

A bill (S. 5961) granting an increase of pension to William E. Cunningham (with accompanying papers);

A bill (S. 5962) granting an increase of pension to Aaron O. Houghton (with accompanying papers);

A bill (S. 5963) granting an increase of pension to Albion K. P. Marston (with accompanying papers);

A bill (S. 5964) granting an increase of pension to Elias A. Lothrop (with accompanying papers); and

A bill (S. 5965) granting an increase of pension to Hiram Ellis (with accompanying papers); to the Committee on Pensions.

By Mr. LODGE:

A bill (S. 5966) to amend an act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913; to the Committee on Finance.

By Mr. POINDEXTER:

A bill (S. 5967) granting a pension to Mahalath Leonard (with accompanying papers);

A bill (S. 5968) granting an increase of pension to Thomas Brown (with accompanying papers);

A bill (S. 5969) granting an increase of pension to Mary A. Miller (with accompanying papers); and

A bill (S. 5970) granting an increase of pension to Mary C. Kessinger (with accompanying papers); to the Committee on Pensions.

By Mr. RANDELL:

A bill (S. 5971) to provide for aviation in the Coast Guard; to the Committee on Commerce.

By Mr. FLETCHER:

A bill (S. 5972) for the relief of the legal or equitable owners or claimants of the U. S. S. *Nueces* (with accompanying paper); to the Committee on Claims.

AMENDMENTS TO APPROPRIATIONS BILLS.

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

Mr. SHEPPARD submitted an amendment proposing to appropriate \$85,000 to enable the Secretary of Agriculture to gather information relative to the number of different classes and grades of marketable live stock, 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.

RECESS.

Mr. CLARKE of Arkansas. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m., Thursday, May 11, 1916) the Senate took a recess until to-morrow, Friday, May 12, 1916, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

THURSDAY, May 11, 1916.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We bless Thee, Almighty God, our heavenly Father, that we are living in this age of gigantic industries, vast commercial enterprises, scientific discoveries, wonderful inventions, widespread knowledge and acumen; when the central truths of the Gospel, fatherhood, brotherhood, are being universally acknowledged through the innumerable philanthropic institutions which are reaching out helping hands to the needy; when character and right living are set above creeds and dogmas. Help us, we beseech Thee, to use these blessings with an eye single to Thy glory, that Thy kingdom may come and Thy will be done on earth as it is in heaven. In the spirit of the Lord Jesus Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

POSTAL SAVINGS SYSTEM.

Mr. MOON. Mr. Speaker, I call up for consideration the conference report on the bill H. R. 562, to amend the act of June 25, 1910, authorizing a Postal Savings System, and ask unanimous consent that the statement may be read in lieu of the report.

Mr. GLASS. Mr. Speaker, I demand the regular order under the rule under which we are operating.

The SPEAKER. The Chair will see what the rule provides.

Mr. MANN. Mr. Speaker, my recollection is that some time ago under a similar rule which purported to cut out all other

business I made the point of order that a conference report was not in order, and the Speaker overruled the point of order.

The SPEAKER. The Chair is inclined to think the gentleman is correct about that.

Mr. MOON. I understand that the consideration of conference reports is in order at any time under the general rules, except during the calling of the roll or when the House is considering some matter fixed by special order. I was not aware that there is any special order that would preclude the consideration of this matter at this time.

Mr. MANN. The language of the rule would cut it out, but I think that was the fact in the case to which I have just referred.

The SPEAKER. It is certainly within the power of the House to bring in a rule that would cut out a conference report, temporarily. The Chair will examine this rule.

Mr. GARRETT. Mr. Speaker, I will ask the gentleman from Tennessee how long this will take?

Mr. MOON. Only a few minutes.

Mr. GARRETT. Then I ask unanimous that the gentleman from Tennessee may be permitted to call up the conference report.

Mr. MOON. Mr. Speaker, I do not want to do it by unanimous consent.

Mr. MANN. I think we ought to have a ruling upon it.

The SPEAKER. After examining the rule the Chair concludes that it does not exclude the consideration of conference reports, and the Chair recognizes the gentleman from Tennessee. The gentleman from Tennessee asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The conference report is as follows:

CONFERENCE REPORT (NO. 661).

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 562) to amend the act approved June 25, 1910, authorizing a Postal Savings System, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment to the title of the bill, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter inserted by the amendment of the Senate insert the following:

"Sec. 2. That postal savings funds received under the provisions of this act shall be deposited in solvent banks, whether organized under National or State laws, and whether member banks or not of the Federal Reserve System established by the act approved December 23, 1913, being subject to National or State supervision and examination, and the sums deposited shall bear interest at the rate of not less than 2½ per cent per annum, which rate shall be uniform throughout the United States and Territories thereof; but 5 per cent of such funds shall be withdrawn by the board of trustees and kept with the Treasurer of the United States, who shall be treasurer of the board of trustees, in lawful money as a reserve. The board of trustees shall take from such banks such security in public bonds or other securities, authorized by act of Congress or supported by the taxing power, as the board may prescribe, approve, and deem sufficient and necessary to insure the safety and prompt payment of such deposits on demand. The funds received at the postal savings depository offices in each city, town, village, and other locality shall be deposited in banks located therein (substantially in proportion to the capital and surplus of each such bank) willing to receive such deposits under the terms of this act and the regulations made by authority thereof: *Provided, however,* If one or more member banks of the Federal Reserve System established by the act approved December 23, 1913, exists in the city, town, village, or locality where the postal savings deposits are made, such deposits shall be placed in such qualified member banks substantially in proportion to the capital and surplus of each such bank, but if such member banks fail to qualify to receive such deposits, then any other bank located therein may, as hereinbefore provided, qualify and receive the same. If no such member bank and no other qualified bank exists in any city, town, village, or locality, or if none where such deposits are made will receive such deposits on the terms prescribed, then such funds shall be deposited under the terms of this act in the bank most convenient to such locality. If no such bank in any State or Territory is willing to receive such deposits on the terms prescribed, then such funds shall be deposited with the treasurer

of the board of trustees and shall be counted in making up the reserve of 5 per cent. Such funds may be withdrawn from the treasurer of said board of trustees, and all other postal savings funds, or any part of such funds, may be at any time withdrawn from the banks and savings depository offices for the repayment of postal savings depositors when required for that purpose. If at any time the postal savings deposits in any State or Territory shall exceed the amount which the qualified banks therein are willing to receive under the terms of this act, and such excess amount is not required to make up the reserve fund of 5 per cent hereinbefore provided for, the board of trustees may invest all or any part of such excess amount in bonds or other securities of the United States. When, in the judgment of the President, the general welfare and interests of the United States so require, the board of trustees may invest all or any part of the postal savings funds, except the reserve fund of 5 per cent herein provided for, in bonds or other securities of the United States. The board of trustees may in its discretion purchase from the holders thereof bonds which have been or may be issued under the provisions of section 10 of the act of June 25, 1910. Interest and profit accruing from the deposits or investment of postal savings funds shall be applied to the payment of interest due to postal savings depositors, as hereinbefore provided, and the excess thereof, if any, shall be covered into the Treasury of the United States as part of the postal revenue: *Provided further*, That postal savings funds in the treasury of said board shall be subject to disposition as provided in this act, and not otherwise: *And provided further*, That the board of trustees may at any time dispose of bonds held as postal savings investments and use the proceeds to meet withdrawals of deposits by depositors. For the purposes of this act the word "Territory" as used herein shall be held to include the District of Columbia, the District of Alaska, and Porto Rico, and the word "bank" shall be held to include savings banks and trust companies doing a banking business.

"Sec. 3. That the Postmaster General, in cases of emergency, between October 1 and April 1 of any year, may hereafter return to the mails empty mail bags theretofore withdrawn therefrom as required by law, and for such times may pay for their railroad transportation out of the appropriation for inland transportation by railroad routes at not exceeding the rate per pound per mile as shown by the last adjustment for mail service on the route over which they may be carried, and pay for necessary cartage out of the appropriation for freight or expressage.

"Sec. 4. That when, during a weighing period, on account of floods or other causes, interruptions in service occur on railroad routes and the weights of mail are decreased below the normal, or where there is an omission to take weights, the Postmaster General, for the purpose of readjusting compensation on such railroad routes as are affected thereby, is hereafter authorized, in his discretion, to add to the weights of mails ascertained on such routes during that part of the weighing period when conditions are shown to have been normal the estimated weights for that part of the weighing period when conditions are shown to have been not normal, or where there has been an omission to take weights, based upon the average of weights taken during that part of the weighing period during which conditions are shown to have been normal, the actual weights and the estimated weights to form the basis for the average weight per day upon which to readjust the compensation according to law on such railroad routes for the transportation of the mails, notwithstanding the provision of the act of Congress approved March 3, 1905, requiring that the average weight shall be ascertained by the actual weighing of the mails for such a number of successive working days, not less than 90, as the Postmaster General may direct: *Provided further*, That readjustments from July 1, 1913, may be made under this provision on routes in the first section affected by the floods in the Ohio Valley and tributary territories, commencing about March 25, 1913.

"Sec. 5. That so much of section 4 of 'An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes,' approved August 24, 1912, as provides that no adjustment shall be made unless the diverted mails equal at least 10 per cent of the average daily weight on any of the routes affected is hereby repealed.

"Sec. 6. That section 3949 of the Revised Statutes be amended to read as follows:

"All contracts for carrying the mail shall be in the name of the United States and shall be awarded to the lowest bidder tendering sufficient guaranties for faithful performance in accordance with the terms of the advertisement: *Provided, however*, That such contracts require due celerity, certainty, and security in the performance of the service; but the Postmaster General shall not be bound to consider the bid of any person

who has willfully or negligently failed to perform a former contract.'

"Sec. 7. That whenever in the judgment of the Postmaster General the bids received for any star route are exorbitant or unreasonable, or whenever he has reason to believe that a combination of bidders has been entered into to fix the rate for star-route service, the Postmaster General be, and he is hereby, authorized, out of the appropriation for inland transportation by star routes, to employ and use such means or methods to provide the desired service as he may deem expedient, without reference to existing law or laws respecting the employment of personal service or the procurement of conveyances, materials, or supplies.

"Sec. 8. That whenever an accepted bidder shall fail to enter into contract, or a contractor on any mail route shall fail or refuse to perform the service on said route according to his contract, or when a new route shall be established or new service required, or when, from any other cause, there shall not be a contractor legally bound or required to perform such service, the Postmaster General may make a temporary contract for carrying the mail on such route, without advertisement, for such period as may be necessary, not in any case exceeding one year, until the service shall have commenced under a contract made according to law: *Provided*, That the cost of temporary service rendered necessary by reason of the failure of any accepted bidder to enter into contract or a contractor to perform service shall be charged to such bidder or contractor.

"Sec. 9. That if any person shall hereafter perform any service for any contractor or subcontractor in carrying the mail, he shall, upon filing in the department his contract for such service and satisfactory evidence of its performance, thereafter have a lien on any money due such contractor or subcontractor for such service to the amount of same; and if such contractor or subcontractor shall fail to pay the party or parties who have performed service as aforesaid the amount due for such service within two months after the expiration of the month in which such service shall have been performed the Postmaster General may cause the amount due to be paid said party or parties and charged to the contractor: *Provided*, That such payment shall not in any case exceed the rate of pay per annum of the contractor or subcontractor.

"Sec. 10. That the act of March 4, 1909 (35 Stats., p. 1126), be amended to read as follows:

"That whoever shall willfully or maliciously injure, tear down, or destroy any letter box or other receptacle intended or used for the receipt or delivery of mail on any mail route, or shall break open the same, or shall willfully or maliciously injure, deface, or destroy any mail deposited therein, or shall willfully take or steal such mail from or out of such letter box or other receptacle, or shall willfully aid or assist in any of the aforesaid offenses, shall for every such offense be punished by a fine of not more than \$1,000 or by imprisonment for not more than three years.'

"Sec. 11. That the limit of weight of mail matter of the first class shall be the same as is applicable to mail of the fourth class: *Provided*, That no article or package exceeding 4 pounds in weight shall be admitted to the mails under the penalty privilege unless it comes within the exceptions named in the acts of June 8, 1896 (ch. 370, 29 Stats., p. 262), and June 26, 1906 (ch. 3546, 34 Stats., p. 477).

"Sec. 12. That postage stamps affixed to all mail matter or to stamped envelopes in which the same is inclosed shall, when deposited for mailing or delivery, be defaced by the postmaster at the mailing office: *Provided*, That when practicable postage stamps may be furnished to postmasters precanceled by printing on them the name of the post office at which they are to be used, under such regulations as the Postmaster General may prescribe.

"Sec. 13. That section 2 of the act of April 28, 1904 (chap. 1759, 33 Stats., p. 440), be amended to read as follows:

"That under such regulations as the Postmaster General may establish for the collection of the lawful revenue and for facilitating the handling of such matter in the mails it shall be lawful to accept for transmission in the mails, without postage stamps affixed, quantities of not less than 300 identical pieces of third-class matter and of second-class matter and 250 identical pieces of fourth-class matter, and packages of money and securities mailed under postage at the first or fourth class rate by the Treasury Department: *Provided*, That postage shall be fully prepaid thereon at the rate required by law for a single piece of such matter.'

"Sec. 14. That the act approved January 21, 1914 (38 Stats., p. 278), authorizing the Postmaster General to adjust certain claims of postmasters for loss by burglary, fire, or other unavoidable casualty, be so amended as to include Navy mail clerks and assistant Navy mail clerks.

"SEC. 15. That hereafter the Postmaster General may enter into contracts for the conduct of contract stations for a term not exceeding two years.

"SEC. 16. That on and after July 1, 1916, when the total compensation of any postmaster at a post office of the fourth class for four consecutive quarters shall amount to \$1,000, exclusive of commissions on money orders issued, and the receipts of such post office for the same period shall aggregate as much as \$1,900, the Auditor for the Post Office Department shall so report to the Postmaster General, who shall, in pursuance of such report, assign such post office to its proper class, to become effective at the beginning of the next succeeding quarterly period, and fix the salary of the postmaster accordingly.

"SEC. 17. That all laws or parts of laws in conflict with the provisions of this act are hereby repealed."

And the Senate agree to the same.

JOHN A. MOON,
D. E. FINLEY,
H. STEENERSON,

Managers on the part of the House.

J. H. BANKHEAD,
E. D. SMITH,
CHARLES E. TOWNSEND,

Managers on the part of the Senate.

The Clerk read the statement as follows:

STATEMENT.

The managers on the part of the House make the following written statement in explanation of the action agreed upon by the conference committee submitted in the accompanying conference report:

Page 2, section 2, line 10: The words "a reserve bank created by the Federal Reserve" have been stricken out, and in lieu thereof the following inserted: "the Federal Reserve System established by the." This change was made in order to give the Federal Reserve System its accurate title.

Page 3, lines 7 and 8: The words "a reserve bank created by the Federal Reserve act" have been stricken out, and in lieu thereof the following inserted: "the Federal Reserve System established by the act." This change was made in order to give the Federal Reserve System its accurate title.

Page 4, lines 6 to 12: So much as relates to the investment of postal savings funds is stricken out, and in lieu thereof provision is made that when the banks in a State refuse or are unable to accept postal savings deposits originating in that State and the deposits are not needed to make up the 5 per cent reserve fund the board of trustees are empowered to invest such funds. The authority conferred upon the President to direct the investment of postal savings funds when, in his judgment, the general welfare and interests of the United States so require is continued in the exact terms of the original postal savings act.

This section also modifies the present laws in two other important respects. At present only member banks of the Federal Reserve System are eligible to receive postal savings deposits. Postal savings deposits under this section as agreed upon may be made in both member and State banks, but preference is given to member banks. If, however, a member bank in a community is unwilling to accept the deposits, or if there is no member bank in that locality, a State bank may qualify as a postal savings depository and receive the funds.

Under present laws the board of trustees are authorized to accept only bonds or other securities supported by the taxing power as security for postal savings deposits. The bill agreed upon goes further by authorizing the board of trustees to accept as security for postal savings deposits not only bonds or other securities supported by the taxing power, but also bonds or other securities authorized by act of Congress.

Section 3: Entire section stricken out.

Section 4: Entire section stricken out.

Reason: Both sections are embraced in the Post Office appropriation bill (H. R. 10434) which passed the House February 28, 1916. If adopted, would require an appropriation to carry out provisions.

The conference committee agreed to the Senate amendment without change as embraced in the following sections, all of which are included in the Post Office appropriation bill which passed the House February 28, 1916.

Section 5, now numbered section 3: Provides for the transportation of mail bags in mail trains at railroad mail rates.

Section 6, now numbered section 4: Provides for the substitution of weights of mails for weights not taken or omitted.

Section 7, now numbered section 5: Provides for readjustment of pay for diversions of mail.

Section 8, now numbered section 6: Provides for star-route service under special conditions.

Section 9, now numbered section 7: Provides for transportation for star-route service when in the judgment of the Postmaster General bidders enter into combination to fix rates.

Section 10, now numbered section 8: Provides for temporary star-route service on account of failure of contractor or carrier to perform service.

Section 11, now numbered section 9: Provides for payment to carrier when contractor for star-route service fails to pay.

Section 12, now numbered section 10: Provides for protection of letter boxes.

Section 13, now numbered section 11: Provides for limit of weight of mail matter.

Section 14, now numbered section 12: Provides for use of pre-cancelled postage stamps.

Section 15, now numbered section 13: Provides for mailing of a number of identical pieces of third or fourth class mail matter without affixing postage stamps.

Section 16, now numbered section 14: Amends act approved January 21, 1914, authorizing the Postmaster General to adjust certain claims of postmasters for loss by burglary, etc., and includes Navy mail clerks.

Section 17, now numbered section 15: Provides that the Postmaster General may enter into contracts for conduct of contract stations for the term of two years, instead of four years, as proposed.

Section 18 was stricken out: Provided for nonaccounting offices.

Section 19, now numbered section 16: Provides for advancement of fourth-class offices.

Section 20, now numbered section 17: Provides for repeal of all laws in conflict with provisions of this act.

JOHN A. MOON,
D. E. FINLEY,
H. STEENERSON,

Managers on the part of the House.

Mr. MOON. Mr. Speaker, it is hardly necessary in view of the report and the statement to consume very much time in reference to this bill, so I shall move the previous question on the adoption of the report after a discussion of a few moments, unless gentlemen desire to be heard, and then, of course, I shall withhold it.

Mr. MADDEN. Mr. Speaker, I would like to have the chairman of the committee yield me 30 minutes.

Mr. MOON. I will yield 30 minutes to the opposition to the report.

Mr. MADDEN. I am in opposition to it.

Mr. MANN. Will the gentleman from Tennessee yield to me for a question first?

Mr. MOON. Certainly.

Mr. MANN. As I understand it, no change is made from the House bill so far as it went?

Mr. MOON. Not any.

Mr. MANN. And the only change in the conference report, respecting section 2, which was the first section in the Senate amendment, is in the description of the Federal reserve bank?

Mr. MOON. Yes; that is the only one that affects the first section.

Mr. STAFFORD. Mr. Speaker, would the gentleman from Tennessee be able to yield to me for 5 or 10 minutes?

Mr. MOON. I think I can. I will be glad to do so if I can. I want to proceed myself now for a few minutes. The maximum amount which the postal savings depositors may have on interest is increased in the original bill from \$500 to \$1,000, and \$1,000 is permitted to be deposited in the discretion of the board of trustees, which does not draw interest. That was the original bill which passed the House. The Senate added one amendment in 19 sections as reported in the conference report. The effect of the Senate amendment on the original bill was this: It provided that funds might be deposited in State banks and savings institutions other than those that were not members of the Federal reserve board. That is a change in the law. It, however, gives preference to the reserve banks. It is further provided that the board of trustees might take as security for the postal funds not only bonds which were supported by the taxing power but any bonds authorized by an act of Congress; for instance, if you passed the rural-credits bill the farmers' land bonds might be for acceptance under the provisions of this bill. That is a change in the law recommended by the Senate and agreed to by the conferees.

Now, the second and third sections of this bill had reference to the payment of claims of railroad companies on account of

diversions of mails, companies that were not fully and adequately compensated, owing to the conditions described in the third and fourth sections. Inasmuch as that would require an appropriation, and there were no funds at this time to meet it, this money would necessarily have to be appropriated in the general appropriation bill for the fiscal year 1917, and it was thought wise not to let those two sections remain in this bill, and therefore they were stricken out. They are, however, in the Post Office appropriation bill, where we think they properly belong.

I will not undertake to discuss the other sections of this bill that are agreed upon, because all of those sections are now in the Post Office appropriation bill, and they are matters of postal administration and are simply placed by the Senate committee in this bill to relieve them from the Post Office bill, and might as well be passed at one place as another. The House has fully considered all of them, and they have already passed in the House; not a change is made in any of them by the Senate, but they simply put them into this bill, and, of course, when we come to the consideration of the Post Office appropriation bill they will be stricken from that bill if passed in this measure.

There was, however, one other section of the amendment known as No. 18, the nonaccounting office amendment, which the Senate put in this bill and the conferees struck out. That was a proposition by which the Post Office Department could take any one office in a county or State, or the United States, as far as that is concerned, and make it a central accounting office, and all other offices might be made subsidiary to it or substations and nonaccounting to the general office at Washington, but accounting only to the central office of which it was made a substation. That would place all first, second, and third class postmasters under a new name by operation of the law under the civil service. It is too big a question, we thought, for consideration without a very full hearing, although there was a disposition to let fourth-class postmasters remain now under the civil service. Even as to these offices it was thought best by the conferees not to take up that question and not to undertake to determine it now, in view of the fact that it involved more consideration than ought to be undertaken by a mere conference on a newly suggested item. Later we hope to give full consideration to these suggestions. A majority of the conferees thought best not to do so now.

Mr. Speaker, I reserve the remainder of my time, and I will yield to the gentleman from Illinois [Mr. MADDEN], who desires to discuss the question I have last mentioned, 30 minutes?

Mr. MADDEN. It may be I will get through sooner than that, but I would like to have 30 minutes.

Mr. MOON. I yield the gentleman 30 minutes.

Mr. MADDEN. Mr. Speaker, I consider my membership in Congress equivalent to a membership on the board of directors of the great business corporation known as the United States, and I regard my position on the Post Office Committee as a member of the executive committee of the board of directors, with special reference to the work of the Post Office Department, and as such I feel it to be my duty to advance the interests of the corporation in every honorable way that will facilitate and systematize the transaction of the public business.

I regard it as one of the first obligations of a Member of Congress to make a thorough study of the particular work to which he is assigned, to familiarize himself with every detail of the Government service, and to utilize the information thus acquired to advance the public interest.

I regard the Post Office as the people's department, for it comes into contact with every individual in the land, and I look upon my membership on the Post Office Committee as a responsibility which should be seriously assumed.

Wherever it is possible to furnish better facilities or to exercise greater economy by putting the department on a better business basis, it should be done. The first consideration should be service to the people, and as it is not possible for all Members of the House to give careful study as to how this can best be done, the members of the Post Office Committee should, whenever possible, give them such information as will enable them to intelligently cooperate with the department and the committee to the end that the management of the department may have the cooperation which the importance and magnitude of the business justifies.

In any business corporation a recommendation from the head of a department for the institution of economies would be welcomed by the board of directors; indeed, the head of the department would not be considered as worthy to act in that capacity unless he called to the attention of the board of directors every modern method which he believed proper to apply. It is because of the close cooperation between the executive heads and the boards of directors of business cooperations that they suc-

ceed. Initiative upon the part of the head of a business corporation is not only encouraged but demanded by the board of directors, and wide latitude is always given to the head of the corporation in administrative affairs. That should be the case in governmental affairs, and wherever it is shown that the head of a department is willing to apply business methods in the conduct of his department he should be encouraged by the Congress to do so; indeed, the Congress should cooperate with him to that end. There should be no politics in the conduct of a business department of the Government. Members of Congress should not play politics; they should not permit the department head to do so. Strict business methods should be applied.

Two years ago the Postmaster General recommended the enactment of a provision reading as follows:

Hereafter the Postmaster General may establish, under such rules and regulations as he may prescribe, one or more branch offices, non-accounting, for the transaction of any post-office business which may be required for the convenience of the public.

His recommendation was adopted by the committee and approved by the House and Senate. Although both Houses adopted this provision, it did not become law because the post-office bill failed of passage on the last day of the Sixty-third Congress.

It is a matter of regret that the House committee failed to report the provision in the appropriation bill which recently passed the House, and a matter of still greater regret that the conferees on the part of the House failed to approve that provision which the Senate embodied in the administrative measures attached to the amendment to the postal savings-bank bill, which is now before the House for consideration.

If the provision had been approved by the House conferees, it would now be before us for consideration and undoubtedly would be adopted, and if adopted it would enable the Postmaster General to reorganize the department on a business basis and make a saving to the department of \$10,000,000 a year and at the same time increase the efficiency of the service without taking any facilities away from the people.

Mr. LLOYD. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I will.

Mr. LLOYD. The saving would be made, would it not, in the reduction of the salaries of the postmasters?

Mr. MADDEN. It would be made by the substitution of superintendents of stations where now postmasters preside.

Mr. LLOYD. And those superintendents could be employed for a much less sum than is now paid to the postmasters for the discharge of the same duties?

Mr. MADDEN. They undoubtedly would; there is no doubt about that. I am going to get to that.

Mr. RUCKER. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. Yes, sir.

Mr. RUCKER. Does the gentleman think that the superintendents could be employed cheaper than the ordinary salary paid to a second or third class postmaster?

Mr. MADDEN. I am going to describe that, if the gentleman from Missouri will permit, and show exactly what effect it would have upon the service. In the great cities of the country the law provides:

The Postmaster General, when the public convenience requires it, may establish within any post-office delivery one or more branch offices (stations or substations) for the receipt and delivery of mail matter and the sale of stamps and envelopes; and he shall prescribe the rules and regulations for the government thereof. But no letter shall be sent for delivery to any branch office contrary to the request of the party to whom it is addressed.

2. No station, substation, or branch post office shall be established beyond the corporate limits or boundaries of any city or town in which the principal office to which such station, substation, or branch office is attached is located, except in cases of villages, towns, or cities of 1,500 or more inhabitants not distant more than 5 miles, as near as may be, from the outer boundary or limits of such city or town in which the principal office is located. * * *

The arbitrary limitations of population and distance embodied in the second paragraph of the law above quoted operate as a bar to the application of the principle of consolidation to the detriment both of the department and of the public.

Of the 55,935 independent post offices now being operated, 46,760 are of the fourth class, where the compensation of the postmaster is less than \$1,000. It should be apparent that this low compensation will not attract to the position of postmaster persons possessing the training, experience, and ability to administer the post office in the most efficient manner. The supervision of these small post offices, under the present system of organization, is conducted principally by correspondence from the department, supplemented by infrequent visits of post-office inspectors. In addition to the direct correspondence between the department and the 55,935 independent post offices, it is necessary for the auditor to maintain a separate account with each of these offices, which account is closed four times each year, and voluminous correspondence is conducted by the auditor in

the adjustment of these accounts every three months. Furthermore, supplies and equipment, including stamped paper, are furnished by the department separately for each of the independent post offices. The matter of stamped paper is particularly important. Under the present system it is necessary for offices to be furnished with stamped stock ample for three months. Most of the small offices have no adequate means of safeguarding this property of the Government, and the result is frequent loss by burglary and speculation.

From the standpoint of the public the present law prevents the extension of more effective postal service to small communities adjacent to or in the vicinity of larger post offices. Not only is the conduct of the post offices as they exist less efficient than it would be under consolidation with the larger offices, but the communities in which they are located are deprived of the better facilities which would flow from consolidated management, principally in the way of city delivery and collection service.

With a view to removing the limitations of the present law and paving the way toward simplified and improved administration by the department, as well as more effective service for the smaller communities throughout the country, the department has recommended the enactment of the following provision of law:

Hereafter the Postmaster General may establish, under such rules and regulations as he may prescribe, one or more branch offices, non-accounting, for the transaction of any post-office business which may be required for the convenience of the public.

Under the proposed law the goal would be to establish territorial units of postal management, in each of which there would be one central office with as many nonaccounting branches and stations as the postal needs of the communities might require. It should be clearly understood that the attainment of this goal would be gradual.

The immediate benefits, however, would be great. The department would proceed to apply the law to the cases in which the immediate need for consolidation was most apparent.

The principal advantages which would accrue from the administration of the proposed law may be summarized as follows:

Each community in which a nonaccounting station or branch office is substituted for an independent post office will receive the benefits of improved service resulting from supervision by trained and experienced postal officials close at hand, and will be entitled upon installation of the requisite public improvements to the extension from the central office of city delivery and collection service.

The community will lose none of its local identity. Its name will continue to be carried in the Postal Guide and, so far as the public is concerned, there will be no change in the service except for improvement.

The establishment of each nonaccounting station or branch office in lieu of an independent post office will relieve the administration of the service in the following ways:

Direct correspondence with the department regarding the conduct of the office would be eliminated.

Direct accounting to the auditor and correspondence with the auditor on this subject would be eliminated.

The furnishing of supplies and stamped paper by the department would be discontinued. The supplies and stamped paper would be obtained from the central office in quantities sufficient for demands for one week. Opportunities for burglary and speculation would be minimized.

The proposed law has been objected to on the ground that it would destroy the identity of small communities and that it fixes no limit which the department may not exceed in the consolidation of post offices. This objection has been met by the suggestions contained in the Postmaster General's letters of March 18 and 20 to the chairman of the House Post Office Committee, to the effect that the proposed law contains the following provisions:

Provided, That there shall be at least one independent accounting office in every county.

Provided further, That the Postmaster General in establishing branch offices or nonaccounting offices in lieu of independent offices shall not change the name of the office because of the consolidation, and that all post offices so consolidated shall not be deprived of any postal facilities which they may have prior to the time of consolidation.

Does that answer the question?

Mr. CANNON. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. CANNON. Now, this provision does not go into this bill?

Mr. MADDEN. It does not go into the bill, but it ought to be in the bill.

Mr. CANNON. And is not to be enacted into law this session?

Mr. MADDEN. Unless the House refuses to approve the conference report and sends it back.

Mr. CANNON. Precisely; and it will not be upon the Post Office appropriation bill?

Mr. MADDEN. Not this time, although it passed before.

Mr. CANNON. The gentleman is making a very strong speech and a very able one. I gather from his speech that in every county in the United States, as far as the recommendation of the Postmaster General is concerned, there will be one central post office?

Mr. MADDEN. Yes.

Mr. CANNON. And probably when the act goes into force what are now local post offices will be—

Mr. MADDEN. They would be stations.

Mr. CANNON. They would be stations.

Mr. MADDEN. Presided over by superintendents responsible to the postmaster at the county seat.

Mr. CANNON. Precisely; yet the postmaster of the county seat must have, in the larger counties, a corps of clerks to do the auditing; and when we multiply that by all the county seats in the country getting an independent auditing force in the various county seats, does not the gentleman think that that would be much more expensive, against the whole thing as provided for, than to let the accounting be done by the auditing office at Washington?

Mr. MADDEN. On the contrary, after having given two or three years of careful study to the question, I conclude it would be much more economical, to the extent of \$10,000,000 at least, and much more effective and efficient.

Mr. BRITT. Will the gentleman yield?

Mr. MADDEN. I have only 30 minutes, but I will yield to my colleague on the committee.

Mr. BRITT. I would like to ask if the economy would not lie in lessening the large amount of accounting between the present post offices and the department?

Mr. MADDEN. There would be some.

Mr. HAMILTON of Michigan. Would this system go under the classified service?

Mr. MADDEN. It would. I am going to get to that.

The law recommended by the Postmaster General will enable the department to bridge the gap between the present unscientific and ineffective organization of the Postal Service and the organization of this service upon strictly scientific business principles recognized by every up-to-date business executive.

And I apprehend if the people knew the situation with respect to this that every Member of the House and every Member of the Senate would find himself deluged with telegrams demanding the enactment of this law. Oh, but you say, you take away a post office from some fellow that wants a job. There is only one in every community. The rest of the people have something to say and would say it if they understood the situation, and the purpose of my making this statement here to-day is with the hope that somehow or other information will get into the minds and hearts of the people.

Mr. FESS. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. FESS. Under this plan instead of 15 or 20 postmasters to be appointed in the county in which I live there will be one?

Mr. MADDEN. Yes.

Mr. FESS. Would not that be some relief to a Congressman?

Mr. MADDEN. It would be a great relief to you.

Mr. COX. Will the gentleman yield for a question?

Mr. MADDEN. Yes.

Mr. COX. I am particularly interested in the part of the gentleman's speech wherein he says he believes it will tend to bring about an economy of \$10,000,000.

