to say something that I think will be of interest to the Senator from New Hampshire. The other day we took up the good-roads bill, and we had up this very amendment that is pending now, and we debated it. The Senator from Alabama said about what he said to-day, and I said then about what I said, and some others said about the same thing, and we were about ready to vote on it when we adjourned. We have again had the amendment up, and we have debated it; and if we lay it aside, perhaps to-morrow we shall take it up and have the same debate over again.

The PRESIDING OFFICER. The Chair feels that he is not being advised as to the point of order.

Mr. NORRIS. If that is not giving the Chair the information he wants on the point of order, I will subside.

Mr. SMOOT. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Utah will state it.

Mr. SMOOT. I wish to ask first if the Chair has laid the rural-credits bill before the Senate?

The PRESIDING OFFICER. The Chair has done so, but the point of order was raised that the Chair erroneously laid the rural-credits bill before the Senate. The Chair is now prepared to rule upon the point of order. The Chair finds that he was in error in the conclusion he arrived at that the rural-credits bill is the unfinished business.

Mr. BANKHEAD. Mr. President, anxious as I am to proceed with the good-roads bill, we have to keep our word and our agreement about it. I hope the Senate will proceed with the consideration of the rural-credits bill.

The PRESIDING OFFICER. The Chair finds, however, upon an examination of the Record that he was in error about the matter. It appears quite clearly from the Record that when the hour of 2 o'clock arrived on yesterday the Senate, having theretofore taken up for consideration the rural-credits bill, the Senate temporarily laid aside the then unfinished business, being the good-roads bill, and the further consideration of the rural-credits bill was proceeded with in that situation. Accordingly the good-roads bill has preserved its character as the unfinished business before the Senate, and the Chair has erroneously laid before the Senate Senate bill 2986, and the order laying it before the Senate is now revoked.

Mr. HOLLIS. I agree with the Senator from Nebraska that it is desirable to vote on his amendment. I therefore state that I now intend to move that the rural-credits bill be taken up by the Senate for consideration and I will then ask that it be temporarily laid aside until 3 o'clock, hoping that the amendment offered by the Senator from Nebraska may be voted upon before that time. If not voted upon by 3 o'clock I shall ask the Senate to proceed with the rural-credits bill. With that explanation, I move that the Senate proceed to the consideration of Senate bill 2986.

The motion was agreed to; and 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 depositories and financial agents for the United States, and for other purposes.

Mr. HOLLIS. I ask unanimous consent that the rural-credits bill be temporarily laid aside until 3 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. LODGE. Yes, Mr. President. I desire to speak on the amendment of the Senator from Nebraska, and I much prefer not to go on now. I did not intend to proceed at this time. I supposed the rural-credits bill was coming up and I object.

The PRESIDING OFFICER. The Senator from Massachusetts objects.

Mr. HOLLIS. I ask that Senate bill 2986 be read for action on the committee amendments, unless some one is prepared to speak upon the bill.

Mr. NORRIS. Mr. President, I wish to finish what I desired to say awhile ago when I found I had enlightened the Chair sufficiently on the point of order that was bothering his mind and desisted at his suggestion. I rise now to call the attention of the Senator from Alabama and the Senator from New Hampshire to the fact that we are wasting time in jumping from one bill to the other. I am a friend of both bills; I should like to join with either one of the Senators for any reasonable expedition; but it must be apparent that we shall never make progress if we are going to consider one of the bills until 2 o'clock and then the other one the balance of the day. What has happened illustrates it. We will run on until 2 o'clock, and the next day when we get up the bill at the same hour we will consider the same ground and have practically the same debate until 2 o'clock, and we will make no progress.

I have nothing to say about the legislative program. It seems that the caucus or some other power has appointed a steering committee on the other side, and it decided to go on in this way. I only want to call attention to the fact that you would only be killing time by doing it. Why not take up one of these bills and finish it? We would have had this amendment voted on in less than 10 minutes the other day if we had not stopped its consideration, and now we will have this thing repeated every day and perhaps this evening. We will get to some amendment in the rural credits bill, and it will be thoroughly debated and we will be about ready to vote on it. Then we will stop and adjourn, and the next day, instead of going back to that, we

will take up the good-roads bill and debate over some amendment that we had the day before and forget all about the rural-credits amendment that was debated at one time, and when we get back to that bill again debate that amendment over again.

I do not see why it is not perfectly apparent that we are losing time in this kind of an arrangement. I understand it is the intention of the majority to have both these bills voted on finally. If that is going to be the program, it is very immaterial which one we vote on first, but we will always lose time if we consider one for an hour or two and then consider the other for an hour or two and then go back again to the first one. You will find that this amendment which we debated the second time to-day on the good-roads bill will be debated the third time.

The PRESIDING OFFICER. The Secretary will proceed with the reading of Senate bill 2986 for amendment.

The Secretary proceeded to read the bill.

The first amendment of the Committee on Banking and Currency was, on page 2, line 8, under the heading "Federal farm-loan board," to strike out section 3, in the following words:

SEC. 3. That there shall be established at the seat of government a Federal farm-loan board, which shall be charged with the execution of this act and of all acts amendatory thereof.

The Federal farm-loan board shall consist of five members, who shall be appointed by the President of the United States, by and with the advice and consent of the Senate. Not more than three of said members shall be appointed from one political party. They shall be citizens of the United States and shall devote their entire time to the business of the Federal farm-loan board and shall each receive an annual salary of \$12,000, payable monthly, together with actual necessary traveling expenses.

And in lieu thereof to insert:

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.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. JONES. Are the amendments to be passed upon now?

The PRESIDING OFFICER. The Chair so understands. The bill is being read for amendment.

Mr. JONES. I ask that the amendment be passed over for the present.

The PRESIDING OFFICER. The Chair had already announced that the amendment was adopted in the absence of objection.

Mr. JONES. I was listening, and I did not hear the Chair state to the Senate that it would be agreed to without objection. I did not know just how the bill was being read.

The PRESIDING OFFICER. Since there is objection, the Chair will regard the vote as reconsidered.

Mr. JONES. I desire to ask that it be passed over.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. STERLING. Mr. President, this is a very important bill, and the reading of the bill for action on the committee amendments is an important proceeding. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Gallinger	Lippitt	Smith, Ariz.
Bankhead	Gore	Martin, Va.	Smith, Mich.
Beckham	Gronna	Martine, N. J.	Smoot
Borah	Harding	Myers	Sterling
Broussard	Hardwick	Norris	Swanson
Burleigh	Hitchcock	O'Gorman	Thomas
Chamberlain	Hollis	Oliver	Thompson
Chilton	Hughes	Owen	Tillman
Clapp	Husting	Page	Townsend
Clarke, Ark.	Johnson, Me.	Pittman	Underwood
Cullbertson	Johnson, S. Dak.	Polidexter	Vardaman
Cummins	Jones	Pomerene	Wadsworth
Curtis	Kenyon	Ransdell	Walsh
Dillingham	La Follette	Shafrath	Warren
du Pont	Lane	Sheppard	Williams

The PRESIDING OFFICER. Sixty Senators have answered to the roll call. A quorum is present. The Secretary will proceed with the reading of the bill.

Mr. JONES. I asked that the amendment known as section 3 might be passed over. I am now going to withdraw that request. I simply want, however, to call the attention of the Senate to the fact that the amendment provides for the establishment of a bureau and for the purpose of supervising that

bureau a Federal farm-loan board consisting of five persons, who are to be paid a salary of \$10,000 apiece. I have looked through the bill hurriedly and I do not find anything in it that requires the exercise of any particular judicial discretion on the part of this board. I can see no reason myself why one man as chief of this bureau can not do whatever is desired to be done under the bill. It seems to me that to have a board of five individuals at a salary of \$10,000 a year is useless. It is a very great expense and it will have to be borne by somebody—by the Government or by the people who take advantage of this act. It appears to me that it is wholly unnecessary. I should like to see the amendment rejected and provide for a chief of bureau, and pay him whatever salary seems wise. Let us have a chief of a bureau and then whatever bureau force is necessary, and let that bureau carry out the provisions of the act without forming such an expensive board.

I will therefore move to amend the amendment of the committee in order to get the matter clearly before the Senate. It is rather hard to do it the way the section is framed, but I move to strike out the word "five" in line 3 and insert "one," and if that should be adopted we can change it so as to make that officer the chief of the bureau.

Mr. HOLLIS. Mr. President, the question raised by the Senator from Washington is an eminently fair one. If he will look on page 50 of the bill, section 20, where the powers of the Federal farm-loan board are defined, he will see that there is a great deal of supervisory work to be done, many judgments to be made that will affect all parts of the country, judgments that ought not to rest in the discretion of any one man.

This farm-loan system is for the benefit of the farmers, and it should be considered as somewhat commensurate with the dignity and standing and power of the Federal Reserve Board. There are seven members of that board, and there are none too many. This board will have to deal with interest rates, with the question of issuing charters to land banks, and permitting land banks to open branches. It has to establish a land-bank system and to review and alter interest rates, to give authority to issue farm-loan bonds that will undoubtedly be issued in billions, to make rules and regulations respecting loans and borrowing, and about land titles and recording, to supervise the examination of the various banks, to prescribe the forms for application and report on titles and the forms of the bonds, to look after the surety bonds by the various people who are employed in the system, to look after the payment of coupons and when one bank has to pay for another.

Although the board has been considered by four committees, in which I have taken part, this is the first suggestion that has been made that one man ought to be given the power to perform these judicial functions. On the motion of the Senator from Colorado [Mr. SHAFROTH] the board was cut down from five members at \$12,000 each to four members at \$10,000 each, with the Secretary of the Treasury added to make the fifth. The Senate committee thus saved the Government \$20,000 in that way.

I am afraid it would cripple the system and be considered by the farmers as a slight on them if it were cut down as the Senator from Washington suggests, and I shall be obliged to resist his motion to amend.

Mr. CURTIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Kansas?

Mr. HOLLIS. I yield.

Mr. CURTIS. I notice on page 50 the bill provides the powers of the board, and much of it is in regard to the organization of banks. Why could not the 12 reserve banks that now exist do this work, instead of having it done by new farm-loan banks?

Mr. HOLLIS. Because the Government does not own the Federal reserve banks. The Federal reserve banks are owned by the national banks. They are the only stockholders in them. The national banks have their own system and have their own assets, and they have contributed the stock to the Federal reserve banks. They are for an entirely different purpose, and it would mix matters to impose upon them duties of this sort.

Mr. CURTIS. Why would it be necessary to mix the funds? Could they not be separately kept? These officers are paid by the General Government.

Mr. HOLLIS. If it appears to the Senate that we should load the Federal Reserve Board and the Federal reserve system with the farm-loan business of the country, I, of course, will have to yield, but this also is the first time I have heard a suggestion of that kind.

Mr. CURTIS. Again the other duties to be performed by this board, it seems to me, could be performed or provided for by rules and regulations of the head of the department or the

bureau, as suggested by the Senator from Washington [Mr. JONES].

Mr. HOLLIS. It might be done in 50 other ways. The committee preferred this method, and all committees that have dealt with the bill have subscribed to it.

Mr. CURTIS. May I ask the Senator in charge of the bill if he has made any estimate as to what the putting in operation of this plan will cost and then what the annual cost will likely be thereafter?

Mr. HOLLIS. The bill provides for an organization expense of \$100,000.

Mr. CURTIS. Does the Senator have any idea that \$100,000 will come anywhere near paying the expenses of the organization?

Mr. HOLLIS. I have no doubt it will.

Mr. CURTIS. Does not the Senator know that the organization of 12 reserve banks cost over \$450,000?

Mr. HOLLIS. No; I do not know that, but that would not be the slightest indication as to how much this would cost.

Mr. CURTIS. Are you not in this bill providing for many more agents, examiners, and lawyers than were provided for in the reserve bank system?

Mr. HOLLIS. Certainly; because all the branches, the real banking element of the Federal reserve system, were in existence and all we did was to superimpose the structure of the Federal Reserve Board and 12 banks on it. This is of a vastly different nature. No one can tell how much it will take. It will depend on how many banks are organized, on how many farmers want loans. No one can estimate that. I believe that \$100,000 will fully cover the organization expenses.

Mr. JONES. Mr. President, of course I would not want to put any slight upon the farmers, but I do not believe that the farmers of the country would feel that they were slighted if we should find it unnecessary to create three or four positions here in Washington City paying a salary of \$10,000 each. I do not believe any of the taxpayers of the country would rise in rebellion against any such act as that. Of course, there is not very much indication of attempting to prevent the establishment of any offices of that sort in the city of Washington; but I recognize that the committee has given this matter very long and careful consideration, and I have a great deal of confidence in their judgment as to what is proper to do, if we are to establish any system of this kind. I had myself thought that we ought to be able to work this out in connection with the Federal Reserve Board, as was suggested by the Senator from Kansas [Mr. CURTIS]. It seems to me that the machinery there ought to be of such a character, and that it is of such a character, that it could take whatever supervisory charge as may be necessary to be exercised over this by the Federal Government; but the committee has not deemed it wise to do that.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Idaho?

Mr. JONES. I yield to the Senator from Idaho.

Mr. BORAH. Does not the Senator from Washington think that, if we should put this under the control of the Federal Reserve Board, it would ultimately be dominated by the spirit of—well, that which has more concern with the commercial interests of the country, the banking interests of the country, rather than the farming interests of the country?

Mr. JONES. That is possible.

Mr. BORAH. I think that ultimately the farm credits would be drawn to and controlled by the same forces and influences which would tend to control the commercial credits of the country; and that it would be utterly useless to have a farm-credit system at all if it were dominated and controlled by the same interests. I think the salaries too high and the officers too many, but I would not want to see the system linked up with commerce and credits.

Mr. JONES. Certainly, Mr. President—

Mr. OWEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Oklahoma?

Mr. JONES. I shall yield to the Senator in just a moment. Certainly we would not want anything of that sort. What I had more in mind was this: There is certain administrative machinery that we are going to have here in Washington City to supervise this system, which is going to be worked out partly in the country districts through these organizations formed by the farmers. It occurred to me that, so far as the supervisory system here in Washington City is concerned, we ought to be able to use some of the machinery which we now have here to do that. I may be mistaken about it, but I would not want, of course, the system referred to by the Senator from Idaho to get control. I doubt if that would occur if we confined the super-

vision here in Washington City, or provided for it through the Federal Reserve Board, without connecting it with the various bank organizations throughout the country. I did not have that in mind at all.

I yield to the Senator from Oklahoma.

Mr. OWEN. Mr. President, I merely rose to confirm the suggestion which was made by the Senator from Idaho [Mr. BORAH] that in reality the Federal Reserve Board is dealing with a line of credits which were intended to be kept constantly available, and where the funds were only employed for a very short time, not exceeding 90 days, except in extraordinary cases—usually such securities being handled only for 30 days—from 10 to 20 and 30 days. This volume of commercial bills coming in, their whole mind is set upon the idea of keeping their resources constantly liquid, constantly available, and they have just the contrary point of view from the character of loans which are to be made by the farm-loan board, which contemplates a long period of time and an amortization plan, and is exactly the reverse of the quick liquid assets of the Federal Reserve Board. So their point of view is quite different, and I think it would be very difficult to charge one set of men with the work of keeping a large volume of resources constantly liquid and at the same time pursuing a policy with regard to another set of resources where exactly the contrary policy is to be pursued. I think it is better to have the human brain that is dealing with a long-term loan separate entirely from the personnel which deals with liquid assets.

Mr. JONES. Mr. President, of course if the men at the head of the Federal Reserve Board have to keep their minds in one particular channel, all the time going in one direction, I suppose that will have to be done; that we will have to provide for another system and for a lot of ten or twelve thousand dollar offices. It looks as though when we establish one thing, that is made a sort of precedent or excuse for providing something else, especially if there are any offices connected with it. So here we have provided a Federal board system for a certain purpose and provided a good many officers who must keep their minds going along in the same general direction, and we do not dare to interfere and call them off on something else. Here is another proposition that needs solution. So we must provide for another board here in Washington City, consisting of four or five different persons, and pay them each a salary of \$10,000 a year. Possibly we shall find some other line of credits after we enact this law that we have not taken care of, and then we shall have to provide for another board of four or five officers at a salary of \$10,000, \$12,000, or \$15,000 each, and get them to take up that line and keep their minds working along in that direction.

But as to this bureau, I do not know just what it is to do. This bureau is to be supervised by the farm-loan board. As a matter of fact this bureau will do most of the work. If we had one good, level-headed business man at the head of it as chief, and provided him the necessary help, in my judgment, he would work this matter out far better than would four or five different persons working on it, and especially with a Cabinet officer connected with it, appointed for political reasons and for political purposes, who is liable to change from time to time. That is another objection to this board.

I do not believe that any Cabinet officer ought to have any position upon the board of any kind or character. If we are going to provide for a board of five men, let us provide for a board of five men who will keep their positions as provided in this bill, without the changes that come in a Cabinet officer's life, and make the board just as nearly free from political influences as we possibly can. I do not care what administration is in power, the Secretary of the Treasury ought not to be a member of the board. While I feel very much as though I would be compelled to defer largely to the judgment of the chairman of the committee, who has given this matter much more thought and consideration than have I, I do regret that it seems to be necessary to establish a board like this with these high-salaried positions, and especially with a Cabinet officer made a member of it.