The gentleman remembers, does he not, that a few years ago the Postmaster General recommended that he be given authority to let out to a private bidder rural routes, to be given that bidder in each county in every congressional district in the United States? He proved conclusively, to my mind, that by paying to those contractors the same amount of money that is now paid to the highest priced star-route contractor in the United States it would save \$18,000,000 a year. But we did not go very far with it in the House, did we?

Mr. MADDEN. I know you did not, and you may not get very far with this. But I think it is the duty of the members of the Post Office Committee to present the facts to the House and then allow the House to decide what it wants. I think we would be negligent in our duties if we did not present the facts.

If the provision referred to is enacted into law it will reduce the number of postmasters from 56,000 to 3,000.

The present method requires the preparation and settlement of approximately 1,150,000 monthly and quarterly accounts and upward of 5,000,000 separate remittances to the various depository offices, and this would be reduced in the proportion which 3,000 bears to 56,000 by the adoption of the proposed plan.

Mr. CANNON. Will my friend allow me to interrupt him right there?

Mr. MADDEN. Yes, sir.

Mr. CANNON. Does my friend say that that saving would be net? Does he not count something for the auditing in these 3,000 post offices?

Mr. MADDEN. No additional expense is required to do the auditing in these post offices. We have in Chicago, for example, to-day—a city of 2,500,000 people, covering an area of 200 square miles—one postmaster, 52 post offices, and over 51 of these post offices a superintendent presides, and he reports to the postmaster. And there is no such system anywhere in any business in all the world as has been inaugurated there.

The SPEAKER. The gentleman has spoken 30 minutes.

Mr. MADDEN. Mr. Speaker, may I have a few minutes more?

Mr. MOON. I have not the time to give.

Mr. MANN. Mr. Speaker, I ask unanimous consent that the time of the gentleman from Tennessee [Mr. Moon] be extended 10 minutes.

Mr. MOON. Mr. Speaker, I am not asking any unanimous consent. If the gentleman wants it and can use it, I have no objection.

The SPEAKER. The gentleman from Illinois [Mr. Mann] asks unanimous consent that the time of the gentleman from Tennessee [Mr. Moon] be extended 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. MOON. I yield the time to the gentleman from Illinois [Mr. Madden].

Mr. MADDEN. I thank the gentleman.

I shall not allow any interruption now, I think; but if I finish before the 10 minutes is up, I shall be glad to permit interruptions.

It would enable the Postmaster General to establish one post office in each county, the postmaster of which would have supervision over all the other post offices within the county. It would place every man subject to the orders of the county postmaster under civil service, giving him permanent tenure, and encourage him to do the work better on that account. The department should be so reorganized as to place the First, Second, Third, and Fourth Assistant Postmasters General and all of the postmasters proposed to be named under the provisions of this law under civil service. Every man who enters the service should be eligible to promotion, from the lowest to the highest place in the department, whenever he proves himself qualified.

The adoption of such a system would invite a higher type of men into the service, enable them to learn the business from the bottom, and qualify them to fill the places at the top. Each man would be an expert. The business would be run by experts, as commercial businesses are run. The service would be more responsive to the people's needs than it is to-day.

The Congress should encourage the department by authorizing its reorganization and giving the Postmaster General an opportunity to show what can be done in the department by the introduction of business methods. Members of Congress would be relieved from the burden of selecting postmasters and from the many disagreeable things that confront them in connection with that work. They would have more time to attend to their legislative duties, and they would lose no prestige at home; on the contrary, the adoption of this measure would merit the plaudits of the American people and give the satisfaction to those who were responsible for its enactment of knowing that they had performed a service calculated to meet the wishes of the people by providing the best facilities possible to be devised for the transaction of the enormous business of this great department.

It may be asked, What will become of the fourth-class postmasters, where the compensation is small, and whether such offices would justify the appointment of a superintendent? I am frank to say that it would not; but in all the great cities of the country where they have one postmaster and numerous superintendents the Postmaster General also has the right to provide contract stations for the sale of stamps, registry of letters, and for the transaction of such other business as the community may require. Wherever a station with a superintendent would not be justified a contract station would be established and the business of the community carried on in that way.

There need be no fear on the part of any Member of Congress that the facilities for the transaction of the postal business will be curtailed by granting the Postmaster General the authority which I have outlined. The important question is, Does the Congress of the United States feel that the department ought to be put on a business basis? If it does, it will reject the report of the House conferees and send them back with instructions to report this provision of the bill favorably. If it does not, of course, it will adopt the conference report and thus place itself

on record in favor of continuing the present antiquated spoils method of conducting the postal business of the country.

The progressive thought of the country will approve the adoption of the plan outlined here, for I am sure the people of America are anxious that their representatives shall, while furnishing them every facility which they ought to have, do so in the most scientific manner possible and with the greatest degree of economy.

The department is now employing more than 273,164 men. They are appealing to the Congress for pensions, and, judging from the sentiment which seems to prevail both in and out of Congress, the time is not far off when the enactment of some law to provide for the worthy superannuated employees of this great department must be enacted.

The adoption of the suggestion which I have outlined will make it possible for the department to save \$10,000,000 annually, part of which, if need be, can be used to retire many of the men who have reached that stage in life where they are no longer able to do a young man's work.

In addition to making this saving and the possibility of its use in part for the purpose indicated, we will, by the enactment of this provision of law, have modernized the department, increased the facilities for the transaction of its business, encouraged new blood to enter the service, created a stimulus among the men for better work in the hope of promotion, taken the department out of politics and have shown our disinterested devotion to the cause of good government. [Applause.]

Mr. Speaker, I ask unanimous consent that I be permitted to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. MADDEN. I submit the following under the leave to extend my remarks:

PAGES 126 TO 144, INCLUSIVE, OF HEARINGS ON THE POST OFFICE APPROPRIATION BILL BEFORE HOUSE COMMITTEE, EMBODYING DISCUSSION OF DEPARTMENT'S RECOMMENDATION FOR NEW LEGISLATION GOVERNING ESTABLISHMENT OF STATIONS AND BRANCH OFFICES (NONACCOUNTING).

BRANCH OFFICES.

The CHAIRMAN. This new item reads:

"That hereafter the Postmaster General may establish, under such rules and regulations as he may prescribe, one or more branch offices, nonaccounting offices, or stations, of any post office for the transaction of such postal business as may be required for the convenience of the public."

Now, as to that nonaccounting office, do you want to take up this matter now?

Mr. MADDEN. I think, if it is agreeable to the chairman, that the committee itself ought to take up that question of legislation and see how far we want to go.

The CHAIRMAN. I was asking you whether you wanted any further hearing from Mr. Roper on it.

Mr. MADDEN. I think we might want to talk it over first and then call him back.

The CHAIRMAN. Well, General, you can come back at any time.

Mr. STENERSON. That will be agreeable.

(Thereupon the committee adjourned to meet Monday, January 10, 1916, at 10 o'clock a. m.)

COMMITTEE ON THE POST OFFICE AND POST ROADS, HOUSE OF REPRESENTATIVES, Washington, D. C., Monday, January 10, 1916.

The committee met at 10.30 o'clock a. m., Hon. JOHN A. MOON presiding.

Present: Representatives COX, ROUSE, BEAKES, AYRES, RANDALL, STENERSON, MADDEN, and COPLEY.

STATEMENT OF HON. DANIEL C. ROPER, FIRST ASSISTANT POSTMASTER GENERAL—RESUMED.

BRANCH OFFICES.

The CHAIRMAN. I believe you testified to everything except this matter on page 47?

Mr. ROPER. Yes, sir.

The CHAIRMAN. Let me ask you about this matter:

"Hereafter the Postmaster General may establish, under such rules and regulations as he may prescribe, one or more branch offices, nonaccounting, for the transaction of any post-office business which may be required for the convenience of the public."

What is meant by that statement in there?

Mr. ROPER. We find in the operation of the Postal Service that we could give more satisfactory service if the Postmaster General had greater leeway in the matter of establishing stations than under the present law, which requires that the villages, towns, or cities shall have not less than 1,500 population and be located within 5 miles of the post office to which the proposed station is to be attached.

With the expanding Postal Service we are able to give to these outlying communities better facilities, as by establishing such stations we are able to extend the delivery service to such communities in many instances, and in many cases, by tacking on such outlying communities to the larger postal district, to give more satisfactory supervision. That is, the station would fall under the general supervision of a man more experienced in handling postal affairs. This measure also would add materially to the convenience and economy of distributing supplies, and keeping in general touch with the smaller locality. It is a matter which would naturally be very gradually administered. We are now, as you know under the law, gradually bringing such districts under this superior supervision when the conditions justify it. We

are simply seeking here a little more leeway in the administering of the station feature.

Mr. RANDALL. That provision was incorporated in the last bill which was filed, was it not?

Mr. ROPER. Yes; this was passed favorably upon by this committee a year ago, and, Mr. Chairman, in that connection I would like to make this general statement: In constructing our estimates this year, as well as the legislation, we have endeavored to follow what we believe to be the attitude of this committee as expressed last year. We have therefore passed over in our group of special recommendations the measures which you failed to act favorably on last year, and have grouped for this year only those on which we interpreted your attitude last year as being favorable. That is, passed on by this committee, passed by the House, and submitted to the Senate, where the bill died.

The CHAIRMAN. Have you got up a statement of the legislation you want outside of this report?

Mr. ROPER. Yes, sir; I have. These items of proposed legislation which we are seeking at this time include the elimination of the position of assistant postmasters; the reclassification of the salaries of supervisory officers in post offices, based on gross receipts; the reclassification of the salaries of station superintendents, based on receipts and on the number of employees; the establishment, when desirable, of nonaccounting branches of post offices to serve outlying territory; the advancement of fourth-class post offices to the presidential grade on the basis of annual instead of quarterly returns; the readjustment of postmasters' salaries on the basis of the receipts for the preceding calendar year instead of the year ended March 31; four-year terms for contract stations; and the payment of all substitute clerks and carriers at the uniform rate of pay of 35 cents an hour.

Mr. MADDEN. That is not following the attitude of the committee last year.

Mr. ROPER. I was about to say that that is not exactly in line with the attitude of the committee, but we have suggested this for the sake of uniformity and equitable treatment not out of line, we trust, with the attitude of the committee.

In this connection I also refer to two other matters which seem to be forced upon us and which I desire to bring to the attention of the committee again. These are the legislation in line with the Postmaster General's recommendation for a guaranty fund in lieu of the surety bond for postmasters and other postal employees; and the acquisition, in conjunction with the post offices, of the telegraph and telephone utilities in Alaska, Porto Rico, and Hawaii. This is a general list, and inasmuch, Mr. Chairman, as we have now discussed all of these items except the bonding feature, I should like to ask that the committee consider what I am about to submit with regard to the bonding feature in executive session. I feel that it is my duty to submit it in executive session.

The CHAIRMAN. I want to ask you a few questions about this other matter before we get to that.

Mr. MADDEN. So do I, Mr. Chairman.

The CHAIRMAN. It is your purpose in establishing a nonaccounting office to extend the jurisdiction of the main or central office beyond 5 miles, you say, the limit in taking in these nonaccounting offices?

Mr. ROPER. We are removing the limitations and leaving that to administration.

The CHAIRMAN. So that if at the county seat one county has a large town and you saw fit to do it, you would take in the post offices of the adjoining county?

Mr. ROPER. We could make the unit what good administration proves to be the best.

The CHAIRMAN. Whether it was 5 miles or 100 miles, you make it what you saw fit?

Mr. ROPER. Yes, sir.

The CHAIRMAN. Is that intended to apply to anything except fourth-class offices?

Mr. ROPER. The legislation sought would make it broad enough to apply to other offices.

The CHAIRMAN. To make it apply to other offices—first, second, and third class offices?

Mr. ROPER. To make it apply to any offices where the administration of the service showed it necessary, practicable, and best for the service and the people affected.

The CHAIRMAN. Then, for instance, at Indianapolis, where you have a post office, you could make all your second, third, and fourth class offices subordinate to the Indianapolis office that you saw fit in the State of Indiana?

Mr. ROPER. Of course the object of this is to create practical units. It would have to be determined from experience in handling this service what the most workable and satisfactory units would be.

Mr. STEENERSON. Did I understand the answer to be in the affirmative?

The CHAIRMAN. Yes. That would have the effect of putting under civil service all the offices you saw fit to put under the control of the chief office, would it not?

Mr. ROPER. Under the present civil-service law it would have the effect of making the postmaster of the office consolidated eligible for classification as station superintendent.

The CHAIRMAN. Do you think that would be satisfactory to the people to have their first, second, and third class offices all subordinate to another first-class office; to have no postmasters, excepting superintendents, appointed under the civil service for them?

Mr. ROPER. I could hardly see how the people would recognize any difference at all, because the station would carry the same name as the offices heretofore carried, and it would carry all the facilities, too.

Mr. BEAKES. They would get city delivery, would they not?

Mr. ROPER. In many instances they would get city delivery, and in all instances they would have better supervision. The offices would be more readily checked up than now, and the cost of auditing accounts would be materially reduced. The losses by burglary would be reduced for the reason that the stock of stamps would be replenished from day to day by the central post office.

The CHAIRMAN. The postmaster, however, would be just as apt to come from some other town as that one, would he not?

Mr. ROPER. It would make it possible to establish an interchangeable personnel in the service.

The CHAIRMAN. And civil service throughout?

Mr. ROPER. Civil service throughout.

Mr. MADDEN. This would put the Postmaster General in position to appoint one postmaster in the county, would it not, and would put all the other post offices in the county as nonaccounting offices, subject to his jurisdiction?

Mr. ROPER. If the county should be the unit.

Mr. MADDEN. It would make it possible?

Mr. ROPER. Yes, sir.

Mr. MADDEN. That would reduce the number of accounts to be kept in the general office from, say, 60,000 to 3,000, that being the number of counties in the United States, would it not?

Mr. ROPER. Yes, sir; it would very materially reduce the work here.

Mr. MADDEN. It would make the tenure of office of the men who are now postmasters, in every case except those that would not be changed, permanent?

Mr. ROPER. The Postmaster General has already recommended the classification of postmasters of the third and second classes.

Mr. MADDEN. It would introduce a system similar to the system we have, say, in the big cities, like New York and Chicago. For example, we have 2,500,000 people in Chicago, and we have 1 postmaster and 52 post offices, in effect, because we have 51 stations outside of the post office, over each of which there is a superintendent presiding.

Mr. ROPER. From an administrative standpoint, we look upon the entire county as an enlarged city.

Mr. MADDEN. Surely. And you believe that this suggestion is a suggestion in line of good administration for the department, do you not?

Mr. ROPER. I do.

Mr. MADDEN. I am inclined to agree that it is, myself.

Mr. COX. What is your judgment as to economies it would bring about, cost of administration, etc.? Would it lessen or increase them?

Mr. ROPER. I think anything which adds to the efficiency of operation necessarily results in economy, and in this we would certainly have very material efficiency added to the service.

Mr. COX. Have you any data or compilations along that line showing the approximate amount that would be saved to the Government if a plan of that kind should be worked out?

Mr. ROPER. I have no data except the information relating to localities which have become stations during this administration, compared with the operation of those stations prior to the time when they were stations.

Mr. COX. Are you in a position to put that data in the record?

Mr. ROPER. We can compile some data along that line and will put it in the record.

Mr. COX. I wish you would do it.

(The following is the data referred to:)

The following statement refers to a majority of instances where the present administration has substituted classified postal stations for independent post offices and truly reflects the financial changes resulting from the consolidation of the offices named, in so far as the expense for clerical and carrier assistance and the rental of quarters are concerned.

"Except in the cases of Theological Seminary, Va., Secaucus, N. J., and Cedar Point, Ohio, all of the independent post offices replaced by classified stations were of the presidential class, and in every instance City Delivery Service was extended to the territory served by the independent post office.

"Where the word 'postmaster' appears after the title 'superintendent' or 'clerk,' under the heading 'Cost after consolidation,' it means that the postmaster was transferred to the classified service at the compensation stated. In some instances the postmaster asked that he be not classified, while in other cases, owing to the advanced age and the lack of previous postal experience, it was deemed inadvisable to classify the postmaster.

"In addition to the consolidations referred to in the statement a large number of fourth-class post offices were replaced by contract stations attached to first or second class post offices and City Delivery Service was extended to the territory served by the fourth-class offices. The contract stations were established at an expense approximating the salary of the fourth-class postmaster, and in many instances the postmaster was appointed clerk in charge of the contract station.

DAYTON, OHIO.

Consolidation of National Military Home. Effective July 1, 1914.

Cost before consolidation:	
Salary of postmaster.....	\$1,500
Clerk hire.....	300
Rent, light, and fuel.....	0
	<hr/>
	1,800
Cost after consolidation:	
Two clerks, at \$800 each.....	1,600
One carrier.....	800
Rent, light, and fuel.....	0
	<hr/>
	2,400

WEEHAWKEN, N. J.

Consolidation of Secaucus. Effective May 1, 1914.

Cost before consolidation: Salary of postmaster.....	\$1,000
Cost after consolidation:	
One clerk (postmaster).....	800
Rent, light, and fuel.....	300
Auxiliary clerk hire.....	375
1 carrier.....	800
Horse hire.....	360
	<hr/>
	2,635

SANDUSKY, OHIO.

Consolidation of Cedar Point. Effective June 13, 1915.

This is a summer resort station open only during three months of the year.

Cost before consolidation:	
Salary of postmaster.....	\$1,000
Clerk hire.....	240
	<hr/>
	1,240
Cost after consolidation:	
Auxiliary clerk hire.....	481
Rent, light, and fuel.....	200
	<hr/>
	681

MONTCLAIR, N. J.	
Consolidation of Verona. Effective April 1, 1914.	
Cost before consolidation:	
Salary of postmaster	\$1,400
Clerk hire	240
Rent, light, and fuel	360
	2,000
Cost after consolidation:	
Superintendent (postmaster)	\$1,100
One clerk	800
Auxiliary clerk hire	280
Two city carriers, at \$800 each	1,600
Rent, light, and fuel	480
	4,260
DENVER, COLO.	
Consolidation of Englewood. Effective December 1, 1913.	
Cost before consolidation:	
Salary of postmaster	\$1,500
Clerk hire	180
Rent, light, and fuel	204
Rural carrier service	110
	1,994
Cost after consolidation:	
One clerk (postmaster)	800
One clerk	800
Three carriers, at \$800 each	2,400
Rent, light, and fuel	600
	4,600
ALEXANDRIA, VA.	
Consolidation of Theological Seminary. Effective January 1, 1915.	
City delivery service was extended to a large territory by authorizing one regular carrier in place of 12 hours' auxiliary service a day.	
Cost before consolidation: Compensation of postmaster	\$742
Cost after consolidation:	
One clerk	800
Rent, light, and fuel	20
	820
JOHNSTOWN, PA.	
Consolidation of Conemaugh. Effective August 1, 1915.	
Cost before consolidation:	
Salary of postmaster	\$1,900
Clerk hire	600
Rent, light, and fuel	500
	3,000
Cost after consolidation:	
Superintendent (postmaster)	1,100
Two clerks, at \$800 each	1,600
Four carriers, at \$800 each	3,200
Rent, light, and fuel	500
	6,400
DETROIT, MICH.	
Consolidation of Hamtramck. Effective January 25, 1915.	
This office would have advanced to the second class July 1, 1915, when the cost of the independent office would have been \$13,645 a year.	
Cost before consolidation:	
Salary of postmaster	\$1,600
Clerk hire	1,060
Rent, light, and fuel	405
	3,065
Cost after consolidation:	
Four clerks, at \$800 each	3,200
Six carriers, at \$800 each	4,800
Rent, light, and fuel	2,100
	10,100
HOUSTON, TEX.	
Consolidation of Houston Heights. Effective March 1, 1915.	
Prior to consolidation a large part of the territory attached to this office was served by city carriers from the main office at Houston. The transfer of carriers and clerks to the station permitted the serving of additional territory without authorizing additional carriers or clerks other than the classification of the postmaster.	
Cost before consolidation:	
Salary of postmaster	\$1,200
Rent, light, and fuel	264
	1,464
Cost after consolidation:	
Superintendent (postmaster)	1,200
Rent, light, and fuel	400
	1,600
WHEELING, W. VA.	
Consolidation of Elm Grove. Effective November 1, 1915.	
The number of city carriers attached to the Wheeling office being in excess of the requirements, it was possible to extend city delivery service to Elm Grove without authorizing additional carriers.	
Cost before consolidation:	
Salary of postmaster	\$1,600
Clerk hire	300
Rent, light, and fuel	360
	2,320

Cost after consolidation:	
Two clerks, at \$800 each	\$1,600
Rent, light, and fuel	360
	1,960
CINCINNATI, OHIO.	
Consolidation of Mount Healthy. Effective August 1, 1913.	
Cost before consolidation:	
Salary of postmaster	\$1,400
Clerk hire	219
Rent, light, and fuel	300
	1,919
Cost after consolidation:	
Two clerks, at \$800 each	1,600
Two city carriers, at \$800 each	1,600
Rent, light, and fuel	300
	3,500
NORTH ATTLEBORO, MASS.	
Consolidation of Plainville. Effective July 1, 1915.	
Cost before consolidation:	
Postmaster's salary	\$1,500
Clerk hire	240
Rent, light, and fuel	500
	2,240
Cost after consolidation:	
Superintendent (postmaster)	1,100
Two clerks, at \$800 each	1,600
One carrier	800
Rent, light, and fuel	500
	4,000
OMAHA, NEBR.	
Consolidation of Benson. Effective November 17, 1913.	
Cost before consolidation:	
Salary of postmaster	\$1,600
Clerk hire	400
Rent, light, and fuel	404
	2,404
Cost after consolidation:	
Two clerks, at \$800 each	1,600
Two carriers, at \$800 each	1,600
Rent, light, and fuel	480
	3,680
MAUCH CHUNK, PA.	
Consolidation of East Mauch Chunk. Effective October 1, 1913.	
Cost before consolidation:	
Salary of postmaster	\$1,500
Rent, light, and fuel	248
	1,748
Cost after consolidation:	
Two clerks, at \$800 each	1,600
Auxiliary clerk hire	187
Two carriers, at \$800 each	1,600
Rent, light, and fuel	450
	3,837
YONKERS, N. Y.	
Consolidation of Hastings-upon-Hudson. Effective April 1, 1913.	
Cost before consolidation:	
Salary of postmaster	\$2,000
Two clerks, at \$800 each	1,600
Rent, light, and fuel	600
	4,100
Cost after consolidation:	
Superintendent (postmaster)	1,000
Two clerks, at \$800 each	1,600
Three carriers, at \$800 each	2,400
Rent, light, and fuel	600
	5,600

Mr. MADDEN. I could illustrate one or two cases myself, Mr. Cox. For example, Chicago to-day has about 200 square miles of territory. Before the annexed outside territory came in we had 37 square miles of territory. With each new annexation we brought in one or more post offices, over which postmasters presided. After annexation the post office, with the postmaster, was discontinued. The post office itself was continued as a station with a superintendent. The salary of the superintendent was probably not in any case more than one-half the salary of the postmaster before it came in.

Mr. ROPEL. Not less than two-thirds and in some cases more. The minimum salary paid to a superintendent of a station is \$1,200. As the majority of offices consolidated with larger offices are of the third and fourth classes, consolidation usually results in an increase in the salary of the postmaster of the discontinued office. Although when larger offices are consolidated the postmasters of the discontinued offices suffer a reduction in salary, they are compensated for this by being made secure in their positions.

Mr. MADDEN. I would not think it was that much. Perhaps it may be. I would not undertake to say certainly. But I think it is agreed by everybody that the service rendered by the superintendent of the station is infinitely more satisfactory than the service rendered by the post office as such before the annexation.

Mr. Cox. Right in that connection you have found from experience out there that there has been a great economy in the way of saving of salaries?

Mr. MADDEN. Oh, yes.

Mr. COX. Now, in the way of supplies and reports backward and forward, have you any estimate of that?

Mr. MADDEN. They all make their reports to the postmaster of the city of Chicago and he makes his report to the Postmaster General, which only makes one account from Chicago between the general office and Chicago, whereas if we had the 52 post offices we would have 52 reports and 52 sources of supplies.

Mr. COX. And the department here would be running 52 accounts with 52 postmasters in the city of Chicago?

Mr. MADDEN. Yes, sir.

Mr. COX. Whereas now it is only running one account?

Mr. MADDEN. That is right. That is what will happen all over the country if this provision recommended by the Postmaster General be adopted.

The CHAIRMAN. If you had just one office in each State, you would have 48 accounts?

Mr. MADDEN. Yes; that is true.

The CHAIRMAN. And if you had only one in the United States you would only have one account. That is the logic of that.

Mr. STEENERSON. About how many offices would there be if this new provision were enacted into law? Could you give an estimate?

Mr. ROPER. I would state, Mr. STEENERSON, that these units would have to result from experience in operating the service. I mean the size of the units would have to be determined from experience. It would be impossible to advise in advance just how large or how small those units should be.

Mr. STEENERSON. It has been suggested here that there are 3,000 counties in the United States, approximately, and there are approximately 60,000 post offices now.

Mr. ROPER. Yes; 56,000 post offices.

Mr. STEENERSON. So it might reduce it to 6,000?

Mr. ROPER. There are sometimes several important municipalities within one county. That might make it necessary to have in some counties several units, but there would be a great many counties, no doubt, in which one unit would answer.

Mr. STEENERSON. Probably in the majority?

Mr. ROPER. Probably in the majority of the counties of the country. Mr. STEENERSON. Right here I should like to have you give the substance of the law now as it is on the subject, so we can compare it with the proposed provision.

Mr. ROPER. I will insert it in exact terms and ask the stenographer to insert the law.

Mr. STEENERSON. We should like to have your version so we can understand how it is interpreted.

Mr. ROPER. It simply gives to the Postmaster General the right to extend the service of these large communities so as to take in communities where the population is as much as 1,500, and where such communities are within a radius of 5 miles of the post office to which it is to be attached.

Mr. STEENERSON. You might insert the exact language.

Mr. ROPER. It is as follows, Postal Laws and Regulations, which is the law:

"Sec. 249. The Postmaster General, when the public convenience requires it, may establish within any post-office delivery one or more branch offices (stations or substations) for the receipt and delivery of mail matter and the sale of stamps and envelopes; and he shall prescribe the rules and regulations for the government thereof. But no letter shall be sent for delivery to any branch office contrary to the request of the party to whom it is addressed.

"2. No station, substation, or branch post office shall be established beyond the corporate limits or boundaries of any city or town in which the principal office to which such station, substation, or branch office is attached is located, except in cases of villages, towns, or cities of 1,500 or more inhabitants not distant more than 5 miles, as near as may be, from the outer boundary or limits of such city or town in which the principal office is located."

Section 252 of the Postal Laws and Regulations:

"2. No post office established at any county seat shall be abolished or discontinued by reason of any consolidation of post offices made by the Postmaster General under existing law * * * : Provided, however, that this provision shall not apply to the city of Cambridge, Mass., or to Towson, Md., or to Clayton, St. Louis County, Mo."

Mr. COX. I wish to ask you a question in that connection. Practically the plan that you are seeking to have incorporated here is now in force in the large cities, is it not? Only one post office, and all the rest of the stations accounting to the post office?

Mr. ROPER. Yes. We have now, of course, the service in that respect organized by municipalities, as you say. Then we have around these municipalities certain communities which have been tacked on for the purpose of giving them city-delivery service.

Mr. COX. In what cities do you have this kind of service in force?

Mr. ROPER. In nearly all of the large cities.

Mr. COX. Your idea now, if I gather it, is to simply enlarge and to extend that service out over the State, or out over the United States?

Mr. ROPER. We are asking authority to do that when it seems to be in the interest of the service. There are no fixed units in our minds at this time, and I doubt whether you could fix uniform units for the entire country. You would have to deal with the conditions as they exist.

Mr. COX. Under your present system of only having one accounting officer in the cities, practically, like Chicago, there is no question but what we have better service under the present system than we would have if we had 52 different offices, is there?

Mr. ROPER. I think that we have absolutely uniform testimony that the service is superior.

Mr. COX. Is superior?

Mr. ROPER. Yes.

Mr. COX. Supposing that the department here, just as an illustration, was compelled to deal with 52 different post offices in the city of Chicago, instead of with only 1. How much additional cost would that throw on the department? Have you any idea at all?

Mr. ROPER. I shall have to ask the auditor. I will endeavor to get the auditor to put that in a statement.

(The following statement has been furnished me by the Auditor for the Post Office Department:)

"PRESENT SYSTEM.

"In round numbers, there are 56,000 post offices in operation. In addition, there are 6,000 branches and stations and 43,000 rural-delivery routes, which collect and deliver mail, sell stamps and money orders, and serve the public in much the same manner as regular post offices. It is generally admitted that the public is more efficiently served on rural routes and at stations and branches than at the 47,000 fourth-class post offices because rural carriers and clerks-in-charge are under

the immediate supervision of the postmaster at a large office, and cases of incompetency, neglect of duty, or improper conduct are speedily disclosed and corrected. On the other hand, the fourth-class postmaster is accountable to the department at Washington direct. At the time he assumes charge of the post office there is usually no one to instruct him in the performance of his duties, and he must acquire the routine details of conducting his office as best he can unless he is fortunate enough to secure the assistance of a post-office inspector. Nor has the department any means of keeping informed as to the character of the service which he subsequently renders, except through an occasional visit by a post-office inspector, complaints on the part of the public, and reports from the Auditor for the Post Office Department relative to the nonrendition of accounts or failure to deposit surplus postal and money-order funds.

"The system of accounting at post offices is also unsatisfactory, as the maintenance of so many thousands of independent crossroads post-offices necessitates the preparation and settlement of approximately 1,150,000 monthly and quarterly accounts each year and the transmission of upward of 5,000,000 separate remittances (many of them consisting of only a few dollars) to the various depository offices. Not only does the maintenance of such a cumbersome system materially augment the clerk-hire cost, but it likewise necessitates the holding of larger money-order reserves and increases the loss by burglary, fire, and other unavoidable casualties.

"PROPOSED SYSTEM.

"By making the county the unit and each post office located therein subsidiary to one main office situated at the county seat the number of accounting offices would be reduced from 56,000 to 3,000. The county postmaster would be assisted by a clerk in charge, under his immediate supervision, at each subsidiary office, instead of a regularly appointed postmaster and the business conducted in precisely the same manner as at stations in the larger cities. All supplies would be sent to the county postmaster direct, and the subsidiary offices would obtain their stocks from him in small quantities daily, weekly, or as often as local conditions might require. All surplus funds would likewise be turned in at the time of getting additional supplies. Under this plan the stocks of money-order forms, postal-savings certificates, stamps, and other supplies could be reduced to a fraction of the amount now carried, thereby reducing the amount of losses sustained from fires, burglaries, etc.

"As postmasters at the larger offices are almost invariably selected from the ranks of successful business men of demonstrated executive ability, there can be no doubt that the shifting of the administrative supervision in the manner outlined would result in an immediate and marked improvement in the character of the service rendered to the general public.

"SYSTEM OF ACCOUNTING AT POST OFFICES.

"The stamp account and postal account should be combined and rendered monthly instead of quarterly, as at present. This and the decrease in the number of accounting offices would reduce the number of accounts to be rendered and settled from 1,150,000 to 110,000 annually and make it possible for the department to complete the settlements and compile a monthly financial statement covering the entire fiscal operations of the service within 30 days after the close of each month, and in time to be utilized by the various officers of the department in the administration of the service.

"ADMINISTRATIVE EXAMINATION OF ACCOUNTS.

"The preliminary administrative examination and journalizing which has operated so successfully with respect to mail transportation and supply accounts, representing annual disbursements of \$100,000,000, and revenue collections on account of stamps and stamped paper totaling upward of \$250,000,000, should be extended to the combined monthly stamp and postal accounts of postmasters.

"The audit of postmasters' money-order accounts presents a radically different problem from that encountered in any other class of Government accounts, due to the fact that money orders are valid for payment for 12 months from the last day of the month of issue. It follows, therefore, that a postmaster's money-order account can not be finally audited until all orders issued by him have either been presented for payment and returned as vouchers or become invalid by lapse of time. Manifestly, under such conditions it would be impracticable to make a double examination of money-order accounts—once in the Post Office Department and again in the Treasury Department. After thorough consideration, I have reached the conclusion that the system worked out by the Dockery Commission, after months of investigation and study and subsequently enacted into law, is still the best solution of that problem. Moreover, the findings of that commission are further strengthened by reason of the introduction of automatic electric machinery, which has to a large extent eliminated the human element in the audit, cut the cost in half, and placed it on a plane of almost absolute mechanical accuracy.

"FINAL AUDIT AND SETTLEMENT OF ACCOUNTS.

"As outlined, the proposed system contemplates that the monthly postal savings and consolidated stamp and postal accounts from the 3,000 accounting offices shall be sent to the Post Office Department direct for administrative examination and journalizing, after which the accounts, copies of the journal, and all supporting vouchers, pay rolls, and abstracts shall be sent to the Auditor for the Post Office Department for final audit and settlement. Judging from my experience in the settlement of accounts in this office, I am of the opinion that the additional labor incident to the administrative examination of the postal accounts, pay rolls, and vouchers from the 3,000 accounting offices will be about offset by the saving resulting from the reduction of the number of postal savings accounting offices from 9,000 to 3,000, and most certainly will be the case if modern labor-saving machinery is utilized in the various administrative bureaus affected by the change. The change in system will also make possible an initial saving of from \$75,000 to \$100,000 annually in the auditor's office. Past experience teaches that in the introduction of radical changes in system the initial saving which may be effected is usually only about one-half of what may be expected eventually.

"In my opinion, the proposed reorganization of the service, if carried into effect, will result in more effective administrative supervision of the field operations, insure better postal service to the public, provide a more efficient system of accounting, and result in a large saving in cost, both in the field offices and in the various administrative bureaus of the department."

Mr. COX. I wish you would. I suppose the same system in force in Chicago is in force in New York, Philadelphia, Boston, and St. Louis, is it not?

Mr. ROPER. Certainly. In Boston we have about 80 stations.

Mr. MADDEN. You go outside of the city of Boston?

Mr. ROPER. Yes, sir; we take in municipalities like Cambridge, the university city of Boston, Brookline, Chelsea, etc.

Mr. MADDEN. For example, we have some stations in Chicago with as many as 200 men—I think one, at least—and I think the superintendent of that station, which is the Canal Station, gets about \$2,200 a year, if I am not mistaken.

Mr. COX. As postmaster he would get \$4,000?

Mr. MADDEN. From 160 to 200 men would be a big post office, would it not?

Mr. COX. It would; surely.

Mr. MADDEN. You can imagine what he would get if he was postmaster.

Mr. COX. Take the State of Indiana, with Indianapolis as the center, and it is nearly the center of the State. Would it be your idea to gradually work the plan out over the State so as to make Indianapolis the accounting office for the whole State of Indiana?

Mr. ROPER. That would not be my idea. That would be too large a postal district.

Mr. COX. Too large a territory?

Mr. ROPER. If you will permit me to give an offhand opinion, I should say that, as a rule, the counties of Indiana would constitute about as large districts as would be found practicable for this purpose.

Mr. COX. That would mean 92 postmasters in the State of Indiana, and the remainder of them stations?

Mr. ROPER. Probably we would have to make exceptions to that and deal with these large municipalities as separate districts.

Mr. COX. But in rural communities, where you have 1,000 to, say, 3,000 inhabitants, you would make one town in each county the accounting office and the rest of them to be served from there?

Mr. ROPER. The county, or part of county agreed upon, would constitute the unit, and in that unit there would be one accounting office and the others would be stations of that office.

Mr. COX. The head of the accounting office would be the postmaster for that territory?

Mr. ROPER. He would be the postmaster for that territory.

Mr. COX. And he would be an appointed officer?

Mr. ROPER. Yes, sir.

Mr. COX. And the stations would be under civil service?

Mr. ROPER. Stations would be under civil service.

Mr. RANDALL. Gen. Roper, in the matter of auditing the accounts of the 52 stations of the Chicago post office it was to be shown in the record the amount that is saved to the department at Washington on that account. Is it not the fact that the accounts of those 52 stations will have to be audited in the Chicago post office instead of being audited here, and would it not cost as much to audit them there as in the Post Office Department in Washington?

Mr. ROPER. We find not. That is a question for the auditor to answer, but it seems to me that the auditing can be done much more expeditiously and much more economically by these accounting offices. The former is very important, namely, the expedition. We have been, as you know, for a number of years endeavoring to lessen the period between the transaction and the audit, in order that we might get in closer touch with the transactions of the post offices of the country with regard to the handling of our funds.

Mr. MADDEN. So you keep these accounts—

Mr. ROPER. I can see no other way in which it can be made and kept current the postal accounts.

Mr. RANDALL. I refer only to expenses. It strikes me that you are better equipped in the auditor's office here to audit accounts than you would be in Indianapolis or Topeka or any such place as that.

Mr. ROPER. I am unable to see why these districts could not be made just as effective, through their knowledge of local conditions, as we are in the auditor's office in Washington; but a more important feature than you have mentioned is getting this auditing on a current basis and checking and protecting the revenues of the Government.

Mr. ROUSE. This only could be applied to presidential offices, could it not? For instance, if you had a county without a presidential office in it, you could not establish this provision, could you?

Mr. ROPER. Oh, yes.

Mr. MADDEN. Yes; because it would make it presidential. If you take the receipts of the whole county it would make it presidential; do you not see?

Mr. ROUSE. But could you do that? There are a number of counties, take for instance in the mountains, where you have nothing but fourth-class offices; some in other sections that are not mountainous; for instance, Mr. COX's district.

Mr. MADDEN. But if you took the aggregate receipts of all fourth-class offices in that county, that would make one presidential office.

Mr. ROUSE. But that is not contemplated; is it, General?

Mr. ROPER. We have endeavored to ask you here for legislation that will permit us to work this out in the most feasible and practicable manner. I can not undertake to say to you now just what experience will show to be the most practicable unit.

Mr. ROUSE. Let me get back to that original proposition again. I referred to Mr. COX's district, which is not fair. But I will take my own district, for instance. I live in a county that has not a presidential office. I know of one town in the county, the county seat, with less than 200 people. It has a fourth-class office. There is not one presidential office in the county. The nearest presidential office to my home is 15 miles away, at Covington, Ky., in an adjoining county. Could Covington be made the accounting office and all of the offices in my home county get their mail by star routes; could they be made to account to the Covington office under this plan?

Mr. ROPER. As I have stated in answer to Mr. COX's question, I feel now that the county is as large a unit as we would want to deal with, and even in a county where there are several municipalities that county might be subdivided into further units.

Mr. AYRES. Under this plan the second and third class post offices come under the same plan, and the fourth class being under civil service.

Mr. ROPER. The Postmaster General has already recommended the classification of the postmasters of the second and third classes, and this would naturally result in classifying the offices that would be consolidated with the accounting office.

The CHAIRMAN. If there was only one first-class office—

Mr. ROPER (interposing). There might be some counties where the office might not be rated as a first-class office—might be rated second class.

The CHAIRMAN. Say the program for change put the second and third class offices under civil service; presidential offices would only be first class?

Mr. ROPER. Yes; really the approval of the recommendations that the Postmaster General has made accomplishes that.

Mr. RANDALL. Would it not be possible, and would it not be the policy of the department, to establish a number of small stations and rural routes where fourth-class postmasters have been discontinued on account of the establishment of rural routes? Would it not be possible to restore service, to get the same accommodations that the fourth-class post office formerly afforded, by establishing small stations?

Mr. ROPER. As I say, we no doubt would find through experience that such conditions as you mention would arise, but in advance of any experience along this line I could not say whether the suggestion that you have made would be considered or not. It might be.

Mr. MADDEN. If this suggestion should be adopted and the county was made the unit, or whatever was made the unit would be made large enough, the unit would be made large enough so that the postmaster appointed for the unit would be the first-class postmaster. It necessarily would be a first-class post office, because the receipts within the unit would be large enough to justify his appointment as such.

Mr. ROPER. In answer to the chairman, I have just said that I presume that would be the case in most instances, although there are some small counties, no doubt, where the postmaster would not be ranked perhaps above the second class.

Mr. MADDEN. But there would not be anything below the first and second class?

Mr. ROPER. First and second class offices.

Mr. MADDEN. And all fourth-class postmasters would be done away with and superintendents of stations would take their places?

Mr. ROPER. No; they would not be done away with. The fourth-class postmaster would simply become the superintendent of the station or clerk in charge.

Mr. MADDEN. That is what I say. He would not be a postmaster any longer, but the superintendent of a station?

Mr. ROPER. For all intents and purposes he is a postmaster.

Mr. MADDEN. Suppose he is a postmaster; what would be the basis of pay for the fourth-class postmasters?

Mr. ROPER. You are here providing a scale in this bill for the payment of station superintendents.

Mr. MADDEN. But that scale generally does not go as low as the salaries of those fourth-class postmasters?

Mr. ROPER. The lowest salary we could have would be an \$800 clerk, the entrance grade.

Mr. MADDEN. That is too much to pay these men, is it not? Suppose the man's salary as fourth-class postmaster amounts to but \$200 or \$300; are you going to put him under civil service and pay him \$800?

Mr. ROPER. You understand we have different kinds of stations where that might result in establishing not a classified but a contract station, with a clerk in charge receiving a salary as low as \$50, based upon the business of the station, the same as is now done in large cities.

Mr. STEENERSON. I think there are probably 25 post offices in my district where the postmaster's salary is less than \$50 a year. Would their salary be raised under this plan or would it be reduced?

Mr. ROPER. In all probability the salary of such postmaster would remain the same as at present. We probably might not disturb your district at all, if it were not in the interest of better service for your district. The object of this is to improve the service, and if we could not get better service through the plan here suggested we would maintain the present service.

Mr. STEENERSON. But the suggestion made by Mr. MADDEN that in counties where there are no second-class and no third-class offices, no presidential offices, that all the offices might be consolidated so as to form a presidential office; that is not contemplated by this, is it?

Mr. ROPER. No; he used the word "might."

Mr. STEENERSON. But it might not. As I read this proposed law you would not have any such authority. You would have to change your language in this provision if you were going to do that, because this proposed language only authorizes you to consolidate with some existing third or second class office or first-class office. I do not think you can create or consolidate offices in a whole county and make that kind of office a presidential office.

Mr. ROPER. I will read the language:

"That hereafter the Postmaster General may establish, under such rules and regulations as he may prescribe, one or more branch offices, nonaccounting offices or stations, of any post office for the transaction of such postal business as may be required for the convenience of the public."

Mr. MADDEN. That would give him the right, then, Mr. Roper, to appoint a superintendent of a station where it was justified instead of a postmaster, or it would give him a right to establish a contract station where he would not be justified in appointing a superintendent of a station.

Mr. ROPER. Yes; or maintain the present system.

Mr. MADDEN. Yes; either one.

Mr. ROPER. Yes, sir.

Mr. BEAKES. Would there not be economy in the shipment of supplies from Washington to the central post office instead of to the several post offices?

Mr. ROPER. I will answer for the Fourth Assistant on that. In my opinion it will effect very great economy in that respect, but a greater economy than even the one you have mentioned would be the better care of supplies.

Mr. BEAKES. I was going to speak of that.

Mr. ROPER. Better supervision.

Mr. BEAKES. Has not the department found that these offices have no use for a great many of the supplies, and would they be likely to get those supplies if they asked for them from the central post office?

Mr. ROPER. Not only that, but this central postmaster could deal more equitably with the demand and conditions of these other offices accounting to him than probably could be done from Washington.

Mr. BEAKES. Would it not be possible to work out a scheme which would preserve the local communities by allowing them to keep the name of the post office while putting them on the station basis?

Mr. ROPER. That is what I intended to say in the outset. It is our idea not to disturb the name, not to infringe on the pride of the community which it may have in regard to its name; to give the community everything it now has and a superior service to what it now has.

Mr. RANDALL. Would you object to the addition of language something like this: "Except where the settlement of the offices proposed to consolidate with the other was clearly against such a consolidation?"

Mr. ROPER. I regard the Postal Service, Mr. RANDALL, as the people's service. We can not administer this service out of harmony with the

will of the people. We do not undertake to do it. Hence the phraseology where we say, "As may be required for the convenience of the people."

That language cares for the point that you have in mind. The convenience of the people reflects, of course, the sentiment of the community.

Mr. STEENERSON. Is there not another point, General, in which this would be an improvement in bringing about supervision of the smaller offices? To illustrate: Most of the smaller offices that I know of have not seen an inspector, a post-office inspector, for four or six years. They do not get any instruction until about the time for them to go out—until their four years are nearly up. They would have that instruction if they were under a central post office, would they not?

Mr. ROPER. True. This is a little bit out of the line of the hearing, but I should like to say, Mr. BEAKES, that we are endeavoring to correct that as much as we can by sending out inquiries to be answered by all these fourth-class postmasters at the end of every quarter. These inquiries develop the way they are conducting their offices and enable us to check up and see just how much out of line they may be. But the supervision which we are seeking under this particular provision will be superior, because it keeps in even closer touch with them.

Mr. STEENERSON. You spoke of a sentiment of the patrons. Now, in these recent consolidations—for instance, in Boston—have you consulted the sentiment of the people?

Mr. ROPER. The consolidations in the Boston district were made in the administration immediately preceding this.

Mr. STEENERSON. Have you heard of any dissatisfaction?

Mr. ROPER. There was some dissatisfaction growing out of what would appear to have been a too rapid consolidation. We have in Boston about 80 stations, and the previous administration absorbed a great many large communities. Among them was Lynn, the large shoe-manufacturing community adjacent to Boston. In the case of Lynn some protests were filed, which we carefully investigated, and after due investigation reached the conclusion that Lynn should be kept as a postal district to itself, and we therefore have removed Lynn from the station classification made under Mr. Hitchcock's administration, and it is now a separate postal district. We discovered, Mr. STEENERSON, that Lynn was a better district to itself. We have other offices consolidated with Lynn.

Mr. STEENERSON. How was it about Cambridge?

Mr. ROPER. In the case of Cambridge I know of no special opposition.

Mr. STEENERSON. And you have never heard of any?

Mr. ROPER. I would not go so far as that, Mr. STEENERSON, because I should have to refer to department files for positive data.

Mr. STEENERSON. When was that included as a substation?

Mr. ROPER. We have made no consolidation in and around Boston during this administration.

Mr. STEENERSON. They were all made before?

Mr. ROPER. Before my connection with the Postal Service.

Mr. STEENERSON. But under the same law now in operation?

Mr. ROPER. Under the law now in operation. We have not disturbed that district except as to Lynn—

Mr. STEENERSON (interposing). You then retained Lynn as an independent post office?

Mr. ROPER. Yes, sir.

Mr. STEENERSON. If a similar discontent among the patrons of the office existed in Cambridge you would reestablish that?

Mr. ROPER. We would consider it.

Mr. STEENERSON. You would give them the same show you gave Lynn, would you not?

Mr. ROPER. We endeavor to treat all alike.

Mr. MADDEN. We have some outlying territory outside the city limits of Chicago—Argo and Mount Greenwood. You probably recall some correspondence on Mount Greenwood?

Mr. ROPER. I do.

Mr. MADDEN. The people at Mount Greenwood would be very anxious to have a station established there and have the delivery made from the Chicago post office rather than to have a separate post office established. So far the department has not been able to give them the Chicago delivery, so they get their mail by rural delivery. The sense of the people is to the effect that they would prefer to have Chicago delivery than to have a separate post office.

Mr. ROPER. We have a very interesting illustration at North Kansas City. North Kansas City is a community that has developed very rapidly within the last few months, because of the establishment of large mail-order business in that community, but it just happened that the population is not 1,500, and consequently we can not extend the desired facilities to that community under the present law.

The CHAIRMAN. Is there anything further on this matter? The other matter you felt you wanted to discuss in executive session?

Mr. ROPER. The Second Assistant is here, Mr. Chairman, with a statement in answer to certain requests made by Mr. Madden the other day, and I shall be glad to give way to him and not keep him here, if he wishes to make his statement at this time.

PAGES 126 TO 144, INCLUSIVE, OF HEARINGS ON THE POST OFFICE APPROPRIATION BILL BEFORE SENATE COMMITTEE, EMBODYING DISCUSSION OF DEPARTMENT'S RECOMMENDATION FOR NEW LEGISLATION GOVERNING ESTABLISHMENT OF STATIONS AND BRANCH OFFICES (NON-ACCOUNTING).

The CHAIRMAN. The basis now is two years. Is it not?

Mr. ROPER. Senator, you authorized it in the bill last year, but the bill did not pass. You approved the two years' provision last year, but the bill did not pass.

Now, so far as the next section is concerned, the amendment asked for regarding postal stations is carried in the administrative bill, which is now in conference between the two Houses. So I do not know that we need to dwell upon that. I desire, however, to insert at this point two communications which will explain themselves and make slight modifications in the recommendation made to the House committee.

(The communications referred to are here printed in full, as follows:.)

MARCH 18, 1916.

HON. JOHN A. MOON,
House of Representatives.

MY DEAR JUDGE MOON: With further reference to our recent personal conversation in relation to section 19 of H. R. 562, giving the Postmaster General authority to establish branch offices, nonaccounting offices, or stations of any post offices, I understand there is some lack of support of the measure among the Members because of doubt as to the administrative unit to be used by the department. I accordingly suggest that there will be no objection on the part of the department

to having this unit fixed by a proviso to be inserted after the word "public" in line 18, page 12, as follows:

"Provided, That there shall be at least one independent accounting office in every county."

This is in accord with the act of Congress approved August 24, 1912, reading as follows:

"No post office established at any county seat shall be abolished or discontinued by reason of any consolidation of post offices made by the Postmaster General under existing law."

The advantages which will accrue to the Postal Service through the enactment of the section with this proviso are many. Some of these are as follows:

The superintendent or clerk in charge of the branch office or nonaccounting office would be under the direct supervision of competent officials of the central post office, whereas the postmaster is now upon his own resources without particularly comprehensive knowledge of the service and must rely upon instructions received by mail from the department at Washington. The local postmaster assigned as superintendent or clerk in charge of any independent office which would be converted into a branch office or nonaccounting office would be in line for promotion to higher and more responsible positions in the central office.

The service would be further improved at the offices so designated as branch offices, nonaccounting offices, or stations because of the fact that city delivery service may be extended to these places from the central office, provided the requirements of the Post Office Department as to necessary improvements are complied with.

There will be no disadvantages to the public on account of the substitution of branch offices in lieu of independent post offices. The branch office will not lose its identity as a post office and its name will still appear in the Postal Guide. Money orders issued will be under the same name as when the branch was an independent office. Mail addressed to patrons at the branch office will continue to arrive just as before the consolidation, and mail dispatched will bear a postmark showing the name of the present office. Postal savings business will be handled as at present and deposits will be made in local banks as now. In fact, patrons of these branch offices will not be affected adversely in any way, nor will the community suffer by loss of any prestige or service due to a consolidation.

The losses from burglary will be reduced by reason of the fact that the branch office or nonaccounting office need not carry stamps and stamped paper in excess of \$100. The present independent post office, since it must secure its supplies directly from Washington, must necessarily carry sufficient stamps and stamped paper for at least one full quarter. The protection against burglary at the small office is inadequate and annual losses by reason of burglaries aggregate a considerable sum.

In addition to reducing the risk of loss by burglary, there will be a smaller risk of defalcation on the part of employees at these branch offices, as such offices will be required to deposit funds daily at the central office. It is the practice at present for the independent post offices to transmit money-order funds for deposit at intervals, depending upon the amount received, and to deposit postal funds received from the sale of stamped paper, etc., when accounts are transmitted to the Auditor for the Post Office Department. As the central office will deal with those branch offices on a cash basis, there will be a small amount of stamps and stamped paper on hand and practically no funds carried over from day to day.

The present voluminous correspondence maintained by the department with the many smaller independent offices will be reduced materially by the establishment of branch offices in lieu of many independent offices. There will be a marked saving of time, labor, and money in the office of the Auditor for the Post Office Department by the elimination of a large volume of small accounts now received from independent post offices.

In view of these and many other service reasons for the enactment of section 19, as modified by the proviso prescribing that the accounting unit shall not be larger than the county, I sincerely hope that this matter may have your hearty support.

Sincerely, yours,

A. S. BURLESON.

MARCH 20, 1916.

HON. JOHN A. MOON,
House of Representatives.

MY DEAR JUDGE MOON: Referring to my letter of the 18th instant, concerning section 19 of the House resolution 562, relative to the establishment of branch post offices, I would advise that, as stated in that letter, there is no disposition on the part of the department to change the name of or decrease the postal facilities at the post offices affected by the section, if enacted into law, and there will be no objection to so stating in the provision suggested in my former letter.

The provisos carrying the restrictions could, therefore, read as follows: "Provided, That there shall be at least one independent accounting office in every county."

"Provided further, That the Postmaster General, in establishing branch offices or nonaccounting offices in lieu of independent offices, shall not change the name of the office because of the consolidation, and that all post offices so consolidated shall not be deprived of any postal facilities which they may have prior to the time of consolidation."

I sincerely hope that with these additional restrictions on the administration of the section you may be able to give it your support.

Sincerely, yours,

A. S. BURLESON.

Mr. MOON. Mr. Speaker, I was very much interested in the remarks of my colleague on the committee [Mr. MADDEN]. I appreciate the fact that there might be some saving to the Government by a proper accounting system in certain classes of post offices in the United States, but as yet it is purely a matter of speculation. Some figure a loss along that line and some figure, as the gentleman does, that there may be a saving. However, it is a question we have not been able to work out, and I think we best not go into that too rapidly.

Mr. HAMILTON of Michigan. These superintendents that the gentleman from Illinois has spoken about would perform the function of postmasters, and these various postmasters and post offices would have to have employees as they have now?

Mr. MOON. Of course, if that system were adopted.

Mr. HAMILTON of Michigan. And the central post office would have to have an additional force to handle reports from these branch post offices?

Mr. MOON. I will read section 18 to show that the gentleman has discussed the proposition in part on a wrong basis. This section does not provide for any county unit:

SEC. 18. That hereafter the Postmaster General may establish, under such rules and regulations as he may prescribe, one or more branch offices, nonaccounting offices, or stations of any post office for the transaction of such postal business as may be required for the convenience of the public.

That was assumed at one time to be applicable alone to the fourth-class post offices, but a careful consideration of it shows that that is not true. In fact it is elicited by an examination of the First Assistant Postmaster General himself, that the county is not necessarily the unit; even the State may not be the unit. The United States may be the unit. Mr. Roper said in reply to an inquiry submitted to him, when he was asked if at Indianapolis one office were maintained, every other office in the State of Indiana could be made into substations and subsidiary to the Indiana office, that that could be done.

Mr. TRIBBLE. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Tennessee yield to the gentleman from Georgia?

Mr. MOON. Yes.

Mr. TRIBBLE. Section 15 states that "hereafter the Postmaster General may hereafter enter into contract for the conduct of contract stations for a time not exceeding two years." What do you mean by "contract stations"? What do you mean by that?

Mr. MOON. By that is meant those little stations that they have in the cities, like the drug-store post offices, and so on.

Mr. TRIBBLE. It does not refer to the little country places?

Mr. MOON. No. It does not hit your place at all. [Laughter.]

Now, Mr. Speaker, I want to impress upon Members the fact that this will, in the department's discretion, take away every distinct post office in the State, remove every postmaster in the State, except one, or it might remove him if in the discretion of the department it was deemed proper, and all the post offices would be made substations and nonaccounting.

This could be, but probably would not be, done. While I do not know what you gentlemen think about it, to my mind the most humiliating, corrupt, and infamous statute that was ever passed or allowed to exist is that old civil-service fraud. [Applause and laughter.]

I do not want, so far as I am concerned, to give any more power along that line to anybody. I am entirely willing, if any economy can be effected by making the offices nonaccounting, to consider that change, and to preserve still the present status of postmasters in doing that. I hope we may be able to work out something along that line. I did not intend to say this much.

Mr. LLOYD rose.

Mr. MOON. I now yield to the gentleman from Missouri to ask me a question.

Mr. LLOYD. My only purpose in rising was to say, in response to the inquiry of the gentleman from Georgia [Mr. TRIBBLE], that what was intended by the Post Office Department in this connection was to make all post offices in the United States nonaccounting offices, like these little stations that he talks about.

Mr. MOON. Now, Mr. Speaker, I yield to the gentleman from Minnesota [Mr. STEENERSON].

Mr. TOWNER. Before the gentleman leaves the floor, will he allow me one suggestion?

Mr. MOON. Yes.

Mr. TOWNER. Is it not true that this accounting that the gentleman speaks of must be done in any event by somebody?

Mr. MOON. Yes; it has to be done somewhere.

Mr. TOWNER. Is it not at least as economical that it should be done in the way it is now done, by clerks who are accustomed to that business, as it would be to have it done by somebody whose work would have to be passed upon later by the central station here in Washington?

Mr. MOON. I do not know just how that would be; I have not worked it out. But, generally speaking, I should think we could perhaps effect an economy by abolishing in all departments about one-third of the useless places we have now. [Laughter.]

Mr. TOWNER. If these accounts of substations were required to be passed upon, it would in reality require two accountings to dispose of the business, and it would not effect any economy?

Mr. MOON. Possibly; but I hope we may be able to effect some economy in the line of accounting. Probably we can do so by nonaccounting offices. I am not opposed to nonaccounting offices if economy can be accomplished in their establishment. We will work this out later.

Mr. Speaker, how much time have I left?

The SPEAKER. The gentleman has 23 minutes.

Mr. MOON. Mr. Speaker, I yield five minutes to the gentleman from Minnesota [Mr. STEENERSON].

Mr. STEENERSON. I would like to have more than five minutes.

Mr. MOON. Then, I yield 10 minutes to the gentleman. He is a member of the committee.

The SPEAKER. The gentleman from Minnesota [Mr. STEENERSON] is recognized for 10 minutes.

Mr. STEENERSON. Mr. Speaker and gentlemen of the House, the conferees did not feel justified in agreeing to a proposition that had never been before this House in any form or shape, because it was of such a revolutionary and far-reaching character. The identical proposition, it is said, was incorporated as a rider on the Post Office appropriation bill a year ago, but it received no discussion. It came in with a lot of other legislative propositions as riders, and was not explained either in committee or in the House. The language is so blind that unless a man is familiar with the intent and purpose of it he can not guess at it. The provision reads as follows:

SEC. 18. That hereafter the Postmaster General may establish, under such rules and regulations as he may prescribe, one or more branch offices, nonaccounting offices, or stations of any post office for the transaction of such postal business as may be required for the convenience of the public.

It was brought up in the Committee on the Post Office and Post Roads, and it was explained at length. Members of the committee, including myself and others, asked Mr. Roper, the First Assistant Postmaster General, the effect of it, and it was explained. The hearings were printed. When the postal savings bank bill, which is now before us, was brought back with this amendment on the 17th of March, last, and the chairman of the Committee on the Post Office and Post Roads asked unanimous consent to disagree to the Senate amendments, including this, which is section 18 in the amended postal-savings bill, I asked unanimous consent for five minutes in which to explain this provision, which for the first time then appeared before the House, and I printed as a part of my explanation the hearings that I refer to. I am sure that a great many Members, judging from their remarks afterwards, were surprised that so important a provision should be sought to be enacted in that manner.

Now, the gentleman from Illinois [Mr. MADDEN] is an ardent advocate of this proposition, although I do not recall that he ever advocated it specifically before. But he reflects the opinion of the Post Office Department, no doubt, to some extent. He makes a wild assertion here about saving \$10,000,000. It is a surprise to me that he did not say \$15,000,000. He has as much basis for the one as he would have for the other. He does not know, nor does anybody else know, and it can not be proved that it will save a single dollar. I can figure out that they will lose money on it. If you do away with the many thousands of little postmasters who receive but a small pittance for their services, and put those little offices and substations in charge of clerks at \$1,200 a year, which is the way it is proposed to furnish efficient men such as they have not got in the local communities, it would increase the expense of the Postal Service.

But the most serious objection to this proposition lies in the fact that it is along the line of many other propositions that come here at every session of Congress for an increase in the discretionary power of the department. It is advocated here as "civil-service reform." We have been told that this will promote "efficiency." Well, perhaps if you put in a czar, an autocrat, that will improve efficiency. I believe it is an old doctrine that a despotism is the best government, provided you have got a good despot.

But we are told and we should always remember that the foundations of this Government are laid upon the basis that it is a Government of laws and not of men; and every time that we unduly increase the discretionary power of administrative officers we find that we reap trouble. Look at the Rural Delivery Service. The law simply authorizes the department to establish it. There are no restrictions except those prescribing the salaries. The department has used those large discretionary powers, and now see where we are. They have sought to revolutionize and reform that service. Every time you get a new Postmaster General he thinks it is his function to turn things upside down, to undo everything that was done by his

predecessor, Republican or Democrat. Hence we find an outcry on both sides of this Chamber against the changes in the Rural Delivery Service, and bill after bill is introduced to limit the discretion of the Post Office Department. The gentleman from Florida [Mr. CLARK] and various others propose amendments to the Post Office appropriation bill limiting the discretion that the Post Office Department now has, which they say has been misused, and the people are up in arms.

Cotemporaneously with that experience we are asked here—the proposition is not before the House now, because the conferees struck it out, but this proposition asks—that the power of the Post Office Department be increased to an almost unheard-of degree. As explained by the chairman of the Post Office Committee, you would place it in the power of the Post Office Department to abolish all the offices except one in each county. They say they would not abolish the county-seat post office, but they could under this authority, and, as was stated in the hearings, they could establish one post office at Indianapolis, for instance, and abolish all the others in the State of Indiana.

Then it is said that this is in the interest of the civil service. Yes; it would abolish 56,000 post offices and create that many superintendents in charge, or superintendents of contract stations. Where a fourth-class office does not pay enough to employ a \$1,200 clerk, they would make it a contract station for whatever contract they could make, the same as they do with the drug stores in the cities. Necessarily, if you should pass this law, it would wipe out all those offices. Of course, it may be considered partisan, but I may be permitted, seeing that my Democratic friends agree with me, to suggest that if you pass this law you could make vacancies for 56,000 men, to be filled in this case by worthy Democrats, and then put them into the civil service forever. As to the efficiency, who can tell? Unless you spend more money you will not get any more efficient men. It seems to me that it is a sufficient answer to all of these arguments to say that they are merely speculative. They are the dream of an imaginative mind. The results that we have heretofore reached from increasing the discretion of the department have not been satisfactory. If you want to do something in the interest of the civil service, let us not by changing the title of these offices create 56,000 new places to be filled and then put under the civil service.

But it is said that you can save \$10,000,000.

The SPEAKER. The time of the gentleman has expired.

Mr. HAMILTON of Michigan. I ask unanimous consent that the gentleman's time be extended five minutes, not to come out of the hour.

The SPEAKER. The gentleman from Michigan asks unanimous consent that the time of the gentleman from Minnesota be extended five minutes, not to be charged up to the hour. Is there objection?

There was no objection.

Mr. STEENERSON. The gentleman from Illinois [Mr. MADDEX] suggested that by the saving that would be accomplished by this change they could establish a pension system. Yes; you would put all the fourth-class postmasters that are not in contract stations into the positions of clerks in charge.

Mr. RUCKER. Will the gentleman yield there?

Mr. STEENERSON. Yes.

Mr. RUCKER. In making a fourth-class office a contract station, that would necessarily do away with the rural delivery out of those fourth-class post offices, would it not?

Mr. STEENERSON. Exactly. That is another consequence that hardly anyone has thought of. One or two Members have suggested that when you center the mail in the county seat, for instance, the routing of the mail is different, and you play havoc with every rural route in the county. You destroy the Rural Delivery Service.

But just think how many men there would be advocating a pension system. The more men you put into the civil service the more advocates there will be; and if the gentleman's plan of pensioning all these civil-service employees is carried into effect, you will use up ten times more than you ever could save.

These are the reasons why the conferees could not agree to this, because it was too revolutionary a proposition to be adopted without debate and without being explained and understood and considered by the House. It looked too much like bringing in a joker upon the American Congress to adopt this thing in conference without any discussion either in the committee or on the floor of the House. And even if it were as meritorious as it has been explained and supposed to be by some of its friends, we insist that it was proper for the conferees to disagree to this proposition, and if it has any merit, let it come in like other propositions and stand on its own merits. For that reason, gentlemen, it seems to me that we can do nothing less than to

vote to agree to the conference report, which eliminates this section 18 entirely.

There are a great many features of this thing that I could go into, but in the limited time I have I do not think it would be wise to undertake it. We might discuss this from various standpoints, but I simply wish to say this; It is a remarkable thing that when in the last Congress you created 14,526 new offices—and you will have created over 100,000 new offices before this administration ends, at the present rate—and a great many of them are not put under the civil service; but when you find an old office, like that of a postmaster or an assistant postmaster, then you seek to wipe it out and create it under a new title in order that you may fill the vacancy and then put it under the civil service. It is a new way of finding jobs, but it is too transparent to fool anybody.

Mr. HAMILTON of Michigan. Effective, though.