Mr. SMOOT. Mr. President, I sincerely hope that the Senate is not going to agree to the provision to pay the members of the Federal farm-loan board \$10,000 per annum. I have been thinking, since the motion of the Senator from Washington [Mr. JONES] has been made, of the amounts that have been paid to some of the officials in other departments of the Government. As I remember, the Comptroller of the Treasury is paid \$6,000 per annum; the Assistant Secretaries of the Treasury, \$5,000 each; the Director of the Mint, \$5,000; the Assistant Secretary of War, \$5,000; the Assistant Secretary of the Interior, \$5,000; the Commissioner of the General Land Office, \$5,000; the Commissioner of Indian Affairs, \$5,000; the Commissioner of Education, \$5,000; the Assistant Postmasters General, \$5,000 each; the

Director of the Census, \$6,000; United States circuit judges, \$7,000 each; and here we are providing in this bill to pay members of this board \$10,000 per annum.

I will say to the Senate now that if the bill is passed in this form, providing salaries for members of this board at \$10,000 each, it will be pointed to as a precedent by nearly every man holding any of the important positions in the Government to which I have referred as being unjust to him; and I do not see, if we are going to give these men, whoever they may be, a salary of \$10,000 a year, that it would be an injustice to the men who are serving in the positions which I have indicated.

Mr. President, the Senator from Washington has not offered an amendment reducing the salaries of the members of the board, but, from what he said, I judge that after the question of the number of members of the board has been determined he intends to offer an amendment to decrease the salaries to be paid them.

The PRESIDING OFFICER. The Chair will advise the Senator from Utah that the Senator from Washington has offered an amendment to strike out the word "five" at the end of line 3, on page 3.

Mr. SMOOT. I understand that the Senator has offered such an amendment, but I simply stated, from what the Senator from Washington had said, that he would no doubt follow that amendment by offering another amendment reducing the amount of compensation to be paid annually to each member of the board.

Mr. President, I am going to ask the Senator in charge of the bill to allow the amendment to go over, for the reason that I have a meeting which I must attend at 3 o'clock, at which I promised to be present, and I desire to say a little more upon the amendment. I ask the Senator, therefore, to let the amendment go over to-day without being acted upon.

Mr. POMERENE. Mr. President, may I ask the Senator just this one question? As I recall, after considerable discussion we made the salaries of the members of the Federal Reserve Board \$12,000 per annum. I think I am correct as to that. The amount was cut to \$10,000 in the committee. I realize that \$10,000 is a pretty good salary, but I also realize that this is a position of very great responsibility, and that we are all interested in having the system made a success, if it is possible to make it a success. I further recognize the fact that success does not depend upon the amount of salary offered; but at the same time there is some reason why there should be substantially the same salary paid to the members of this board that is paid to the members of the Federal Reserve Board.

Mr. SMOOT. Mr. President, I think there is a great difference between the two positions. One reason why, it seems to me, that we should not be so extravagant at this particular juncture is that it will take some time after this bill becomes a law before it can accomplish much—I mean in the volume of business. I am satisfied that we can get just as good men as members of the board at \$7,500 per annum as we can at \$10,000. Take the Commissioner of Indian Affairs, Hon. Cato Sells. There is no Senator here who does not know that he can make more than \$5,000 a year in the practice of his profession. He did not accept the honorable position he holds for the amount of money there is in it, but from a sense of public duty; nor will the men who are appointed to the farm-loan board accept the position because of the amount of compensation provided, even though it be \$10,000. I say this, of course, believing that the President of the United States, no matter who he may be, whether the present President or a future President, in appointing members of the board will appoint men in whom he has absolute confidence, men whose past experience has been such that he can trust them to fill such a responsible position.

Mr. President, I repeat my request that the Senator having the bill in charge allow the amendment to go over for the present.

Mr. HOLLIS. Mr. President, I am entirely willing that this amendment be passed over. We will at some future time take up those that are passed over.

Mr. SMOOT. Yes.

The PRESIDING OFFICER. The amendment will be temporarily passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Banking and Currency was, on page 3, line 15, after the word "one," to strike out "member of said board" and insert "of the members to be appointed by the President"; in line 17, before the words "to serve," to strike out "the President" and insert "him"; in line 18, before the word "one," to insert "and"; in the same line, after the word "years," where it occurs the second time, to strike out "and one for 10 years"; in line 20, before the

word "years," to strike out "10" and insert "8"; and in line 22, after the words "as the," to strike out "Farm Loan Commissioner" and insert "farm-loan commissioner"; so as to make the clause read:

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 amendment was agreed to.

The next amendment was, on page 4, line 5, after the words "fixed by the," to strike out "chairman of said board" and insert "Secretary of the Treasury," so as to make the clause read:

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 Secretary of the Treasury.

The amendment was agreed to.

The next amendment was, on page 6, after line 11, to insert:

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 amendment was agreed to.

The next amendment was, on page 6, line 23, after the word "supervision," to insert: "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," so as to make the clause read:

The Federal farm-loan board shall from time to time require examinations and reports of condition of all associations and 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 associations and 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 amendment was agreed to.

The next amendment was, on page 7, after line 8, to insert:

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, instructing farmers how to organize and conduct farm-loan associations, 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 cooperative 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.

The amendment was agreed to.

The next amendment was, under the subhead "Federal land banks," in section 4, page 8, line 24, before the word "directors," to strike out "nine" and insert "five," so as to make the clause read:

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 a 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.

The amendment was agreed to.

The next amendment was, on page 11, line 15, after the word "hereinafter," to strike out "created" and insert "authorized," and in line 18, before the word "provided," to strike out "herein" and insert "hereinafter," so as to make the clause read:

After the subscriptions to stock in any Federal land bank by national farm loan associations, 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 amendment was agreed to.

The next amendment was, on page 11, line 23, before the word "members," to strike out "nine" and insert "five"; so

line 24, before the words "of said," to strike out "Six" and insert "Three"; and, on page 12, line 1, before the word "directors," to strike out "three" and insert "two," so as to make the clause read:

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 and be representative of national farm loan 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 amendment was agreed to.

The next amendment was, on page 12, line 12, before the word "local," to strike out "six" and insert "three," so as to make the clause read:

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

The amendment was agreed to.

The next amendment was, on page 12, line 16, before the word "local," to strike out "six" and insert "three," and in line 25, before the word "persons," to strike out "twenty" and insert "ten," so as to make the clause read:

Two months before each election the farm-loan commissioner shall determine the proportional representation of each division as herein prescribed, and shall allot to each division its respective proportion of the three local directors. He shall forthwith notify each farm-loan association in writing that such election is to be held, giving the number of directors to be elected by each division, and requesting each association to nominate one candidate for each director to be voted for in its division. Within 10 days of the receipt of such notice each association shall forward its nomination to said farm-loan commissioner. Said commissioner shall prepare a list of candidates for local directors, the 10 persons receiving the highest number of votes in each division from farm-loan associations making such nominations to be placed on the list for such division. One month before said election said farm-loan commissioner shall mail to each association the list for its division. The directors of each association shall cast the vote of said association for as many candidates on said list as there are vacancies to be filled, and shall forward said vote to the farm-loan commissioner within 10 days after said list of candidates is received by them. The candidates receiving the highest number of votes from associations making choice in each division shall be elected respectively as local directors. In case of a tie the farm-loan commissioner shall determine the choice.

The amendment was agreed to.

The next amendment was, on page 13, line 15, before the word "years," to strike out "three" and insert "two"; in line 18, before the word "serve," to strike out "It shall designate one of said directors to serve for a term of two years and one to" and insert "The other district director shall"; and in line 20, before the word "years," to strike out "three" and insert "two," so as to make the clause read:

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.

The amendment was agreed to.

The next amendment was, on page 13, line 23, after the word "designate," to strike out "two" and insert "one"; in line 25, after the word "meeting," to strike out "two" and insert "one"; and on page 14, line 1, before the word "whose," to strike out "two" and insert "one," so as to make the clause read:

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 said 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 amendment was agreed to.

The next amendment was, under the subhead "Capital stock of Federal land banks," in section 5, page 15, line 10, before the word "each," to strike out "\$10" and insert "\$5," so as to make the clause read:

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.

The amendment was agreed to.

The next amendment was, on page 16, line 11, after the word "notice," to strike out "subject to" and insert "with," so as to read:

If within 90 days after the opening of said books any part of the minimum capitalization of \$500,000 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.

The amendment was agreed to.

The next amendment was, on page 16, line 22, after the word "held," to insert "therein," so as to read:

After the subscriptions to capital stock, exclusive of Government subscriptions, shall amount to \$500,000 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.

The amendment was agreed to.

The Secretary resumed the reading of the bill, and read to the bottom of page 18.

Mr. CURTIS. Mr. President, I should like to ask the chairman of the committee if they discussed or considered the advisability of making loans to farmers without requiring them to organize?

Mr. HOLLIS. Yes; that was very carefully considered.

Mr. CURTIS. Did not the committee think it would be better to let owners of farms borrow money directly, rather than to require them to go into the associations?

Mr. HOLLIS. No; that would be entirely outside of the plan that the committee adopted. In the first place, if the farmer borrows directly from the Federal land bank, we lose the indorsement of the loan association, which strengthens the loan very much, and therefore strengthens the security of the bonds; we lose the individual liability of the other members of the association, and have not as good a security. We do not secure the interest of the borrower in the system, in the first place, to see that none but good loans are made, and to help carry on the local business. We lose the entire cooperative feature of the plan, which we think it is very essential to secure. But we have provided for private joint-stock banks which can do exactly what the Senator suggests—loan directly to the farmer without forming any association. If the farmer does not want to go in on the cooperative side and do part of the work and furnish part of the additional security, then he may have recourse to the private joint-stock bank, where he does not have to do any of that work, and does not have to pay for any of it.

Mr. CURTIS. But he must join or become a stockholder in a bank?

Mr. HOLLIS. Not at all. If he does not care to join the association, then he borrows directly from one of the private banks, and does not become a stockholder or a shareholder in any sense. He is provided for either way he wants to be.

Mr. CURTIS. Does he pay any more interest?

Mr. HOLLIS. That depends. He ought to pay more, because he does not undertake the liability that the others do. My judgment is that he will have to pay more interest. He will have to pay such rates as the joint-stock banks find it necessary to require in order to do business.

Mr. KENYON. Mr. President, may I ask the Senator a question?

Mr. HOLLIS. Yes.

Mr. KENYON. Take the case of John Smith, who owns a quarter section of land, and wants to borrow, say, \$5,000. Can he pursue one of two plans under this bill?

Mr. HOLLIS. Yes; he may pursue one of three plans.

Mr. KENYON. Will the Senator briefly explain what John Smith, who wants to borrow \$5,000 on 160 acres of land, can do under this bill?

Mr. HOLLIS. Yes; very gladly. If he prefers to get his money in the cheapest possible way, and is willing to undertake unlimited individual liability, he will join an association that has that feature. If he does not care to trust his neighbors and go into an unlimited liability association, he may join one where the liability is double, as in the case of a national bank. If he does that—if he joins either association of that sort—he will do it expecting to get a lower rate of interest than he would if he went directly to a private joint-stock bank. In order to get his lower rate of interest he would have to subscribe to stock in the loan association to the extent of 5 per cent of the face of his loan. He will have to assume individual liability, either double or unlimited. Now, if he is not willing to do that, but prefers to borrow from a bank straight and not contribute to the capital and not assume individual liability, he then will go to a private joint-stock land bank and probably will have to pay somewhat more for interest. So the three methods are open to him.

The reading of the bill was resumed, beginning on page 19, line 1, and the Secretary read to line 22, page 22, the last paragraph read being as follows:

Upon receipt of such articles of association, with the accompanying affidavit and cash, the directors of said Federal land bank shall determine whether in their judgment a charter should be granted to such association, and they shall send a representative to investigate the solvency and character of the applicants and the value of their lands. They shall forward such articles of association and the accompanying affidavit to the Federal Farm Loan Board with their recommendation. If said recommendation is unfavorable, the charter shall be refused.

Mr. CURTIS. Mr. President, I should like to ask the chairman of the committee, in case the charter is refused, what becomes of the 5 per cent which is required to be deposited in lines 5, 6, and 7 of the bill on page 22?

Mr. HOLLIS. It would undoubtedly be returned, exactly as if I should send a \$10 bill down to the store to buy something and they did not have it; they would send back the \$10.

Mr. CURTIS. But, Mr. President, I notice in other parts of the bill that there is a provision requiring the return of the money deposited under similar conditions. I also notice in one part of the bill that there is authority for the board to return it, or to retain certain expenses and then return the balance; and I wondered whether it was an oversight that the committee had not put in a provision there that all the money should be returned in case the charter was refused.

Mr. HOLLIS. No. It might be called an oversight. It might be stated, as a great many other things might be stated in the bill. It did not occur to any of the committee that it was necessary to state that. It will do no harm to state it. It could be very easily done by providing that the charter shall be refused and the cash returned without deduction. I think it should be inserted, probably.

Mr. CURTIS. On page 28 it is provided:

If membership is refused to any applicant under this section, or if the loan applied for is for any reason rejected, the sum deposited by him shall be returned, less such deductions as may be authorized by regulations of the Federal farm-loan board.

Then there is another provision later on in the bill—I can not turn to it just this second—which simply provides for the return of the money, without any authority to withhold any part of it.

Mr. HOLLIS. That was all debated carefully in the committee. In some cases it seemed fair to make charges, and in others it did not, and we governed ourselves accordingly. If the Senator desires to amend, in line 22, by adding "together with the cash forwarded, without deduction," I shall have no objection. I should expect that to follow, whether it is here or not.

Mr. CURTIS. I offer the amendment, Mr. President—that after the word "refused," on line 22, page 22, there be inserted "and the 5 per cent deposited as required herein shall be returned without deduction."

Mr. HOLLIS. If the Senator will allow that to be passed for the present, I shall prepare an amendment which will correspond to the other provisions, and offer it later.

Mr. CURTIS. Very well.

The reading of the bill was resumed, beginning on line 23, page 22; and the Secretary read to line 3, on page 24, the last paragraph read being as follows:

National farm loan associations may be organized with limited or unlimited liability, and each shall be designated as a national farm loan association limited, or a national farm loan association unlimited, as the case may be. Associations with limited liability may be also designated as division A associations; associations with unlimited liability as division B associations.

Mr. CUMMINS. Mr. President, may I ask the Senator in charge of the bill whether the farm loan associations have any source of profit except the dividends which they receive from the land banks?

Mr. HOLLIS. They have no source of profit except the dividends they receive from the land banks; but they are required to accumulate reserves, and they will have returns from the investment of the reserves.

Mr. CUMMINS. What is the source of profit open to the farm loan associations?

Mr. HOLLIS. I have just stated that the only source of profit is the dividends on the stock which it owns in the land banks; but it is required to accumulate reserves out of those dividends, and the reserves would be invested, so that it would get income out of the invested reserves.

Mr. CURTIS. But, Mr. President—

Mr. CUMMINS. And if there is no profit arising to a given association, then the stockholder in the association has simply deposited his money there without any return?

Mr. HOLLIS. Yes; that is true.

Mr. CUMMINS. And his deposit amounts to \$5 upon each \$100 that he borrows?

Mr. HOLLIS. Yes; and if he is not charged enough for interest on his loans so that there are profits in the system, then he has gotten his loan at cost and must not expect any profits; but if the 1 per cent is too much, so that the expenses are all paid and there is a dividend, then he will get whatever that surplus is, exactly like a member owning a participating life-insurance policy.

Mr. CUMMINS. But this is the point I do not fully understand and about which I should like to have an explanation: The borrower wants to get \$10,000. He deposits with the farm-loan association \$500 for stock in that association. He gets his \$10,000, and finally pays the mortgage. How does he get back his \$500?

Mr. HOLLIS. The bill provides that when he pays his loan the amount that he has subscribed for stock shall be paid to him in full.

Mr. CUMMINS. Suppose the association has no money with which to pay it to him?

Mr. HOLLIS. The land bank pays it back to him. It retires it and pays the money to the loan association and the loan association pays it to him.

Mr. CUMMINS. But it is the farm association that has the stock in the land bank?

Mr. HOLLIS. Yes.

Mr. CUMMINS. Not the borrower?

Mr. HOLLIS. Yes.

Mr. CUMMINS. Does the Senator say that under those circumstances the land bank must take up his stock in the farm association?

Mr. HOLLIS. No; the land bank must pay out to the loan association the stock that was issued at the time his loan was made, and the loan association must pay it out to the borrower.

Mr. CUMMINS. That is, the land bank must pay it to the association?

Mr. HOLLIS. The land bank pays it to the association, and the association turns it over to the borrower.

Mr. CUMMINS. But there is nothing in the bill that gives to the borrower the right to the money which is in that instance paid by the land bank to the association.