Mr. STEENERSON. This is not a civil-service measure at all. The effect would be that you would fill these places by first creating vacancies in them, and I believe that is the real motive behind the proposition. You would make a changeable personnel in the Postal Service, so that if in Racine, Wis., or in Crookston, Minn., they wanted to put in a new postmaster they could send him up from Virginia. Out in the Northwest, where people make money and can not afford to be in the public service, the supply will be furnished from these States near Washington, where everybody seems to be willing to serve the public under the civil service. [Laughter.] The quota from Maryland and Virginia and these near-by States is always full, and they have a surplus at all times. Under this proposition you could send these carpetbaggers all over the United States to fill places in the North and West. [Laughter.]

It is a proposition that is hostile to popular government and tends to despotism. I would rather see the postmasters elected by the people than imposed upon them against their will. In my opinion it is neither in the interest of economy nor efficiency, but would tend to create an office-holding class to rule over the people.

Mr. MOON. Mr. Speaker, I yield 10 minutes to the gentleman from South Carolina [Mr. FINLEY].

Mr. FINLEY. Mr. Speaker, I am opposed to carpetbag postmasters. This will be not only possible, but probable if the Senate amendment—section 18—is enacted into law, and for that reason, and a great many others, I heartily agreed with the conferees on the part of the House and Senate in striking out section 18 as it passed the Senate. And I want to say, while speaking of that, that while there was a mild protest on the part of certain gentlemen, not Members of the House, there were no tears shed when section 18 went out of the bill.

It is a section fraught with far-reaching importance; no man in this body can tell how far. No one knows what section 18, as it passed the Senate, would mean to the American people. The law as it stands to-day makes the small postmaster in the community the nearest approach to a democracy in government. He is responsible, and a complaint can reach him. This would not be the case with a civil-service clerk in charge of the post office. Under section 18 as it was recommended by the department and as it passed the Senate you would do away with personal responsibility to a large extent. Not necessarily, I mean, but you would legislate to increase the discretion in the Post Office Department.

I am not criticizing any present or past Post Office Department, but when I am called upon to legislate and help to place a law on the statute book I do not act for the past or the present alone, but for all time, until conditions change, or until other legislation is had. Under section 18 it would be possible, as has been stated here, to abolish every post office in each county in the United States, every post office in each congressional district in the United States, every post office in each State in the United States, and only leave one post office, as my friend from Minnesota stated, in the United States.

It may be argued that of course that would not be done. Certainly it would not be done, but how much of it would be done we do not know and we are not going to take any chances. When we are legislating we should know. You do not know and can not know what would be the effect of section 18.

The present law requires one post office at least in each county located at the county seat. Very well. Take my own home county, where there are two second-class post offices. The county-seat post office is only about one-third in size to one other second-class office. Would you have the larger office account to the county-seat office, or reverse it, or what would you do? I am opposed to this class of legislation, and I am in favor of the law as it stands now.

There must be under the present law at least one post office and that located at the county seat, and the establishment of other post offices is in the discretion of the Post Office Department.

The gentleman from Illinois [Mr. MADDEN], whose ability in a business way we all admire, argues that it will save \$10,000,000 a year. He gives us no basis for these figures. Let us see about that. Ten million dollars a year saving! How he would save it he did not tell us, but the nonaccounting office would be a substation, and that office would be in charge of a clerk, and, of course, what salary that clerk would have we do not know, but it would be more or less on the contract order, open to competition, for 56,000 post offices, and I am of the opinion that when you got through paying the clerks in charge of the 56,000 post offices you would be more than \$10,000,000 in the hole. Instead of this being a good business proposition I think it is a very poor one. So, Mr. Speaker, this bill if enacted into law would serve no good purpose whatever.

One other point and that is this: What you want in this country is not too large centralization of power. This power would place it in the hands of the Postmaster General, absolute power, to centralize the postal activities of this country whenever he saw fit. That the present Postmaster General would do that nobody believes. But who will be Postmaster General in years to come we do not know.

Section 18 went out by unanimous vote of the conferees on the part of the House and the Senate. It went out because it is unnecessary legislation. It is legislation that no one understands the effect and purport of, and we should not legislate in any such manner. So, Mr. Speaker, the conference report, in my opinion, should be adopted, and adopted unanimously. [Applause.]

The SPEAKER. The gentleman from South Carolina yields back three minutes.

Mr. MOON. That leaves me six minutes?

The SPEAKER. Yes.

Mr. MOON. Unless some gentleman wants to use the time I will move the previous question.

Mr. BUTLER. Will the gentleman yield to my colleague Mr. McFADDEN three minutes?

Mr. MOON. Yes. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. McFADDEN] three minutes.

Mr. McFADDEN. Mr. Speaker, I simply want to call the attention of this House to the provision set forth in this conference report, presented by the gentleman from Tennessee [Mr. Moon], chairman of the Post Office Committee, permitting the deposit of postal savings deposits in other than national or Federal reserve banks, namely, State banks, savings banks, and trust companies, and the tendency on the part of the United States Government to give recognition to banks outside of those under the direct supervision of the United States, a bad precedent to be established, in view of the extreme desire of the men who are administering the affairs of the Federal reserve act, namely the Federal Reserve Board and their associates, to make the system so attractive as to bring these State banks and trust companies into the Federal Reserve System. [Applause.]

The SPEAKER. The question is on agreeing to the conference report.

The question was taken, and the conference report was agreed to.

RURAL CREDITS.

The House automatically resolved itself in Committee of the Whole House on the state of the Union for the further 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 provide for the investment of postal savings deposits, to create Government depositaries and financial agents for the United States, and for other purposes, with Mr. GARNER in the chair.

Mr. MANN. Mr. Chairman, I desire to offer an amendment. I move to amend, on page 76, by striking out, in line 17, the words "out of any moneys in the Treasury of" and inserting the word "by," and by striking out, in line 18, the words "not otherwise appropriated," so that it will read:

The salaries and expenses of the Federal farm-loan board and of farm-loan registrars and examiners authorized under this section shall be paid by the United States.

Mr. GLASS. Mr. Chairman, I accept that amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was agreed to.

Mr. MANN. Mr. Chairman, I now move to strike out, on page 77, all after the word "board," in line 6, down to the end of the paragraph.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amend, on page 77, by striking out after the word "board," in line 6, down to line 15, the following:

"All such attorneys, experts, assistants, clerks, laborers, and other employees, and all registrars, examiners, and appraisers shall be appointed without regard to the provisions of the act of January 16, 1883 (Vol. 22, U. S. Stat. L., p. 403), and amendments thereto, or any rule or regulation made in pursuance thereof: *Provided*, That nothing herein shall prevent the President from placing said employees in the classified service."

Mr. MANN. Mr. Chairman, the provision which I have moved to strike out is the provision which refuses to the President of the United States the right to fill these positions by appointment under the civil-service law, but which grants to him the right to thereafter cover the said employees into the classified service. It seems to me that if there ever be a bill which ought to be free from political consideration it is this rural-credits bill at this time in the House. I do not think these appointments ought to be made as political appointments. Under the provisions of the Constitution we can not direct the President how he shall make appointments, but sometimes we endeavor to do so and sometimes we do enact it into the law, and I presume the President usually follows the provision of the law, though he is not required to do so. We can, of course, refuse to the President the authority to use a law which we have passed, and I suppose we can refuse to the President the right to use the civil-service act in making appointments. That act is only permissive, at best. It only authorizes the President to make appointments or have appointments made in conformity with its provisions. Possibly we have the right to say that he shall not make use of the act, but the Constitution provides that the President shall make the appointments; and under the civil-service act appointments are made in accordance with that act unless the President issues an order to the contrary.

This provision which I have moved to strike out forbids the President making use of the civil-service act in the making of his primary appointments under this law. It seems to me that the purpose of that is to make partisan appointments. I suppose it would be resented by the gentleman in charge of the bill if one should say that after this act became operative it was intended only to loan money to Democrats if they were in power, or to Republicans if they were in power. Gentlemen would say that that was a childish, silly argument. Then why make appointments on a political basis? Why not give to the President the discretion to say that the appointments shall be made under the civil-service law, so far at least as the President shall determine they ought to be made under that law. There may be temporary appointments; there may be experts appointed, for aught I know, that ought to be made regardless of the civil-service law, but to say that clerks and all of the other employees shall be appointed under the old political system does not seem to me to be a desirable thing in enacting a bill designed for the benefit of a whole class regardless of politics. [Applause on the Republican side.]

Mr. GLASS. Mr. Chairman, I desire to state that there is no Member of this House who is a more sincere advocate of the civil-service law than I am. I do not believe in the spoils system in any way, shape, or degree. Nevertheless, this provision of this bill, taken bodily from the Federal reserve act, seems to the Committee on Banking and Currency of the House to be a desirable thing. In our judgment it is utterly impossible upon the initiation of a system like this to select experts, and appraisers of land values, and employees of that description, by the hard and fast regulations of the civil-service act. I do not believe in partisan appointments in the Government service, and I can not better illustrate my conviction upon that point than by saying to the House that, although I had some part in the construction and the enactment of the Federal reserve act, I have never to this day so much as made a recommendation to the Federal reserve board for the appointment of a typewriter or a janitor or any other position under the system. I detest Federal patronage, and if I could conceive that this provision of the bill would be administered in any partisan way, there is no Member of this House who would be quicker to vote it out than I; but I think it is necessary in the initiation of this system to proceed along these lines. Therefore, I hope the committee will not vote out the provision.

Mr. GILLET. Mr. Chairman, will the gentleman yield?

Mr. GLASS. Certainly.

Mr. GILLET. May I ask the gentleman if this language were not in, whether the President would not have absolute

power to make such exceptions as the gentleman thinks are necessary?

Mr. GLASS. Perhaps that is true, but that would put a matter of detail up to the President that I would not think he would care to bother with. This provision simply gives the farm-loan board, which is to be nonpartisan, the power to make these appointments of experts and appraisers without unnecessary restrictions. Can my friend from Massachusetts [Mr. GILLETT] imagine that any civil-service regulations could affect the qualifications of a man charged with the duty of valuing lands in various parts of the country?

Mr. GILLETT. If that be the only purpose, why include clerks and laborers?

Mr. GLASS. Because, as I have stated, the provision was taken bodily from the Federal reserve act. How that has been administered I am not prepared to say, except upon the general belief that it has been administered without regard to partisan considerations.

Mr. HUMPHREY of Washington. Mr. Chairman, it seems to me that we are about to repeat the folly that we committed when we created the Federal Trade Commission. If I am correctly informed, and I think I am, the Federal Trade Commission, much to their credit, I think, as well as for their self-protection, have appealed to the Civil Service Commission to hold examinations for them, although we did not provide that this should be done.

Mr. GLASS. May I interrupt the gentleman to remark that the Federal Reserve Board has done that precise thing, and that every appointment under the Federal Reserve Board that could be made subject to the civil-service regulations has been so made.

Mr. HUMPHREY of Washington. Well, I understand the Federal Trades Commission have asked the Civil Service Commission to hold examinations where they have appointments to make, although not required by the law. They did it, as I understand, not only for the good of the service but for self-protection. If I understand, when they started there were 1,500 or 2,000 applicants for something like 100 places, and the pressure was so terrific they went to the Civil Service Commission and appealed to them for assistance, and asked them to hold examinations, and in that way reduced the number to something like 250 from which they could make selections.

Mr. GLASS. I will say to the gentleman precisely that course was pursued by the Federal Reserve Board where the question of expert employees was not involved.

Mr. HUMPHREY of Washington. Now, it does seem to me when this commission went voluntarily to the Civil Service Commission and asked that they be protected in this way, for the good of the service and for the good of the country, we ought to enact the amendment that the gentleman from Illinois [Mr. MANN] has proposed.

Mr. GLASS. Mr. Chairman, I ask unanimous consent that debate on this proposition be closed—

Mr. GILLETT. I would like to have five minutes.

Mr. MANN. There are some other gentlemen over here who desire time.

Mr. GLASS. I do not want to shut off debate, but I do wish to proceed.

Mr. MANN. We would like to have 15 minutes more over here.

Mr. GLASS. I will ask, Mr. Chairman, that debate close in 20 minutes.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that debate on this paragraph close in 20 minutes. Is there objection. [After a pause.] The Chair hears none.

Mr. CULLOP. Mr. Chairman, as I read the provision which the gentleman from Illinois [Mr. MANN] has moved to strike out, it does not prevent the President from going into the classified service and appointing these men to these positions. The language of it is as follows:

All such attorneys, experts, assistants, clerks, laborers, and other employees, and all registrars, examiners, and appraisers shall be appointed without regard to the provisions of the act of January 16, 1883.

Now, that does not compel him to go into the classified service to appoint them, and it does not prevent him from doing so. In other words, he is not bound to ignore it, but he may under this provision make his appointments out of the men who have passed the civil-service examination, or may not do so, at his option. So there is nothing here that requires the construction to be put upon the language of this provision which the gentleman from Illinois has placed upon it in the statement he has made in support of his amendment. Now, Mr. Chairman, the President may conclude that men who have not passed the civil-service examination are better qualified to fill these posi-

tions at the inception of the operation of this law, at the time that this administration is begun, than men who have passed the examination; and therefore, under the language of this statute, he may select anyone he pleases, without reference to the civil-service law, or he may take upon himself the initiative and select from the classified service the men who shall be appointed to these places.

Now, that is all there is in this language; and if they have been proceeding in other departments, such as the Trades Commission and one or two others, to select men from the classified service, the language is such that it does not compel him to resort to the classified service to make these appointments at the start, and in the proviso the gentleman moves to strike out there is nothing which will prevent the President from placing the employees in this department under the classified service.

Now, if I were to write the act, I would write it freed of the classified civil service. I believe that the President of the United States and the men in charge of the initiation of this great system can better select the men who can popularize this great system, who can make it more effective and a greater success than by resorting to the civil-service law to make the selections. I would like at this time to call attention of the committee to this fact, that under the classified service of this Government there are 500,000 employees. That constitutes an enormous army of officeholders. The number now is almost able to dictate here in Congress what the legislation of the National Congress shall be. It is too great a power, too valuable a patronage to be intrusted to the hands of any one man in this country, I care not who that man may be. [Applause.] This power is great enough to be felt in every department of public affairs, and is asserting itself in dictating public legislation and the development of public policies. Its power should not be increased by multiplying its numbers, but, on the contrary, its powers should be curtailed, its numbers reduced, in order that it may not direct the policies of the people. Selfish interest on the part of this great army of public officials will direct their efforts in promoting their welfare rather than the welfare of the people. The power should be decentralized and its growth checked in order that it may not become arbitrary and autocratic and thereby menace the best interests of the public. [Applause.]

Mr. GILLETT. Mr. Chairman, according to the argument of the gentleman from Indiana [Mr. CULLOP] this clause means nothing at all, but it is perfectly clear that it has a meaning and has an effect, and to my mind it is perfectly clear what the intent of it is, and that is it is to allow these appointments to be made according to the old spoils system and to give patronage to the Democratic Party. Now, I believe thoroughly in the sincerity of the chairman of this committee in what he has said. I do not believe if the chairman of this committee had had the drafting of this clause he would have inserted it. Mr. Chairman, if that clause was not in at all, then the President of the United States had absolute power over the method of appointment. He could cover these into or except these from the civil service according as it was necessary, and if the experts, to whom the gentleman from Virginia [Mr. GLASS] referred, ought to be excepted, he could have excepted them; but to pretend that the clerks and the laborers at least—those two classes—to pretend that they should be excepted from the civil-service law because they could not be procured through the Civil Service Commission is preposterous; and, Mr. Chairman, I think that the Democrats might as well admit that they put in this clause in order to give the Democrats patronage.

Now, I will admit that it is much easier for a member of the minority to criticize such a clause as this than it is for a member of the majority. I admit the party that is in the majority always has the temptation to put in such a clause as this in order to get patronage for themselves, but the Democratic Party since they have been in power have distinguished themselves by these numerous exceptions which they have put into different bills. They put a clause into their tariff bill excepting the income-tax collectors from the operation of the civil-service law.

They put a special provision on the deficiency bill excepting the deputy marshals and the deputy internal-revenue collectors, and they have every little while, apparently distrusting their own President, taken the subject out of his hands and put positions into the classified service; and, thinking apparently he was too much of a civil-service reformer, they have tried, just as they are trying here, to take away from him the power, and I think they deserve to be criticized and condemned for it.

The gentleman from Virginia [Mr. GLASS] quotes as a precedent the case of the Federal Reserve Board. To my mind the Federal Reserve Board was a rank case of partisanship. President Wilson appointed the board, and every member of it

was a Democrat, and it was intended, I believe, there, just as it is intended here, by excepting its subordinates from the civil-service law to give patronage to Members of Congress. As the gentleman from Washington [Mr. HUMPHREY] says, that board finally, to protect itself, was compelled to go to the Civil Service Commission and ask them to select its subordinates by examination. But I do not believe they did that until the most pressing needs of the leading Democrats had been relieved. I venture to suspect that some prominent individuals in the Democratic Party got patronage. I do not believe the Secretary of the Treasury, for instance, was neglected. I think the Democratic Members of Congress are deceiving themselves in putting this clause in and thinking they are going to get a good deal of patronage out of it. I believe the officials of this board will want to protect themselves against Members of Congress.

A few of the very important Democratic magnates will probably get positions such as they want, but when it comes down to feeding the ordinary Member of this House I am inclined to think these gentlemen of the farm-loan board will be obliged in self-defense to do as the Federal Reserve Board did and the Federal Trade Commission did, and in order to keep the Congressmen from pestering them for offices will resort to some form of examination. But the vice of this provision is that it allows them to give such places as they please to their favorites, or the favorites of their friends or patrons, and that I believe is the only purpose of the proposition. The Republican Party when it was in power was not always blameless in this respect. There was always a large element in it as there will probably always be in every majority party which wanted to give itself patronage and the distribution of offices. But there were generally enough genuine believers in civil-service reform to detect and prevent such selfish legislation as this. But since the Democratic Party obtained power there has been a constant effort to let down the bars, to take advantage of every excuse to abrogate the civil-service law and provide a few places for deserving Democrats who could not pass a competitive examination. The President, despite his professions of devotion to the merit system, has approved these attempts and has seconded them by issuing an unprecedented number of Executive orders authorizing the appointment of favorites in opposition to the advice of his Civil Service Commission. The result is that the pledge of the Democratic platform promising an honest enforcement of the merit system has been shattered and dishonored like so many other of its planks by the legislative action of the Democratic Congress and by the Executive action of the Democratic President.

Mr. MAPES. Mr. Chairman, this is another raid on the civil service. It is too bad to prejudice this important piece of legislation by starting it off under the spoils system. This bill has been changed in a great many particulars, from the rural-credits bill, which was considered in the House during the last Congress, but this provision to do away with the civil service remains the same.

It is proposed that all the clerks and other employees provided for in the bill shall be appointed without regard to the civil service. Not satisfied with that, after they are once appointed it is provided, "that nothing herein shall prevent the President from placing said employees in the classified service." The authors of the bill are not willing to take any chances on the merit system in selecting employees under the act but are perfectly willing to make their positions secure after they have once been appointed.

The action here proposed, however, is in harmony with other legislation enacted since this administration came into power. I must confess, Mr. Chairman, that I was surprised to hear the distinguished chairman of the Banking and Currency Committee say a few minutes ago that he was a thorough believer in the civil-service law and opposed to the spoils system. The two principal bills reported by his committee in the last and this Congress, which is as long as I have been a Member of the House, have contained express provisions exempting all of the employees created by those bills from the civil service. The Federal reserve act, for which the gentleman from Virginia [Mr. GLASS] was principally responsible, contained a provision similar to this one, providing that all the employees of the Federal Reserve Board should be appointed without regard to the civil service, and the rural-credits bill reported by his Committee on Banking and Currency in the last Congress contained the same provision. It is now proposed again to appoint all the employees of this new rural-credits system without regard to the civil service.

In this connection, if I may be pardoned for calling attention again to an instrument which has been so much discredited as the last Democratic platform, it might not be out of place to

read the plank in that platform on this subject. It was there solemnly declared by the Democratic Party that—

The law pertaining to the civil service should be honestly and rigidly enforced, to the end that merit and ability shall be the standard of appointment and promotion rather than services rendered to a political party.

As if to make assurance doubly sure, the platform further declared:

Our platform is one of principles which we believe to be essential to our national welfare. Our pledges are made to be kept when in office as well as relied upon during the campaign.

In spite of these promises and platform pledges no administration in recent years—in fact, no administration since the civil-service law was enacted—has made such attacks on the civil service as has this one. In addition to the laws already called attention to in which the civil-service law has been set aside are the following enacted by this administration:

The Underwood Act exempted collectors of the income tax from the civil service.

The deficiency appropriation act of the last Congress took deputy United States marshals and deputy collectors of internal revenue out of the civil service.

The Post Office appropriation bill in the last Congress attempted to take assistant postmasters out of the civil service, but that provision was defeated on the floor of the House.

This amendment would strike out the language in this bill which provides that all the employees under this act shall be appointed without regard to the provisions of the civil-service law. If adopted, they would have to be selected the same as other employees of the Government are selected.

It seems to me, Mr. Chairman, that it would be particularly unfortunate to have this rural-credits act, which has been considered in such a nonpartisan way both by the committee and by the House, and which is so important to the farmers of the country, started off under the spoils system. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. LENROOT. Mr. Chairman, I do not know whether there is any use in appealing to the other side of the House to adopt this amendment; but I would think that after the election in West Virginia on Tuesday enough Members, at least, upon that side of the aisle would stop and consider the record they are making, in their own interest, if not in the interest of the party to which they belong.

Mr. Chairman, the Democratic Party, like the Republican Party, in every platform and in the last platform pledged themselves to the civil-service law, and insisted—and I have it in my hand, but I shall not take the time in the five minutes I have to refer to it—that it should be carried out in spirit and faithfully applied. And yet, Mr. Chairman, every time an opportunity has arisen to destroy the civil-service law a very large majority of the membership upon the Democratic side of this aisle have voted to destroy it.

Now, Mr. Chairman, what reason can there be for exempting all of these employees from the civil-service law? Why, we all remember, when President Taft covered fourth-class employees into the civil-service—a thing which I did not at all approve as to the manner in which it was done—that this Democratic administration, in ordering civil-service examinations, said that their only purpose was to know whether the fourth-class postmasters that had been covered into the classified service were competent or not. And they held examinations all over the United States ostensibly for that purpose. Of course we all realize that their actual purpose was by indirection to get Democrats into those fourth-class post offices. But, Mr. Chairman, if it was necessary, according to their theory, to ascertain by competitive examination whether fourth-class postmasters were competent to perform the duties of their office, how can they vote consistently to keep this section in the bill which provides that there shall be no examination at all? I realize, Mr. Chairman, as does everyone upon that side of the aisle, that even though you do put them in the classified service, you upon the other side will find ways and means to get these places for Democrats rather than Republicans. That is not the point. But if this is in the classified service, the Democrats that will go in there will have to pass an examination and show they are qualified to perform the duties to which they are appointed.

That is exactly why you want these exempted from the classified service, because you on that side want the privilege of appointing Democrats who are not competent to perform the duties. You want to treat this as a piece of political pie, irrespective of the merits or the services which they will perform; and so far as this bill is concerned a very large majority upon that side of the aisle are looking a good deal more to the jobs

that will be created for Democrats in this bill than to the benefit to the farmers that will result from the bill. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired. All time has expired. The question is on agreeing to the amendment.

The question was taken, and the Chairman announced that the "noes" seemed to have it.

Mr. MANN. I call for a division, Mr. Chairman.

The committee divided; and there were—ayes 46, noes 81.

Mr. MANN. I ask for tellers, Mr. Chairman.

Tellers were ordered, and the Chairman appointed Mr. GLASS and Mr. MANN to act as tellers.

The committee again divided; and the tellers reported—ayes 50, noes 89.

So the amendment was rejected.

Mr. FESS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on the amendment just defeated.

The CHAIRMAN. The gentleman from Ohio [Mr. FESS] asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. MANN. Mr. Chairman, I move to amend, page 77, line 15, by striking out the word "employees" and inserting the word "positions."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Amend, page 77, line 15, by striking out the word "employees" and inserting the word "positions."

Mr. MANN. So that it would read, Mr. Chairman:

Provided, That nothing herein shall prevent the President from placing said positions in the classified service.

Mr. GLASS. I accept that amendment, Mr. Chairman.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GLASS. Mr. Chairman, on page 77, line 18, there is a misprint. The word "lands" ought to be "land." I ask unanimous consent that the alteration be made.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that the amendment suggested be agreed to. Is there objection?

There was no objection.

Mr. GLASS. Mr. Chairman, I submit to the committee that this bill was hastily printed, and I have discovered quite a number of typographical errors, and I ask unanimous consent that those obvious typographical errors may be corrected by the Clerk.

Mr. MANN. Let the Clerk correct them.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WALSH. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Massachusetts [Mr. WALSH] moves to strike out the last word.

Mr. WALSH. In view of the vote that has just been taken on the amendment offered by the gentleman from Illinois [Mr. MANN]—

Mr. GLASS. Mr. Chairman, if there are no further amendments—

Mr. HOWARD. I have an amendment, Mr. Chairman.

Mr. GLASS. How many amendments are proposed to be offered?

Mr. MANN. Three gentlemen over here wish to offer amendments to the section, besides the pro forma amendment offered by the gentleman from Massachusetts [Mr. WALSH].

Mr. WALSH. Mr. Chairman, in view of the vote that has just been taken on the amendment of the gentleman from Illinois [Mr. MANN], I should like to call the attention of the committee to a little ancient history, and to read the words of the late lamented President of this Nation, William McKinley, spoken in debate on April 24, 1890, when an attempt was made to strike out the appropriation for enforcing the civil-service law. And I want to direct the attention of the members of the committee to the fact that it was on that side of the House almost entirely that the opposition has just now developed to the amendment of the gentleman from Illinois [Mr. MANN]. Speaking on the proposition in 1890, Mr. McKinley, of Ohio, said:

If the Republican Party of this country is pledged to any one thing more than another, it is to the maintenance of the civil-service law and its efficient execution; not only that, but to its enlargement and its further application to the public service.

The law that stands upon our statute books to-day was put there by Republican votes. It was a Republican measure. Every national plat-

form of the Republican Party since its enactment has declared not only in favor of its continuance in full vigor, but in favor of its enlargement so as to apply more generally to the public service. And this, Mr. Chairman, is not alone the declaration and purpose of the Republican Party, but it is in accordance with its highest and best sentiment—aye, more, it is sustained by the best sentiment of the whole country, Republican and Democratic alike. And there is not a man on this floor who does not know that no party in this country, Democratic or Republican, will have the courage to wipe it from the statute book or amend it save in the direction of its improvement.

I regret that since that time, apparently, some gentlemen on that side of the House have received sufficient inspiration and encouragement from somewhere to attempt to do by indirection what they do not dare to do directly.

Mr. FERRIS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Massachusetts yield to the gentleman from Oklahoma?

Mr. WALSH. No; I regret I can not yield. I have but a few minutes remaining of my five minutes.

The CHAIRMAN. The gentleman declines to yield.

Mr. WALSH. Mr. McKinley proceeded further, and said:

The merit system is here, and it is here to stay, and we may just as well understand and accept it now and give our attention to correcting the abuses, if any exist, and improving the law wherever it can be done to the advantage of the public service.

I want to call the attention of that side of the House to the fact that what the lamented McKinley said at that time is true to-day; that the people of this country believe that the civil-service laws should be enforced in spirit and in letter; and that they will resent any attempt on the part of the majority party, as indicated in its vote upon this amendment proposed by the gentleman from Illinois [Mr. MANN], to break down those laws and throw open that class of service to be filled by the political henchmen of the majority party, who are lieutenants in that vast army of deserving Democrats, hungry for jobs. [Applause on the Republican side.]

Mr. GLASS. Mr. Chairman, I do not think much credit is to be derived by any side or any party by diverting this House from modern legislation by going into ancient history and by holding post-mortems over a proposition that has already been decided. I hope we will confine ourselves to the consideration of this bill. [Applause on the Democratic side.]

Mr. POWERS. Mr. Chairman, I move to amend section 3, page 77, line 9, by striking out the word "without" and substituting the word "with," and on page 77, lines 12 and 13, by striking out the words "or any rule or" and substituting "with regard to rules and," and on line 13, after the word "thereof," by striking out the words "*Provided*, That nothing herein shall prevent the President from placing said employees in the classified service," so that as amended it will read:

All such attorneys, experts, assistants, clerks, laborers, and other employees, and all registrars, examiners, and appraisers shall be appointed with regard to the provisions of the act of January 16, 1883 (vol. 22, U. S. Stat. L., p. 403), and amendments thereto, and with regard to the rules and regulations made in pursuance thereof.

Mr. GLASS. Mr. Chairman, I make the point of order that substantially the same proposition has just been voted down.

Mr. POWERS. I want to say, Mr. Chairman, that this is not the same proposition at all, because the amendment of the gentleman from Illinois [Mr. MANN] proposed to strike out the entire provision and leave it in the discretion of the President to appoint, without regard to the classified service. My provision makes it incumbent upon the President to appoint with regard to the classified service.

The CHAIRMAN. The Chair is inclined to believe that the point of order is not well taken, because of the fact that the other provision would leave it discretionary with the President, whereas under the amendment offered by the gentleman from Kentucky he would be compelled to observe the civil-service law.

Mr. GLASS. I ask unanimous consent that all debate on the amendment conclude in five minutes.

Mr. FERRIS. Make it seven minutes.

Mr. GLASS. I ask unanimous consent that all debate on the amendment conclude in seven minutes.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on the amendment be closed in seven minutes. Is there objection?

There was no objection.

Mr. POWERS. Mr. Chairman, one plank of the Democratic platform adopted at Baltimore in June, 1912, reads in part as follows:

The law pertaining to the civil service should be honestly and rightly enforced, to the end that merit and ability shall be the standard of appointment and promotion, rather than service rendered to political parties.

Mr. Chairman, the Democratic Party of this Nation went before the voters of this great country with that as one of the planks in their platform. They made a sacred pledge that if entrusted with power they would carry out in letter and in

spirit the civil-service laws and regulations on the statute books of this great country.

Mr. LA FOLLETTE. Will the gentleman yield?

Mr. POWERS. I yield to the gentleman.

Mr. LA FOLLETTE. Was there any plank sacred except that one? They seem to have broken them all.

Mr. POWERS. In further answer to the gentleman's question I desire to say, Mr. Chairman, that apparently no plank of the Democratic platform adopted at Baltimore has been regarded by them as binding upon them in the legislation that they have enacted since they came into power. The Panama Canal tolls plank was broken—

Mr. MOORE of Pennsylvania. Have not all these broken planks to which the gentleman refers been repealed by common consent?

Mr. POWERS. If they have not been, they will be in the approaching November election. [Applause on the Republican side.] I can not discuss at this time all the broken pledges of the Democratic Party.

Mr. HUMPHREY of Washington. Not in five minutes' time.

Mr. POWERS. By no means. It would take a month to reiterate them all and to lay them before the people of this Nation.

Of course, Mr. Chairman, in regard to the violation of the civil-service law, so far as this bill is concerned, let me say that this is one bill of all bills that ought to be free from the spoils system. The farmers of our country are interested in good legislation. They have never stood at the pie counter. They have never stood at the public trough. They are far removed from all that in the business in which they are engaged. They are entitled to have a rural-credits system set up in such a way as will produce the very best results for them and the country generally. When the President of the United States was a candidate for the Presidency, he wrote a letter to the National Civil Service Reform League, of which he was vice president up to the time of his election, stating that he would see to it that at all times the service laws and principles should be upheld by him.

Mr. FERRIS. Mr. Chairman, I will detain the House only long enough to say that while the Democratic side of the House are passing bills beneficial to the farmers and in keeping with our platform pledges, the Republican side of the House are, as usual, engaged in talking politics. [Applause on the Democratic side.] But before I pass from that I want to refer to the speech of the gentleman from Massachusetts [Mr. WALSH] just a moment ago, who took occasion to read from the utterances of President McKinley when he was a Member of this House. I wonder why he did not take time to read from President Taft's last Executive order, which, in effect, placed under the civil service some 28,000 or 30,000 partisan Republicans, who had been appointed on the recommendation of partisan Republican politicians. [Applause on the Democratic side.] And again, while I am not the defender or spokesman of the present administration and am not in any way commissioned for that purpose, I may add that the fact of the business is that the Wilson administration has enforced the civil-service rules to a very much greater extent than any reasonable man would expect them to do under the circumstances. Talk about abusing the civil service! It was abused more in the last few days of the Taft administration than it probably ever will be again.