Mr. HOLLIS. Why, yes. There is just as much in the bill as entitled him to get his money when he has been awarded a loan and has forwarded his papers. In that case he forwards his papers to the loan association and the land bank forwards the money through the association to him. The bill provides that when his loan is paid off the cash for the stock taken in the land bank by the loan association shall be forwarded to the loan association and the loan association shall pay him off.

Mr. CUMMINS. But it does not say that that money must be paid by the land association to the borrower. It is true that it goes into the hands of the association and there may be an obligation upon the part of the association to reimburse the borrower.

Mr. HOLLIS. The bill so provides as specifically as anything can be. It belongs to him.

Mr. CUMMINS. I have not found that particular provision.

Mr. HOLLIS. We have not gotten to it yet, but we shall come to it later on.

Mr. CURTIS. Mr. President, lines 21 and 22 provide:

Which shall be paid off at par and retired upon full payment of said loan.

But that does not give him any profit. It simply gives him back his money at par.

Mr. HOLLIS. He has been getting his dividends, if there are any earnings, every six months.

Mr. CUMMINS. But what I am trying to discover is whether there is anything in the bill which makes it obligatory upon the land bank, when it takes the pay of the borrower for the mortgage, to give the borrower credit for the money which he has deposited with the farm association?

Mr. HOLLIS. There is.

Mr. CUMMINS. There may be. I do not say there is nothing of the kind, but I do not see it.

The reading of the bill was resumed, beginning on line 4, page 24.

The next amendment was, on page 24, line 6, after the words "value of," to strike out "\$10" and insert "\$5," so as to read:

SEC. 8. That the shares in national farm loan associations shall be of the par value of \$5 each.

The amendment was agreed to.

The next amendment was, on page 24, line 16, after the word "thereof," to insert "for the purchase of stock at par," so as to read:

Any person desiring to borrow on farm-land mortgage through a farm-loan association shall deposit with the secretary-treasurer thereof for the purchase of stock at par an amount equal to 5 per cent of the face of the desired loan.

Mr. HOLLIS. Mr. President, that amendment should be perfected. The word "its" was omitted after "purchase of"; and I will ask unanimous consent to insert the word "its" at that point.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The SECRETARY. After the words "purchase of," in the amendment of the committee, it is proposed to insert the word "its," so as to read, "for the purchase of its stock at par."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 24, line 20, after the word "each," to strike out "\$200" and insert "\$100," and on line 21, after the word "loan," to strike out "or any fractional part thereof" and insert "which shall be paid off at par and retired upon full payment of said loan," so as to read:

If the loan is granted, the applicant therefor shall thereupon become the owner of one share of capital stock in said loan association for each \$100 of the face of his loan, which shall be paid off at par and retired upon full payment of said loan.

The amendment was agreed to.

Mr. CUMMINS. Mr. President, is the provision just read by the Secretary the provision which the Senator from New Hampshire had in mind when he answered my question?

Mr. HOLLIS. It is half of it. We will come to the other part a little later. This requires the loan association to pay it off at par when the loan is paid up; and the other provision is that when the loan is paid off the land bank shall pay it out to the loan association. They go together.

The reading of the bill was resumed.

The next amendment was, on page 25, line 1, after the word "may," to insert "at any time," so as to read:

Said capital stock shall be held by said association 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 and with the permission of the directors of the land bank, be paid off at par and retired.

The amendment was agreed to.

The next amendment was, on page 26, line 9, after the word "each," to strike out "\$200" and insert "\$100," and in line 10, after the word "loan," to strike out "or any fractional part thereof," so as to read:

After a charter has been granted to a division A association, any natural person who is the owner, or about to become the owner, of farm land qualified under section 12 of this act as the basis of a mortgage loan, and who desires to borrow on a mortgage of such farm land, may become a member of a division A association by a two-thirds vote of the directors upon subscribing for, and paying for in cash, one share of the capital stock of such association for each \$100 of the face of his proposed loan.

The amendment was agreed to.

The next amendment was, on page 26, line 16, after the word "returned," to strike out "without deduction" and insert "less such deductions as may be authorized by regulations of the Federal farm-loan board," so as to read:

If membership is refused to any applicant under this section, or if the loan applied for is for any reason rejected, the sum deposited by him shall be returned, less such deductions as may be authorized by regulations of the Federal farm-loan board.

The amendment was agreed to.

The next amendment was, in division B, subhead "National farm-loan associations unlimited," in section 10, on page 27, line 12, before the word "member," to insert "provisional"; in line 15, after the word "loan," to strike out "or any fractional part thereof"; on page 28, line 2, before the word "member," to insert "regular"; in line 6, after the word "section," to insert "or if the loan applied for is for any reason rejected"; and in line 8, after the word "returned," to strike out "without deduction" and insert "less such deductions as may be authorized by regulations of the Federal farm-loan board," so as to make the clause read:

After a charter has been granted to a division B association, any natural person who is the owner, or about to become the owner, of farm land qualified under section 12 of this act as the basis of a mortgage loan, and who desires to borrow on a mortgage of such farm land, may become a provisional member of a division B association by unanimous vote of the directors upon subscribing for, and paying for in cash, one share of the capital stock of such association for each \$100 of the face of his proposed loan. He shall at the same time file with the secretary-treasurer his application for a mortgage loan, giving the particulars required by section 12 of this act. The secretary-treasurer

shall thereupon notify each member of such association of the application for membership, giving the name and post-office address of the applicant, and the amount he desires to borrow, describing briefly the land proposed to be mortgaged. Unless at least one-fifth of the members of such association shall file with said secretary-treasurer within 10 days of the mailing of such notice written objection to the application, it shall be granted, and the applicant shall thereupon become a regular member; but his admission to membership shall not entitle him to borrow any sum in excess of the amount to which the appraisal of his property shall entitle him. If membership is refused to any applicant under this section, or if the loan applied for is for any reason rejected, the sum deposited by him shall be returned, less such deductions as may be authorized by regulations of the Federal farm-loan board.

The amendment was agreed to.

The next amendment was, under the subhead "Powers of national farm-loan associations," in section 11, page 29, line 3, after the words "multiple of," to strike out "\$100" and insert "\$25"; in line 9, after the words "provided for in," to strike out "section 23" and insert "section 22"; in line 10, before the words "of this act," to strike out "section 25" and insert "section 24"; and in line 15, after the word "under," to strike out "\$100" and insert "\$25," so as to make the clause read:

Fourth. Against deposits of current funds, to issue certificates in any amount, bearing interest at not to exceed 4 per cent per annum after six days from date, convertible into farm-loan bonds when presented at the Federal land bank of the district in any multiple of \$25. Such deposits, when received, shall be forthwith transmitted to said land bank and be invested by it in the purchase of farm-loan bonds or in first mortgages, as defined by this act. The mortgages thus taken may be hypothecated with the farm-loan registrar of the district against an issuance of farm-loan bonds, as provided for in section 22 and section 24 of this act; but such bonds when received, either by purchase or for issuance, shall not be delivered or issued except in exchange for and upon the presentation for redemption and cancellation of an equal amount of convertible certificates issued by a farm-loan association, any difference under \$25 in such exchange being adjusted in cash. When thus redeemed and canceled such certificates shall be returned to the farm-loan association which issued them.

The amendment was agreed to.

Mr. CUMMINS. I should like to ask the Senator from New Hampshire a question with regard to the fourth paragraph. Is it the intention that the farm-loan associations shall become savings banks or depositaries for funds other than those that are to be invested in the bonds of the land banks?

Mr. HOLLIS. That was my personal hope. The bill as prepared by the joint congressional committees provided that there should be a savings department which should take savings and invest them in short-term mortgage loans; but the Senate Banking and Currency Committee cut out that section, which is section 18, found on page 42. That cut out the savings department. But this paragraph to which the Senator directs my attention acts as a savings feature of the bill. It permits individuals to make deposits and to take convertible certificates which may be turned into farm-loan bonds when any person owns as much as \$25 worth. The Senate committee believed that this was as far as this banking system ought to go in that direction. That is the purpose of it. It is a savings-bank feature, and it is quite limited in scope.

Mr. CUMMINS. It seems to me that it is quite unlimited—

Mr. HOLLIS. It is quite limited.

Mr. CUMMINS. Although I may not grasp the full meaning of it. It says that "such deposits, when received, shall be forthwith transmitted to said land bank, and be invested by it in the purchase of farm-loan bonds or first mortgages as defined by this act." There would seem to be no limit to the amount of deposits that might be taken by association nor any other limit upon the investment save that the land bank must invest the money either in its own bonds or in first mortgages. But that is all that any savings bank does, if it confines itself to real estate securities.

Mr. HOLLIS. I wish to call attention first to the fact that the farm-loan association merely acts as agent for the land bank in taking the deposits and forwarding them. It is the land bank that becomes the savings bank in this connection. The land bank, according to the experience in Europe, will find it necessary at various times to buy in farm-loan bonds, and in order to stabilize their value they may use this money for one of two purposes, either in buying farm-loan bonds issued by that bank or by some other Federal land bank or in buying first-mortgage loans; that is, to loan the money on first mortgages.

There is no limit in the bill. The committee did not think it was desirable. They hope there will be a very large amount of money procured in this way. I am doubtful about it myself; but I hope so, and I see no harm in taking a very large amount of money.

Mr. CUMMINS. It seems to me there ought to be a limit to the amount of interest the farm-loan association is to pay.

Mr. HOLLIS. There is. It is limited to 4 per cent. It is so limited at the bottom of page 28, where it reads "Bearing interest at not to exceed 4 per cent per annum."

Mr. CUMMINS. That is the interest on the certificates.

Mr. HOLLIS. Yes.

Mr. CUMMINS. But what about the interest on the mortgages in which the money would be invested? They could bear any rate of interest, could they not?

Mr. HOLLIS. The rate of interest is never permitted to exceed 1 per cent more than the amount the last issue of farm-land bonds carries.

Mr. CUMMINS. Is the Senator sure that that applies to this proceeding or transaction?

Mr. HOLLIS. Yes; I am very sure of that. I can direct the Senator's attention to the place where it is provided.

Mr. CUMMINS. It seems to me the bill simply authorizes national savings banks in every community to be operated in competition with the ordinary savings banks that are created under the laws of the States.

Mr. HOLLIS. Not at all, because no one can withdraw his money. All he can do is to get a bond with it, and then if he wants to get his money he has to sell that bond. He can not go to any farm-land association and withdraw his money; all he can do is to get scrip convertible into bonds.

Mr. CUMMINS. I would see no great objection to it if the bill limited the investment of the deposits to the farm-land bonds of that district, but when it gives the land bank the authority to invest the deposits in any mortgages that may be presented to it for negotiation or purchase I fear the Senator is extending the institutions that he is creating much beyond the scope that most of us have had in mind.

Mr. HOLLIS. I would be very much pleased, indeed, if a large amount of money is gathered in this way and invested in farm-land bonds because we are calling on the public to subscribe to our farm-land bonds. The success of our system depends on the readiness with which the public will take our farm-land bonds and the question whether they will take them at a low rate of interest. If we can gather in in this way all over the country or in any part of it a large sum of money that we can loan to farmers on first mortgages or invest in farm-land bonds which are based upon first mortgages, then a very large part of the problem will be solved. My fear is that we shall not get very much.

Mr. STERLING. Mr. President, I should like to have the attention of the Senator from New Hampshire. The bill provides for two classes of national farm-land associations: First, those where the liability of the member is a limited liability; and, second, those where the liability of the members of the association is unlimited. I should like to ask what is the difference between the rights of these members in the matter of securing loans through the association of the farm-land banks if the Senator will explain it.

Mr. HOLLIS. The mortgages taken by any Federal land bank from associations carrying an unlimited liability are kept altogether. When an issue of farm-land bonds is to be made the mortgages of one class—that is, limited or unlimited liability—must be kept together. A group of mortgages, \$50,000 in value, which carry unlimited liability of the farmer, ought to float bonds bearing a lower rate of interest than a group of mortgages carrying merely double liability. Therefore we hope and expect that the unlimited liability mortgages will be able to float bonds at a lower rate of interest, and that the farmer will get the benefit of the lower rate. It is perfectly clear in my mind if I have succeeded in conveying the thought.

Mr. STERLING. The Senator thinks that would be an inducement to form associations with unlimited liability?

Mr. HOLLIS. I think so, and I hope so very much, because I believe that eventually the way the farmers will get the lowest rate of interest is by assuming unlimited liability. This bill is intended to give that plan a fair trial.

Mr. CUMMINS. Mr. President, one more question. The interest on farm-land mortgages is by the bill limited to the rate that may be charged by a national bank, as I understand it.

Mr. HOLLIS. It is limited to 6 per cent.

Mr. CUMMINS. The deposits of which I have been speaking may be invested in any mortgages, and, of course, those mortgages need not be represented finally by land-bank bonds; they may be held simply as mortgages. Does the Senator from New Hampshire think it is fair to put such savings banks as are here contemplated in competition with the savings banks established under the laws of the several States and relieve the property or transactions of the national savings bank from taxation? What will become of the savings banks of the States which must pay taxes?

Mr. HOLLIS. If I did not believe that the bill would give the farmer a lower rate than he is now getting I should not think it would be worth while to pass the bill. It is because we feel the farmer is not now getting loans at as low a rate as he is entitled to that we are passing the bill. If it has that result I shall feel that we have achieved our object.

Mr. SMOOT. Even if it drives out the national banks?

Mr. CUMMINS. Is it not the rule that somebody must pay taxes? Somebody must support the Government. The institutions that are now in business are helping to pay the taxes of the country and support both the State government and the Federal Government. I have not thought much about it, but it impresses me at first as very unjust to establish in a community a national savings bank and relieve it of the burden of taxation under the guise of affording special privileges to the farmer.

I am sure that I have as much concern for those who till the soil as has the Senator from New Hampshire, for the agricultural interest in my State is quite as important as that of any State in the Union; but if I understand the temper of the people of Iowa they would rather resent being made the objects of special privilege. They have always insisted that the Government should be administered without favor to any class and without privilege to any class that is not accorded to every other.

I would like very much to hear at some convenient time the views of the Senator from New Hampshire upon that point, for I have no doubt he considered the subject carefully before reaching a conclusion.

Mr. HOLLIS. It is a subject that is susceptible of being treated very simply and very clearly. The same objection that the Senator raises was raised to the postal-savings deposits. It was said then that the deposits by the Government would come in competition with banks and would drive them out of business, just as was suggested by the Senator from Utah [Mr. SMOOT]. That, of course, is beside the mark, because national banks do not loan on farm mortgages to any substantial extent. They ought not to do so; it is not good banking.

Mr. SMOOT. But the State banks do.

Mr. HOLLIS. Yes; the State banks do.

Mr. SMOOT. Of course—

Mr. HOLLIS. If the Senator will pardon me, I will answer the Senator from Iowa. My remark was addressed merely to national banks, which was the remark made by the Senator from Utah. Unless we can give under this bill lower rates than the farmers are now getting it is useless to try to give aid to them.

There are several schools of thought. Many Senators believe that the Government should borrow the money on obligations of the Government at 2 or 2½ per cent and loan directly to the farmer at 3 per cent. That would certainly drive all the savings banks out of their business, and that is one answer to that proposition.

Another school of thought is that the Federal Government ought not to engage at all in rural-credit business. All three political parties are committed to rural-credit legislation, and this is the recommendation of a joint congressional committee based on the promise that was made by the parties.

This is the first suggestion. The bill lies midway between the two. I have no idea that it will drive any substantial amount of banks out of business. It will not drive any out if they are charging a fair rate, in my judgment, because I firmly believe that private enterprise will always be able to compete to advantage with public institutions. But when there is a great need we must embark, so far as we constitutionally and properly may, on that plan. I believe the present bill is a medium bill lying between the two extremes. I believe it will come in competition with the local savings bank, and where they are charging too much it will either force them to lower their rates or to go out of business. I hope it will have that result.

The reasons why I am asking to have these bonds and mortgages exempt from taxation are, first, that if we do not do that it will be in the power of the States to drive these banks out of business by imposing an excessive tax. In the second place, if we permit it the land will be taxed, the mortgage will be taxed, the bond will be taxed. The result of those three successive taxes would be that the farmer would have to pay them all; he would have a triple taxation, and then the system would not work to the farmer's advantage.

Mr. CUMMINS. Mr. President, another question. I was very much impressed the other day when the Senator from New Hampshire was stating the case on opening the argument for the bill by the illustration which he used, that the people who have the money to loan were on one side of the river and the people who wanted to borrow the money were on the other side of the

river, and the purpose of this bill—I am not hostile to the bill, to the general object to be accomplished, at all—but that the purpose of the bill was to bridge the river so that those who wanted money would be face to face with those who had money. Now, does the Senator from New Hampshire think that it is necessary to bestow this privilege upon this particular business in order to build a bridge that will enable loaners and borrowers to meet each other?

I agree that the question of taxation ought not to be left entirely with the State, but the Senator is familiar with the provision made with regard to national banks. It can easily be provided that no greater rate of taxation shall be laid than is laid upon other property of a similar character. That will produce absolute equality without establishing what might be unfair competition.

I fear if the savings banks were driven out of business the farmer instead of being benefited by the bill we have now under consideration would be very seriously injured, for the savings banks of the country are integral parts of our commercial and industrial life, and especially so in the part of the country from which I come, where the farmers own the savings banks, except those in the large cities, where they own not only the stock of the savings banks in large measure but own the deposits in the savings banks as well. In Iowa I think that 90 per cent of the deposits in her banks—and she has more than any other State in the Union—outside of three or four large cities, are the deposits of farmers, and to set up a rival system that would conduct business upon an entirely different basis might injure the very persons whom the Senator from New Hampshire is trying faithfully, I know, to assist.

Mr. POMERENE. If I may ask the Senator from Iowa a question, to what extent are the farmers of his State borrowers?

Mr. CUMMINS. They are very large borrowers. There are many farms in Iowa mortgaged, not because the people there are impoverished—

Mr. POMERENE. Oh, no; not at all.

Mr. CUMMINS. But for the reason stated the other day by the Senator from New Hampshire; they desire to do business, and they very often secure their capital in that way.

Mr. POMERENE. I asked the question because of this thought in my mind: Assuming for the sake of the argument that to some inappreciable extent this might interfere with the building and loan associations that we have as deposits for the farmers' money, are they not going to be correspondingly benefited by a system which is going to give them long-time loans at what we believe is going to be a more reasonable rate of interest?

I conceive that the chief benefit of this system is the creation of an institution which is going to provide a long-time loan for the farmers. Under present conditions they are not able to make long-time loans. There may be a period of one or two years when crops have been only a partial success, if not a failure, and just at that particular time the banker who has made the loan becomes disturbed and insists upon calling the loan, or at least he refuses to renew it if it should have matured. Now, we are meeting that condition by providing a loan that can be extended over a period of 36 years, and at any time after 5 years the borrower can pay it all off if he desires.

It seems to me that the benefits which are provided for in this system are very much greater than any incidental injury the farmer may sustain, if he would sustain any, by trespassing upon the functions of the savings banks.

Mr. CUMMINS. Mr. President, in answer to the Senator from Ohio I want to say that I have no doubt a great many people would be benefited by a provision of the character we have just been discussing. I take it, however, that the test of a wise law is the general good, the general welfare, rather than the advantage arising to comparatively few people in any community.

I am not even suggesting hostility to the proposal that in some proper way the loaner of money shall be assured of the validity and the safety of the security that is offered to him and be relieved of the burden of collecting the interest upon a mortgage or the principal when it matures. That is the great benefit of a bill of this sort, and I think it is practically its sole benefit. It is well worth accomplishing, however.

I hope that before the bill passes it will be rid of some objectionable provisions and be strengthened in some of its very beneficial provisions. It is not expected, however, that the land banks will become the sole loaners of money in this country upon farm mortgages. I think the general welfare requires that the business of the land banks shall be done under such conditions as that other business of similar character honestly conducted may survive, for it is impossible to believe that we would be benefited if all the business of this character and kind were concentrated in this system.

Mr. President, this is nothing new in my State. We have had this system for years. Our State organized loan and trust companies which have accumulated mortgages, consolidated them in a trust or deposit, and upon the basis of the deposit issued bonds bearing a lower rate of interest than the mortgages bore.

The farmers and all other borrowers, in so far as loans on farms in Iowa were concerned, were greatly benefited by the system. This bill is simply an adaptation of a plan which has long been recognized.

The loan and trust companies in my State have largely gone out of business. Why? Because the insurance companies of the country a few years ago came to the conclusion that they would deal directly with the farmers and with other borrowers, and they gave to the farmer and to other borrowers a lower rate of interest than the loan and trust companies could give and maintain themselves.

Mr. POMERENE. Mr. President, may I ask at what rate do those companies loan?

Mr. CUMMINS. There is no uniformity in the rate.

Mr. POMERENE. What is the average rate?

Mr. CUMMINS. The rate in Iowa has been, taking a few years into consideration, all the way from $4\frac{1}{2}$ to 6 per cent.

Mr. POMERENE. What commissions do the farmers have to pay for the loans that they get?

Mr. CUMMINS. That also is not uniform. Some of them pay no commission whatever. Some insurance companies have established places of business in our State for making loans, and loans are so made directly to the borrower in many instances, and there is no commission. There are other instances in which capitalists—insurance companies among them—have offices conducted by agents—brokers—and they charge a commission. It is not at all uniform.

Mr. DILLINGHAM. Mr. President, if the Senator from Iowa will permit me, in answer to the question of the Senator from Ohio [Mr. POMERENE], I have before me a table, which has been very carefully prepared, showing that as to 126 American life insurance companies, whose total mortgage loans amounted to 97 per cent of all the mortgage loans held by American companies, the average rate of interest was 5.55 per cent.

Mr. POMERENE. On what size loans?

Mr. DILLINGHAM. On all sized loans. They held 97 per cent of all the mortgages held by all the insurance companies of America, and the average rate was 5.55 per cent.

Mr. POMERENE. My experience has been that a good many of these loans by the insurance companies are made through agents, who charge a very substantial commission for their services.

Mr. DILLINGHAM. The great majority of such loans owned by insurance companies are purchased by dealers in the State, who are dealing directly with the borrowers. These loans are all taken subject to inspection by the companies' agents. I think the table which has been presented by the committee shows that in the State of Iowa, on an estimate made by Dr. Thompson, specialist in charge of rural organization in the Department of Agriculture, the average rate in Iowa was 5.6 per cent, and that the annual commission to the agents was only three-tenths of 1 per cent. I think that is too high. My experience with Iowa farm loans is such that I do not think the rate of interest upon the average issuance of farm loans in Iowa can be as high as he states it—5.6 per cent—because, according to this report, the average of all the loans owned by the insurance companies of America is only 5.5 per cent.

Mr. CUMMINS. Mr. President, I have not consulted the statistics with regard to the loans in Iowa. I speak only from a personal observation of many transactions of which I have known in the last few years. The fact is that in our State the two insurance companies which loan more money than any others—possibly as much as all others—are represented in the State by agents of the insurance companies, and the loans are made directly from the companies to the borrower, without the intervention of any third party, and, in the main, without any commission.

Mr. POMERENE. Mr. President, is it not—

Mr. CUMMINS. If the Senator from Iowa will allow me, I have been instancing these things simply to show that there are other interests to be conserved and to be recognized. I want the farmers to secure a lower rate of interest; and if I believed it to be fair to the people of the country generally I would favor the Government entering the business directly and purchasing the mortgages at an interest not to exceed 4 per cent; but while in that way I should be able to secure a low rate of interest to the farmers, I feel that I would be inflicting a great injury upon a business which, if destroyed, would in the end result in disaster to the farmers.

For these reasons I have been disposed to favor, and to favor very heartily, the general plan proposed by the Senator from New Hampshire [Mr. HOLLIS]; but in carrying out that plan we must not forget that the business of this country is a complicated one, and in the effort to assist the farmers we must not impair the rights and destroy the business of other people.

Mr. LODGE. Mr. President, will the Senator from Iowa allow me to interrupt him?

Mr. CUMMINS. I yield to the Senator.

Mr. LODGE. I was very much struck by what the Senator from Iowa said about the effect of this legislation on the savings banks. I have here the figures which show that there are deposits in private savings banks of \$4,997,000,000, practically \$5,000,000,000; in building and loan associations, \$1,257,000,000; and there are 14,915,000 depositors and members. As suggested by the Senator from Iowa, we should touch cautiously such a great system as that, involving, as it does, 14,915,000 depositors. I believe that such a proposition ought to have very careful consideration.

Mr. President, if the Senator from Iowa will allow me, I will ask that the report, which I hold in my hand, of the committee on rural credits of the Chamber of Commerce of the United States be printed as a part of my remarks.

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

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA.

The committee on rural credits held meetings at Washington on February 14 and 15, a majority being present, and Mr. Myron T. Herrick in the chair. The only one of the measures pending in Congress discussed was bill 2986, which Senator HOLLIS introduced in the Senate on February 15, 1916.

OUTLINE OF THE HOLLIS BILL.

This bill proposes to create through a bureau at Washington a farm-mortgaging system composed of Federal land banks, national farm loan associations, national joint-stock land banks, and such other institutions as the bureau may admit to the system.

The bureau shall consist of the Secretary of the Treasury and four appointees of the President and Senate of the United States. The bureau shall divide continental United States, exclusive of Alaska, into 12 districts and establish a Federal land bank in each district. The bureau may establish as many more Federal land banks and charter any number of national farm loan associations and national joint-stock land banks, as it pleases and grant licenses to mortgage companies and moneyed corporations organized under any National or State law to act as agents of the Federal land banks.

The bureau may appoint the receiver and administer the affairs of a dissolved land bank or association without the intervention of the courts, and no dissolution shall take place except upon its written consent. It shall appoint a registrar and one or more appraisers for each district, and any necessary examiners and employees for the system, and all such appointees shall be public functionaries. It shall supervise the system and render periodical reports to Congress.

Each Federal land bank shall have a capital stock of at least \$500,000, which may be increased indefinitely. The shares shall be \$5 apiece, and may be held by any individual, firm, association, corporation, or by the Government of the United States or of any State. But only the United States and national farm loan associations may vote. The United States shall select two and affiliated national farm loan associations the three other directors composing the board. One of the directors shall be a person experienced in practical farming.

Ten per cent of the capital stock shall be invested in bonds of the United States. Twenty-five per cent of the net profits shall be set aside each year for a reserve until that fund equals 20 per cent of the capital stock. The Federal land banks may maintain branches. They may serve as depositories and financial agents of the United States. They may receive savings and deposits from shareholders, and circulate bonds up to twenty times capital stock and surplus. They may contract debts in other ways without any limit as to amount.

The bonds shall be prepared by the Secretary of the Treasury and Comptroller of the Currency after the manner of national bank notes, and issued only when approved by the bureau, countersigned by its executive officer, and secured by mortgages valued by the appraisers and trusted with the district registrars. The smallest series shall be \$50,000, the lowest denomination \$25, and the highest interest rate 5 per cent per annum. The bonds shall have a maturity of at least 10 years, and be lawful investment for public and fiduciary funds. Postal banks may invest 30 per cent of their deposits in them. Any member bank of the Federal reserve system may buy or sell them or use them as security for acceptances or 60-day direct obligations; and such paper shall be eligible for discount by Federal reserve banks. The Federal land banks shall guarantee the bonds of one another.

The bonds and the mortgages shall be instrumentalities of the Government of the United States, and, together with the capital stock, reserve, surplus, and income, shall be exempt from all taxes, Federal, State, municipal, and local, except taxes on real estate. The United States shall, if ordered by the bureau, advance the Federal land bank \$6,000,000 a year, and also subscribe for all the minimum capital stock remaining unsubscribed for by other parties 90 days after books have been opened. The United States shall receive only 2 per cent per annum for its advances, and no dividends at all upon its shares.

As many national farm loan associations may be formed in a district as its Federal land bank and the bureau deem advisable. The incorporators of each shall be 10 or more natural persons applying for loans, and they must tender mortgages aggregating at least \$20,000 executed and recorded in favor of such bank. Only borrowers may become shareholders. Each borrower must subscribe for shares up to 5 per cent of the amount of his loan and may hold as many more shares as he pleases.

The shares shall be \$5 apiece and withdrawable under rules prescribed by the district Federal land bank. The liability of members shall be unlimited or double the face value of their shares, according to the plan selected. No member may cast more than 10 votes. Each association shall have a board of five directors selected by members, and a president, vice president, and secretary-treasurer selected by the

board from members. But neither directors nor officers need be members.

A national farm loan association can not issue bonds. Its powers shall be to receive money by the sale of shares and 4 per cent certificates of deposit, and to invest its funds in loans to members, or in bonds of the United States or of Federal land banks. It may also receive money from its Federal land bank for making loans; but in this case it must buy shares in such bank up to 5 per cent of the amount so received, pledge the shares, and further secure the advances by an equal amount of mortgages indorsed and guaranteed to such bank. The total of the advances must never exceed twenty times the face value of the shares held in the bank. An association may also borrow sums from its bank at 6 per cent per annum to meet current expenses and losses. Twenty-five per cent of net annual profits must be set aside for a reserve until such fund equals 20 per cent of outstanding share capital. The reserve shall become the property of the district Federal land bank in the event of a dissolution. The associations, like the Federal land banks, shall be exempt from taxation.

As many national joint-stock land banks may be formed as the bureau deems advisable. The incorporators of each shall be 10 or more natural persons. Its territory shall be confined to a State or to contiguous States. The minimum for capital stock shall be \$500,000 when headquarters are in a State with a population of 2,000,000 or more; in other States the minimum shall be \$250,000. The shares shall involve double liability. The board shall consist of five or more directors. The bonds may bear any legal rate. They shall have a distinctive form and color and the amount in circulation must never exceed fifteen times capital stock and surplus. Tax exemptions are accorded only on the mortgages. In other respects national joint-stock land banks would have an organization similar to that of the Federal land banks, except the United States could not be a stockholder nor participate in the management.

These three kinds of institutions composing the proposed system shall make loans only on farm land. No restrictions as to amount, period, or purpose are imposed on national joint-stock land banks. But the loans in which Federal land banks and national farm loan associations may invest their funds shall run for not less than 5 nor more than 36 years and be paid off by half-yearly annuities. Only sums divisible by \$100 may be accepted in prepayment. The interest rate shall not exceed that fixed for national banks, nor shall it ever go higher than 1 per cent over that current on the bonds of the district Federal land bank. This ratio between interest on bonds and loans must also be observed by national joint-stock land banks. The only objects for lending shall be to purchase, improve, or equip a farm for a home. The minimum for amount shall be \$200. The maximum shall be \$10,000, but in no case ever exceed one-half the value of the mortgaged farm. The value shall be determined by the loan committee and a public appraiser.

The borrower must be or become the resident and actual cultivator of the farm. He must give a first mortgage and undertake not to sell or otherwise dispose of the farm until his loan has been paid in full. He must also buy shares in the Federal land bank or national farm loan association up to 5 per cent of the sum borrowed and pledge the shares as additional security. If he should die, default, or violate the terms of his mortgage, the loan may be recalled, with 6 per cent interest.

Such mortgage loans are the only loans against which the Federal land banks may issue bonds. The mortgages, trusted with the registrar as security for the issue, must always equal in amount the bonds outstanding. The Federal land banks may not make loans directly. They may acquire them only by indorsement from national joint-stock land banks or from national farm loan associations, preferably from the latter. If a sufficient supply can not be obtained in this way, then a Federal land bank may buy such mortgages from any bank, trust company, or mortgage institution organized under National or State laws and approved by the bureau. Mortgages so acquired shall be guaranteed by the seller. The aggregate of the guaranties shall not exceed its capital stock and surplus.

OBJECTIONS TO THE HOLLIS BILL.

1. Powers of the bureau too extensive: The bill contravenes the spirit of American Government by proposing to enact special as distinguished from general laws and to create a bureau clothed with both executive and judicial powers through which, while Congress is not in session, money for the use of a special class of private individuals may be abstracted from the Public Treasury at 2 per cent, or for no interest, and the good faith and honor of the United States be involved in the issue of unlimited millions of bonds bearing interest at a rate as high as 5 per cent per annum and running for indefinite periods, even to future generations. The bureau may establish any number of Federal land banks in addition to the first 12, and, since no maximum is prescribed for capital stock, it may authorize continual issue of bonds that may be endless so long as qualified mortgages are supplied.

The bureau may withhold the benefits of the proposed system from any State or from any group of farmers. It may shift the public funds and, through its registrars, certain other funds of the land banks, and direct such funds to any section of the country, as it pleases. It may entirely forbid bond issues and fix different rates of interest for bonds and loans, according to district, and even fix the rate after the bonds have been issued, and thus it can favor one land bank to the detriment of any other land bank, and force the latter to suspend business. It has absolute authority to grant or disallow charters, to dissolve any land bank or association, to appoint the receiver, compound debts and claims, cancel even obligations to the United States, and dispose of assets in any way it sees fit. The courts can not intervene if it acts first, and no dissolution shall occur without its written consent. No appeal can be taken from any of its decisions. The bureau is a supreme autocratic body, with its great powers absolutely unrestrained except by its own discretion and prejudices. This bureaucracy is not American.

2. Government institutions: The Federal land banks, being established by Government, managed in part and entirely dominated by Government functionaries, and empowered to use the cash, good faith, and credit of Government are Government institutions to the extent that investors in their shares and bonds would have a moral, if not a legal right, to look to the United States for the return of their money. The establishment of such Government institutions for the private purposes for which they are intended presents a grave constitutional question. The Hollis bill avoids this by authorizing them to act as Government depositories and financial agents, and by declaring their bonds and mortgages to be instrumentalities of the Government of the United States.