Mr. POWERS. Will the gentleman yield?

Mr. FERRIS. The gentleman from Kentucky made a bland prophecy a few minutes ago about what the Republicans would do to us in November. They had a little victory on Tuesday. In a district normally Republican by 4,000 or 5,000 they carried it by a few hundred. So that is the much talked of and wonderful victory that they enjoyed on yesterday; and so with all their victories and all their bland prophecies. They might all be properly consigned to the scrap heap together, but this is not the time or place to discuss but very few of the Republican delinquencies and short comings. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The question is on the amendment offered by the gentleman from Kentucky.

Mr. COX. May we have the amendment reported?

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. POWERS: Page 77, line 9, strike out the word "without" and insert the word "with"; line 12, strike out "or any rule or regulation" and insert "and with regard to the rules and regulations"; line 13, after the word "thereof," strike out the remainder of the paragraph, so that the paragraph as amended will read: "All such attorneys, experts, assistants, clerks, laborers, and other employees, and all registrars, examiners, and appraisers shall be appointed with regard to the provisions of the act of January 16, 1883 (22 U. S. Stat. L., 403), and amendments thereto, and with regard to the rules and regulations made in pursuance thereof."

Mr. MANN. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. All debate upon this amendment is closed. The question is on the amendment of the gentleman from Kentucky [Mr. POWERS].

The amendment was rejected.

Mr. McLAUGHLIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McLAUGHLIN: Page 77, line 8, strike out the word "shall" and insert the word "may."

Mr. McLAUGHLIN. Mr. Chairman, the speeches made by some gentlemen on this paragraph indicate a belief on their part that this paragraph will be construed just as I wish by my amendment to have it provide clearly and without question; that is, that it ought not in so many words to require the President to make these appointments without regard to the civil-service law, but to permit him, in his discretion, to make appointments without regard to that law. They may be right as to the construction and meaning of the word "shall." Often the word "shall" is construed to mean the word "may," but it seems to me that it will be better to use the word "may" rather than the word "shall." It will show a better disposition; it will not show a disposition on the part of the House to require or to ask the President to regard civil-service law or to demand that he shall violate it or fail to observe it. It will be better to permit him to disregard it if the exigency of cases coming before him seem to require him to disregard it.

I appreciate that some of the places may be better filled in the first instance when the force is to be organized by making some selections without regard to the civil-service law. But it seems to me that Congress ought to be slow in placing itself upon record directly in opposition to that law, which in its platforms it has promised to observe.

The Democratic Party, in control of the House, ought to make some effort to comply with and keep some of the promises of its platform. Evidently there is only one pledge made in the Baltimore platform that is to be kept, and observance of that pledge will not be kept by the Democratic Party itself or of its own accord; observance will be demanded and enforced by the people of the country in November, when they will insist by an overwhelming vote that the one-term plank of the platform must be fulfilled. [Applause on the Republican side.]

I offer this amendment in good faith, hoping our Democratic friends will consent to it and make the provision permissive instead of obligatory upon the President.

Mr. GLASS. Mr. Chairman, I ask unanimous consent that debate on this amendment close in five minutes.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that debate on this amendment close in five minutes. Is there objection?

There was no objection.

Mr. MANN. Mr. Chairman, the gentleman from Oklahoma [Mr. FERRIS], endeavoring to console himself and the other Democrats in the House a moment ago, said that the Republicans had elected a Republican Member of the House in West Virginia last Tuesday in a Republican district. The statement was entirely true. All the districts, with a very few exceptions, all over the North in the United States are to-day Republican [applause on the Republican side], including the district represented by my genial friend from Oklahoma. [Laughter and applause on the Republican side.]

Mr. HOWARD. Mr. Chairman, I want to say a few words for the sake of those gentlemen on the other side of the House who seem to be suffering from political cramp colic.

Mr. MANN. We are enjoying it, not suffering.

Mr. HOWARD. And want to play politics on a bill of this sort. They talk about what they are going to do in November. Why, they are going to be the sickest set of Republicans in November that you ever saw in your life. [Applause and laughter on Democratic side.]

The gentleman from Michigan referred to the one-term plank. That is the main thing that seems to interest all of you. You are as scared of President Wilson as you are of a cinnamon bear. You stay awake at night to keep from having a Wilson nightmare. [Laughter and applause on the Democratic side.] Here you are, 30 days from the great convention of your party, running around like a cat shot with a paper of No. 8 tacks, trying to find some one to take a nomination that they know will not be worth anything after they get it. [Laughter and applause on the Democratic side.] One day it is Root; the next day it is Roosevelt, or WEEKS, or BURTON, or FAIRBANKS, or CUMMINS, or LA FOLLETTE, or HUGHES. Then your Republican papers let out a wail for a man to beat Wilson. No one seems to have any

interest in the coming convention but the southern negro delegates. Do you know why they are interested? They want to be at the auction. It is really amusing to see the bravery and the front that you are putting on—whistling while you go through the graveyard. You may keep on whistling, but everybody knows you are scared. [Laughter and applause.]

What I want to call attention to is this: The gentleman from Massachusetts [Mr. WALSH] delivered a speech over there a while ago about civil service. Now, the people do not know so much about your application of the civil-service law, because you have been pretty smooth in the way in which you couched the language when you wanted to evade it, but brave when you did it *à la* armis, and broke the world's record by covering 36,000 of the old faithful Republicans into the civil service at one stroke of the pen. Of course, that was not an assault upon civil service. That was literal murder. Of course, you blessed Republicans over there condemn that now. How it shocks your modesty to even refer to it; it makes you shudder to think one of your Presidents was so naughty.

The result after the Democrats came in, after your being in power 16 years, was that we found that 95 per cent of the post-office inspectors were Republicans—85 per cent of all the civil-service employees were Republican—and you lambasted every Democrat that raised his head up and got a decent salary. You were doing it with a bludgeon, and we have been trying to do it more decently. [Laughter and applause.]

Now, as a matter of fact, I want to show you how you have evaded the civil service. When you established the Tariff Board, one of the most innocent little things I ever saw, couched in perfectly innocent language, and if I did not love my friend from Illinois [Mr. MANN] like I do, I would accuse him of having written the paragraph, and I believe he did have something to do with it.

Here is the way you handled the Tariff Board:

To secure information to assist the President in the discharge of the duties imposed upon him by this section, and the officers of the Government in the administration of the customs laws, the President is hereby authorized to employ such persons as may be required.

The President did employ every blessed one of them, from the president of the board to charwomen. He never consulted the civil service; he only consulted your Republican patronage dispensers who happened at that time to have on hand a very healthy supply of "lame ducks." He took care of the "lame ducks" until we sent them off on crutches by abolishing the whole inefficient shooting match.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken, and the amendment was rejected.

Mr. MORGAN of Oklahoma. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Insert after the word "Senate," on page 74, line 16, the following: "Before appointing said board the President shall divide continental United States, excluding Alaska, into three districts, which he shall designate by number. He shall certify said districts to said board, which shall cause the same to be made of record. One member of said board shall be appointed for each of said districts, and the person so appointed shall have been an actual resident of said district at the time of his appointment for more than two years immediately prior thereto. Thereafter not more than one member of said board shall be a resident of any one of said districts."

Mr. MORGAN of Oklahoma rose.

Mr. GLASS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MORGAN of Oklahoma. Mr. Chairman, the amendment that I offer I think should be accepted by the chairman of the Banking and Currency Committee and adopted by the Committee of the Whole. This bill provides that we shall create a Federal farm-loan board consisting of three members. This board, as we all know, is given very great powers in directing the affairs of these land-credit institutions. The members of the board are to hold office for nine years, which is almost equivalent to life positions. All this amendment proposes is that, before making the original appointments, the President shall divide the United States into three districts. As there are 48 States, there will be an average of 16 States in each district, one, say, in the West, one in the South, and one in the central or eastern part. My amendment provides that one member of that board will be appointed from each one of those districts. I do not see how there can be any objection to the proposition. There would naturally be, to some extent, different conditions in the different parts of the United States.

The wants and needs of the farmers in one section would differ from those in another section. Why would it not be proper to divide the country into three districts and appoint one of the members of this board from each one of those three districts? That would give fair representation to the farming interests of the entire country. There may be a time, with all the power that we give to this Federal farm-loan board, a majority of the board may live in the East, that the West might not have proper consideration, although the members of the board might be absolutely honest.

There is something in environment, there is something in the point of view. No man can understand the West or the great Southwest or the Pacific coast unless he is, to some extent, identified with those sections of the country, and likewise a man who lives in the far West and gets his inspirations, ideas, and conceptions from that part of the country can not have a proper conception of the conditions in the East. It would seem to me to be a wise precaution to make this division and have one member of the board appointed from each one of three great districts. Of course, this does not change the bill in any important particular. It probably would run all right without it, but, in my judgment, it would be a wise precaution to take.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Oklahoma.

The question was taken; and on a division (demanded by Mr. MORGAN of Oklahoma) there were—ayes 30, noes 47.

So the amendment was rejected.

Mr. HOWARD. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Page 76, line 21, strike out the words "and the joint-stock land banks."

Mr. HOWARD. Mr. Chairman and gentlemen of the committee, if I can get the attention of the committee for a moment or two on this proposition I would be very glad. I would like only to inject this question at this stage so that Members may think it over. My honest, cool judgment, after studying this proposition, is that the mixture of a different form of banks with the land-mortgage banks of the Federal system is the worst mistake we can make. There are two very strong objections, as I see them, to the adoption of this joint-stock bank provision in this bill. First, there is no limitation upon the rate of interest to be charged. The section says that they can charge only 1 per cent above what the last bonds sold for, but it does not restrict the loans made to farm loans.

Mr. MOSS of Indiana. Oh, the gentleman is mistaken when he says that there is no limitation fixed.

Mr. HOWARD. No fixed rate.

Mr. MOSS of Indiana. Yes; there is a fixed rate. No bond can be issued at a higher rate than 5 per cent.

Mr. HOWARD. They can charge 1 per cent above what the bonds sold for the last time, but you provide that this rate shall not be in excess of 6 per cent, including the 1 per cent.

Mr. MOSS of Indiana. And no bond can be issued higher than 5 per cent.

Mr. HOWARD. Well, we will eliminate that for the present; but what is the object of establishing a system of farm credits for the farmers of this country? Let us get right down to the reason for this legislation and let us reason about it.

Mr. MANN. Does the gentleman want an answer to that question now?

Mr. HOWARD. No; not from the gentleman. [Laughter.] Not right now. The reason for the establishment of farm-loan banking is this: As a Nation we are dependent upon the farming element of our population for the subsistence of our people. That is the reason we want to induce some of the great influx of citizens that is pouring into the civic centers for the purpose of educating their children and making a better living to stay in the country on the farm; and we are endeavoring to permit them to finance their capital demands at a reasonable rate of interest that farming may become a more profitable business. What do you do? When you establish these joint-stock banks you depart from the very principle of rural-credits banking, every single principle of it. You allow the badge of respectability, Government respectability and integrity, to be pinned to individuals who go into these joint-stock banks, establish them with \$250,000 capitalization, and issue fifteen times their capital stock in bonds purely for individual gain. I will admit that their bonds are distinctive in color, that they are distinctive in print, and the general public will not be deceived as to which bond it is getting; but I want to submit that if one of these privately owned corporations ever fails and the American public gets bitten by one of these failing banks, then your rural-credits system as a whole is gone to the bowwows, and you will displace the confidence of the American investing public in this kind

of security as a good investment and shake the confidence of the country in the system. People say that it is safeguarded against fraud.

If you are going to establish a system of farm-loan credits for farmers and the Government is going to exercise supervisory powers over it, do so. This field is amply covered now by the insurance companies. This field is amply covered by the private land-mortgage banks of this country that are doing business, but gentlemen will say this is to meet the demands for shorter time loans than five years. If that be true, then the farmer who needs the loan can go to these private corporations and secure his loan; he would certainly drive as good a bargain with them out of this bill as he could with them in the bill. Why, the gentleman from Illinois, the gentleman from Indiana, the gentleman from Iowa in their States are getting money from three to five years from land banks already organized at 6 per cent. Why do you want to put in jeopardy a system that the Government of the United States is behind for the purpose of allowing a few private individuals that have got \$250,000 capital, engaged with the Government side by side with them, to enjoy practically the same privileges, and a great deal more privileges, than the rural-credit banks themselves are enjoying, and take the risk of jeopardizing the farmers' banks with this scheme to exempt some established banks from taxation? What interest will these banks have in selling bonds at a minimum rate of interest? They are to do business by marketing the most attractive interest-bearing bond. They enjoy all the privileges and none of the burdens of the system. The farmer gets nothing back in the way of dividends from these joint-stock banks. You create a corporate parasite to suck the life blood out of the very system you are trying to create with puny Government aid.

For love and mercy let us do something one time in the Congress for the farmer that will give him complete freedom so far as his affairs are concerned.

The CHAIRMAN. The time of the gentleman has expired.

The question is upon the amendment offered by the gentleman from Georgia.

Mr. HOWARD. Mr. Chairman, I ask unanimous consent that the amendment be again stated. Some gentlemen have come in since it was reported.

The CHAIRMAN. Without objection, the amendment will be again reported.

There was no objection.

The amendment was again reported.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the Chairman announced that the yeas appeared to have it.

Upon a division (demanded by Mr. HOWARD) there were—yeas 34, noes 41.

Mr. HOWARD. Mr. Chairman, I ask for tellers.

The CHAIRMAN. The gentleman asks for tellers. Sixteen gentlemen have arisen, not a sufficient number.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. POWERS. Mr. Chairman, before going to the next section I desire to move to amend section 3, page 76, line 20, by striking out the word "and" and substituting in lieu thereof the following:

Not exceeding in amount as salary more than \$5,000 each annually and same.

So that that part of the section as amended will read—

Mr. GLASS. Mr. Chairman, I make the point that debate is exhausted.

The CHAIRMAN. All debate was closed on the amendment. Mr. MANN. But that does not prevent an amendment being offered to the section.

Mr. CULLOP. Mr. Chairman, I call attention to the fact that the Clerk had begun to read the next section.

Mr. MANN. That point of order was not made.

Mr. GLASS. I make the point of order now.

The CHAIRMAN. The Chair thinks the gentleman is in time. The Clerk will report the amendment.

Mr. POWERS. I will read the language as it will read as amended:

Appraisers shall receive such compensation as the Federal loan board shall fix, not exceeding in amount as salary more than \$5,000 each annually and same.

I have put a limitation there that they shall not receive more than \$5,000 annually. Can I offer a few remarks on it?

The CHAIRMAN. Debate is closed. The gentleman will have to send up his amendment to the Clerk. The Clerk can not report the amendment without its being sent up.

Mr. POWERS. I ask unanimous consent that discussion on the bill may go on; I think it will save time—

The CHAIRMAN. But debate is closed by unanimous consent.

Mr. POWERS. I ask that the section be passed and that we may revert to it.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent to pass the section and to permit him to go back and offer an amendment.

Mr. POWERS. It is just to save the time; I do not want to take up the time of the committee.

Mr. PHELAN. Mr. Chairman, does the gentleman mean to go back to the section without debate just for the purpose of offering his amendment?

Mr. POWERS. I understand that debate is closed.

Mr. PHELAN. Does the gentleman now ask to go back to the section to offer an amendment without debate?

Mr. MANN. I shall ask unanimous consent that the gentleman be permitted to address the House for three or four minutes, if we go back.

The CHAIRMAN. Let the Chair see if he understands the request. What is the request of the gentleman?

Mr. MANN. That the gentleman from Kentucky have the right to recur to this section for the purpose of offering his amendment.

The CHAIRMAN. Is there objection to the request? [After a pause.] The Chair hears none.

The Clerk read as follows:

POWERS OF FEDERAL FARM-LOAN BOARD.

SEC. 4. That the Federal farm-loan board shall have power—

(a) To organize and charter Federal land banks, and to charter national farm-loan associations, and joint-stock land banks, as hereinafter defined, subject to the provisions of this act.

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

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

(d) To make rules and regulations respecting the charges made to borrowers on loans under this act for expenses in appraisal, determination of title, and recording.

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

(f) To suspend or to remove for cause any district director or any registrar, appraiser, examiner, or other official appointed by said board under authority of section 3 of this act; the cause of such suspension or removal to be communicated forthwith in writing by the Federal farm-loan board to the person suspended or removed, and in case of a district director to the proper farm-land bank.

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

Mr. PLATT. Mr. Chairman, I move to strike out the last word simply to call attention to subsection (b). It seems to me the authority there given the Federal farm-loan board is wholly unnecessary, but I know the probability is it would not be stricken out if I should so move. Here we are establishing a system of Federal farm-loan banks controlled at the outset by Government directors and afterwards controlled wholly by the borrowers themselves, and it does not seem to me it is at all necessary that any authority in Washington should be given the right or discretion to review the rate of interest charged by those banks. It is conceivable that such authority might do harm. If our system is workable—and I believe it is—this matter of interest will regulate itself. There is a similar provision in the Federal reserve act, and I believe this is taken from that. There is no use in putting language in here unless it will do some good, and it seems to me it is wholly unnecessary.

Mr. MOSS of Indiana. If the gentleman will permit, the power given to farm-land banks to make charges to borrowers is provided for on page 105, and it says it is to charge the borrowers under rules and regulations promulgated by the Federal farm-loan board, because if you keep in the language on page 105 it is necessary to give that board the right to promulgate rules and regulations.

Mr. PLATT. That is not the section to which I was referring.

Mr. MOSS of Indiana. That is on page 105, under subsection 8.

Mr. PLATT. That refers to reasonable fees, and so forth, and this subsection (b) refers to the rate of interest on loans. They are entirely different things.

Mr. MOSS of Indiana. On page 104, section 13, it relates to the power of the Federal land banks to charge borrowers, under rules and regulations promulgated by the Federal farm-loan board, reasonable fees not exceeding the actual cost of appraisal and determination of title. Now, then,

under section 4 the farm-loan board is given powers to make rules and regulations respecting the charges made to borrowers. It only gives the power to carry out what is provided on page 1.

Mr. PLATT. I am referring to subsection (b) and not to subsection (d). It seems to me the system we are creating is workable. I think it will work out a lower rate of interest in the long run, and if it does it ought to be permitted to take care of itself. The economic laws and competition between the two systems here will bring the rates of interest down. You can not have a board in Washington to regulate the rates of interest all over the country.

Mr. SISSON. I notice that there seems to be some latitude given as to interest charges fixed under this subsection (b). Does that mean that this board will have the right to fix one rate, we will say, in California and another rate in Iowa and another in New England?

Mr. PLATT. I think it does. It would practically mean that, I should think.

Mr. SISSON. It enables the board to have practically as many different rates of interest as they desire?

Mr. PLATT. It says that said rates are to be uniform so far as practicable.

Mr. GLASS. The gentleman will remember that the commodity rate fixed for the Atlanta banks was different from the commodity rate fixed by the St. Louis banks, but all the rates must be within the maximum. But there might be an entirely different reason in commercial banking and the loan on farm lands, which lands are fixed in their nature. There may be many reasons in commerce where you might want to make a rate of interest high in order to force the retirement of currency or to make it low in order to force an issuance of currency. But here we are having a fixed loan, a loan intended as nearly as possible to be a fixed loan.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SISSON. Mr. Chairman, I move to strike out the last two words. I did not really want to take the time from the gentleman from New York.

Mr. PLATT. I do not want to take any more time unless the gentleman wishes to ask me further questions.

Mr. SISSON. I was just wondering why, in fixing the interest on land values, this discretion should be vested in the board to make the change of interest.

Mr. MOSS of Indiana. I would like to give my own opinion. We give the board the power practically to say under what conditions the bonds shall be sold. Now, then, there is 1 per cent, which is the difference between the bonds and what the borrower pays. Now, then, the bank is given the power to charge the 1 per cent, but at the same time the board is given power to regulate, but they can make it less than 1 per cent if they want to. That is the power they would still exercise.

Mr. SISSON. I want to understand just why this power was given to the committee. Suppose the rate of interest in the South is higher with the local banks than it is, we will say, in Illinois or Indiana, is it intended that this board should be able to meet the differences in that State?

Mr. MOSS of Indiana. Oh, no; it means this. We have 12 land districts. In one there may be a very large volume of business done by the bank, and the bank can do it at a less rate per \$100. Here is a district that is sparsely settled, and it costs more to place business on the books.

Mr. SISSON. The overhead charges would be greater?

Mr. MOSS of Indiana. Here is 1 per cent, and the board will have an option as to whether the land banks will charge the full 1 per cent or a fraction of 1 per cent.

Mr. SISSON. Suppose the pressure should become great, and the rate of interest being greater in the South, then would it mean that the balance of the country might get money at a cheaper rate of interest than the people of the South, where the interest is high, as in Oklahoma, in Texas, and in Mississippi, that they might get money from the Government cheaper than they would where there is a great competition for money?

Mr. WINGO. If the gentleman will look closely, he will see that there can not be any variation except in the 1 per cent, as suggested by the gentleman from Indiana [Mr. Moss]. The market price of the bonds will fix the rate of interest, and within 1 per cent.

Mr. SISSON. Then, as a matter of fact, this board does not fix the rate, but the sale of the bonds fixes it?

Mr. WINGO. Yes; but the gentleman overlooks the suggestion made by the gentleman from Indiana [Mr. Moss]. If one of the banks was doing a very large volume of business, it might be impossible for it to operate upon less than the 1 per cent. For that reason, then, they could require them to make their loans at 5½, say, where the bonds had been sold at 5.

That was the object and the theory which I understood the committee had in mind.

Mr. SISSON. The only fixing of the rate, then, would be the difference between the price at which the bonds were sold plus 1 per cent?

Mr. WINGO. Yes. This would only go to 1 per cent. That would be the limit of their control. If they wanted to require them to make their loans at 5½, where the bonds had sold at 5, they could do it, but they could not make it 6½.

Mr. HAWLEY. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. HAWLEY. This situation will frequently arise: The 12 land banks will be in the market to sell their bonds. Suppose they think a bond issue at a given time should be floated at 4½ per cent, then the bonds, selling at 4½ per cent, would fix the rate of interest on the succeeding mortgages. Thereafter they have acquired a number of additional mortgages and wish to float another bond issue of \$50,000. They wish to sell them at the former rate of 4½. But the board finds that they sold the former issue of bonds at a premium, and they can now sell a 4½ per cent bond at par. Therefore they will refuse permission to them to sell the bonds at 4½ and get a premium for them—which premium would come out of the farmer—and require them to sell a 4½ per cent bond at par, and therefore they would reduce the interest rate to the former one-fourth of 1 per cent.

Mr. SISSON. Suppose the bond might be sold at 3½, exempt from taxation? Then the limit of interest to be charged the borrower would be 3½ plus 1?

Mr. HAWLEY. Three and one-half plus such part of 1 as the operating charge would amount to.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANN. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word. The gentleman speaks in opposition to the amendment.

Mr. MANN. Mr. Chairman, paragraph 6 gives to the Federal farm-loan board the power to grant to the Federal land bank authority to make any specific issue of farm-land bonds. I have read this bill over a number of times, and I would like to have had an opportunity to read it over a number of times more, so that I would know more about it. I am trying to avail myself now of the opportunity to really know more about it by asking gentlemen who do know. I hope it is excusable, because I do not think any one of us knows, unless he has made an expert study of it, and I do not think we will know when we go home unless we have given to it such a study.

This apparently would say that the land banks could not authorize or make any farm-loan bonds without first having received specific authority from the Federal farm-loan board—that is, they could not grant any authority by general regulations, apparently. This provision is to grant or refuse the right to make any specific issue of farm-loan bonds.

Now, what is to be the process? First, you have your joint-loan association get together some applications for mortgages, and the mortgages are made and recorded. The appraisal of the property is made by the various different appraisers and comes within the provisions of the regulations. They are ready to issue the money. They have some money on hand, and they pay out the money on these mortgages, and they have a certain number of mortgages on hand. They would want to issue some farm-loan bonds. Well, that is all right when you have a large amount at once, but in course of time the capital furnished by the Government will be absorbed. Supposing a man wants to get a mortgage then. Will he have to wait until other people want \$100,000 more and make an application here and have the Federal farm-loan board go over that specific application each time? That would apparently be the process. It looks to me as though it would be very long-winded. I am asking for information.

Mr. PHELAN. The gentleman wants an answer now?

Mr. MANN. Yes.

Mr. PHELAN. Well, each time there is an issue of bonds it would be necessary to get the consent of the farm-loan board.

Mr. MANN. How often will Federal bonds be issued, then? They could not issue them before they have the mortgages ready, could they?

Mr. PHELAN. No. I will explain that process, but it will take two or three minutes to do it.

Mr. MANN. I hope the gentleman will, because I have listened quite diligently to the general debate on this bill, and I did not hear anything explained about the process, except that the gentleman from Massachusetts [Mr. PHELAN]

explained the bill very intelligently, as did some of the other gentlemen.

Mr. PHELAN. Mr. Chairman, the gentleman from Illinois has raised a pertinent inquiry, and asks to have some explanation made about these bonds. There is some difficulty, in reading a bill of this kind, to understand all its provisions. I shall try to make this particular provision clear.

It is intended by those who prepared the bill that there shall be no issue of bonds by either the Federal farm-loan bank or the joint-stock bank without the specific consent of the farm-loan board. The purpose is this: We realize that the money that is going to the farmer on mortgage loans comes from one source, and can come in greatest measure from one source only, and that is the investors of the United States. The Government has not enough money, and under proper conditions and restrictions can not get enough money to give the farmer. The money must come from the investors. Now, since the money must come from the investors, those investors must be assured that the investment is to be good. Accordingly, we have made careful provision in the bill for the appraisal, in order that the mortgage will be thoroughly good. Then we have taken the precaution that before the bank can issue any bonds, the board shall look over the security, and if there is any suspicion or doubt regarding it they can make further inquiry about it.

I think the ordinary procedure will be that they will take the mortgages from the banks. They will look into the case; they will be satisfied, probably, in a short time that everything is all right, and they will grant the consent to have the bonds issued. Now, let us take the procedure.

Mr. HAWLEY rose.

Mr. PHELAN. If the gentleman will wait just a moment, I will be glad to answer his questions.

To start at the beginning, the bank starts with \$750,000. It will loan out a certain portion of that amount to the farmer borrowers through the local associations. When it has loaned a certain amount—not the entire \$750,000, but a certain amount, in the discretion of the board of directors of the bank—then the bank will go to the public and say: "Here, we want you to buy some bonds." The banks have the mortgages, because they have loaned the money. With those mortgages as security, they will again offer their bonds to the public. As I said, they will have the mortgages ready. If the public takes those bonds, they will have more money to loan over again through the association to the farmers; and when they are pretty nearly out of that money, or at any time within their discretion, they will go to the public again and will offer some more bonds. Again they have the mortgages, and they will sell their bonds to get the money to loan to the farmer, and that thing goes on indefinitely as long as they can sell bonds to the public and as long as the farmer wants to borrow money which the banks obtain from the sale of the bonds, provided that the banks do not exceed the limit permitted in the issue of bonds of twenty times the capital.

Mr. MANN. They have \$750,000 to begin with, from the Government, under this provision.

Mr. PHELAN. Yes.

Mr. MANN. They get \$100,000 of mortgages. They can not issue any more bonds than the amount of mortgages on hand, can they?

Mr. PHELAN. It is barely possible, but in general they will not. There is a provision whereby they can substitute United States bonds for mortgages, but that will hardly be done.

Mr. MANN. I mean practically they can not issue more bonds than they have securities on hand?

Mr. PHELAN. No.

Mr. MANN. They authorize an issue of bonds. Another man wants to borrow a small amount of money. Of course it is all right as long as they have money on hand belonging to the Government.

Mr. PHELAN. Yes.

Mr. MANN. Does the gentleman apprehend that there never will be a time when this \$750,000 will not keep revolving round, to take care of all the borrowers? If so, why not start with \$100,000?

Mr. PHELAN. One hundred thousand dollars contribution by the Government?

Mr. MANN. Yes.

Mr. PHELAN. You could hardly get that system started with as small an amount as \$100,000.

Mr. MANN. I agree with the gentleman. I am not sure that you could get it started with \$750,000. Who determined just the amount that was going to be necessary in every district of the United States to make that revolving fund out of which

you could get mortgages and then issue bonds by specific authority, there being no authority for the issue of bonds until you had obtained the mortgages?

Mr. PHELAN. To make an exact answer again I will state that the Banking and Currency Committee of the House determined upon \$750,000. The Senate bill fixed the amount at \$500,000.

Mr. MANN. Did they do it by lot?

Mr. PHELAN. No; they did it because—

Mr. MANN. I would not criticize them if they had.

Mr. PHELAN. I understand. They fixed it at that amount because after figuring the thing out they believed the system would work with \$750,000 original capital. There may be more capital than that under the provisions of the bill. But the minimum was \$750,000, and they felt that after \$300,000 or \$400,000 or \$500,000 had been loaned, then the banks would be perfectly safe in going to the public and selling their bonds, because the security for the bonds was believed by the committee to be ample, and the public will have every confidence in the bonds as soon as they are issued. I do not know that I have made myself clear to the gentleman.

Mr. MANN. I think the gentleman is very clear in his statement.

Mr. CANNON. I should like to ask the gentleman a question.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. CANNON. I move to strike out the last word, and will yield to the gentleman from Massachusetts if I am recognized.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. CANNON. Suppose that the farm-land bank is organized. I want \$100,000, or there are enough people with me who want \$100,000 or any other sum, complying with the provisions of the law. Or suppose I go alone and want it, will I have to wait, after the mortgage is drawn and the title is examined, until it goes to the boss bank—what do you call that?

Mr. PHELAN. The Federal land bank, under one system.

Mr. CANNON. Yes. Suppose the Federal land bank turns down the loan, will I get my money in the meantime?

Mr. PHELAN. You mean your loan?

Mr. CANNON. Yes.

Mr. PHELAN. Oh, no; certainly not.

Mr. CANNON. Then it has to go through the appraisers?

Mr. PHELAN. Yes.

Mr. CANNON. And the mortgage has to be recorded?

Mr. PHELAN. Yes.

Mr. CANNON. The abstract of title must be made?

Mr. PHELAN. Yes.

Mr. CANNON. And they say, "Yes; we will take that," but still I do not get my money until it goes up to Washington to this Federal land bank and they bless it. But if they turn it down I do not get anything.

Mr. PHELAN. Does the gentleman ask that in the form of a question?

Mr. CANNON. Yes; precisely, and in good faith.

Mr. PHELAN. If the gentleman will excuse me, that is not quite a correct statement of the situation. In the first place, the gentleman says the Federal land bank at Washington.

Mr. CANNON. Wherever it may be.

Mr. PHELAN. There will be 12 of these banks. Perhaps none of them will be at Washington. I thought perhaps the gentleman meant the Federal farm-loan board. That is in Washington.

In the first place, the man does not make out his mortgage in the beginning. I will state the procedure.

I want to borrow some money, and I have some farm land on which I want to borrow it. I go to the local association. In the first place, the local association must admit me as a member, because under the cooperative plan nobody can borrow money without belonging to the local association. Under the joint-stock plan anybody can secure a loan, if the joint-stock bank is willing to make it to him. But under the other system, I go to the association and tell them I want to borrow some money, and incidentally to join the association. If they admit me to the association they have a loan committee that looks into my land, and if their report is favorable the application goes to the land bank. The land bank has an appraiser who looks over the land. If his report is favorable and the board of directors want to give me the loan, I get it.

Now, that looks like a rather cumbersome proposition.

Mr. CANNON. The gentleman means one of the 12 banks?

Mr. PHELAN. Yes. Let me state incidentally that there is a provision in the bill whereby the land banks may have branches, so that as business expands they can have a branch here and there and some place else that will perhaps not be

more than an examining office in which they can have some of the work done.

Mr. CANNON. Will that branch have the power to give me my money?

Mr. PHELAN. No; it would simply make a report. I think in practice this would all work out so that there would not be much delay. Now, in a particular district there may be, say, half a dozen or 12 or 15 farmers who want to borrow some money, and they will make application about the same time. The loan committee can quickly determine what the situation is and make a report to the land banks, and almost before the committee has any report made the land banks can have the appraiser there, and out of the 12 or 15 that make application there will be at least 4 or 5 probably every one of whom will receive a favorable report from the loan committee. So that the whole thing can be done up, I think, in a comparatively short space of time. I think after a while the directors of the farm-land banks will get so that they can depend on the appraisers, and they can pass the things in a short time, as the national banks do on many loans to-day. The investment committee of the board of directors of the national bank will look into the whole matter and make a report, and in most cases the report will be accepted without question, except in particular cases where there might be some question that they wanted to ask. Now, while there might seem to be some delay, I think the thing will work out with more or less speed.