But this is subterfuge. If Congress can render doubtful legislation constitutional by such evasive devices, then the Constitution has been

come a mere scrap of paper, the principals of fair play and equal rights upon which the Republic is based have disappeared, and Congress may legislate for any religion, race, or class without regard to the rest of the people. The Constitution vests in Congress the power to borrow money on the credit of the United States and requires all bills for raising revenues to originate in the House. Such powers can not be delegated. Nevertheless, the Hollis bill plans to empower the Secretary of the Treasury and four appointees of the President and the Senate to utilize the credit of the United States and to borrow money without any limit as to amount or time and at a rate as high as 5 per cent per annum.

It is claimed that the Government's connection as a stockholder would be only temporary, since the bill provides for the retirement of the shares held by the United States in a Federal land bank. But this retirement can not begin until the holdings of other parties amount to \$500,000, while even after that event only one-fourth of such subscriptions may be used for the retirement. These other shares would probably be those for which borrowers are obliged to subscribe up to 5 per cent of their loans. So, assuming that the United States supplies the initial capital stock, as is intended, the Federal land banks in the aggregate must have \$12,000,000 of capital stock, and there would probably be \$240,000,000 of loans and a corresponding amount of bonds outstanding before the United States could withdraw as a shareholder. This does not include any other than the first 12 Federal land banks which the bureau may establish.

3. Unqualified and unlimited State aid: Financial assistance follows the establishment of Government institutions, as a matter of course. The exemption from all taxes, the use of about one-third of postal savings, and the right to obtain Government funds as deposits at 2 per cent interest and as subscriptions to shares without dividends, and to issue bonds prepared by the Secretary of the Treasury and Comptroller of the Currency and certified and approved by Federal officials are State aid of any unqualified type and absolutely unlimited, for the reasons stated.

The possible extent is appalling, and yet it would not be available for many persons in need of it, i. e., tenant farmers and landless homeseekers in the town as well as in the country. The United States surely could not afford to take the risk of financing poor persons inexperienced in farming. But this is the usual excuse foreign nations have for a resort to the Government aid proposed by the Hollis bill.

In nearly every foreign country where the Government has intervened in land credit the State has suffered heavy losses from the defaults of borrowers and from being compelled to pay the bonds in order to protect its honor and financial standing. The United States also has suffered similar experiences. The reclaiming of the arid regions in the West is a great and necessary undertaking. It ought to have been financed, like the Panama Canal, by bond issues. The assessment on the tracts improved ought to have been paid into a sinking fund to redeem the bonds. But the United States financed its 25 projects through receipts from the sale of public lands. These millions of receipts, which otherwise would perhaps have been devoted to general educational and agricultural purposes, were used for the benefit of a relatively small number of individuals.

The United States has invested over \$100,000,000 in the projects, has arranged to borrow \$21,000,000, and must have \$75,000,000 more to complete the work; and part of the investment represented in the Yuma project is a total loss. The settlers are not charged interest. They enjoy gratis this third largest instance of State aid in the world; and although their principal payments have been divided into 20 annual installments, many are in default. One of the reasons for this is that the intervention of Government created such high fictitious values that the dues on mortgages given for the purchase price of the land, with the taxes, consume most of the settlers' profits.

The free use of money or the artificial reduction of interest rates is invariably compensated in this way by increase of the purchase price of land. The framers of the Hollis bill have overlooked the bitter experiences of the United States and of the settlers in these irrigation projects. Also they have overlooked the disastrous end of the private enterprises and banks with which many States became identified during the period beginning with the year 1836, and as a result of which nearly every State inserted in its constitution a clause forbidding the use of the cash or credit of government, except for strictly public purposes. The crazes for greenbacks and subtreasury warehouses are now happily dead, but they were more intense than the present demand for Government land banks.

The exemption of mortgages used as security for bonds is not objectionable since it would prevent double taxation. But to exempt bonds and shares without limiting the amount in the hands of one holder, as in the Hollis bill, can not be justified, because it would relieve from taxation the surplus of wealth of persons not farmers or even residents of the United States, and simply shift the inevitable burden of taxes to other kinds of real and personal property.

4. A Government savings bank system: Besides the United States, any individual, firm, association, corporation, or State could place time or demand deposits in a Federal land bank simply by becoming the holder of one share of stock. Since a share has a face value of only \$5 and may be withdrawn under rules prescribed by the bureau, this converts the Federal land banks into Government savings banks. A national farm-loan association could issue any number of shares and 4 per cent certificates of deposit to members; it could issue the certificates also to nonmembers. The various associations in a district must transmit the deposits to their Federal land bank, and thus serve as agencies for it. In this network fashion the Hollis bill plans the creation of a great Government savings bank system for gathering up savings for public institutions remote from the localities of the depositors and dominated by a bureau at Washington. This nation-wide system would be completely tax exempted, without limit as to the amount standing to the credit of a depositor.

The demand deposits received from associations could not draw interest, but deposits of any kind from other depositors could draw interest. This would be unfair to members of the associations. Savings and deposits may be invested by the Federal land banks in mortgage loans, but the claims of bondholders shall be prior to that of depositors on the deposits as well as on capital stock and surplus. The investment of deposits in loans which must run for 5 and may run for 36 years is dangerous finance. It would also be equally wrong and dangerous to permit savings institutions to pyramid on their credit and encumber assets with debt through bond issues. Such methods brought the public savings banks of Italy so near to ruin a few decades ago that they would have become bankrupt if the Government had not come to their assistance, repealed the laws, and refunded their obligations on terms which it compelled creditors to accept.

Institutions financed through the cash and credit of Government do not need savings, nor do they need capital stocks. Nevertheless, the Hollis bill provides for both, and in order to obtain them, would subject farmers to compulsory share subscriptions, but permit investors having no need of loans to enjoy the benefit of the Government's bounties and tax exemptions. In foreign countries, especially where royalty reigns, the highly centralized Governments require abundant funds for their warlike and other purposes, so they have established public savings banks and they discourage private savings banks. The more funds the State brings under its control the greater, of course, becomes its temptation to engage in private enterprises. The United States, following European practices, would probably invest in its own securities the deposits collected through the numerous associations for its 12 or more Federal land banks and thus enlarge its business ventures while diminishing the present volume of ready cash in country districts.

Recent statistics show that in the United States there are deposits and savings of \$4,997,706,013 in private savings banks and of \$1,337,707,900 in building and loan associations. The 14,915,104 depositors and members, comprising farmers and city dwellers and constituting over one-seventh of the population, have accumulated \$6,335,413,913. With these funds and largely under their own management they have built up a system surpassing in assets and profits the combined public and private system in any other country. The postal savings banks have \$65,684,703 of deposits. This moderate growth, contrasted with the enormous development of the private savings banks and building and loan associations, indicates that the people of the United States prefer a decentralized private system of cooperative or mutual local units that will keep their money circulating at home. The people have never expressed the least desire for a change. Their splendid system of mutuality and cooperation ought not to be disturbed by Government without their full knowledge and consent. Moreover, the postal savings banks ought to be given a fair chance to prove their worth before a second Government system is placed in competition with it.

5. Not cooperative: The report which Senator HOLLIS signed and the Senate published with the bill asserts that the proposed system is cooperative and that all profits would revert to the borrowers. The bill itself contains a clause authorizing the bureau to propagate the principles and practices of cooperative credit and cooperative organization. This report and provision are glaringly inconsistent with the plan of the bill. The basic principle of cooperation is organized mutual self-help resting upon individual initiative and private enterprise. The essentials of a cooperative association are that the management shall consist of members elected by members and that any distribution of profits shall be confined to members.

Nevertheless, the bill provides for Government initiative, aid, and direction; authorizes national farm-loan associations to be managed by directors and officers not members; prevents them from making any loans except with the consent of outsiders—a Federal land bank and official appraisers; and permits any individual, firm, association, corporation, or State, whether a member or not, to participate in the profits through ownership of dividend-paying stock in the land banks. Similarly, also, the Federal land banks may divert from borrowers and turn over to agents one-half of 1 per cent of the profits on loans made through them. The bill, it is true, requires collective liability, either limited or unlimited, but the effect of this would be to subject the borrowers to all the risk of loss while allowing them only a part of the profit. So the system not only violates cooperative principles, but would operate toward borrowers contrary to promises.

There is no country where cooperative associations and capitalistic companies work side by side under the same act. The reason is that they are entirely different the one from the other, and each requires statutory provisions especially designed for its peculiarities. For a similar reason public and private institutions have never been successfully conducted in the same system. Invariably wherever such a combination has been attempted the joint-stock companies have crowded out the cooperative associations, and the public banks have overmatched all. This would also be the case with the Hollis bill. Its Government intervention and assistance would render individual initiative, private enterprise, and mutual self-help unnecessary; and the final private remnants would be only those willing to take and able to get the Government favors that a bureaucratic body would have the arbitrary power to bestow or withhold, and the system would degenerate into nothing but Government ownership and State aid.

6. Too complicated: The Hollis bill proposes by one and the same act to establish public land banks and public savings banks, to authorize national cooperative savings and loan associations, and national joint-stock land banks; to utilize postal-savings banks and any kind of mortgage concern or moneyed corporation chartered by national or State laws, and to form out of these incongruent public and private elements a grand centralized system subject to the same rules and regulations, subsidized by Government, and controlled by a Federal bureau at Washington, for extending credit to a special class of landowners. Confusion has naturally arisen.

Under the bill, private individuals may participate with Government in the management of the public banks. The so-called cooperative associations may be assisted by Government, managed by outside parties, and divested of mutual self-help and all other cooperative features except collective liability of members. The private land banks may use public funds, must submit to Government intervention, practice cooperative methods, and prefer the interests of their borrowers to those of the holders of their stocks and bonds. Short-term deposits may be used to finance long-term loans, and the profits on the cash and credit of the United States be distributed as dividends among individuals who are neither borrowers nor farmers, while the tax exemptions would be enjoyed by those who are not the intended beneficiaries of the system.

The friends of the bill justify its plan from the Federal Reserve System. But, in adopting the features of centralization, bureaucratic domination, and Government intervention of that act for their special purpose, they ignore the facts that the Federal Reserve System is available for all and was established by the United States Government in accord with its sovereign and constitutional right to create currency, while they utterly fail to realize that the machinery for giving liquidity to personal credits is not the proper machinery for mobilizing land values. The bill can not be said to reflect matured thought on land credit. Rather, it indicates, when the high discretionary powers of its autocratic Federal bureau are considered, that the framers were seeking some safe way to utilize the cash and credit of Government, and that they followed models devised by foreign countries for poor and ignorant peasants.

7. Inconsistencies: The bill forbids bonds from being recalled for 10 years, but allows the underlying loans to be paid off 5 years after date. It allows land banks to retain defaulted loans on their books for 2 years, but requires national farm-loan associations to make good all defaults

within 30 days after notice; this, of course, is impractical since no mortgages can be foreclosed within such a short time. The loans must be paid by annuities, but the annuities may be larger than the income of the mortgaged land—a dangerous practice in long-term lending.

The lenders can charge no commissions, but must stand all the cost of making renewals, although borrowers may pay off their loans in bonds and so, in the event of a depreciation, throw the loss upon shareholders; this also permits a borrower who can buy bonds to take profit away from his less fortunate fellow borrowers, and to interfere with the accumulation of a reserve to protect their investments and liabilities. Since the loans must be made in cash, the lenders—at least, the national farm-loan associations—ought to be able to exact payment in cash, as a matter of justice to their members, particularly to small borrowers.

The arrangement by which the Hollis bill obligates all borrowers to assume collective liability for any loan used for securing bonds is unjust. Especially would it be unjust for national farm-loan associations in which the liability is unlimited. In spite of the fact that one-fifth of the members of such an association may prevent it from admitting a loan applicant, nevertheless, every member must stand good for loans made without his knowledge or consent by any other association or Federal land bank anywhere in the United States. This inconsistency practically eliminates the associations from the system, since farmers would avoid them. The bill, it is true, provides that membership shall cease with the payment of the loan, and that the shares (which the association must compel the borrower to take up to 5 per cent of his loan) may then be retired.

But, on the other hand, the bill requires the association to purchase a corresponding amount of the capital stock of its Federal land bank and to pledge the borrower's obligatory shares with such bank. It is in this way that a Federal land bank is expected to obtain capital stock after the shares of the United States have been paid off. The capital stock, however, must always be maintained (with surplus) at twenty times the bonds in circulation, and never fall below the minimum of \$500,000, while the bonds can not be redeemed before 10 years from date, and may run for much longer periods. Consequently, the amount of the obligations for which a borrower may become liable is practically unlimited; and, since no time is fixed by the bill, the borrower's liability would continue for 5 or 6 years (or the statutory period set by State laws) after he had paid up his own loan and had exercised his remote right to withdraw.

8. Defects: The scheme for amortizing loans and for issuing and redeeming bonds is not well coordinated. Although providing for periodic payment of the loans, the bill does not provide for periodic retirement of bonds, and so there is no automatic sifting of bad from good securities, so necessary in long-term mortgaging. Moreover, since amortization is obligatory, there should be provisions permitting prepayments to be applied to increase the size of the annuities and shorten the loan period, as well as to reduce their size without changing the period. Such alterations, however, affect both the interest and principal installments in the annuity. In the absence of statutory clauses allowing such alterations, the courts might adjudge the loan to be usurious if a corresponding recalculation of the annuities was not made; or, again, if such recalculation was made, the courts might construe the rearrangement as an entirely new contract having no lien on the mortgaged property against intervening third parties.

The Hollis bill is obscure on these points. It does not permit the land banks or associations to charge any fees for renewals, while it lacks even the clauses which enable American building and loan associations to impose fines for withdrawals and aggregate interest and principal in installments, and thus extend long-term credit without running the risk of usury. The bill provides that only sums divisible by \$100 and applicable for reducing principal (as distinguished from interest) may be paid in advance of the due date, while no loan under any pretext shall draw interest at a rate higher than that legal for national banks. The only exception is the national joint-stock banks. Prepayments and defaults would present troublesome problems under these clauses and lack of proper clauses. The right to pay off a loan ought not to be postponed for 5 years. Payment in whole or in part should be allowed at any semester; and this would occasion no trouble if the land banks had the power, as they should, to recall their bonds at will or were compelled to retire them by periodical drawings.

Although the bill prescribes a statutory limit for the output of bonds, nevertheless it permits the land banks to contract debts in other ways without any limit as to amount, while their obligations may draw interest at a higher rate than that of the underlying securities. Thus, interest received from loans and other investments may be used to consume principal on the obligations and impair capital stock and assets. The trusting of mortgages with district registrars would be cumbersome, expensive, and totally unnecessary on the assumption that the officers of the land banks would be as capable and honest as anybody else. Moreover, such a requirement could add nothing to safety, because the loss or theft of recorded instruments, like mortgages, can occasion only an inconvenience.

9. Terms too severe for borrowers: The regulation of the borrower's affairs and expenditures naturally follows the State-aid features of the bill. The United States should have the say, of course, as to what may be done with funds it supplies. But this paternalism would put in question the undoubted intelligence and integrity of the average American farmer, while it would be difficult and expensive to carry out, besides making foreclosure possible at practically the will of the lender. There are many good reasons for borrowing, such as to educate one's children or to increase the size of a farm so as to meet the needs of a growing family or to leave an estate to heirs, but the Hollis bill excludes all these.

The mortgaged farm must have a value equal at least to twice the principal of the loan. But since 5 per cent of the money borrowed must be spent in share subscriptions, this cuts the actual credit of the farm down to 45 per cent of its value. If the money comes through a Federal land bank, the borrower must live upon and personally cultivate the mortgaged farm and use the loan only for some specified and sworn-to purpose. He can not dis mortgage the farm for five years, nor freely sell it as long as any of the loan remains unpaid, while foreclosure may be brought at once if he dies, defaults, or dissatisfies some secret inspector. Moreover, he must become a member of some national farm-loan association and assume double or unlimited liability for all other loans made through the system. These terms are more harsh and onerous than now exacted from borrowers.

10. Could not operate with uniformity and fairness: This plan to establish a nation-wide system by beginning at the top without due regard to the foundation has naturally evolved a fragile superstructure unnecessarily elaborated in details. The bill proposes to legislate on matters ordinarily taken care of by by-laws or resolutions of boards

of directors, while, on the other hand, it lacks indispensable clauses. Its scheme, to unite all varieties of land-credit institutions into one harmonious whole is pleasing to the eye, but not logical nor practical. The more it is studied the less it satisfies the advocates of any kind of institution. Indeed, nothing but continual violation of correct principles can be expected of such a centralized, complicated, and subsidized system. The 45 per cent of the value imposed as the lending limit on land would make it useless in thickly settled and improved sections. Its lending restrictions would interfere with its extension to Texas, whose constitution prevents the waiver of homestead rights, and to other States whose laws do not conform to the standards prescribed by the bureau.