But we must be careful and look out for the appraisal, even though it may cause delay. One thing we must do, and that is to make the investor certain that his investment is going to be secure, because the mortgages are the security on which the bonds depend, and no man is going to invest his money unless he is absolutely certain that the appraisal is proper and correct and safe.

Mr. CANNON. That is undoubtedly true, but before the money can be had the appraisal must be made, an abstract must be perfected, the mortgage recorded—

Mr. PHELAN. Not necessarily must the mortgage be recorded, all it is necessary to do is to have the appraisal correct, and incidentally I suppose the title will be looked up, to save time, as soon as the application to the board is made.

Mr. CANNON. In the meantime he might sell the property.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LEVER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 79, after line 11, insert as a new paragraph the following:
 "If at any time a Federal land bank, the fair value of whose assets is at least equal to the total of its liabilities, shall find that it may soon be without funds, immediately available, sufficient to meet its obligations with respect to the payment, when required, of the principal of, or the interest on, bonds issued under this act, or of both principal and interest, it may make application to the Federal farm-loan board for a temporary deposit by the Secretary of the Treasury of the sum needed to make such payment, during the period for which its funds, immediately available, will be insufficient, setting forth in its application such information as the Federal farm-loan board may require. If, after investigation, the Federal farm-loan board approve said application, it shall give notice thereof to the Secretary of the Treasury, stating the sum required, the period for which needed, and such other facts as may be necessary. Thereupon the Secretary of the Treasury may deposit such sum, or from time to time so much thereof as may be required, with said Federal land bank, to be expended under the direction of the Federal farm-loan board for the purposes for which the application for such deposit was approved. Any sum so deposited shall bear a rate of interest fixed by the Secretary of the Treasury, not to exceed the current rate charged for other Government deposits, and shall be repaid as may be required, but not later than the expiration of the period fixed by the Secretary of the Treasury. To secure the repayment of any such deposit, together with the payment of the interest thereon, said Federal land bank shall issue to the Secretary of the Treasury its certificate of indebtedness, and the United States shall have a first lien upon the assets of the said Federal land bank: *Provided*, That the aggregate of all such deposits in any one Federal land-bank by the Secretary of the Treasury shall not exceed in any fiscal year or at one time the sum of \$500,000."

Mr. GLASS. Mr. Chairman, I reserve a point of order on the amendment, and I would like to inquire how much time the gentleman wants on this amendment.

Mr. LEVER. I think 45 or 50 minutes.

Mr. GLASS. It seems to me that is too much; can not we make it 30. I ask unanimous consent that all debate on the amendment may close in 30 minutes.

Mr. HENRY. I would like to have it understood that I get five minutes.

Mr. LEVER. Let me say that this will probably call for considerable debate, and I suggest that it might be well and would save time to be liberal in the matter of time.

Mr. GLASS. I want to be altogether liberal, but as my colleague from Pennsylvania [Mr. MILLER] suggested, at the rate at which we are proceeding it will take 34 days to get through with this bill. I will agree to 40 minutes.

Mr. MANN. We would like 40 minutes on our side on this amendment.

Mr. GLASS. Well, Mr. Chairman, we seem unable to reach a unanimous-consent agreement. I will let the debate run on, and then I will move to close it.

Mr. LEVER. Mr. Chairman, the amendment I have offered is the result of many months of study upon my part as a member of the joint committee on rural credit which was authorized to be organized by the last session of Congress. My study of rural-credit systems in other countries and of the various plans suggested for such a system in this country convinces me that the strength of the system proposed by this bill depends upon the strength of the bond to be issued under it. The bond is the bridge which connects up the borrowing farmer on the one side of the stream with the investing public on the other. The system will be only just as strong as this connecting bridge—this bond. The system will succeed or fail just in proportion as the bond is strong or weak. The all-important part of this machinery is the bond. It is the bond that will get the money for the farmer in the first instance; it is the strength of the bond in the investing mind that will determine the rate of interest to the borrower and more readily the bonds sell, the more favorable the terms under which it sells, the lower will be its own interest rate, and more important, the lower will be the rate of interest to the farmer. It is this that I am trying to do.

Now, what is this proposition? The amendment proposes to allow the Secretary of the Treasury, under certain circumstances, to deposit with any Federal land bank during any fiscal year a sum of money not to exceed \$500,000, or a total of \$6,000,000 for all the land banks of the entire system in any one year.

It may happen that in the State of Kansas the grasshoppers may eat up the crop; it may happen in the Mississippi Valley the levees break with great disaster to the growing crops; it may be that a severe drought sweeps over a section of the country and the farmers find themselves unable to meet the annual interest upon their mortgages, with the result that the bank, which in turn must meet the interest on its bonds and the maturing principal thereof, will find itself without means to meet these obligations. In that case the system would shake from foundation to top, because the land banks can meet their obligations only from funds paid into them by the borrowers in the way of interest or amortization, and a severe disaster over a large area of country might greatly embarrass the system, or, at least, the land bank immediately involved especially in the early life of the system. It is to safeguard against such a possible but not probable contingency that I think the fund proposed by this amendment should be available.

What will be the effect of this provision upon the salability of the bonds? What influence will this guarantee against possible temporary contingencies have upon the minds of those who have funds to invest and wish to place them in the most certain security? It is perfectly patent to me what the effect will be. The investor, the insurance company, the trustees of an estate, the school-teacher with a few hundred dollars, who desires a perfectly safe investment, one that can not fail in an emergency, will look to these farm-loan bonds as furnishing the best security. They will find certain security behind them—the mortgages, the capital stock of the bank, the reserves of the bank, the joint responsibility of the 11 other banks, and all that—but in addition to that they will see that in case of an emergency which might by the merest possibility overtake one of these land banks the Federal Treasury stands ready to deposit \$500,000 to take care of the situation. [Applause.]

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. LEVER. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LEVER. Mr. Chairman, what is the result? The effect of that kind of guarantee upon the mind of the investor—and we get our funds from the private investor—makes him buy these bonds readily and at the very lowest rate of interest, because of the superlative safety of the investment. What is the ultimate effect of this amendment upon the rate of interest the borrower back in the country must pay upon his mortgage? This whole system is being initiated to help the man who wants to pay off debts already hanging over his farm or who wants to negotiate a mortgage to buy a farm. The system is for him. We are trying to get him, among other things, the lowest possible rate of interest by the mobilization and liquefaction of his assets. Will this amendment help in this direction? It will, unquestionably, for the reason that the rate of interest to the farmer is fixed by the terms of this bill, by the rate of interest

at which the bonds will sell in the open market. The farmer can not pay more than 1 per cent in excess of the rate at which the bonds sell.

If the bond is made so secure, if it is made so good that the investor is willing to buy it at 103, for example, the borrowing farmer will be able to get his money on that issue of bonds at 4 per cent interest, so that the stronger we make the bonds the lower will be the rate of interest to the farmer, and it is the purpose of this amendment to make the bond so strong that it will reflect its strength in materially reducing the rate of interest charged the farmer for his loan. I believe it will reduce the rate possibly as much as 1 per cent, and the aggregate saving in that apparently small reduction is very great.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. LEVER. Yes.

Mr. HOWARD. Does the gentleman not create by this very amendment a superior lien in the Government of the United States over any outstanding bondholders of the bank, and does not the Government have the superior lien upon the entire assets of the bank as against the bondholder, thereby weakening instead of strengthening the system?

Mr. LEVER. I recognize the force of the gentleman's suggestion, and I am willing to amend the proposition in that respect, and would have included it in my amendment except for tactical reasons which are clear to me.

Mr. HOWARD. If the gentleman does not amend it, he will destroy all of his argument.

Mr. LEVER. I am trying to suggest a principle here, and we will work out the details elsewhere. I want to call the attention of the committee to the fact that this is no new proposition. I am not asking the Congress or the Treasury to do anything more by this amendment for this system of rural banks than the Government now is authorized to do, and frequently does, for the commercial banks of the country. Time and time again the Federal Treasury has gone to the rescue of tottering banks and saved them and their depositors, and I am asking that the Treasury do no more and no less for the system of banks which we are establishing for the farmers of the country. The system of land banks which we inaugurate for the farmers is at least entitled to equal treatment with commercial banks at the hands of this Congress.

Mr. MILLER of Pennsylvania. Does the gentleman mean to say that the commercial banks give their own notes to the Government and get its assistance?

Mr. LEVER. I am going a little bit further than that.

Mr. MILLER of Pennsylvania. Do they now?

Mr. LEVER. I do not know about that; but if they do not, I am asking the farmers to do more in the way of giving security than the Government requires now of the banks in the country.

Mr. MILLER of Pennsylvania. Does not the gentleman know that the commercial banks have to give good paper to the Government for every dollar that they get?

Mr. LEVER. If there is any better paper on earth than mortgages on good farm land, I would like to see the paper.

Mr. MILLER of Pennsylvania. The gentleman is not saying that they are not good; he is just saying that he wants to make them good.

Mr. LEVER. I am not. I am trying to make assurance doubly sure that we are going to issue a bond the absolute safety of which the investing public will not doubt for a single instant, and that brings me to say this: We are about to establish an entirely new system of credits in this country. We have never tried it before. It is bound to be more or less of an experiment. We are sending out a ship, as it were, on an uncharted sea. We have an untried captain in the cabin, we have an untried pilot at the wheel, the crew is green and untried, and we do not know what may happen to the ship. I am certain it is safe and sound just as she stands, but it is a foolish shipmaster who sends his boat to sea without providing it with all necessities to weather all kinds of storms. Out of an abundance of caution I am underwriting a certainty, putting the life preservers in their places.

Mr. MILLER of Pennsylvania. And pour in Government money.

Mr. LEVER. That is the gentleman's opinion, but I differ with him. I am trying to make it absolutely sure that in the initiation of this system we are going to have a ship strong enough to save us in the mightiest storm that may come upon us. [Applause.]

Mr. HENRY. Mr. Chairman, this amendment raises a very important question. I am glad the distinguished gentleman from South Carolina [Mr. LEVER] has introduced it. I wish the amendment went further than it does. However, we must concede that it does extend Government aid in a large degree

to this rural-credits system. It seems to me that this Congress might well afford to go this length, and if I thought it possible to secure the adoption of a stronger amendment than this I would be glad to offer it, because it is strictly in keeping with the exact provisions of the Federal reserve act and would be doing no more for the farmer than we have already done for the commercial world.

If writing it I would make it read thus:

Whenever any Federal land bank presents to the Secretary of the Treasury farm-land bonds in any amount he shall advance therefor an equal amount of money out of the Treasury, not otherwise appropriated, at their par value: *Provided*, That the aggregate value of the sums so advanced by the Secretary of the Treasury in any fiscal year shall not exceed the sum of \$50,000,000.

Mr. Chairman, a little more than a year ago this House, by a vote of nearly 3 to 1, decided, when we passed the rural-credits bill, known as the Bulkley-Henry-Bathrick bill, through the House, that the Government could purchase in any one year as much as \$50,000,000 of the farm-loan bonds. Has anything occurred since that time to make us change our conclusions? I say the Government has already in the enactment of the Federal reserve act underwritten and guaranteed every Federal reserve note placed at the disposal of the business world.

Mr. PLATT. Will the gentleman yield?

Mr. HENRY. If I can get a little more time.

Mr. PLATT. Does the gentleman say the Bulkley bill passed the last House?

Mr. HENRY. It passed through the House.

Mr. PLATT. It never was reported to the House.

Mr. HENRY. Oh, yes.

Mr. RAGSDALE. That is so.

Mr. HENRY. I am not mistaken in what occurred. I stayed here for 18 hours and never left the House. We amended the bill that came before the House and put in every meritorious and substantial feature of the Bulkley bill, including section 3—Government aid—on the 2d day of March a year ago.

Mr. RAGSDALE. Will the gentleman yield?

Mr. HENRY. I am not mistaken; I remember distinctly.

Mr. RAGSDALE. It is very true the Republicans, consolidating with a few Democrats in the committee, prevented the bill from coming before the House, although it was moved by the gentleman from Arkansas to bring it out; but on the floor of the House amendments were offered to the Hollis-Bulkley bill and it passed the House, but it was defeated in the conference between the two Houses.

Mr. GLASS. If the gentleman will permit, as a matter of fact the bill which passed the House was the Agricultural bill with what is known as the McCumber amendment attached to it as a rider, and then one of the provisions of the Bulkley bill, which the gentleman is discussing, was proposed as an amendment to the McCumber bill and it did pass, but not upon its merits.

Mr. HENRY. Yes, I remember the history of all these occurrences. We took up the bill for consideration and every amendment proposed by the gentleman from Ohio, Mr. Bulkley, who is not now in the House, was adopted—every one of them—and by a vote of nearly 3 to 1 this House declared that the Government could purchase every year as much as \$50,000,000 of these farm-loan bonds. I say we have extended to the commercial world the credit of this Government, and I want to make it more explicit, if need be, by quoting the exact language of that act. I think it ought to go into the RECORD here.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HENRY. Mr. Chairman, I ask unanimous consent that I may proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none.

Mr. HENRY. Now, section 16 reads this way, and I ask Members to mark the language:

SEC. 16. *Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.*

And, Mr. Chairman, just so long as the 40 per cent gold requirement is observed the commercial world can bring its assets, its paper, into the Federal reserve bank and have the obligations of the Government issued to them upon that collateral.

Mr. GLASS. Will the gentleman yield?

Mr. HENRY. Yes.

Mr. GLASS. It occurs to me the gentleman does not go far enough in his illustration. Is it not a fact that the instant that

one of these Federal reserve notes is presented to the Treasury for payment in gold the Treasury in turn may send it instantly to the Federal reserve bank and require that bank to furnish the gold?

Mr. HENRY. I understand.

Mr. GLASS. And is not there a very material difference between advancing Government notes upon obligations which experience showed mature in 28 days and obligations issued for 36 years?

Mr. HENRY. I thought the gentleman would ask that question, and there the gentleman from New York [Mr. PLATT] stands in front of me and says when his party comes into power—which, I pray God, may never happen [laughter and applause]—that they will repeal this provision and will make the banks wholly responsible for Federal reserve notes.

Mr. PLATT. They are responsible now; they keep a reserve against them.

Mr. HENRY. I understand that; and the Federal Government is responsible and must redeem them in gold. The Government should be as just to the farmer—and you may call it demagoguery if you please—when he brings his mortgages, based on the fertile lands of this country, and deposits them in the Federal land bank. They are as good and better security than the mere promise of any man to pay a sum at a certain date.

The Government should be as just to the farmer—and you may call it demagoguery if you please—when he brings his mortgages, based on the fertile lands of this country, and deposits them in the Federal land bank. They are as good and better security than the mere promise of any man to pay a sum at a certain date.

Mr. Chairman, the farmer does not ask anything that we have not given the commercial world. All that he asks is equality. Here you have started in the right direction. You have said that you will take this \$6,000,000 out of the Government Treasury and put it into the Federal land banks for the purpose of being loaned to the farmers. Let us go further and take off the limit, as you did when you issued the Federal reserve notes, and without restriction say that we will underwrite every one of these bonds, that we serve notice on the world that they are the obligations of the United States Government, and give them a marketable status wherever the sun shines, and then there will be no question of their value and marketable merit. If this Government will say that these bonds are good security, drawing 4 per cent, they will circulate and be salable wherever people inhabit the earth, and it will not be necessary for the Government to purchase a single dollar of them or to deposit one dollar of its funds in these banks. If you concede the principle, which you have done to-day, of Government aid, why not make it more substantial? Let us not reverse ourselves. Let us go back and reenter the verdict of the House of a little more than a year ago and say that we stand where we stood then, when rural-credits legislation died in conference, and guarantee these bonds, if necessary. If you gentlemen provide that the Government shall purchase them, it will make this system workable from the beginning. Why discriminate against the farmer? Let us deal as equitably with him as we have done with the business world.

Mr. MILLER of Pennsylvania. Mr. Chairman, I move to strike out the last word.

That address reminds me of the days of 1876, when the wild-eyed financier traveled over the United States stating that the only way to get cheap money was for the Government of the United States to start its printing presses and print the bills and distribute them among the people as they needed them. That is the old greenback theory revamped. I presume this gentleman was not old enough to know about it at the time.

Mr. HENRY. Will the gentleman yield a moment?

Mr. MILLER of Pennsylvania. Yes.

Mr. HENRY. It is true I was not born back in 1876, as I remember it, but I have never said that this Government should ever issue one dollar of its paper money that is not to be redeemed in gold in fact. Therefore I am not a greenbacker from any standpoint, and never have been, and never could be.

Mr. MANN. Was not the gentleman for free silver?

Mr. HENRY. Yes; and I have no apology to make for it.

Mr. MANN. That was not redeemable in gold.

Mr. MILLER of Pennsylvania. In the first place, they propose to have 12 banks each of \$750,000 capital, and whatever amount is not subscribed by individuals is to be subscribed by the Government, and they provide for \$9,000,000 to take up all the stock of these banks if need be. That is doing something for the farmer. Then this gentleman proposes by his amendment that whenever a drought occurs or a grasshopper pestilence happens to visit the farmers owing the banks, and are not able to pay the interest installments, then the Government shall

take the money out of the United States Treasury and pay the interest; or, in other words, buy the bonds from the Federal banks to enable the banks to advance the interest. Why does not the Government do all this at once without the interference of these little associations? Why not propose that the Government shall loan the money direct to the farmers, take the mortgages, issue bonds on them, and guarantee the bonds? Why do they not do that? That is the old greenback theory. That is a plausible theory to go on. That makes the bonds good. That makes money plentiful. That gives it to everybody who wants it, no matter whether they have got the security or not.

We have been on this bill under the five-minute rule for two days, and we have gotten over pretty nearly four pages. If we keep on for 24 more days with the same dilatory tactics we will get through with it. Do you not think, Mr. Chairman, it is about time that somebody would propose some measure by which we can get through a little short of 24 days? [Applause on the Republican side.]

Mr. KINCHELOE. Mr. Chairman, the time has come in the history of this country when everyone realizes that to properly develop agriculture it requires capital. The American farmer is not a sluggard nor a mendicant seeking alms. He does not ask the Federal Government to give him a cent, but he is asking, and rightly so, that same equality before the law that the manufacturer, the large banking interests, and other commercial enterprises have.

There are two necessary prerequisites for the farmer's success in this country. They are money at a low rate of interest and a long-time loan. The manufacturer, the jobber, and the other business men of the country can use money advantageously on three or four months' time, because the most of them turn over their money three or four times in a year. Not so with the farmer. He makes only one crop during the year, and therefore realizes on his investment only once a year.

As an example, take a young man who starts out with the ambition to own a farm and to make farming a life business. What more laudible ambition could prompt him to human endeavor? He buys a farm, say, for \$2,000, makes a cash payment of \$500, and executes two notes for \$750 each, due in one and two years, for the balance of the purchase price, with a lien on the land. He goes to work with high hopes and bright prospects, but the first year a drought burns up his crop and the second year floods drown them. Both notes are now due. The holder of the notes needs his money. The young man tries to borrow this money elsewhere and fails. The holder of the notes brings suit, gets judgment, and order of sale. The land is put up and sold at the courthouse door at public outcry, and brings barely enough to satisfy the debt and costs. This young man, under circumstances over which he had no control, has lost, not only two years' work and the farm but the cash payment he made. This is not overdrawn. Thousands of similar cases have actually happened in this country. We need a rural-credit law which will give every farmer a long time in which to pay for his land, and an opportunity to borrow the money at a low rate of interest.

This Democratic administration has done more for the American farmer in 3 years than the Republican Party did in 40 years. It passed the currency bill, which gives national banks authority to loan money to farmers and take mortgages on their land. And yet for 40 years under Republican administration the farmer was not allowed to borrow a dollar from national banks and secure the loan by mortgage on real estate. Under the provisions of this currency bill \$359,000,000 are made available for loans on farm mortgages, having five years to run.

I am glad that this Democratic administration is going to pass a rural-credit bill at this session. Briefly, this bill provides for the establishment of 12 land-bank districts, in each of which is to be established a Federal land bank with a minimum capital of \$750,000. In case the whole or any part of the amount required is not otherwise subscribed for, the Government makes subscriptions for the required amount. Provision is made for the return to the original subscribers, Government or otherwise, of the amounts subscribed after the land banks are firmly established. The management of each bank is intrusted to a board of nine directors, three of whom are selected by the Federal farm-loan board and six of whom are selected by the national farm association. Loans under the provisions of this bill shall be secured by first mortgage on farm lands, and no Federal land bank is permitted to loan on land outside of its district. Every mortgage deposited as security is on the amortization plan, so that part of the principal is paid up at least annually. The money must be borrowed either for productive purposes, to liquidate existing indebtedness, or to acquire ownership of farm lands. No loan shall exceed 60 per cent of the appraised value of the mortgaged land and 20 per cent of the

appraised value of permanent insured improvements. Every borrower takes stock in the farm-loan association to the amount of 5 per cent of his loan, but he shares the profits earned by the banks after expenses and charges have been deducted. The minimum loan to one borrower is \$100 and the maximum loan to one borrower is \$10,000. The rate of interest charged shall under no circumstances exceed 6 per cent. The farm-loan bonds are exempted from National, State, and local taxation, which will make them attractive investments for those who have money to lend. The time of the loan may extend from 5 to 36 years. So we see under this bill that the amount the Government subscribes can not exceed \$750,000 to each of the 12 banks, or a total of \$9,000,000.

This bill may not be just what we all would like to have. I confess it is not all I want, but it is a step in the right direction, and the law can be amended as the years go by to better suit the needs of the farmer. This being new legislation in this country, of course we can not expect a perfect law at first. If it were left to me to write this bill, I would not require the farmer to subscribe for any of the stock unless he so desired. I would also have the Government guarantee the payment of the bonds sold. It would be no imposition upon the Government to do this, because every \$60,000 worth of bonds that it would guarantee the payment of would be secured by first mortgage on \$100,000 worth of farm lands. By the Government guaranteeing the payment of these bonds, together with the fact that they are exempt from all taxation, a ready sale for them could be had at all times, and in addition to this they would sell at a premium, and I would let this premium be applied to lowering the rate of interest which the farmer would have to pay. I would also fix the maximum rate of interest at 4½ per cent. I think this would be practical. Practically all railroad bonds, municipal bonds, and road bonds bear less than this rate of interest and sell at a premium.

Everyone knows that a loan secured by a mortgage on farm lands is the best security obtainable in the business world. However, this is a cooperative bill, and the management and the administration of the association will be entirely in the hands of the borrower. Six of the nine Federal land-bank directors are elected by the members of the association.

The general average farm-mortgage interest rate in this country has been conservatively estimated at 7½ per cent. The total farm-mortgage indebtedness of this country is approximately \$4,000,000,000. So we see that the annual interest which the American farmer pays is \$300,000,000, with no reduction of the principal. The interest alone which the American farmer pays is equal to two-thirds of the value of the wheat crop of this country in ordinary seasons. If this indebtedness could be re-funded under the provisions of this bill at the rate of 5 per cent per annum and the farmers would engage to pay annually \$300,000,000, the same sum that is now being paid by them for interest alone, the entire debt—principal and interest—would be paid in 22 years and 6 months. This would mean a net saving to the American farmer of more than \$175,000,000 per annum. It would mean the wiping out of the entire existing farm-mortgage debt by the operation of the system provided for in this bill in 22 years and 6 months without increasing the annual payment over that now made to meet the interest charges alone. I believe that when this bill is in good working order the farmer can borrow money at a rate of at least 5 per cent; and, if this can be done, we can see what a great blessing it will be to the agricultural interests of this country. There is no reason why the farmer when purchasing a farm at a fair valuation should not be given long enough time to pay his obligations through the proceeds arising from his intelligent and honest operation of the farm so purchased. I want to see the time when a rural-credits bill will be so practical and just that the tenant of to-day may become a landowner to-morrow.

Railroads, interurban lines, manufacturing plants, as well as all kinds of municipal corporations, have no difficulty in floating their securities at a low rate of interest and running from 10 to 20 years well up to the full value of the property on which the security is given. None of these securities can be any safer or better than the securities on land, because all of these industries in the final analysis depend upon agriculture for life and maintenance.

Practically every European Government lends aid to its farmers in the establishment of rural credits.

In Germany the landschaft, or German rural-credit scheme, has been in existence for 150 years, and the records show that there has not been a single failure under this system. There have been no foreclosures or other litigation, no losses of any kind, no repudiation, no depreciation or shrinkage of security. The landschaft debentures always find a ready market and are considered the safest investments for widows, orphans, savings

banks, or anyone who has money to invest. These landschaft debentures are as staple as the bonds of the Government. The German Government now provides supervision and control of this system. Under the landschaft system the farmers of Silesia get money on land at 3½ per cent, adding 1½ per cent to 2½ per cent a year to apply on extinguishing the debt.

In France the Credit Poncier was subsidized by the Government and given a monopoly for 25 years. This Credit Poncier is simply a Government-subsidized and Government-controlled bank for lending money on real estate, and no other land-credit institutions have ever made any marked progress in France. Interest is 4.2 per cent. The Credit Agricole Mutual is subsidized by the French Government, money obtained from the Bank of France being supplied to district banks without interest, these lending to local associations upon suitable securities.

In 1913 England appropriated \$500,000,000 to help the Irish tenants buy land, and they became owners by paying 3½ per cent a year—2½ per cent interest, three-fourths per cent on principal—for 68 years. The history of land legislation in Great Britain and Ireland is a record of direct government aid.

Russia has even gone further than Great Britain in extending Government aid to purchasers of small farms. Through land-purchasing acts 20,000,000 small holdings, to the value of over \$1,000,000,000, were created, the Government funds so advanced being payable on long-time and at a very low rate of interest. In 1883 the Russian Peasants' Land Bank was organized. Loans to the extent of 90 per cent and even 100 per cent of the value of the lands are made, repayable in from 13 to 55½ years, with interest at the rate of 4 per cent.

In Austria-Hungary the Government aided rural-credit institutions in starting.

Switzerland has 28 land-credit institutions owned or operated by the State, whose debentures are guaranteed by the State.

Denmark, a little country no bigger than the average congressional district, advanced \$5,360,000 without interest to found the Mortgage Bank of the Kingdom of Denmark. It buys their debentures and makes annual appropriations out of the treasury amounting in 1909 to \$1,720,000, to be lent to small holders.

Sweden endowed the Swedish General Mortgage Bank at its founding with \$2,144,000, and in 1890 the bank was given a subsidy of \$8,040,000 in Government bonds. This is a central institution to aid the 10 local landowners' mortgage associations in the sale of their debentures.

Egypt controls the Agricultural Bank of Egypt, and the Government guarantees the payment of its bonds.

Japan guarantees a 5 per cent dividend for 10 years on the stock of the Kwango Ginko or Central Land Credit Bank of Japan. It also gave subsidy of \$4,980,000 to the 46 local or district land banks, called the Noko Ginko.

South Australia, Western Australia, New South Wales, Victoria, Queensland, and New Zealand, through State land-credit banks or direct appropriations, make loans to their farmers.

In the Philippine Islands the United States Government has subscribed the stock of the Philippine Agricultural Bank (\$500,000), and among the lendable funds of this bank are the postal savings bank of the country. Should not Uncle Sam treat our loyal taxpayers, the American farmer, as well as he treats the Filipino farmers, his rebellious tax eaters?

If I were writing this bill, I would have the Government aid in the organization and starting of these 12 land banks to the amount of at least \$36,000,000. It would not impair the credit of the Government in the least, and it could be done with impunity.

This Government in its early days helped to start commercial banking in this country. We will remember Alexander Hamilton proposed the organization of the first United States bank, with a capital of \$10,000,000, and in 1791 the Congress of the United States authorized it and subscribed \$2,000,000, or 20 per cent of the capital stock. Federalists and Republicans alike voted for it, and President Washington approved it. When the second United States Bank was incorporated in 1816 Democrats and Federalists alike voted for it, and President Madison approved it. The second bank had a capital of \$35,000,000, and the United States subscribed \$7,000,000, or 20 per cent of its capital stock.

This Congress is proposing Government aid to the extent of \$50,000,000 for the establishment of a merchant marine in this country, which will aid the producers in getting their goods to market, but when it come to the Government assisting the farmer in any way you will always find some Members of Congress on this floor opposing it. What Europe has done for her farmers America should do for hers. What America has done for commercial interests America should do for agricultural interests.

Adam Smith, when he came to write his *Wealth of Nations* in 1776, remarked upon it as a truism that the policy of all great nations since the downfall of the Roman Empire "has been more favorable to arts, manufactures, and commerce, the industry of towns, than to agriculture, the industry of the country." No one who has read his history carefully can doubt that this great philosopher was right.

The time has come that if this country is to continue to prosper, if the rising generation is to be content to live on the farm, there must be some provisions made whereby there will be more farm owners and fewer tenants. The concentration of wealth in the hands of a few, the drift of the population from the country to the overcrowded cities, were two of the causes of the downfall of the Roman Empire, and I sometimes feel will eventually be the handwriting on the wall of our Government if something is not done to stop it, and the way to prevent it is to throw open the door of opportunity to everyone to buy and pay for his farm by an elastic and practical rural-credit system. I believe that the farmer's children should have an equal opportunity for an education with the children of others and an equal chance in the race of life.

I know the hardships with which the farmer has to contend, the obstructions which are in his path to progress, the difficulties which he has to overcome to own his farm, and the exorbitant rates of interest he has had to pay. So long as I am a Member of Congress and represent the patriotic and intelligent constituency that I do I shall always be found voting, working, and fighting for legislation that will redound to the happiness and prosperity of the American farmer, for in the doing of this I am conscious of the fact that agriculture is the bedrock upon which every other business of this country is based, and when I am assisting the farmer I am thereby promoting every other legitimate business in this country and assisting every other man, regardless of the business in which he is engaged. [Loud and continuous applause.]

Mr. MANN. Mr. Chairman, the distinguished gentleman [Mr. KINCHELOE] who has just taken his seat thanked God that he had voted against an appropriation to construct a bridge connecting Fort Myer, the military defense of the Capital, with the Capital itself, in order that the troops maintained at Fort Myer might come into the District of Columbia and protect the Capital if there were any occasion for it.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from Illinois yield to the gentleman from Kentucky?

Mr. MANN. He thanked God for that.

The CHAIRMAN. Does the gentleman yield?

Mr. MANN. Certainly.

Mr. KINCHELOE. I am glad that I did not vote to put a million dollars into that bridge; yes, sir; because there is one there now, and it could be repaired so that it would serve the same purpose.

Mr. MANN. Well, the gentleman is not informed. There is a bridge there now which the War Department, after careful investigation, has reported is unsafe to travel on now, and the War Department has declared that it can not be repaired. Doubtless the gentleman, thinking that he knows all about farming, thinks that he also knows more about bridge building than the experts in bridge building, but I doubt it.

My distinguished friend from Texas [Mr. HENRY], whom we are all glad to welcome here for a few days [laughter], a few years ago, in fact only two years ago this coming summer, kept the House here on tenterhooks quite a while. He shed tears, which flowed from his eyes as well as through his voice, telling how trials and tribulations had come upon the South, owing to the war depressing the price of cotton, and asserting that unless Congress appropriated money out of the National Treasury for the benefit of the southern farmers every one of them would starve to death. We all remember. The gentleman was enthusiastic, even ecstatic, in his declarations of grewsomeness. [Laughter.] There was nothing that would not happen to the southern farmers unless my friend from Texas had his way about appropriating money out of the National Treasury for their help and aid. [Laughter.] Yet now he is telling the farmers in Texas how prosperous they are because of the legislation he did not get. [Renewed laughter.]

Mr. HENRY. Mr. Chairman, will the gentleman yield?

Mr. MANN. Certainly.

Mr. HENRY. I did not say the farmers would starve to death.

Mr. MANN. I leave it to the House to determine what the gentleman said. The Members who were here will remember what the gentleman said, as I remember. There was no tale which imagination could think up that the gentleman did not

tell about the distress that was imminent in the South at that time unless we appropriated money out of the National Treasury.

Mr. HENRY. Mr. Chairman, will the gentleman allow me to ask him a question?

Mr. MANN. The gentleman was shedding tears every day, every hour, all the time. [Laughter.]

Mr. HENRY. Mr. Chairman, will the gentleman let me ask him a question?

The CHAIRMAN. Does the gentleman from Illinois yield to the gentleman from Texas?

Mr. MANN. I yield.

Mr. HENRY. Do you think the farmers who had produced that crop of cotton in 1914 at a cost of 8 and 10 cents a pound should have been forced to sell it at 4 or 5 cents a pound?

Mr. MANN. Oh, I myself was carried away by the tearful tale of the gentleman from Texas about the farmers in the South, until I was almost led myself to favor an appropriation from the Public Treasury. But, lo and behold, they did not get it. They are not unprosperous now, are they? Are they bankrupt now?

Mr. HENRY. We got \$30,000,000 last year that the Secretary of the Treasury deposited down there.

Mr. MANN. Oh, they did not.

Mr. HENRY. So far as that is concerned, the farmers of the South would be prosperous despite the Republican administration.

Mr. MANN. Well, they will have occasion and opportunity to try that very soon. [Laughter on the Republican side.] The gentleman from Texas is great as a doleful prophesier of what will happen—

Mr. HENRY. The gentleman from Illinois himself has spoken in a very melancholy vein about what will happen from time to time. [Laughter on the Democratic side.]

Mr. MANN. But the gentleman from Texas never admits what has happened. Those who are new Members in this House can not understand how tearful my friend from Texas can become, how doleful his tales, because there is no one else in the country who has ever been able to match him anywhere, in my experience, and I expect that the tales he tells now about the difficulties at present are very much on the same lines as his tales were then.

Mr. HENRY. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Illinois yield to the gentleman from Texas?

Mr. MANN. You have been making doleful prophecies—

Mr. HENRY. You have been making doleful prophecies yourself about this Democratic administration.

Mr. MANN. That is not a true statement.

Mr. HENRY. And the gentleman must confess that the country is more prosperous under a Democratic administration than it has ever been under a Republican administration.

Mr. MANN. I will confess this, if the gentleman wants it: I will confess that owing to the European war the country is more prosperous under this Democratic administration than it ever has been under any Democratic administration before. It will be a long time before we can find out whether it is more prosperous than it would be under a Democratic administration hereafter, because there will be none.

Mr. HENRY. If that is the best analysis the gentleman can give, I will let it go at that.

Mr. MANN. I suppose the gentleman does not understand it. It is very hard for him to understand anything.

[Mr. SISSON addressed the committee. See Appendix.]

Mr. MORGAN of Oklahoma was recognized.

Mr. MORGAN of Oklahoma. I yield to the gentleman from Illinois [Mr. CANNON].

Mr. CANNON. I only want two or three minutes. Mr. Chairman, I am very much interested in this bill. There has been much said about it that would tend to deceive people, and which has tended to deceive me, because I am only one of the people; but I want to know about it, and I am learning some things about it.

The bill as reported is much preferable to the bill as it will be in the event that this amendment is adopted. I think perhaps the gentleman from Virginia [Mr. GLASS], who comes very near being the author of the bill, the chairman of the Committee on Banking and Currency, will bear me out in that statement.

Mr. GLASS. I will bear the gentleman out in his statement, but I would not like to admit the authorship of the bill, because I am not the author of it.

Mr. CANNON. Very well, then, we will take the bill without regard to its authorship.

Mr. GLASS. I would not want to convey the idea that I am not heartily in favor of the bill. I am in favor of it, but I do

not want to take the credit of authorship which belongs to other people.

Mr. CANNON. I understand that. Now, there is a great hurrah about the farmer—that the poor farmer needs relief. The farmer is very well off. Now, take Texas. I have here the estimates of wealth made officially in 1904 and again in 1912. Take the States west, south-central division, namely, Arkansas, Louisiana, Oklahoma, and Texas—four States. In 1904 the wealth of those four States was \$5,567,000,000. In 1912 it was \$15,435,000,000, nearly three times as much as in 1904—300 per cent. That is the best record any four States ever made. For comparison take New England—Maine, New Hampshire, Vermont, Rhode Island, and Connecticut—five States. In 1904 their aggregate wealth was \$8,500,000,000. In 1912 it was nearly \$12,000,000,000, an increase of about 50 per cent; whereas the increase in the States of Arkansas, Louisiana, Oklahoma, and Texas was from \$5,767,000,000 in the year 1904 to \$15,435,000,000 in the year 1912, or 200 per cent. It is wonderful, if you take the statement which I have had tabulated and see what it shows.

Now, I think I have been as much of a farmer as a great many other Members here. Some people think I am a better farmer than I was a lawyer, although I practiced law for 16 years; and I can find a whole lot of people who think that I was a better lawyer and a better farmer than I am a Member of Congress. [Laughter.]

Mr. Chairman, the farmers are one-third of our population. They have greater wealth in proportion than the other two-thirds of our people, and I am glad of it. Their products increase in price and their lands increase in price from decade to decade, while the price of capital—I mean interest on money—decreases in price; and the farmers are rapidly becoming capitalists as well as farmers.

Many Representatives, especially from the South and some of the newer Western States, are seeking to enact this legislation and other legislation to advance the price of farm products by law—especially cotton—notwithstanding the official records show that the sections of the country which they represent increase in wealth much faster than other portions of the country.

Mr. Chairman, I place in my remarks the official estimated wealth of the several States of the United States, by groups, in the years 1904 and 1912:

Official estimated wealth.

	1912	1904
New England (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut).....	\$11,805,000,000	\$8,823,000,000
Middle Atlantic (New York, New Jersey, Pennsylvania).....	46,211,000,000	29,478,000,000
East North Central (Ohio, Indiana, Illinois, Michigan, Wisconsin).....	39,208,000,000	23,990,000,000
West North Central (Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas).....	31,208,000,000	16,830,000,000
South Atlantic (Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida).....	14,843,000,000	7,935,000,000
East South Central (Kentucky, Tennessee, Alabama, Mississippi).....	7,660,000,000	4,284,000,000
West South Central (Arkansas, Louisiana, Oklahoma, Texas).....	15,435,000,000	5,767,000,000
Mountain (Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada).....	6,753,000,000	3,973,000,000
Pacific (Washington, Oregon, California).....	13,626,000,000	6,019,000,000
United States.....	187,739,000,000	107,104,000,000

Mr. BYRNES of South Carolina was recognized.

Mr. GLASS. Mr. Chairman, I would like to reach some agreement now if I can as to concluding debate on this amendment. We have been discussing it for 40 minutes. I ask unanimous consent to close debate on this section and all amendments thereto in 20 minutes, half the time to be used by the proponents and the other half of the time by those opposed to it.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on this amendment be closed in 20 minutes, one half to be controlled by those in favor of it and the other half by those opposed to it. Is there objection?

Mr. NORTON. Reserving the right to object, may I have five minutes of that time?

Mr. GLASS. I can not say as to that.

Mr. MOORE of Pennsylvania. Mr. Chairman, my colleague, Mr. McFADDEN, a member of the committee, would like to speak.

Mr. GLASS. Well, Mr. Chairman, I will make it 30 minutes.

The CHAIRMAN. The gentleman from Virginia modifies his request and makes it 30 minutes. Is there objection?

Mr. RAGSDALE. Who is going to control the time?

Mr. MOORE of Pennsylvania. Mr. Chairman, there are some gentlemen on this side against the amendment, and they ought to be heard. The gentleman from Ohio [Mr. RICKETTS] would like to have five minutes if an arrangement can be made to care for these gentlemen.

Mr. GLASS. Mr. Chairman, I do not want to be unreasonable, but I want to get through with the legislation some time. We have been discussing this amendment 40 minutes.

Mr. NORTON. This is a very important amendment, and I feel certain that when this is disposed of we shall make good progress in the consideration of the bill.

Mr. GLASS. Well, Mr. Chairman, I make the request for unanimous consent.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on this section and amendments thereto close in 30 minutes, one half to be controlled by those in favor and the other half by those opposed. Is there objection?

Mr. MOORE of Pennsylvania. Reserving the right to object, who will control the time?

The CHAIRMAN. The Chair will control the time if there is no one else to dispose of it.

Mr. GLASS. Mr. Chairman, I move that all debate on this section and amendments thereto be closed in 30 minutes.

The CHAIRMAN. The gentleman from Virginia moves that all debate on this section and amendments thereto close in 30 minutes.

The question was taken; and on a division (demanded by Mr. MORGAN of Oklahoma) there were—67 ayes and 27 noes.

So the motion was agreed to.

The CHAIRMAN. Is the gentleman from South Carolina for the amendment or opposed to it?

Mr. BYRNES of South Carolina. I am for the amendment.

The CHAIRMAN. The gentleman from South Carolina.

Mr. BYRNES of South Carolina. Mr. Chairman, I am for this amendment because I do not believe it is the revolutionary legislation that some of my good friends would have us believe.

Mr. MADDEN. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. MADDEN. I understood the gentleman from South Carolina was recognized before the motion of the gentleman from Virginia was put.

The CHAIRMAN. He was.

Mr. MADDEN. Then his time is not included in the 30 minutes.

The CHAIRMAN. The Chair thinks not.

Mr. BYRNES of South Carolina. Mr. Chairman, the figures read by the gentleman from Illinois [Mr. CANNON], showing the marvelous growth in the wealth of the agricultural States of the Union, only tend to prove that farm values are increasing, and therefore a mortgage over farm lands is the best security that an investor can demand. This proposition is not a revolutionary one. It is almost identical with the provisions of section 34 of the rural-credits bill passed by the Senate. It provides that whenever one of the farm-mortgage banks shall not have on hand or immediately available a sufficient amount of cash to meet the interest upon any of its bonds, that it shall have the right to apply to the Secretary of the Treasury for a deposit of Treasury funds; that in case the assets of the farm-mortgage bank are as great or greater than its liabilities, the Secretary of the Treasury may deposit a sum not exceeding \$500,000, and shall take as security for its deposit the certificate of indebtedness of the bank bearing interest at the rate of 2 per cent. Such deposit can be withdrawn by the Secretary of the Treasury at such time as may be fixed by him. Notwithstanding the criticism of the gentleman from Pennsylvania [Mr. MILLER], that this is a populist scheme, I am heartily in favor of it. The national-bank act authorizes the Secretary of the Treasury to deposit funds in the national banks, and this is done by the Secretary of the Treasury every year. It has been said that the national banks are required by the national-bank act to act as fiscal agents of the Treasury Department. This is true; but it is also true that this bill requires the farm-mortgage banks to act as fiscal agents of the Treasury Department; and while it places upon the farm-mortgage banks the same burden as it places upon the national banks, it does not give to the farm bank the same privilege that is given to the commercial banks.

In practice I doubt seriously whether the Secretary of the Treasury will ever be called upon for such a deposit as is referred to in this amendment. The result of the adoption of the amendment will be to give the investing public unlimited confidence in the bonds to be issued by the farm-mortgage banks. The investor will be satisfied that when the interest on his bond

is due it will be promptly paid, because in case the bank does not have the necessary funds on hand at the time with which to make the payment, they will be able to secure from the Treasury Department a deposit sufficient to enable them to make the payment, and a result of this confidence will be a wider market for the bonds and a lower rate of interest for the farmer.

Mr. HOWARD. Do you not think that there should be stricken from the amendment that part of it which gives to the United States Government the first lien upon the assets of the bank?

Mr. BYRNES of South Carolina. I think so, because that would tend to lessen the confidence of investors, and I understand that your suggestion will be agreed to.

This bill does not contain all the features I would have included in it, but I know that all legislation is enacted as a result of compromise, and I am therefore in favor of its passage because it will establish this rural-credit system, and when it is put in operation, if it shall fail to provide the relief Congress intends to give to the farmer, it can be amended until it does prove an agency for securing money for the farmers of this country at a lower rate of interest than they have heretofore paid. It provides for farm loans payable in from 5 to 36 years, at a rate of interest not to exceed 6 per cent. Of course, it will not in a day or month be able to handle the entire situation. It is estimated that the aggregate wealth of the farms of the United States is about \$40,000,000,000, and that their indebtedness totals about \$6,000,000,000. Approximately one-half of this amount is secured by mortgages, the estimated rate of interest being 8½ per cent, which makes the interest paid by the farmers of the Nation about \$500,000,000. This gives some idea of the magnitude of the problem that we are endeavoring to solve by the passage of this bill. If this system can gradually enable the farmers who now are indebted in the sum of \$3,000,000,000, secured by farm mortgages bearing interest at 8½ per cent per annum, to borrow from the farm-mortgage banks at 6 per cent and pay up the existing mortgages, the annual saving to the farmers will be \$60,000,000. To-day 37 per cent of our farmers are tenants, and this condition will continue as long as it is impossible for a man to borrow money at a rate of interest less than 8 per cent. By enabling a man to borrow money at 6 per cent for agricultural purposes we will enable every man to own the farm he cultivates and thus materially contribute to the prosperity of the Nation.

Mr. RAGSDALE. Mr. Chairman, a question has arisen here as to what action was taken on the Bulkley-Hollis bill, and by referring to page 5048 of the CONGRESSIONAL RECORD of March 1, 1915, we find this colloquy took place between Mr. RAKER, of California, and Mr. Bulkley:

Mr. RAKER. Do I understand the Bulkley-Hollis bill is the one that the two committees of the House and the Senate in joint session have been considering?

Mr. BULKLEY. That is the one, and it included section 30, providing for the purchase of bonds by the Government.

Mr. RAKER. One other question.

Mr. BULKLEY. All right.

Mr. RAKER. Is the Hollis bill now before the House practically the Hollis-Bulkley bill with section 30 eliminated, which you are seeking to have inserted?

Mr. BULKLEY. It is practically the same.

Mr. RAKER. Then, if we vote for the Bulkley amendment it will be the bill in the shape that the Senate and House committees recommended it should be in?

Mr. BULKLEY. Yes.

Then on page 5049 it will be seen that on a division, demanded by Mr. Bulkley and Mr. RAGSDALE, there were ayes 130, noes 81, and the amendment offered—the Bulkley amendment—was adopted; so that the Hollis-Bulkley bill was considered by this body and it was passed, and it was defeated in a joint conference between the House and the Senate.

The great question that has arisen here nearly every time we have considered rural-credits legislation has been the extent to which the Government aid should be given to rural-credits banks. The opposition that has prevented it all of the way through has been this opposition of governmental aid; and yet, although our committee first considered it as a committee, although the Senate committee considered it as a committee, although subcommittees were appointed and brought in their reports, although the gentleman from Indiana [Mr. Moss] prepared his bill, although a subcommittee from the Committees on Agriculture and Banking and Currency of the House and Senate went out and drew bills, there has never been a bill reported to this House that was believed to be workable that did not carry something of governmental aid; and in my opinion there can be no legislation that will bring relief to the borrowers of the country who need long-time loans at reasonable rates of interest unless we do give

them governmental aid. To my mind this bill without this amendment will fall far short of giving that relief that the people of the country need at this time.

The chairman of the Committee on Agriculture, the gentleman from South Carolina [Mr. LEVER], has given this matter careful study. Nobody considers him an extremist. Giving this matter, as he has, careful attention, he has come here after months of careful study and cooperation with the House and Senate subcommittees and he has offered this amendment, which he believes to be necessary to perfect the bill. What will this amendment do? Does the Government run the risk of loss, does the Government run any risk by lending this money for a short period of time? Does the Government assume any unlimited responsibility as to the amount it shall spend? Does the Government become an indorser or liable on any of the bonds outstanding? Nothing of the kind. The Government does not obligate itself to meet any of the bonds now outstanding. The deposits are made for the purpose of perfecting a system designed to reduce interest rates, provide long loans, and relieve the heavy burden now being carried by the borrowers in rural communities.

I would have preferred one large land bank located at the Capital here to the 12 land banks as I think it would have been stronger, more easily managed, run less expensively, and avoided constitutional questions that may be raised in some provisions in this bill creating the 12 banks and granting certain immunities. As the bill creates the 12 banks, I feel that the provision for these deposits should certainly be written in it.

We are providing that in certain contingencies the Secretary of the Treasury may deposit a sum total in the 12 banks aggregating \$6,000,000 for the purpose of meeting the interest and principal that may fall due in one year; and, Mr. Chairman, a condition of affairs exists in this country that justifies the creation of a rural-credit system, that justifies any machinery necessary to bring this system into existence. Certainly then there is justification for these deposits to be made in the banks that will take care of this interest and payment of principal.

We are now creating a system to put bonds in the hands of purchasers all over the country. We are creating a system here that the Government itself may accept these bonds as security for Government deposits. We provide that these bonds may be accepted for fiduciary investment, and so forth. All over the country these bonds are going to be accepted and it seems to me when the United States Congress goes to the people of this Nation and invites them to become purchasers of these bonds, invites women and children, widows, executors, and administrators, invites all the people who are looking for safe investment that will pay interest annually to buy them, then it becomes a duty on the part of this Congress to take such action as makes it absolutely sure that this interest will be met annually, and this is the only way we can guarantee it, as I see it. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAYES. Mr. Chairman, this is only one of the many Populistic schemes presented to the Committee on Banking and Currency and the Joint Committee on Rural Credits appointed in the last Congress. If this House is not prepared to go much further than this, it should resist the attempt to put this amendment into this bill. Unless you are prepared to start the printing press and loan money not only to the farmers but to the laboring people in order that they may build their homes, or to every other class who think that they ought to have money, you should vote down this amendment. The time to stop that sort of thing is right now and to say that you will shut down on every proposition that will seriously involve the credit of the Government in any loan proposition. Any system of rural credits or any other kind of credits that can not carry itself after the liberal subvention by the Government provided for in this bill, that will not run itself after it has been started in a substantial way, ought not to pass. For one, I am unalterably opposed to involving the general credit of the Government in any system to loan to anybody. I believe that should be the attitude of every Member of this House and I hope it will be. I yield the balance of my time to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. MOORE of Pennsylvania. Will the gentleman yield for a question?

Mr. HAYES. I will.

Mr. MOORE of Pennsylvania. No provision is made in this bill to loan money to anybody but the farmer?

Mr. HAYES. No.

Mr. MOORE of Pennsylvania. No workingman is permitted to borrow money under this bill?

Mr. HAYES. No.

Mr. MOORE of Pennsylvania. Is there any provision of law of which the gentleman has knowledge that enables the working-man, who is just as industrious as the farmer, but who does not happen to work on a farm, to obtain money from the Government in this way?

Mr. HAYES. I do not. But, of course, there is a strong, a special reason why it is for the interest of all the people that agriculture should be encouraged and stimulated in every legitimate way.

Mr. McFADDEN. Mr. Chairman, I rise to oppose the amendment of the gentleman from South Carolina [Mr. LEVER], because, in my judgment, it is a bad precedent to establish. I am also opposed to the tendency which exists in this country—and it evidently does exist to quite an extent in this House—of an attempt to make liquid fixed assets. I am absolutely opposed to the principle, and I am sorry to see it is advocated by even some bankers in the United States to make liquid railroad securities and other permanent assets. I am absolutely and unqualifiedly opposed to making or attempting to make liquid farm real estate. I think it is an extremely bad proposition and one we should avoid by all means. Since I have been a Member of this House I have sat here and watched the public hand go into the Treasury and take out sums of a million, ten millions, twenty millions for the establishment of a Government owned and operated nitrate plant, and possibly \$50,000,000 in a few days for flood control of the Mississippi and Sacramento Rivers. The difference between these specific appropriations and this proposition is that on this proposition we leave our hand in the Treasury to fonde the Government's money, which is produced from taxes on all the people, and take it out as we see fit. I am absolutely opposed to this kind of legislation, and if this amendment is adopted which the gentleman from South Carolina offers, and which I understand has the approval of the present Secretary of Agriculture, I believe it will and should quite properly be just cause for defeating this bill.

Mr. NORTON. Mr. Chairman, this is a very large and most important subject of legislation with which we are dealing at this time. There is no real occasion for the friends and true supporters of rural-credit legislation to become alarmed and afraid of scarecrows of Populism which those unfriendly to this legislation have adroitly set up in this debate. The magnitude of the problem with which we are dealing will be appreciated if we bear in mind that the farm-mortgage loans of this country amount to between three and four millions of dollars. A reduction of the interest rate 1 per cent would amount to nearly \$40,000,000 a year. It is generally conceded that a good Federal rural-credit system, if adopted in this country, would reduce the interest rate about 4 per cent, or about one-half of what it now is. This would mean to the farmers of the country a yearly saving in interest of about \$100,000,000, which is quite a tidy sum in itself. The gentleman from Illinois [Mr. CANNON] has told you how well to do the farmers of the country are and he has told you of the great wealth of property they have. The conclusions that he would have you draw from the facts stated are not such as should be drawn, however. Yes; the farmers of this Nation now own property having a value of upward of \$40,000,000,000, and the 6,500,000 farmers of this country last year produced farm products having a value of about \$12,000,000,000. But, gentlemen, the fact that they own a large amount of property and produce each year a great amount of wealth is no reason in the world why we should continue a system in this country which burdens them with an average interest rate of about 8½ when we can adopt in the Congress legislation for a system of rural credits which will reduce the present average interest rate to an average interest rate of 4 or 5 per cent, saving them more than \$100,000,000 a year. An unconscionable, heavy, and unjust burden in the way of interest charges has for generations in this country been imposed upon the farmers of the country by the money changers and the idle rich of the country. This condition should no longer be allowed to continue, particularly when the way is clear before us to remedy it.

Mr. PLATT. Will the gentleman yield for a question?

Mr. NORTON. Certainly.

Mr. PLATT. Is it not true that the high rates paid in some of the States are due to the laws of those States which require high rates of interest?

Mr. NORTON. No; I do not think so.

Mr. PLATT. I thought the gentleman from Arkansas [Mr. CARAWAY] told us the other day of one man in Missouri who paid 8½ per cent on a loan on one side of his farm and on the other side he paid 6 per cent, where the line of his farm crossed the border. Now, is not that due to State laws?

Mr. NORTON. If the gentleman had made any study of this question, and he now thinks that the high rates of interest in some of the States that the farmers are paying are due prin-

cipally to the interest laws of the States, I am sure that he wholly misses the purpose and object of this character of legislation and the economic laws which determine interest rates.

Mr. PLATT. I know it is so in some cases. I can prove it.

Mr. NORTON. The gentleman may know that the rates of interest are different in different States, but he does not know that the interest laws of the States are the principal cause of these high or low rates.

The amendment before the committee proposes that in case the land banks, due to some emergency, are not able to meet their interest payments or payments on bonds coming due, the Government will loan each land bank not to exceed \$500,000; that is, an amount altogether not exceeding \$6,000,000. If that will make this proposed system a better system, and I believe it will, I think that it would be a very good proposition for the Government to advance this amount of money. Six million dollars is not a large amount of money as we deal with funds here. In this case it is not an amount of money of which the Government will lose a single cent. The time has arrived in this country when we should cease thinking that because the farmers have a great amount of property the money loaners and idle rich have a good right to prey upon them like parasites. This amendment should be adopted.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FERRIS. Mr. Chairman, I desire to offer an amendment to the Lever amendment.

The CHAIRMAN. The gentleman from Oklahoma offers an amendment to the amendment of the gentleman from South Carolina, which the Clerk will report.

The Clerk read as follows:

Amend, on page 2, by striking out, in lines 4 and 5, after the word "indebtedness," in line 4, the following:
"And the United States shall have a first lien upon the assets of the State Federal land bank."

Mr. FERRIS. Mr. Chairman, it is patent what I am trying to do. I am trying to strike out the language in the Lever amendment which makes the Government, after depositing its funds in a perfectly solvent bank, a preferred creditor. I feel sure any such provision as that would in all probability destroy the sale of the bonds. I am in favor of the Lever amendment. I will vote for it. I think the bulk of it is good. I am not sure, but the gentleman from South Carolina said something about accepting such an amendment.

Mr. LEVER. I will say to the gentleman from Oklahoma that, personally, I would be very glad to accept the amendment.

Mr. FERRIS. In the first place, there can be no deposit made until the assets are the equivalent of the liabilities. That makes the bank a perfectly solvent concern. Now, if the Federal Government elects to deposit funds in the bank as in other United States depositories, it is not the thing to do to make it a preferred creditor.

Mr. PHELAN. Does it require the deposit of securities when it puts these notes in national banks?

Mr. FERRIS. Some of them require bonds and some do not, but certainly none of them make the Government a preferred creditor, and if you do it you destroy the sale of your bonds.

Mr. MADDEN. Will the gentleman yield?

Mr. FERRIS. Yes.

Mr. MADDEN. I wanted to ask the gentleman whether or not he did not believe if these deposits are made in the Federal land banks the same kind of security should be given by these banks for deposits that is now required by the national banks?

Mr. FERRIS. This requires more security than they do in the national banks, and for the further reason that this original subscription is nothing but a loan anyway, and they put a provision in here that amortizes and regains to the Treasury every cent of this money at an earlier period than I think it ought to do.

This is a good bill, but it is our duty to vote for good amendments when we are sure we can make it better. I would not favor complicated amendments, not easily understood, to be added on the floor, but this is an amendment easily understood, and is undoubtedly a help to make this a better bill. I hope my amendment to the Lever amendment will be first agreed to, then adopt the Lever amendment as perfected.

Mr. MOSS of Indiana. The purpose of this amendment is to obligate the Government more deeply to the Federal land-bank system as proposed in this bill. When we read section 16, the gentlemen who want to put this amendment on this bill on the theory that a system of banks that has \$9,000,000 of public money given to it, in connection with other large governmental favors, is a failure in its present form, will ask you to strike out section 16, and will assert that purely private banks, acting on their own capital and on their own initiative, will be able to drive this system of Government-aided banks out of existence.

Under this bill in its present form we endow each of the 12 banks with \$750,000 of Government money. That money must stay there until the borrowers who may take out loans shall have paid in \$750,000 more. Then these banks will each have \$1,500,000 of capital, \$750,000 of which belongs to the Government. Under the terms of the bill, before the Government money can be taken out of any bank, the proposed borrowers will have paid in \$4,500,000 as capital. It is proposed in this motion to make possible a further contribution of \$500,000, but the Government will have \$500,000 in each land bank at the time when the capital of that bank amounts to \$2,500,000. We have so organized the system that at that period of the bank's growth its capital will amount to the sum of \$2,500,000; the sum of \$2,000,000 will have been paid in by the cooperative borrowers and \$500,000 by the Government. Now, at the time the Government money shall have been completely retired from all of the 12 banks the system itself will have a capital of \$54,000,000 over and above every possible debt it can have contracted, if it has been honestly managed. By this motion gentlemen are asserting that a bank with a capital of \$4,500,000 in absolute cash that has been paid in there by the borrowers of that system is possibly insolvent, and they ask you to deposit \$500,000 more in its treasury. That is the situation which will then present itself under the conditions of this bill before the Government money can be retired from the system. The farmers of this country will have paid in \$54,000,000 to the bank on capital and 25 per cent of all net earnings will be held for reserves, and yet the proponents of this amendment stand here and assert that the system is unstable and that the land banks may become insolvent. The banks must hold as assets as many dollars in first mortgages on the lands of the people of the United States, plus \$54,000,000, as they can possibly have bonds outstanding, and yet this amendment is offered on the theory that the interest to the bondholder may not be promptly paid. I repudiate the intimation, Mr. Chairman, and confidently assert that this proposed support is not necessary for the successful operation of the banks as organized under the provisions of this bill.

I yield the rest of my time to the gentleman from Virginia [Mr. GLASS].

Mr. GLASS. Mr. Chairman, my colleague on the committee, the gentleman from Indiana [Mr. Moss], has so clearly stated the objections to this amendment that I scarcely feel it necessary to say a word except in response to the specious argument that nothing is asked here for the farmers that is not asked for the business men and merchants of the country. As a matter of fact, that is not true. You are asking something here that is not granted by any provision of the national-bank act or the Federal reserve act or any other statute. You are asking that the Government of the United States be authorized to tie up its current funds in time loans, and there is nothing in any Federal statute that makes provision for any such thing now. There is a vast deal of difference between the Government of the United States depositing its current funds in Government depositories at the discretion of the Secretary of the Treasury, to be instantly withdrawn whenever the Government needs those funds, and this thing of depositing Government funds on time obligations. It ought not to be done. It is not expedient or businesslike to do it, and I sincerely hope the House will vote down this amendment.

Mr. WINGO. Mr. Chairman, we have had something like an hour's debate on this amendment, and only seven minutes have been used in discussing it. There have been but two men who spoke and by their statements show that they knew what the amendment is. I, for one, have been much amused by this "tempest in a teapot" over the weakest form of Government aid that could be put into this bill. What is there in this amendment that caused my genial friend from California [Mr. HAYES] to cry out "Populism!" and protest against this as being one of the many schemes to ram the arms of the farmer into the Federal Treasury? No farmer will do it under the amendment that is now pending; and if the gentleman from California will study it—as he has had an opportunity to study it ever since the 24th day of February—he would know that that is so. First, let us see what relation these Federal land banks bear to the Government. Under the act as reported by the committee each and every one of these Federal land banks is a fiscal agent of the United States Government.

Is it Populism for the United States Government to deposit in an emergency, in order to protect the interest upon bonds that have been issued under the supervision of the United States Government, \$500,000? Is that Populism? If it is, then Populism has been practiced in the State of California and is being practiced to-day by the Secretary of the Treasury, because greater deposits than that are being put into the banks in the State of California.

Mr. HAYES. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Arkansas yield to the gentleman from California?

Mr. WINGO. No; I can not yield. What does the gentleman from South Carolina [Mr. LEVER] propose to do by his amendment? He says that if at any time any Federal land bank shall find that it will soon be without funds immediately available sufficient to meet its obligations—with respect to what? To the payment, when required, of the principal or interest on bonds issued under this act. Then it may make application to the Federal farm-loan board for a temporary deposit by the Secretary of the Treasury of the sum needed to make such payments during the period for which its funds immediately available will be insufficient. If, after investigation, the Federal farm-loan board shall approve the application, it shall give notice thereof to the Secretary of the Treasury, stating the sum required, the period for which it is needed, and such other facts as may be necessary. Thereupon the Secretary of the Treasury may deposit such sums, or from time to time so much thereof as may be required, with the Federal land bank for one purpose, and that is to prevent default of interest and principal of the bonds that the Federal land bank of the United States, operating under this provision of this act has issued, back of which, whether you put it in the bill or not, are the faith and credit of the United States.

Is there any Populism in that? It occurs to me it is the weakest kind of Government aid you could give to this bill. I would go much further. I regret that we do not go further, and that is one reason why I have not said more on this bill. I regret that we could not give to the farmer of this country such a rural-credit bill as meets my view of what rural credits are and should be. How any man who favors this bill can oppose this amendment I can not understand. This aid that is proposed here is not aid to the farmer but aid and protection to the investors who buy these bonds; and the only benefit that the farmer can get from it is that the bonds will be paid, and thereby the farmers, by reason of the confidence in the security, may get a low rate of interest.

Shall it be a permanent deposit? Is it a loan? No; it is simply a deposit like that which the Secretary of the Treasury makes with a depository of the United States Government under existing law. The Secretary of the Treasury fixes the time, and the bank must make provision to return the deposit not later than the expiration of the period fixed by the Secretary of the Treasury.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. PLATT. Mr. Chairman, I hope this amendment will be voted down by a large majority. If such a scheme as this is put into the bill I shall have to vote against the bill, and others of us who have worked long and earnestly on this bill will have to vote against it.

I was a member of the Subcommittee on Farm Credits in the last Congress, when the Bulkley bill was written, and that bill contained Government aid in two forms. One was in the form of subscriptions to farm-land banks, but the Government entered into the farm-land banks on an investment basis, and was to receive dividends. Under this bill the Government subscribes without interest or dividends. The bonds are guaranteed with every sort of safeguard that we could possibly devise.

The gentleman from Arkansas [Mr. WINGO] has just told us that the Government deposits were wanted in the banks to safeguard the bonds. The bonds do not need any safeguarding. They will be as safe as any investment that anybody could get, in my opinion. I trust that the amendment will be voted down.

Mr. Chairman, I yield the balance of my time to the gentleman from Ohio [Mr. FESS].

The CHAIRMAN. The gentleman from Ohio [Mr. FESS] is recognized.

Mr. FESS. Mr. Chairman, this amendment assumes that this proposed legislation will not be successful. It asks that in case any land bank is unable to pay the interest on the bonds or the principal, or both, it will have that ability supplied by the Federal Government. The General Government is to come to the support of an incompetent institution whether because wrongly built or badly conducted and fill in the weak places that somebody fears will be in this law. This is a confession of lack of faith in the institution proposed.

That is the very feature that we want to avoid. If an institution is not sufficient to stand on its own feet without the support of the General Government, the proposal to lend the credit of the Government with no guaranty other than the institution's assets is an expression of the wildest Populism.

There are people on this floor that believe that it is possible for the Government to stamp a piece of paper and make it

money simply because it is stamped. You can put on one side of the paper the obligation of "\$2" and on the other side of it "\$5," and use it as of either denomination at your convenience [laughter], and you can make a \$5,000 bill with as little effort as you can make a \$1 bill. It will require no more ink or paper. Just so the Government stands ready to make good a self-confessed bad business deal. In other words, it is the Government itself that is making the credit, without regard to whether the institution is going to be a success or not. It is a serious question whether such a proposal can be made workable in certain sections, hence this call upon the Government.