There is no possibility that the system would operate with fairness and uniformity throughout the country nor improve land credit to any noticeable degree. Its method of finance, through deposits attracted and bonds sold upon the forced guaranty of 12 or more Government banks and upon the good faith and honor of the United States, eliminates land-credit features. The mortgages lose their character as securities and become simply a gauge for the output of bonds and a means for doling out funds supplied through Government. The unfortunate outcome of this substitution of the credit of Government for the credit of the land by the arrangement proposed would be that reforms now under way would be discouraged, while loans could be made only to special classes in outlying districts, and the profits of the system would be distributed as dividends and tax exemptions accorded to persons who are not farmers or borrowers.

11. Dangerous possibilities: Failing to satisfy the land-credit needs of the average farmer, the system would perhaps inordinately develop its savings-bank and other features. There is no foretelling the use of the enormous funds which might be attracted by the tax exemptions and by the promise of Federal officials to pay 4 or 5 per cent a year. The bureau may prescribe any kind of Government security for investment and define as it pleases the words "improvement" and "equipment" in the bill.

This opens the door for land-reclamation projects and for an endless variety of Government activities. The distinction between private and public enterprise would become obscured, with the ability of the Government, thus indefinitely increased, to embark on business and financial ventures.

RECOMMENDATIONS.

In view of these minor and important defects the Hollis bill does not present a workable plan. Instead of passing a special act for utilizing the cash and credit of the United States and for creating a centralized system composed of such incompatible elements as public banks, capitalistic companies, and cooperative associations, it would be better for Congress to pass a law, general in its nature (like the national banking act), under which plural competitive companies might be formed for granting loans to any class of landowners selected by their charters.

The specific essentials of such a law are few and simple, their purpose being to regulate bond issues, enforce rigid supervision, and safeguard borrowers from oppression and investors from losses, and to require enough capital stock to assure a strong financial standing. Inasmuch as farm loans are more expensive to make than other kinds of loans, it might be advisable to exempt from taxation all farm mortgages when used as security for bonds. But special legislation should not go beyond this favor until a fair trial had proved that properly regulated and officially supervised companies, operating on correct principles, were not able to find the farmers all the money they need at long-term and reasonable interest rates.

The so-called associations of borrowers in their purity have no capital stock nor do they take in money on shares or as deposits or savings. They are known as landschafts, and they are created, officered, and managed very much like drainage, sewer, improvement, or school districts in the United States. The liability of the landowners in both is collective and unlimited, in consequence of assessments which may be levied in order to maintain a sinking fund at a balance with outstanding bonds. The issuance of bonds by a landschaft, however, is resorted to only for raising money for individual loans. This is its chief difference from the American districts. Landschafts are the best institutions for according long-term credit on farm lands, but it would be well to leave the legislation for them to the States where they might be serviceable.

MYRON T. HERRICK, *Chairman.*

CLEVELAND, OHIO, March 31, 1916.

Mr. POMERENE. Mr. President, may I ask the Senator from Massachusetts what are the average earnings of the various institutions to which he has referred?

Mr. LODGE. I have not the figures here and can simply state those earnings offhand. I think our banks in Massachusetts made 3 per cent.

Mr. POMERENE. My thought is that these mortgage-loan bonds will be very largely taken by such institutions as the Senator from Massachusetts has in mind.

Mr. LODGE. I should not think they would be taken if they were well-managed institutions.

Mr. POMERENE. If these securities will be as good as we believe they are going to be—and I see no reason why they may not be just as secure as law and safe administration can make them—I can not understand why we should distinguish between them and any other institutions.

Mr. LODGE. Under the laws of the State—at least, under the laws of my State—the officials are very strict in regard to savings-bank investments. I do not believe they are permitted to invest in securities because the Senate and House of Representatives may think they are going to be good securities.

Mr. POMERENE. I imagine that they will use their sound judgment in the matter.

Mr. LODGE. I fancy so.

Mr. POMERENE. I think we have legislated with a reasonable degree of intelligence with regard to the banks of this country, and I see no reason why we may not use that same intelligence in this matter.

Mr. LODGE. I think we can hardly cite that as an authority.
Mr. POMERENE. I am entirely content with it.

Mr. CUMMINS. Mr. President, I am not questioning the intelligence of the committee; I think it has performed a very difficult task in a very creditable way; but it must not be assumed that the result of its labors can not be improved in the debate and the consideration which the Senate will give upon these very indirect propositions.

Mr. POMERENE. I hope the Senator from Iowa does not think that I was objecting to any amendments. I shall have several to offer myself later on.

Mr. CUMMINS. I did not, even in my mind, accuse the Senator from Ohio of any such treason to this very honorable body. I earnestly desire to aid the Senator from New Hampshire in opening the road for the farmer to the sources of capital in this country, and to procure for him the readiest access possible for the money that he needs to supply his wants; but I am still of the opinion that the farmer does not desire, and ought not to have if he does so desire, an advantage over other classes of the country.

I began by suggesting that the exemption from taxation in such a case as is proposed for the deposits made with the farm-loan associations was unequal and unfair, and I still believe so. I have no doubt that the thing in the mind of the Senator from New Hampshire was the exemption of the bonds from taxation, because they were, in a certain sense, governmental instrumentalities. I have no question but that he has been assiduously looking for constitutional pegs upon which to hang this very important measure. I think he will find them without difficulty, and still remove some of the objectionable things that I believe are now in the bill.

I shall offer no amendment at this time, but when the reading of the bill shall have been finished, there are certain suggestions that I desire to make to the Senator from New Hampshire and to the Senate.

Mr. WALSH. Mr. President—

The VICE PRESIDENT. The Senator from Montana.

Mr. DILLINGHAM. Mr. President, before this bill is put upon its passage, I hope the Senator who has charge of it will very fully discuss the question which has been suggested by the Senator from Iowa [Mr. CUMMINS].

The VICE PRESIDENT. The Senator from Montana [Mr. WALSH] has been recognized by the Chair.

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

Mr. DILLINGHAM. I beg pardon. I did not know that the Senator from Montana had been recognized. I thought I was recognized.

I find in section 29 of the bill this language:

SEC. 29. That every Federal land bank and every national farm-loan association, 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 or association under the provisions of section 11 and section 13 of this act.

That is a very broad proposition, and when we consider the number of institutions in the country that are dealing in farm mortgages, and are dealing directly with the farmers and between them and large investors, we can see at a glance what such a provision as this means.

If I carry the figures correctly in my mind—and I think I do—the last census shows that the amount of farm loans in this country was substantially \$2,000,000,000. If this act is to stimulate farm loans and place them upon a basis that will induce a larger measure of relief to the farmers, there is no reason why the number of farm mortgages in this country may not double. It is not a simple question of poverty; it is a simple question, as the Senator from New Hampshire [Mr. HOLLIS] has said, of securing money under conditions that will enable them to do business upon a better basis. If the amount of mortgages, we will say, in the next 10 years is to double and one class of them is to be exempted from taxation, which must run from 1 to 2 per cent, it will be seen at a glance that anybody in competition with this system must suffer extremely.

I do not know how it is in other sections of the country, but in New England I think our taxes average from 1½ to 2 per cent, and if they stand at either of the figures which I have given, this aggregation—that is, the aggregation provided by this bill—it seems to me, will be able to drive all others out of business, and we will find a double cause of trouble in it from the fact that we will be taking money from the people in the form of taxes, the benefit of which they have a right to enjoy. It will take a large amount of property out of taxation, and when that is taken out other classes in the community will have to pay the deficit that has been thus created. In addition to that, it is a direct attack upon established institutions in which there has been invested a vast accumulation of money,

I hope that the Senator will take that matter up very carefully. It is a subject to which I had given very little attention until I heard the reading of the bill; but I should like to see if there is any way of explaining away what seems to me to be a very great injustice both to that portion of the public not covered by the benefits of this bill, and to the other portion of the public that are engaged in legitimate business.

Mr. WALSH. Mr. President, it may be of some service to direct the attention of the Senate at this time to the clause in the bill which has given rise to this discussion, which has departed widely from the matter to which the provision of the bill under consideration relates. It reads as follows:

Such deposits, when received, shall be forthwith transmitted to said land bank, and be invested by it in the purchase of farm-loan bonds or in first mortgages as defined by this act.

The discussion was precipitated by the Senator from Iowa who might be interested in what I have to say.

Mr. SMITH of Michigan. From what page of the bill has the Senator read?

Mr. WALSH. Page 29. Of course if the land bank were at liberty to invest such deposits in any mortgages which it might find on the market, coming from any source whatever, those mortgages might bear any rate of interest; but quite obviously the land bank is restricted in the use of its funds to the purchase of mortgages negotiated by the local land association, for the language is not general that it may purchase mortgages, but that it may purchase farm-loan bonds or first mortgages "as defined by this act."

Mr. HOLLIS. Mr. President, I might supplement what the Senator is saying by adding that there is a provision in the bill that land banks can not buy in any other way, except through the local associations. They can only invest in regular mortgages, in loans to the farmers who belong to farm-loan associations.

Mr. WALSH. The term "first mortgage" is defined by section 2 of the act, as follows:

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 Federal loan board does not approve any loans on farm land except those made by the local associations, and the local associations are prohibited by the act from charging any more upon loans made by them than 1 per cent in excess of the rate at which the last issue of farm-land bank bonds was issued, and that, as provided by the act, shall never be in excess of 5 per cent. So the amount of interest which the mortgages in which the deposits may be invested shall bear is limited by the terms of the act.

Reference has been made to the exemption from taxation feature. That, as pointed out by the Senator from Vermont [Mr. DILLINGHAM], is the subject of a distinct subhead in this bill, which will be encountered in due course of time, and when it is, doubtless that subject will be debated with some earnestness, because it is quite obvious that in that provision of the bill is found the feature which has provoked whatever antagonism has yet developed to the measure.

I desire, however, to say in this connection, inasmuch as the Senator from Iowa [Mr. CUMMINS] has referred to the competition with savings banks, that the ideal savings bank is not subject to taxation. The ideal savings bank has no property; it is simply an agency for the investment of the money deposited with it by its depositors. The local associations are in character much the same, and, so far as they are concerned, there is no discrimination in this bill against the savings banks strictly so called. Of course, many banks go under the name of savings banks which have a capital stock, as the ideal savings bank has not, but those are operated for profit. Savings banks of that character will, of course, compete under such disadvantage as arises from the exemption given to the land banks; but, so far as the savings bank itself is concerned, the institution that is analogous to it is the local land association.

Mr. CUMMINS. Mr. President, a word in reply to the suggestion of the Senator from Montana. It may be that there are provisions in the bill with which I have not become familiar, but I think it can not be safely asserted that the only mortgages which a land bank can acquire are mortgages which are presented to it by farm-loan associations. It is true that in section 14 we find this provision:

That no Federal land bank shall have power * * * to loan on first mortgage except through national farm-loan associations as provided in section 7 of this act, or through agents as provided in section 17.

Turning to section 17, we find this provision:

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 some 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.

While I think that is a good provision, yet it opens the door to loans made by the land banks in every locality in which farm-loan associations have not been organized as an original authority; in other words, the land banks under those circumstances simply become general loaners of money to whomsoever desires to secure loans from the bank.

Mr. HOLLIS. Mr. President, if the Senator will pardon me, it is quite evident on a reading of section 17 that the agents are confined to chartered banks, trust companies, or mortgage institutions, and they are only permitted to place loans of that kind up to, I believe, 1 per cent of their capital and surplus, which restricts that amount very much. It is only intended to offer facilities to some remote regions where they can not form loan associations, in order that the farmers there may not be entirely without accommodation. It would be a very restricted form of loan.

Mr. WALSH. Mr. President, I will add that these agencies making the loans in lieu of the local associations, where there is no association, are under exactly the same restrictions as though the loan were made by the local association. Section 17, to which the Senator has referred, reads as follows—

Mr. CUMMINS. I am quite aware of the restriction; but it is no restriction at all when compared with the ordinary rules for loaning money. No loaner, I think, of reputation and standing, loans money in excess of 50 per cent of the value; and the only requirement here is that the borrower shall subscribe to the stock of the Federal land bank.

Mr. WALSH. I think not. I think it clearly appears that the loans made by the local agent are restricted in the matter of the interest charge just the same as the local association would be. I can not read the language in any other way. The language is:

Such loans—

That is, loans made by this local agent, instead of the association—

shall be subject to the same conditions and restrictions as if the same were made through farm-loan associations.

Now, clearly, that means that they can charge no higher rate than could the local association, if there were a local association.

The reading of the bill was resumed, beginning on line 19, page 29.

The next amendment was, under the subhead "Restrictions on loans based on first mortgages," in section 12, page 30, line 1, after the word "agreement," to strike out "for the payment of interest, and," so as to make the clause read:

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.

The amendment was agreed to.

The next amendment was, on page 30, line 21, after the word "amounts," to strike out "and of the proper series," and in line 23, after the word "amounts," to strike out "and of the proper series," so as to make the clause read:

(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 amounts; 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.

The amendment was agreed to.

The next amendment was, at the top of page 31, to insert:

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.

The amendment was agreed to.

The next amendment was, on page 32, line 3, after the word "section," to strike out "twenty" and insert "nineteen," so as to make the clause read:

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 19 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.

The amendment was agreed to.

The next amendment was, on page 32, line 16, before the word "shortly," to insert "who does not in his application promise," so as to read:

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 farm loan association may, in its discretion, declare the mortgage thereon due and payable or permit said mortgage to be assumed by the purchaser.

The amendment was agreed to.

Mr. SMOOT. Mr. President, may I ask the Senator having the bill in charge a question in relation to the amendment which was just agreed to? Suppose the person states that he does intend shortly to become engaged in the cultivation of the farm mortgaged and secures the loan and never does carry out his intention. Is there any penalty attached to it in any way?

Mr. HOLLIS. Yes; in section 12 the bill provides that if a borrower expends the money for any other purpose than the one specified in the application the land bank may immediately foreclose.

Mr. SMOOT. That is all?

Mr. HOLLIS. That is all; yes.

Mr. SMOOT. Simply the foreclosure of the mortgage on the property on which the loan is made?

Mr. HOLLIS. We discussed this matter, and it seemed that it might be a little harsh to hold a man too closely in order to give the land bank power to foreclose if he did not comply with his promises.

Mr. SMITH of Michigan. Mr. President, I should like to ask the Senator from New Hampshire if the word "shortly," in line 16, has a distinct meaning in his mind? I suppose the committee are endeavoring to avoid being imposed upon and desire the applicant to be really engaged in the cultivation of the soil. I suppose that word has been used advisedly. Does the Senator think it is sufficiently restrictive?

Mr. HOLLIS. It seems to me that it is, because it would be left very largely to the discretion of the directors of the Federal land bank who had to deal with him. In one part of the country "shortly" might be pretty quick and in other parts of the country "shortly" might be a long time. We felt that it would not be wise to insist upon any particular time, because it might work hardship in some cases.

We went all over this matter two or three years ago in discussing the phrase "unfair competition." Many of us wanted to define it or try to define it, and many of us thought that we could not. Something has to be left to the decision of the bank and of the tribunal before whom it seeks to enforce its rights.

Mr. SMITH of Michigan. Does not the Senator think that the eighth subdivision, if relieved of the condition in lines 15 and 16, would be more effective? Then it would read:

No such loan shall be made to any person who is not at the time engaged in the cultivation of the farm mortgaged.

It seems to me that that would be far better than "or who does not in his application promise shortly to become." It seems to me that the latter expression opens the door for more or less speculation, and makes very indefinite the actual cultivation of the soil by the applicant.

Mr. HOLLIS. My own idea was exactly that of the Senator. As it was drawn in the bill recommended by the joint committee, it was left that way; but the Senate Banking and Currency Committee thought that those who were not actually cultivating the soil, but were going to buy a farm, and who promised that they would engage in the cultivation of it themselves, ought to be allowed to come in. I think it would obviate the difficulty that seems to be rather widespread if we should fix some time—say, six months. It is more proper to do it, and it makes it definite.

Mr. SMITH of Michigan. It seems to me the word "promise" is rather elastic.

Mr. SMOOT. I was going to suggest to the Senator, why not make the amendment read in this way:

Or who does not in his application promise to become, within six months after his application is made, engaged in the cultivation of the farm mortgaged.

Mr. SMITH of Georgia. "Six months after the loan is made."

Mr. SMOOT. "Ninety days after the loan is made," if you are going to make the loan the basis.

Mr. SMITH of Georgia. No.

Mr. HOLLIS. If it is left "within six months," to date from the time of the promise, which would be the application, I think that would be definite enough.

I ask unanimous consent that the word "shortly" be stricken out and that, after the word "become," there be inserted the words "within six months."

Mr. SMITH of Georgia. Mr. President, I should like to ask the Senator in charge of the bill whether that language means that the applicant must himself be physically engaged upon the farm, or through employees or tenants?

Mr. SMOOT. It applies in the same way that the eighth paragraph applies, in the beginning of the paragraph:

No such loan shall be made to any person who is not at the time—

And so forth. So it certainly would apply to the person himself. The person must be engaged in the cultivation of the farm mortgaged.

Mr. SMITH of Arizona. He does not have to be engaged with his own hands in actually working it himself.

Mr. SMOOT. It says so. It says—

No such loan shall be made to any person who is not at the time engaged in the cultivation of the farm mortgaged.

Mr. HOLLIS. I can easily explain what the committee meant. Whether they have adequately expressed it or not is for the Senate to determine.

The reason for the restriction, in the first place, is to avoid land speculation. We wanted to limit it to actual producers. If a man is personally engaged in the cultivation of his farm, either with his own hands or supervising those who are doing the work with their hands, the committee believed that the purpose would be fulfilled; and I think that is what a fair construction of the act would carry.

Mr. CLAPP. Mr. President, if the Senator will pardon me—

Mr. HOLLIS. I yield to the Senator from Minnesota.

Mr. CLAPP. I happened this morning to take up the bill offered by the senior Senator from North Dakota [Mr. McCUMBER], and it strikes me that he has that matter well arranged:

That any owner of agricultural land within the United States who is living upon and farming such land, desiring a loan—

That could easily be accommodated to the situation where a man was about to buy a farm, the contract, of course, depending upon the loan going through. I think it would be more likely to prevent any possible speculation, which the committee was desirous of avoiding, than even the amendment which the Senator has just accepted.

Mr. SMITH of Michigan. From what is the Senator from Minnesota reading?

Mr. CLAPP. I am reading from a bill offered by the senior Senator from North Dakota [Mr. McCUMBER].

Mr. SMITH of Michigan. Oh, I see. I thought that language was in this bill somewhere.

Mr. CLAPP. In looking it over I noticed that this morning, and it occurred to me that the Senator from North Dakota had covered that point about as well as it could be covered:

That any owner of agricultural land within the United States who is living upon and farming such land, desiring a loan—

And so forth.

Mr. SUTHERLAND. Mr. President, as I understand the language which the Senator from Minnesota has read, that would restrict the loans to persons who were actually engaged in farming their own land, would it not?

Mr. CLAPP. It would not. It would not restrict the loan to the man who is actually doing the work, but he must be in fact a farmer.

Mr. SUTHERLAND. I do not mean by that that he shall necessarily do the work with his own hands, but that he is really engaged in operating a farm.

Mr. CLAPP. Really engaged in farming.

Mr. SUTHERLAND. The provision to which the Senator from Michigan [Mr. SMITH] directed attention will permit of a loan being made to a person who not only is not engaged in the cultivation of a farm, but who never will engage in it, because it is only necessary that he shall promise to become engaged in the cultivation of the farm mortgaged; and if afterwards he does not carry his promise into effect no penalty is prescribed. The loan continues just the same.

Mr. CLAPP. I understand that the object of the committee was to limit this to men who were actually farmers, and to avoid cases where a man could use the assumed contemplated purchase of land as the basis of securing a loan under this bill. Now, if that is true—I assume, of course, that it is; I did not mean it in the form of a question—it strikes me that the Senator from North Dakota has put it in very good shape.

Mr. SUTHERLAND. I think I agree with what the Senator says about it. I think I agree that the language which the Senator has read from the other bill is the more appropriate language.

Mr. CLAPP. I was going to ask the Senator from New Hampshire if it did not occur to him that it would be a better form than the language which he has? If so, he can accept it.

Mr. HOLLIS. It seems to me that the language as it is now is as clear and definite as it can be made and still be workable:

No such loan shall be made to any person who is not at the time, or who does not in his application promise to become within six months, engaged in the cultivation of the farm mortgaged.

We went over this matter at different times. This language was the result of a good deal of colloquy among men who had made farm loans. I remember that the Senator from North Dakota [Mr. GRONNA] and the Senator from Minnesota [Mr. NELSON] were discussing it at that time and this was the result. I should rather hesitate to accept on the spur of the moment something that I had not had a chance to study.

Mr. SUTHERLAND. Let me ask the Senator from New Hampshire a question: Suppose some real estate speculator acquires a farm or two farms, or a dozen farms, for that matter, on which he desires to obtain a loan or loans, and in his application he makes the promise that within six months he will himself engage in the cultivation of the farm or farms mortgaged and then fails to redeem his promise. Is there any way of enforcing it? Is there any penalty prescribed?

Mr. HOLLIS. The only penalty is that if he fails to expend the money for the purpose indicated, the loan may be at once foreclosed. We discussed that matter, and at first we thought of annexing a penalty if a man made a false promise, punishing him for making a false promise. Upon reflection, however, it seemed to the committee that that was being a little too harsh with a man who might be used to making promises in his applications for loans and who was a little careless about fulfilling them. It did not seem to the committee that real estate speculators could impose on the bank very often, and if they did in a case now and then no great harm would be done, because the security is good, and could be taken and used to collect the money.

Mr. SUTHERLAND. But let me make a suggestion to the Senator. As I understand, the officers of the Federal land bank are to pass upon these applications.

Mr. HOLLIS. Yes.

Mr. SUTHERLAND. Instead of the provision that the Senator has inserted—

Who does not in his application promise within six months to become engaged in the cultivation of the farm mortgaged—

Why not say—

Any person who is not at the time engaged in the cultivation of the farm mortgaged, or whom the officers of the land bank, upon investigation, are not satisfied will engage within the period—

Leaving the discretion with the officers of the land bank instead of having it based upon the mere promise of the individual borrowing the money?

Mr. HOLLIS. I get the idea of the Senator.

Mr. SUTHERLAND. The officers of the land bank can very readily determine by a little investigation whether the man is making the application in good faith and really intends to farm the land or not.

Mr. HOLLIS. I think they will undoubtedly do that. If he makes a promise, then they will decide whether or not he is going to keep the promise. I will consider that; or, if the Senator cares to present it in the form of an amendment, I shall be glad to examine it carefully.

Mr. WALSH. Mr. President, before this matter is passed I desire to suggest to the Senator from New Hampshire that there is very considerable doubt as to whether a foreclosure could be had for failure to carry out the promise provided in subdivision the twelfth, to which he has called our attention. There is quite a little difference between using the money which he borrows for some purpose other than that for which he borrows it and his failure to carry out his promise to engage in the farming business. I do not think a foreclosure would be justified under the provisions of subdivision twelfth for a failure to observe the promise contemplated in subdivision A. I do not think any penalty is attached; and, accordingly, I think the language of the bill as it originally stood is to be preferred to that as it would be if the amendment proposed by the committee were adopted. It would improve it, I think, to put in the words "who does not intend," so that it shall read:

No such loan shall be made to any person who is not at the time, or who does not intend shortly to become.

In the application he will be obliged to state either the one thing or the other; either that he is actually engaged or that he intends to become engaged. Now, foreclosure would not follow, but there is a penal provision later on making him answerable for any false statement that he makes in his application; and while it would be difficult to prove that he did not intend to

engage in it, that would be the only recourse that could be had. It is my opinion that it would be unwise to penalize a man who made a loan expecting to go into the business himself, but who in the meantime, we will say, transferred his land, so that after he got the money, and before he went into the business, he sold the land, and thus abandoned his purpose.

It occurs to me that it would be unwise, as well as unjust, to make the mortgage subject to forfeiture; and so I think it is wise that it was not provided in subdivision twelfth that foreclosure should follow as a penalty for failure to observe the promise. I believe, though, that the whole purpose would be subserved by making the language as I have indicated:

Or who does not intend shortly to become.

Making him penally liable if he was fraudulent in making the representation concerning his purpose.

I make that suggestion to the Senator.

Mr. SUTHERLAND. Mr. President, I should like to ask the Senator from Montana a question. Does he think that a person who would state in his application that he intended within six months to become engaged in the cultivation of the farm mortgaged, and failed to redeem his promise, would be liable as for making a false statement?

Mr. WALSH. Oh, no; certainly not, if there was nothing further. If he made it in perfect good faith, and something afterwards intervened making him change his mind, he could not be made personally liable. That is the point I am making—that he ought not to be made either penally liable nor civilly liable.

Mr. SUTHERLAND. I agree with the Senator that he ought not to be made liable, and I do not see upon what theory he could be made liable.

Mr. SMITH of Michigan. He might be prevented from doing it by sickness or inability from some other cause.

Mr. SUTHERLAND. I think the Senator from Montana makes an excellent suggestion, and I think it might be amplified by saying:

Or who does not establish, to the satisfaction of the land bank, that he will become, within six months, engaged—

And so forth.

Mr. HOLLIS. The suggestion of the Senator from Utah is practically allowing the original language to stand.

Mr. SUTHERLAND. I think that is true. I think that would be the proper construction of the original language.

Mr. HOLLIS. That was my own idea, and that was the way the bill was drafted in the first place; but in the committee some one wanted the promise, and so it was inserted. I think if we reverted to the original language we would get it as nearly as we could get it for practical purposes. In that case the land bank would have to make up its mind whether or not the man did intend shortly to become engaged in farming the land mortgaged. That would be a fact. Does he intend? That is a fact which they can decide. Now, they may be wrong in their decision, and he may change his mind; but I think that is as near as they can come to it.

I suggest that this amendment be passed over, and I will bring it up at some later time.

Mr. SMITH of Michigan. Mr. President, if the Senator will permit me, I notice in line 20, paragraph 8, that the provision which was intended to give some status of protection to the heirs of the mortgagor is stricken out.

Mr. HOLLIS. But it is replaced by another one that immediately follows.

Mr. SMITH of Michigan. Does the Senator mean at the bottom of this page?

Mr. HOLLIS. Yes. That was done at the suggestion of the Senator from North Dakota, providing for the death of the mortgagor.

Mr. SMITH of Michigan. I do not think that is the same. Then, the Senator thinks, does he, that where the discretionary power is left with the board to terminate the loan that gives all the protection that is needed?

Mr. HOLLIS. It seems to me so. I drew it the other way originally, but this was a committee amendment, and I believe the committee amendment is wise. We float farm-loan bonds based on mortgages as security. We do that on the representation that these bonds are absolutely safe; they are backed by mortgages that are perfectly sound. The land bank, in case of the death of a mortgagor, will be very anxious to keep its money out and allow his family to carry it on as long as they do so properly; but the right to foreclose must rest with the land bank, because if its mortgages are not sound, if those who are in possession are not carrying on the farm properly, and waste is being committed, then the land bank ought to be allowed to foreclose in order to save its own creditor; and

after a great deal of discussion this language was finally agreed upon. I am aware that the two sides of it can be stated with great clearness and cogency, but this is the one that is usually found to prevail in all communities—that in case of death the mortgagee must have the right to decide whether he wishes to foreclose or to allow others to carry on the farm.

Mr. SMITH of Georgia. I do not believe that it would be satisfactory to the American farmer. I do not think many farmers would like to make a mortgage upon their farms under the provision that if they should die, although the interest was met and the debt had not matured, somebody would have the privilege of foreclosing it.

Mr. HOLLIS. Under this provision there must be a default before they can foreclose. As long as the interest is paid and the conditions are met they can not foreclose. There must be a default and there must be a necessity to protect the loan.

Mr. SMITH of Georgia. "In case of the death of the mortgagor, the mortgagee may, on default and if necessary to protect the loan."

Mr. SMITH of Michigan. That does not meet the situation. The clause "if necessary to protect the loan" puts into the hands of the mortgagee the power to entirely disregard the right of the heirs of the mortgagor.

Mr. HOLLIS. But there must be both a default and a necessity to protect the loan. If there is a default and if it is necessary to protect the loan, they may foreclose. If there is no default, they can not foreclose.

Mr. SMITH of Michigan. Do the heirs become ipso facto successors of the mortgagor in the loaning company?

Mr. HOLLIS. They do.

Mr. SMITH of Michigan. I do not find anything in the language to justify that statement.

Mr. HOLLIS. That is what it says, as I understand it.

The next amendment was, on page 32, line 20, after the word "purchaser," to strike out "In case of the death of the mortgagor, his heir or heirs, or his legal representative or representatives, shall have the option, within 60 days of such death, to assume the mortgage obligations of the deceased and carry on the mortgaged farm" and to insert "In case of the death of the mortgagor, the mortgagee may, on default and if necessary to protect the loan, declare the mortgage due and payable and take all steps necessary for its collection."

Mr. SMITH of Georgia. I should like to have that amendment passed over.

Mr. HOLLIS. I am willing to have it passed over.

Mr. WALSH. Before we pass from this subject I wish to inquire of the Senator from New Hampshire what is the purpose of the preceding clause, "in case of the sale of the mortgaged land, the farm-loan association may, in its discretion, declare the mortgage thereon due and payable, or permit said mortgage to be assumed by the purchaser." Why penalize a man for selling his land? Why not invite him to do so, and why should any permit be given to foreclose?

Mr. HOLLIS. He might sell to a drunkard or a man of bad character, and the bank might feel that the farm would run down in the hands of such a man. Therefore there ought to be an option of foreclosure, if they did not care to have this security handled by that sort of a man.

Mr. WALSH. Does not the Senator feel that that will be a very serious restriction upon alienation.

Mr. HOLLIS. I should think not, because as long as the purchaser is all right the land bank will be entirely willing to permit the mortgage to be assumed.

Mr. WALSH. Of course, I appreciate that this scheme is to a large extent cooperative, and each member of the local association in a way assumes some kind of a liability for all of the mortgagors, and inasmuch as they may exercise discretion in admitting strangers to membership, it might be proper to refuse to permit the assignment; but it occurred to me, when my attention was first directed to it, that it would be an unjustifiable restriction on alienation.

Mr. HOLLIS. That was carefully considered by the committee and discussed at some length, and they decided that this was the best way to put it.

Mr. CURTIS. Would not a provision of that kind prevent the sale of property? Would it not affect the price the seller might get for it? It seems to me that it would.

Mr. HOLLIS. I should think not. It would be perfectly easy to write to the land bank and say I want to sell to such a man; have you any objection? And the local association to whom the loan was made would report that the man is all right; there is no objection to it. It seems to me it is a very simple provision.

Mr. CURTIS. Why not provide that the property shall not be sold without consent?

Mr. HOLLIS. Consent of whom? He can pay up his mortgage if he wants to, and then he can sell to anyone he pleases, but as long as his land is mortgaged the land bank ought to have some choice as to whose hands it should go into.

Mr. SMITH of Georgia. Does not the Senator think it would handicap very much a transaction of this kind? Take the case of very long loans on the amortization plan. A large part of the loan may be paid off. The privilege of selling them and letting the loan continue becomes an asset that is very valuable. Of course no amendment has been offered yet to make a change.

Mr. HOLLIS. If the man is all right, it is such a man as is wanted in the association. If anything is the matter with him, the land bank ought to have the decision.

Mr. SMITH of Georgia. It ought to be a matter of right with the owner of the land to sell with the continuation of his mortgage, unless there should be some objection to the man.

Mr. HOLLIS. I think that discretion must rest with some one, and under any workable mortgage plan I think it must rest with the mortgagee. I should not put it anywhere else.

Mr. SMITH of Georgia. Is there not a general right on the part of the loan association to foreclose on default?

Mr. HOLLIS. The land bank is always the one that forecloses. The land bank loans the money, and there is a general right in it to foreclose.

Mr. SMITH of Georgia. I can not see the necessity of putting in a clause that "in case of the death of the mortgagor, the mortgagee may on default and if necessary to protect the loan," can "declare the mortgage due" and foreclose it. They could do it anyhow.

Mr. HOLLIS. I think that is so, but that expresses the idea of the framers of the bill that it should not be done without default. If we did not handle the subject at all people might claim that it might be done without default. When we state that it may be done on default and if necessary to protect the loan, we have declared ourselves on that subject.

Mr. SUTHERLAND. If it be true, as I think it is, as suggested by the Senator from Georgia, that the mortgagee would have the power upon default to declare the mortgage due and proceed to enforce it; in other words, that the power would exist if this clause is omitted, then have you not introduced a clause which is apt to lead to some confusion, namely, taking that clause by itself, when you say that in case of the death of the mortgagor the mortgagee may on default declare the mortgage due and payable, and so on, the implication at once arises that in any other state of facts, even upon a default, you could not declare it to have failed? It seems to me that by putting in that amendment you have introduced an element of confusion in the bill and it would be better to omit it. It really adds nothing to the general provision of the bill which is contained in the twelfth subdivision and which gives the mortgagee the option upon a default to declare the mortgage due and payable, whether the mortgagor is living or not.

Mr. HOLLIS. The situation which the bill is in illustrates the difficulty of handling a complicated subject like this even in committee, and it is much worse on the floor of the Senate. I drafted the clause that has been stricken out by the committee. I drew it myself thinking that that was the best one, and I gave it careful consideration. After we had had it in committee and discussed it for two or three hours we finally agreed on the other proposition. I did not like it as well as the original, others liked it better, and the result is that it does state something that would follow without the statement of it.

I think it should be, now, perhaps, in this way, that in case of the death of the mortgagor the mortgagee may foreclose only in case of default and if necessary to protect the loan; that is, that the death of the mortgagee alone would not be sufficient to place the mortgage in default.

Mr. SUTHERLAND. It seems to me that the language now suggested by the Senator from New Hampshire does not alter the sense. It is simply another way of stating the same thing.

Mr. HOLLIS. If the Senator will pardon me, I think in many States in the case of the death of the mortgagor the debt becomes due and the mortgagee could instantly foreclose. If we provided in the bill that a foreclosure in case of death shall only be when in default we should be stating something that is positive and means what is intended. That is my thought.

Mr. SUTHERLAND. It seems to me that the original language which the Senator used in the bill is preferable.

Mr. HOLLIS. I should be very glad to see it restored, but that is, of course, for the Senate to determine. If anyone cares to move that the amendment of the committee be not agreed to, I shall not object.

Mr. CURTIS. I understood that it was to go over.

Mr. SMITH of Georgia. If the Senate is ready to vote on it I would very much prefer the language of the original bill to

the amendment of the committee. I still do not know what the amendment means. The Senator from New Hampshire suggests that in some States a mortgage becomes due on the death of the mortgagor.

Mr. CURTIS. I think the Senator must be mistaken in that. Mr. SMITH of Georgia. I never heard of such a rule anywhere. I do not think that is the case.

Mr. HOLLIS. When a man dies the debts that he owes, whether a mortgage or not, are due and payable and collectible against the estate. If the security is not sufficient they will collect out of his other assets; they are not obliged to wait to foreclose. I state what I know to be the fact in my own State, because I have had experience.

I observe Senators shaking their heads, but that is so in some States.

Mr. SMITH of Georgia. A note due five years from date in New Hampshire would mature upon the death of the man who gave the note?

Mr. HOLLIS. Certainly; and he would be allowed discount for the time it had to run. It must be so; that is the only way that you can settle an estate. You can not settle an estate in any other way.

Mr. CURTIS. Does not the mortgage provide that the heir shall pay the mortgage in case of death?

Mr. HOLLIS. Some mortgages do and others do not. I can draw a mortgage in a hundred different ways.

Mr. SMITH of Georgia. My own view of the meaning of the amendment of the committee would be that it was a limitation upon the right to foreclose. In case of default the association would have to prove not only that there was default but that it was necessary to protect the loan. I ask the Senate to disagree to the amendment of the committee and retain the language in the bill.

The VICE PRESIDENT. The Chair understood that some one a few moments ago asked that it might go over.

Mr. HOLLIS. That was the preceding amendment in lines 14, 15, and 16.

The VICE PRESIDENT. The question is on agreeing to the amendment striking out and inserting.

The amendment was rejected.

The reading of the bill was continued, as follows:

Ninth. The amount of loans to any one borrower shall in no case exceed a maximum of \$10,000.

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.

Mr. LEWIS. May I ask the Senator from New Hampshire a question? The paragraph just read, I may say to the Senator from New Hampshire, gives me concern in its application. Examining the bill I discover that it prohibits loans in an amount of more than \$10,000.

Mr. TOWNSEND. Mr. President, I should like to have order in the Chamber.

Mr. LEWIS. It is my fault. It did not occur to me that other Senators would be interested in my confusion on this phase. This is my confusion, I will say to the Senator from Michigan, which I am submitting to the Senator from New Hampshire. A provision limits the loan to \$10,000, but suppose there are three brothers, suppose there is a large family, suppose there is a partnership, and they all own a fee out in the West, a tract of land, jointly. Can each of those borrow \$10,000?

Mr. HOLLIS. The limitation is here strictly to any one borrower. If I were to construe that as a member of the court, I would say that if there were three borrowing jointly they could borrow \$30,000, but I might be wrong.

Mr. LEWIS. But that surely can not be the object. The object was merely to allow any one piece of land to raise \$10,000, was it not?

Mr. HOLLIS. No; not the land. That was intended for the borrower. For instance, the borrower might have three or four different parcels of land, and it was not intended that there should be a loan of \$10,000 on one, but the same farmer, as long as he personally attended to the cultivation, might include in the maximum of \$10,000 as many tracts as he wanted.

Mr. LEWIS. If I am not disturbing the Senator, this is the point: Suppose one man has three tracts of land. If he could borrow then \$10,000 on each he would borrow \$30,000. Suppose, on the other hand three brothers or three partners or three associates would own one tract of land, could each of them borrow \$10,000?

Mr. HOLLIS. That would be my opinion. It might be wrong.

Mr. LEWIS. I thank the Senator.

Mr. JOHNSON of South Dakota. Mr. President—

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

Mr. JOHNSON of South Dakota. May I ask the Senator the object in specifying the limit on the loan at \$10,000?

Mr. HOLLIS. The idea is to prevent land speculation. When a large fund is made available for the purchase of land it tends to increase speculation. That has been the experience in Europe. It is expected that a man who has security sufficient for more than \$10,000 can get an accommodation from private persons—from a private bank—at a low rate without resorting to this system. This system is intended more particularly to help a small farmer to get a small loan. In the first bill drafted the maximum was fixed at \$4,000, but it has steadily grown to \$10,000. The aggregate composite idea of the committee was \$10,000 in each case.

Mr. JOHNSON of South Dakota. My reason for asking the question is because in my State there are many large farms and many large borrowers, and this provision would eliminate a man wanting to borrow in excess of \$10,000.

Mr. HOLLIS. There is no restriction as to the amount of the loan on a private joint-stock bank, and I should expect that men of that type could get accommodation at a private bank for larger sums at a low rate of interest.

The next amendment was, on page 33, line 12, after the word "shall," to strike out "undertake" and insert "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," so as to read:

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, etc.

Mr. CURTIS. Mr. President, before we reach that paragraph I should like to ask about paragraph 10. If a man is going to borrow money and is permitted to borrow only 50 per cent of the value of his farm and must state that he is going to live on the farm himself and operate it, why should he state what he wants the money for?

Mr. HOLLIS. Because the object of the bill is to furnish money for productive purposes only. It is not intended to allow a man to borrow money for living expenses; it is only for productive purposes. It is to prevent speculation, as I have explained in regard to other provisions. It is intended to help people borrow for certain specified purposes, and that is the reason why they are asked to state what those purposes are.

Mr. CURTIS. After the man gets his money he can do as he pleases with it?

Mr. HOLLIS. If he spends it for some other purpose, the land bank may foreclose it, if they care to do so.

Mr. TOWNSEND. Suppose a farmer wanted money to educate his boy and send him to college, or to educate his daughter, or for any other worthy purpose such as that, he could not borrow money for that purpose under the bill?

Mr. HOLLIS. No. The reason, if I may explain further, is this: It is intended under this plan to loan money to the farmer so that he may pay it back at some time, so that it will earn money with which he can pay it back. That is why it is limited to productive purposes; that is the thought and intention and scope of the bill. However worthy it may be to educate a boy at college or to loan money to a sick neighbor, this bill does not intend to permit that; but this bill will have this effect: It will furnish a great deal of new money, so that money that is now loaned will be available to these other purposes at a lower rate of interest; and I think it will have a tendency in the direction the Senator suggests.

Now, as to the pending amendment, which reads:

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.

The rate of 6 per cent seems to me not to be enough. I think in many cases a farmer would say: "Well, I would rather be in default and pay 6 per cent than to pay out." I think it should be as high as 10 per cent; and I am going to ask unanimous consent that in line 13 the word "six" be stricken out and the word "ten" substituted.

The VICE PRESIDENT. Is there objection?

Mr. SMITH of Michigan. How would it read then?

Mr. HOLLIS. It will read "10 per centum" instead of "6 per centum."

Mr. SMITH of Michigan. But how will the context read?

The VICE PRESIDENT. The Secretary will read.

The Secretary read as follows:

Every borrower shall pay simple interest on defaulted payments at the rate of 10 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.

Mr. TOWNSEND. Mr. President, I have not looked into the matter carefully, but in some of the States, for instance, in the

State of Michigan, the legal rate of interest is 6 per cent. The law provides that a loan shall be forfeited in case a larger rate is charged. This, for instance, would permit the charging or levying of 10 per cent where the legal rate in the State would be 6 per cent. Does the Senator think there would be any conflict there that would affect the validity of the act?

Mr. HOLLIS. No; Congress has authority to annex any condition it wishes if it has authority to pass the act at all.

Mr. TOWNSEND. Well, does the Senator think that any money would be borrowed under those conditions and with those restrictions placed upon it?

Mr. HOLLIS. Oh, certainly. Assume that I had a mortgage on which the regular rate was 6 per cent—that would be the maximum under this bill—and the time comes around to pay; the land bank has got to pay the interest on the bonds that have been issued by it. If it does not receive its interest promptly, it can not pay the interest that it owes. Therefore it must be able in some way to stimulate the borrower to pay promptly. Assuming that all the borrower has got to pay on his defaulted payment is 6 per cent, he would say, "I would a good deal rather let it run and take it out of the land bank; that is all I have got to pay anyhow, 6 per cent." So we must annex something that will stimulate the borrower to pay back. My experience is that that rate is usually fixed at 10 per cent in the States—it is in my State—and if a man does not pay his taxes on his personal property he is charged 10 per cent by the State on the default. That is done to force payment.

Mr. TOWNSEND. I was thinking of what the effect would be in the State of Michigan, for instance. Men with good security there can borrow 50 per cent on that security at 6 per cent anywhere in the State, and they do not have to pay 10 per cent if there is any default. I am wondering what inducement there would be for a Michigan farmer to join the banking system which is proposed in the bill.

Mr. HOLLIS. If the Michigan farmer is fortunate enough to be getting his money now at as low a rate as this bill will provide, the only advantage he would get would be in an amortized long-term loan, so that he would know he would not have to renew within two or three or five years, and that he could make small payments, having an opportunity to pay out. I hope, of course, that we are going to get the rate as low as 5 or 4½ or even 4 per cent eventually, but I was stating a case. Of course, the bill provides a maximum rate.

Mr. SMITH of Georgia. What does the Senator think of this suggestion: Leave the rate at 6 per cent, and after the words "per annum," in line 14, insert the words "together with a penalty of 4 per cent"?

Mr. HOLLIS. I do not think that would change it at all; and I think it would be objectionable, because it does not make a plain statement of what could be more plainly stated. It would have exactly the same result in either case.

Mr. SMITH of Georgia. I was thinking about the building and loan associations in connection with the administration of which penalties under certain conditions are enforced, because the imposition of additional interest charges would be illegal; and, it occurred to me that, as perhaps the farm-loan associations might be regarded as being similar in character, the amendment might meet the situation.

Mr. HOLLIS. The reason the building and loan associations provide penalties is because they have not the right to impose a higher rate than the legal rate; but we have a right to impose any rate of interest we see fit in this bill. I feel very confident of that. I would rather have it at a flat 10 per cent per annum, which would accomplish the same result as would be accomplished by the suggestion of the Senator from Georgia.

Mr. SMOOT. Mr. President, it is now nearly half past 5 o'clock; the conferees of the House and the Senate meet tonight for the consideration of the legislative appropriation bill—

Mr. SMITH of Georgia. Can we not finish this paragraph?

Mr. SMOOT. I was going to ask the Senator if, after we finish the paragraph we are now on, he would not agree to adjourn?

Mr. HOLLIS. That is entirely agreeable to me.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Banking and Currency was, on page 33, line 15, after the word "taxes," to insert the words "or assessments," so as to read:

To pay when due all taxes or assessments which may be lawfully assessed against the land mortgaged.

The amendment was agreed to.

Mr. HOLLIS. Mr. President, the next amendment may provoke considerable discussion, and I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 27 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, April 26, 1916, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

TUESDAY, April 25, 1916.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Lord God, our heavenly Father, Source of Life and Light and Love, impart unto us strength for the duties before us and guide our thoughts that we may control our will and render unto Thee and our fellow men faithful and efficient service in the things which make for good government, that we may be worthy servants of the people, that Thy will may be done and Thy purposes fulfilled, to the glory and honor of Thy holy name. In Jesus Christ, our Lord, who taught us the way and the truth and the life. Amen.

The Journal of the proceedings of yesterday was read and approved.

CHANGE OF CALENDAR—RELIEF OF MAIL CONTRACTORS.

Mr. MILLER of Delaware. Mr. Speaker, I ask unanimous consent, by direction of the Committee on Claims, that the bill H. R. 11150, now on the Private Calendar, a bill for the relief of mail contractors, be placed on the Union Calendar, as it is a public bill and does not belong on the Private Calendar.

The SPEAKER. Without objection, the change of calendar will be made.

There was no objection.

REMAINS OF THE LATE ELSIE M'CAULLEY.

Mr. JOHNSON of Kentucky. Mr. Speaker, I ask unanimous consent to take up and consider the bill S. 2290. There can not be any objection to it. It is simply to remove the remains of a person who died 12 or 15 years ago with diphtheria, and the health department has said that the removal now would be all right.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read as follows:

An act (S. 2290) authorizing the health officer of the District of Columbia to issue a permit for the removal of the remains of the late Elsie McCaulley from Glenwood Cemetery, D. C., to Philadelphia, Pa.

Mr. MANN. Reserving the right to object, this bill was in order yesterday.

Mr. JOHNSON of Kentucky. It was, and on the calendar.

Mr. MANN. And the gentleman intended to call it up when the House went into consideration of the Agricultural bill?

Mr. JOHNSON of Kentucky. I did; yes, sir.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the health officer of the District of Columbia be, and he is hereby, authorized to issue a permit for the removal of the remains of the late Elsie McCaulley from Glenwood Cemetery, D. C., to Philadelphia, Pa.

The bill was ordered to be read a third time, was read the third time, and passed.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 5708. An act for the establishment of Winston-Salem, in the State of North Carolina, as a port of delivery under the act of June 10, 1880, governing the immediate transportation without appraisement of dutiable merchandise;

S. 1296. An act for the relief of John P. Wagner;

S. 4479. 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;

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.;

S. 3533. An act for the relief of Mike G. Womack;

S. 3304. An act concerning the exportation of alcohol and other distilled spirits;

S. 2517. An act for the relief of Edward W. Whitaker;

S. 1274. An act for the relief of Edward Stewart;

S. 4425. An act to provide for the retirement of officers and employees of the Bureau of Lighthouses and the Lighthouse Service;

S. 3101. An act authorizing the Secretary of War to extend the lease issued under the act of August 23, 1912, entitled "An act authorizing the Secretary of War to lease to the Chicago, Milwaukee & Puget Sound Railway Co. a tract of land in the Fort Keogh Military Reservation, in the State of Montana, and for a right of way thereto for the removal of gravel and ballast material;

S. 3929. An act validating certain applications for and entries of public lands;

S. 4025. An act to grant patent to certain lands to Christian Frederickson;

S. 5172. An act to exempt from taxation certain property of the Daughters of the American Revolution in Washington, D. C.;

S. 5086. An act amending section 4 of the public-building act approved March 4, 1913, providing for the purchase of a site for a building for post office and customhouse at Nogales, Ariz.;

S. 4974. An act to provide for the purchase of a site and the erection of a building thereon at Corvallis, in the State of Oregon;

S. 4810. An act for the issuance of a patent for certain Government lands to Benjamin F. Robinson and John Dows;

S. 5348. An act to authorize the exchange of lot 10, section 19, township 45 north, range 114 west, sixth principal meridian, for certain private lands needed in connection with the construction of Jackson Lake Reservoir, Wyo., and for other purposes;

S. 3986. An act granting certain coal lands to the town of Kaycee, Wyo.;

S. 3646. An act to amend the act of February 11, 1915 (38 Stat. L., p. 807), providing for the opening of the Fort Assinniboine Military Reservation;

S. 5053. An act authorizing abutting owners upon Crum River, a navigable stream, where the same empties into the Delaware River, to straighten, widen, and deepen the same, and substituting such straightened course and channel for the present channel thereof, and abandoning and vacating a portion of the present channel;

S. 4581. An act for the relief of Victor A. Ermerins;

S. 4085. An act to establish a Coast Guard station on the coast of Louisiana, in the vicinity of Barataria Bay;

S. 4368. An act for the relief of D. A. Barbour and Andrew P. Gladden; and

S. 1429. An act for the relief of Artemus W. Pentz.

AGRICULTURAL APPROPRIATION BILL.

Mr. LEVER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the Agricultural appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the Agricultural appropriation bill, with Mr. HAMLIN in the chair.

The CHAIRMAN. The Clerk will report the title of the bill. The Clerk read as follows:

A bill (H. R. 12717) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1917.

The CHAIRMAN. When the committee rose on yesterday all debate on the amendment offered by the gentleman from Kansas [Mr. DOOLITTLE] had been exhausted. The question now is on the amendment.

The question was taken; and the Chair announced that the noes seemed to have it.

Mr. COX. Division, Mr. Chairman.

The committee divided; and there were—ayes 10, noes 56.

So the amendment was rejected.

The Clerk read as follows:

For general administrative expenses connected with the above-mentioned lines of work, including cooperation with other Federal bureaus, departments, boards, and commissions, on request from them, \$12,560.

Mr. MONDELL. Mr. Chairman, I move to strike out the last word.

This is the item that provides for general administrative expenses under the items which have preceded it, and therefore debate on any of those items is in order on the motion I have made. I voted for the appropriation for the enforcement of what is known as the migratory-bird law. I have voted for that appropriation ever since it has been carried in the bill, because I am of the opinion that the best way to defeat a bad law is to enforce it. If this law had been rigidly enforced,