Mr. HENRY. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Ohio yield to the gentleman from Texas?

Mr. FESS. Yes.

Mr. HENRY. Does the gentleman think that the greenbacks that were issued under the Lincoln administration were good money?

Mr. FESS. The first \$60,000,000 were good money, because they were redeemable on demand and in gold. The other \$450,000,000 were not, because they were not so redeemable. They went down to 37 cents on the dollar.

Mr. HENRY. They are in existence to-day, are they not?

Mr. FESS. Yes; but because every dollar of them is made equal in value to every dollar in gold, under the law of 1879 providing for the resumption of specie payments. But you provide under this amendment that in case the bank can not pay its interest the Government shall come in and do it. It is not to take care of the bonds. The bond itself rests upon the assets upon which it is issued, but you propose to take care of a bank that is unable to pay its interest or unable to pay its principal. What is bad as a business proposition is certainly not sound as a Government proposition.

Mr. RAGSDALE. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield?

Mr. FESS. No; I regret I can not yield. In other words, it is a question of the Government coming in and making something out of nothing. That is the dangerous feature of this proposed amendment which revives the soft-money idea, and should be defeated.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HENRY. Will the gentleman yield further just there?

The CHAIRMAN. The time of the gentleman has expired. All time has expired. Is there objection to the acceptance of the amendment of the gentleman from Oklahoma [Mr. FERRIS] to the amendment of the gentleman from South Carolina [Mr. LEVER]?

Mr. MANN. I object.

The CHAIRMAN. The gentleman from Illinois objects. The question is on the amendment of the gentleman from Oklahoma [Mr. FERRIS] to the amendment of the gentleman from South Carolina [Mr. LEVER].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment as amended.

The question being taken, on a division (demanded by Mr. LEVER) there were—ayes 63, noes 58.

Mr. GLASS. I asked for tellers, Mr. Chairman.

Tellers were ordered, and the Chairman appointed Mr. LEVER and Mr. GLASS.

The committee again divided; and the tellers reported—ayes 80, noes 66.

Accordingly the amendment of Mr. LEVER as amended was agreed to.

The announcement of the result was received with applause.

Mr. MORGAN of Oklahoma. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Oklahoma offers an amendment, which the Clerk will report.

Mr. LEVER. Will the gentleman withhold his amendment a moment, so that I can perfect this?

Mr. MORGAN of Oklahoma. Certainly.

Mr. LEVER. I offer the following amendment.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. LEVER: On page 79, line 8, within the parenthesis, strike out the letter "g" and insert in lieu thereof the letter "h."

The amendment was agreed to.

The CHAIRMAN. The gentleman from Oklahoma [Mr. MORGAN] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. MORGAN of Oklahoma: Page 79, after the word "act," in line 10, insert a new section, as follows:

"THE UNITED FEDERAL LAND BANK.

"SEC. 4a. That the United Federal Land Bank is hereby created. It shall be located in such State and at such city as shall be determined by the board of directors of such bank, subject to the approval of the Federal farm-loan board. Said bank shall have no capital stock or shareholders and no funds, except such as shall be contributed by Federal land banks. It shall not be conducted for profit. Its chief work shall be to issue Federal farm-loan bonds for and in behalf of Federal land banks, to aid Federal land banks in the sale of their bonds and to act for such banks, subject to the approval of the Federal farm-loan board, in all matters which will contribute to the unity of such banks, to the standardization of their business methods, to their economical administration, to the strengthening of their credit, or to the success in general of the land-credit system hereby established. The United Federal Land Bank shall be controlled by a board of 12 directors. Each Federal land bank shall elect one of said directors. At the time of his election such director must be a director of the bank by which he is elected. Should a director of the United Federal Land Bank cease to be a director of the bank by which he was elected, he shall thereby cease to be a director of the United Federal Land Bank. The terms of office of such directors and the officers of such bank shall be fixed by the Federal farm-loan board. The board of directors of the United Federal Land Bank shall elect a president, vice president, secretary, and treasurer. Such officers shall be directors of such bank at the time of their election.

"The officers of such bank shall give their entire time to the business thereof, and shall receive such compensation as shall be fixed by the Federal farm-loan board. The board of directors may employ all the necessary assistants for the proper transaction of the business of such bank and fix their compensation, subject to the approval of the Federal farm-loan board. Within 90 days after its organization each Federal land bank, through its board of directors, shall elect one of its directors as a director of the United Federal Land Bank. Such directors, under a call or notice issued by the farm-loan commissioner, shall under their hands forthwith make an organization certificate containing such statements as shall be prescribed by the Federal farm-loan board, and file the same with said board, where it shall be preserved and made of record. The certificate shall be acknowledged before the judge of a court of record or a notary public.

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

"First. To adopt and use a corporate seal.

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

"Third. To make contracts.

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

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

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

"Seventh. To establish a uniform rate of interest which every Federal land bank shall charge upon farm loans for the ensuing year and until otherwise ordered by said bank; to fix a uniform rate of interest which Federal farm-loan bonds issued under the provisions of this act shall bear, and a uniform rate of discount at which such bonds may be sold by any Federal land bank until otherwise changed by said bank; and to fix uniform fees or commissions which Federal land banks shall pay agents for receiving applications for farm loans and services connected therewith, and for the sale of farm-loan bonds, all of which shall be subject to the approval of the Federal farm-loan board and within the limitation and restrictions of the law.

"Eighth. It shall have power, subject to the approval of the Federal farm-loan board, to act upon all propositions which will aid the Federal land banks to cooperate in conducting the business which they are authorized by this act to perform, with a view to standardizing business methods, appraisements, bookkeeping, forms, records, and any other things which will contribute to the economical administration of such banks, the welfare of borrowers, the security of investors, and to the prosperity of agriculture.

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

"The funds necessary for the operation of the United Federal Land Bank shall be contributed by the Federal land banks in such proportions as shall be fixed by the Federal farm-loan board, based upon the amount of loans made by such bank."

Mr. GLASS. Mr. Chairman, I make the point of order against this amendment that it is clearly not germane to this section.

Mr. MORGAN of Oklahoma. It is offered as a new section.

The CHAIRMAN. The gentleman offers it as a new section.

Mr. GLASS. I ask unanimous consent that all debate on the amendment be closed in five minutes.

Mr. MOORE of Pennsylvania. Reserving the right to object, I wish the gentleman would extend that to 10 minutes, so that the gentleman from Ohio [Mr. RICKETTS] can be recognized.

Mr. GLASS. Well, in 10 minutes, then.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that debate on this amendment be closed in 10 minutes. Is there objection?

There was no objection.

Mr. MORGAN of Oklahoma. Mr. Chairman and members of the committee, if this amendment were adopted it would in no way interfere with the general plan of the committee bill. The committee bill, as you know, creates 12 Federal land banks. This amendment creates the united Federal land bank, a central institution uniting the 12 banks. It provides that each one of these 12 Federal land banks, through their directors, shall each select one member of the board of directors of the united Federal land bank. This united Federal land bank is not to be a money-making institution. It is not to have capital stock. Its sole purpose is to aid and assist the 12 Federal land banks.

I think every student of rural credits knows that in almost every country where they have numerous land-credit institutions there comes a time when the need of a central institution is recognized. The *landschaften* of Germany were each independent; but the time came when a central *landschaft* was organized, in which at least eight *landschaften* were united. The object was to secure better credit for the local institutions. Bonds issued by the central *landschaft* had a better market. This means a better credit and a lower rate of interest. The committee bill creates 12 district banks. In reality these constitute but one institution, because they are responsible for one another's contracts and must pay on demand the interest on one another's bonds. This makes them one institution, working in 12 divisions; but under the committee bill there is no legal authority, no legal corporate body created, whereby those 12 parts or divisions may get together and act in unison in the interest of all. We have 48 States, but we have only one Union, which acts in the interest of the whole country. You here create 12 States, so to speak—12 departments—but you do not unite those departments. The amendment which I have offered creates the united Federal land bank and gives it power to do a number of things. First, it has power to act generally to promote the success of all the banks. I can not now go into detail, but I will mention two important things the united Federal land bank, with the approval of the Federal farm-loan board, may do.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. MORGAN of Oklahoma. Yes.

Mr. MADDEN. What is this Federal farm-loan board that is created in the committee bill? Is that the institution that the gentleman is seeking to set aside?

Mr. MORGAN of Oklahoma. No; I do not seek to set that aside.

Mr. MADDEN. Does the gentleman want another board of control?

Mr. MORGAN of Oklahoma. I think the central corporation which I propose can do much in the administration of the business affairs that do not come within the line of the duties of the Federal farm-loan board.

Now to go back to where I was, the united Federal land bank, through its directors, is required to do two important things, namely, fix a uniform rate of interest at which loans shall be made until changed and fix a uniform rate of interest at which farm-loan bonds shall be sold, until such time as a different rate shall be established.

To create 12 Federal land banks, great public institutions, to act for all the farmers of the United States, and yet leave these banks to act entirely independent of each other, as competitors of each other, and give them no legal corporate body through which they may cooperate and work together in the interests of all the farmers of the United States, to my mind would be a great blunder. The institutions we are creating are designed to promote the development of agriculture and bring greater profits and greater prosperity to our farmers. We are creating corporations through which the farmers may cooperate to secure better credit facilities and lower rates of interest. We should make these instruments as efficient and perfect as possible. These are farmers' institutions. They will be supported by the farmers. They are to serve the farmers. But, beyond this, they are intended to render a service to the Nation, and this they will do. The success of these institutions depends largely upon the sale of the farm-mortgage bonds issued by these institutions. Who can not see the advantage in having all these bonds issued in the name of one institution—the united Federal land bank? And yet the primary liability to pay the bond would rest upon the land bank for whose benefit and in whose behalf the bonds were issued. But these bonds would gain the confidence of investors more readily if they were all issued in the name of a great central institution, representing the combined credit of these 12 banks. The central institution—the united Federal land bank—will strengthen the credit of the farmers, promote economy in the administration of these institutions, and contribute largely to their success.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN of Oklahoma. I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman has that permission by order of the House.

Mr. MORGAN of Oklahoma. Do I understand that we can extend our remarks on any of these five-minute speeches?

The CHAIRMAN. Yes.

Mr. GLASS. All Members have leave to extend their remarks for 10 days.

Mr. MORGAN of Oklahoma. That means unlimited authority to extend remarks, as I understand it?

Mr. GLASS. For 10 days.

Mr. RICKETTS. Mr. Chairman and gentlemen of the House, I had not intended to discuss this bill during this debate, but the more I study it the more clearly I am convinced that the bill contains many objectionable features.

This is no new question to me. I have been considering the subject for a couple of years, and last year I had the pleasure of reading a book on this subject compiled by Hon. Myron T. Herrick, of Cleveland, Ohio. I think it will be conceded that he is the best-posted man in the country on the subject of rural credits. He has given the subject more careful study and greater investigation than even the proponents of this bill.

It is proposed by the enactment of this law to benefit the farmers of the country, and I fear that unless certain features of the bill are amended, and especially section 16, that the benefit to the farmer will not prove to be what is claimed for it, or what is expected on the part of the farmer. I frankly admit that the bill, in a great measure, is a meritorious one; and I do not mean to say that I shall not support it, even though the objectionable features in it are not corrected. My present impression is that it is my duty to support it, and I shall be governed accordingly. However, should this bill be enacted into law, unless it is properly guarded it will give rise to what is known as "wildcat speculation."

I think Col. Herrick has very clearly pointed out in his work on this subject the weak points in this bill, and I fully concur in his conclusions.

There are important as well as minor objections to the bill. It contravenes the spirit of American Government in its plan to enact special as distinguished from general law, and to create a Federal bureau clothed with both executive and judicial powers and authorized to establish a system through which, when Congress is not in session, it may abstract money for use of private individuals from the Treasury and involve the credit of the United States in the issue of unlimited millions of dollars of bonds bearing interest at a rate as high as 5 per cent, and possibly 6 per cent, per annum, besides the overhead charges, and running for indefinite periods, even to several future generations. The bureau may establish any number of Government banks in addition to the 12 first ones; and since no maximum is prescribed for capital stock, such public institutions may emit, upon forms prepared by the Secretary of the Treasury and Comptroller of the Currency, upon the certificate of officials of the United States, continual issues of bonds that may be endless, so long as qualified mortgages may be supplied.

The bureau may withhold the benefits of the proposed system from any State or from any groups 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. The bureau may arbitrarily 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. The bureau has absolute authority to grant or disallow charters, and to dissolve any land bank or association. It may, upon dissolution, appoint the receiver, compound debts and claims, cancel 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 prejudice. In my judgment this method is un-American.

The report of the committee asserts that the system is cooperative, and that all profits are to be distributed among the borrowers. The bill itself contains a clause authorizing the Federal board to encourage and promote 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 profit should be confined to members. Nevertheless, this 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 outside parties—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 it would work an injustice to borrowers.

The investment of deposits in loans which must run for 5 and may run for 36 years is dangerous finance. It would be equally wrong and dangerous also to permit a savings institution to pyramid on its credit and encumber its assets with debt through bond issues. Such methods and practices brought the public savings banks of Italy so near to ruin a few years 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 the creditors to accept.

The main trouble with this bill is the fact that it contains too much machinery, to much harness. It is distinguished by its "red tape," and it will be entirely unsatisfactory to the farmers. The farmer has been led to believe that the establishment of a rural-credit law gives him the right of way, unobstructed, to the Public Treasury to secure a loan necessary in the prosecution of his business and relieve him of any financial embarrassment. If this bill should be passed by Congress it will be a sad disappointment to a great many farmers who are expecting Federal aid through the rural-credit system. There are 6,500,000 farmers in the United States, who are looking to Congress for a practical law.

The principle upon which rural credits is based is a sound one, and the legislation necessary to put it into operation should be distinguished for its simplicity and rapid and quick relief. This bill in its present form does not measure up to that standard; and should the bill pass, I predict that in 25 years from now Congress will be endeavoring to correct its imperfections.

For several years rural credits has been the subject of great public discussion. Interest in it has been aroused in the farming communities of this Nation, and the farmers are looking forward to the time with considerable anticipation when they can be accommodated and thereby assisted in developing the agricultural resources of this country.

This bill is denominated "An act to provide capital for agricultural development, to create a standard form of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to provide for the investment of postal savings deposits, to create Government depositaries and financial agents for the United States, and for other purposes."

This title sounds well, and every farmer who reads it will conclude that when this bill shall become a law all he needs to do is to mount a train for the National Treasury and receive the amount of money which he needs in the prosecution of his business by simply placing a mortgage upon his farm at 50 or 60 per cent of its true value in money. When he reaches his destination he will be confronted with a procedure necessary to obtain the loan that will at once bewilder him and lead him to believe that he has been buncoed under the guise of Federal aid in establishing a rural credit system. So far as I am concerned, I want this bill so simplified that these loans may be made with as little red tape as possible and at the same time in a strictly businesslike manner.

I am deeply in sympathy with the principle involved in this bill and I most heartily concur in the theory of rural credits, and want to assist the farmer to obtain reasonable loans on the best security that any man can offer in the world—that of a farm mortgage.

While this bill does not conform to my views and while I clearly understand that there is quite a diversity of opinion with reference to the establishment of a law which will meet the requirements, in order to assist the farming communities of this country in the development of their resources, yet I shall not vote against the bill. I make these suggestions at this time that the committee may take the proper steps to correct and perfect the bill so as to comply with the basic principle of the rural credit theory. I know that the farmers of the district

which I have the honor to represent, or at least quite a large per cent of them, are heartily in favor of the rural credit system, and for that reason I am going to support this bill, believing that in time it will be more nearly perfected to suit the purposes for which it is intended. No more important legislation has been before this House during this session, and we should consider it carefully and with a view to give the farmer what he wants in order to more successfully prosecute his business and develop his land. [Applause.]

The Clerk, proceeding with the reading of the bill, read as follows:

Sec. 5. That as soon as practicable the Federal farm-loan board shall divide the continental United States, excluding Alaska, into 12 districts, which shall be known as Federal land-bank districts, and may be designated by number. Said districts shall be apportioned with due regard to the farm loan needs of the country, but no such district shall contain a fractional part of any State. Said districts may be readjusted from time to time. In no case shall a Federal land bank be established with less than \$750,000 capita! stock.

The Federal farm-loan board shall establish in each Federal land-bank district a Federal land bank, with its principal office located in such city within the district as said board shall designate. Each Federal land bank shall include in its title the name of the city in which it is located. Subject to the approval of the Federal farm-loan board, any Federal land bank may establish branches within the land-bank district.

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

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

First. The name assumed by such bank.

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

Third. The amount of capital stock and the number of shares into which the same is to be divided: *Provided*, That every Federal land bank organized under this act shall by its articles of association permit an increase of its capital stock from time to time for the purpose of providing for the issue of shares to national farm-loan associations and stockholders who may secure loans through agents of Federal land banks in accordance with the provisions of this act.

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

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

The Federal farm-loan board is authorized to direct such changes in or additions to any such organization certificate not inconsistent with this act as it may deem necessary or expedient.

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

First. To adopt and use a corporate seal.

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

Third. To make contracts.

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

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

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

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

After the subscriptions to stock in any Federal land bank by national farm-loan associations, hereinafter created, shall have reached the sum of \$100,000, the officers and directors of said land bank shall be chosen as herein provided and shall, upon becoming duly qualified, take over the management of said land bank from the temporary officers selected under this section.

The board of directors of every Federal land bank shall be selected as hereinafter specified and shall consist of nine members, each holding office for three years. Six 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 three directors shall be known as district directors, and shall be appointed by the Federal farm-loan board and represent the public interest.

At least two months before the date specified by the Federal farm-loan board for the first election the farm-loan commissioner shall notify each national farm-loan association in writing that such election is to be held, giving the number of directors to be elected for its district and requesting each association to nominate one candidate for each director to be elected. Within 10 days of the receipt of such notice each association shall forward its nominations to said farm-loan commissioner. Said commissioner shall prepare a list of candidates for local directors consisting of the 20 persons receiving the highest number

of votes from national farm-loan associations making such nominations. At least one month before said election said farm-loan commissioner shall mail to each national farm-loan association the list of candidates. The directors of each national farm-loan 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 shall be elected as local directors. In case of a tie the farm-loan commissioner shall determine the choice.

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

At the first regular meeting of the board of directors of each Federal land bank it shall be the duty of the local directors to designate two of the local directors whose term of office shall expire in one year from the date of such meeting, two whose term of office shall expire in two years from said date, and two whose term of office shall expire in three years from said date. Thereafter every director of a Federal land bank chosen as heretofore provided shall hold office for a term of three years. Vacancies that may occur in the board of directors shall be filled for the unexpired term in the manner provided for the original selection of such directors.

Directors of Federal land banks shall have been for at least two years residents of the district for which they are appointed or elected, and at least one district director shall be experienced in practical farming and actually engaged at the time of his appointment in farming operations within the district. No director of a Federal land bank shall, during his continuance in office, act as an officer, director, or employee of any other institution, association, or partnership engaged in banking or in the business of making or selling land-mortgage loans.

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

Mr. McFADDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 79, line 12, strike out all after the words "Sec. 5," to and including line 4, page 80, and insert the following: "That as soon as practicable the Federal farm-loan board shall establish its principal office in the city of St. Louis, Mo., and the capital stock of the Federal farm-loan board so established shall not be less than \$9,000,000."

Mr. HOWARD. Mr. Chairman, I desire to offer an amendment to the amendment, and I would like to offer it now.

Mr. McFADDEN. I have no objection.

Mr. HOWARD. I offer it as a substitute for the amendment of the gentleman from Pennsylvania.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

ORGANIZATION OF UNITED STATES FARM-LAND BANKS.

Sec. 31. That there is hereby incorporated the United States farm-land bank, with an authorized capital of not less than \$12,000,000 and with the right of indefinite increase. The principal place of business of said bank shall be at Washington, D. C. Its charter rights and privileges shall continue for a term of 50 years, with the right of renewal by Congress, subject to amendment or repeal by Congress during that time: *Provided*, That the rights of creditors of such institution shall not be changed or affected by any such amendment, repeal, or change.

Mr. McFADDEN. Mr. Chairman—

Mr. GLASS. Mr. Chairman, I would like to have some agreement as to the time.

Mr. MANN. This is rather an important proposition, and I think we ought to have the debate started before we close it. We just adopted one amendment, for which I did not vote, because we did not have long enough discussion.

Mr. McFADDEN. I do not desire over 10 minutes.

Mr. HOWARD. I want 10 minutes. I will state to the chairman that this is a proposition I have been pretty much wedded to, and I would like to discuss it intelligently.

Mr. GLASS. Mr. Chairman, I ask unanimous consent to close debate in 30 minutes.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to close debate on this section and all amendments thereto in 30 minutes. Is there objection?

Mr. MANN. I object.

Mr. GLASS. Mr. Chairman, I move that debate close in 30 minutes.

Mr. MANN. And I make the point of order that that motion is not in order at this time.

The CHAIRMAN. The gentleman from Pennsylvania is recognized.

Mr. McFADDEN. Mr. Chairman, I want to say a word or two in connection with the consideration of this bill and by way of explanation. As a member of the Banking and Currency Committee, I would like to say that I have given as much attention and consideration to this subject as I have been permitted to, and I have not looked at or considered the proposition in a factional or political way in any sense. My efforts on the committee have been, with other gentlemen of the committee, to get just as good a bill perfected for the benefit of the American

farmer as it was possible to get. In that connection, however, I have not become satisfied with the result of the work and accomplishment of the Banking and Currency Committee thus far. The other day I made reference to certain sections of this bill that I did not approve of, and judging from some of the discussion we have had on the floor of the House to-day, I think my assertions have been confirmed.

Now, in regard to this special amendment.

Section 5 of this act provides that the Federal farm-loan board shall divide the continental United States, including Alaska, into 12 districts which shall be known as Federal land-bank districts. The said districts shall be apportioned with due regard to the farm-loan needs of the country, and it is further provided that any district shall not contain a fractional part of any State, and the section also provides that readjustments may be made from time to time. It also provides that district Federal land banks shall have a capital of \$750,000, and that each Federal land bank shall include in its title the name of the city in which the bank is located, and each bank shall be managed by boards of directors and the usual quota of officers, clerical force, including attorneys, experts, laborers, and such other employees as they may deem necessary.

This plan of dividing the continental United States into 12 districts is patterned after the plan adopted by the Federal Reserve System, but for the purposes of this system is entirely superfluous and will tend to complications and will retard the successful operation of the system, and it seems to me entirely uncalled for. Under the plans as proposed by this act many farm-loan associations and joint-stock banks are to be organized, or at least they are to be organized where there is a demand for such associations. It would therefore seem to me that these associations and joint-stock banks will fulfill every purpose for which these 12 banks are an excuse.

In addition to this, in the matter of issuance and guarantee of mortgage bonds which are to be taken, issued, and sold under this system by the 12 separate banks, each of the 12 banks issuing bonds must guarantee the bonds issued by each other. How much more simple this whole matter could be made if but one bank were in existence, and I contend that there would be a tremendous saving in the cost of the operation of this system by having but one bank, centrally located in the city of St. Louis, Mo., as it would be if my amendment is adopted.

In the sale of the bonds to be issued under this act prospective purchasers are going to be confused by the designation of different classes of bonds offered for sale, and prejudices are sure to arise against bonds issued by banks located in the south and southwestern parts of the United States by scrutinizing investors of the East and North, and I need only to cite the fact that there exists at the present time in the minds of the investing public in this country uncertainty as regards investments in these sections, and is one of the causes why interest rates in the South and West are higher to-day than in more favorable investment sections of this country.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to proceed for five minutes more. Is there objection?

Mr. GLASS. Mr. Chairman, reserving the right to object, I ask unanimous consent that all debate on this section and all amendments thereto shall conclude in 30 minutes.

The CHAIRMAN.—The gentleman from Virginia asks unanimous consent that all debate on this section and all amendments thereto close in 30 minutes. Is there objection?

Mr. MANN. Mr. Chairman, reserving the right to object, this is a long section, and there are some things in it that I would like to find out about, myself. Several gentlemen would like to be heard briefly in reference to it. I do not think it is fair to close debate in that way.

Mr. GLASS. Mr. Chairman, I do not want to shut off any real serious discussion of any provision in this bill.

Mr. MANN. We do not want to do anything except discuss the real provisions of the bill.

Mr. GLASS. That is all I want. I tried to elicit from the gentleman from Illinois [Mr. MANN] a while ago what would be a reasonable time upon which we could agree.

Mr. MANN. I think it is wiser on a section so long as this, where we can not tell what is coming up, to let the debate run on for a time. Some proposition may be developed, as there was on the last section, that will prove very important. It will soon develop whether there is any such thing.

Mr. GLASS. Would the gentleman agree to close debate on these particular amendments in 15 minutes?

Mr. MANN. I am perfectly willing to do that, as far as I am concerned.

Mr. GLASS. Then, Mr. Chairman, I ask unanimous consent that debate on these particular amendments that are now pending be closed in 15 minutes.

The CHAIRMAN. Is there objection?

Mr. HOWARD. I object.

Mr. GLASS. Then, Mr. Chairman, I move that debate on these particular amendments now pending be closed in 15 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Virginia that all debate on the pending amendments close in 15 minutes.

The question was taken; and on a division (demanded by Mr. HOWARD) there were—ayes 55, noes 21.

Mr. HOWARD. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Georgia makes the point of order that there is no quorum present. The Chair will count.

Mr. HOWARD. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for five minutes.

Mr. McFADDEN. Mr. Chairman, I make the contention that these bonds could be sold on a more favorable basis if but one issue were made, and it would work a decided benefit to the sections of country where high interest rates now prevail and might continue to prevail if they are kept in a class by themselves. There is going to be no influx of people daily entering these 12 institutions and these Federal land banks can be of no particular value to the cities in which they are to be located, as they are not going to deal primarily with the people in the cities in which they are located, except as they may or might become sales agent for these securities for the bonds issued. My prediction is, however, that bonds offered for sale by this system would be offered by advertisement in lots of probably not less than \$1,000,000, and that in all probability many of these issues would be taken by the larger bond houses existing in the United States to-day.

Mr. MEEKER. Mr. Chairman, it seems to me that there are two features to the amendment that has just been offered. The first is the centralization of this entire system. It is said that people wonder why the rates of interest vary so widely in the different parts of the country; but if one has ever invested in land in some sections of the country he will know why. Purchasing land in certain sections at \$30 an acre and selling it at five is not conducive to a low rate of interest.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MEEKER. Yes.

Mr. MOORE of Pennsylvania. What difference does it make if you have the United States Treasury to fall back on?

Mr. MEEKER. It would make no difference, inasmuch as the guaranty feature has been voted in this afternoon, that the Government will make this a fool-proof bill. Nobody except Uncle Sam can lose.

Mr. FESS. What effect would it have on the Treasury of the United States?

Mr. MEEKER. The Treasury of the United States, so far as this administration is concerned, is a mere bag of shells. We pay no attention to the Treasury, so far as getting something into it is concerned. Our attention seems to be devoted under this administration to getting something out of it.

Mr. LEVER. Mr. Chairman, will the gentleman yield?

Mr. MEEKER. Yes.

Mr. LEVER. I would like to ask the gentleman if he knows a provision similar to the one referred to by the gentleman from Pennsylvania passed the other body of this Congress with only 5 dissenting votes?

Mr. MEEKER. That shows the wisdom of the Senate as to this particular measure. I believe that only by the pooling of these bonds in one institution will it ever be possible to in any degree whatever make bonds from certain sections of the country salable, and I do not think that would be true of 12 separate institutions located in different parts of the Nation for the purpose of evening up as much as possible the rates at which the bonds are to sell. If they are in one institution, the purchasing public, especially since the United States Treasury is back of the bonds, will look with more favor upon them. I heard a gentleman say just a few moments ago that he would now purchase these bonds since the Government would back them up. I said, How about the Government guaranteeing the bonds; are you in favor of that? Inasmuch as this last amendment has just been put in—the Lever amendment—it would seem evident that now there is no longer any necessity for

these 12 districts, and that it would be better to permit the Government to manage this through one institution. So far as the other part of the amendment is concerned, it has simply to do with the location of this one central bank. St. Louis is suggested. It was named in the amendment. It is not because I come from the city of St. Louis, but because St. Louis is near to some of these sections where possibly the rate will be a little high; because St. Louis is near to the people who will ask for this assistance; because it is near the section of the United States from which appeals on the floor of this House have been coming since this bill has been up; because of the proximity of St. Louis to that particular territory it certainly makes it a very desirable location. If you are going to back it up with United States funds, you are welcome to come now with any sum.

Mr. HOWARD. Mr. Chairman and gentlemen of the committee, the proposition now before the committee is one which appeals to the judgment of every man who wants an economical administration of this system. The great European experts, where they have had in operation a rural-credit system for over 100 years, admit to-day that the only mistake they have made in the organization of the rural-credit banks was in not mobilizing the entire credit of all the agricultural assets of the country into one central institution and that institution issuing all the bonds.

Now, what do you do about it? You practically admit the weakness of the 12 systems. You practically establish a central bank! You tied them together. When the Bulkeley-Hollis bill was here before us you had them all separate, and now you make the liability of one the liability of the other in degree. Now, you want to reduce expenses to the farmer. You say that you desire his interest rate to be low. What do you do? You go and create 12 times more machinery than is necessary to get the farmer's debenture bonds upon the market, and you know it is a fact. [Applause.]

Let us see. You talk about 1 per cent, and you say that 1 per cent is an arbitrary amount for the expense of this system. The minimum and maximum amount of expense of the great landschaft system of Germany has been fifteen one-hundredths of 1 per cent and sixty-five one-hundredths of 1 per cent, respectively.

Now, let us see what is the difference between a central bank in commercial banking and a central land bank in mortgage banking. I will admit that a central bank in commercial banking can be used for the oppression of the people in any section, but what is the difference? What function does a commercial bank perform? A commercial bank gathers together all of the cash in the community into one institution, and they sell that cash for interest-bearing notes or bonds. What does a rural-credit bank do? It gathers together all the credit in a community and it sells that credit for cash. They are the exact antithesis of each other, as I said on the floor of this House two years ago. Now, I want to appeal to you gentlemen on the Republican side and you gentlemen on the Democratic side from the West and you gentlemen on the Democratic side from the South. You put in these 12 regional banks and there is no more reason for the establishment or the division of this country into 12 regional rural-credit districts—and you gentlemen know it—there is no more reason for the division of it into land banks than there is for the division of the heavens into 12 regions for the study of the solar system, not a bit.

Mr. PLATT. Will the gentleman yield?

Mr. HOWARD. I will.

Mr. PLATT. There was no more reason for dividing the country into 12 Federal reserve districts.

Mr. HOWARD. Yes, there was; and I will tell the gentleman why. The country was divided into 12 districts according to the channels of trade and the movements of business in a given area. The curse of the country was the centralization of money in Wall Street, and you divided it up into 12 systems to keep the money in those regions that produced the wealth for the benefit of the region.

Mr. SMITH of Michigan. Will the gentleman yield for a question?

Mr. HOWARD. A short question.

Mr. SMITH of Michigan. Suppose a person lived in Washington or Oregon and wanted to mortgage his farm, would you not suppose it would be more convenient to have a regional bank in that locality than here in Washington? [Applause.]

Mr. HOWARD. Let us see. You all applaud that. The sensible, sane system is to start this system with the county, and the local institution confined in its operation to the county, and bring all the counties of a given State into a central institution in the State, the State bank to be owned by the local banks, and bring all the collective credit of all the States of the Union into

one central institution—a bond-issuing institution for the entire system.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOWARD. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent for five minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. HOWARD. Now, what is the objection? Just as the gentleman from Missouri [Mr. MEEKER] said and my friend on the Banking and Currency Committee said. The concentration of the credit in one institution strengthens it, and when you establish a central bank in farm-mortgage credits you make it twelve times stronger than these 12 units that you establish all over the country.

Now, let me say to you gentlemen from the South, that many of the commercial banks of the South have been robbing the poor farmers of that section. They with unblushing shame admitted in their sworn reports to the Comptroller of the Currency that they have been charging the farmers of the South from 10 to 2,000 per cent. The farmers of Georgia to-day are paying on an average of 14 per cent for the money they are borrowing to make the present cotton crop with.

Mr. STEAGALL. Do you not think that with the system now obtaining the reserves of the bank are assembled at a few centers, which are far removed from the people to whom you refer?

Mr. HOWARD. I will tell you what effect it will have. The gentleman from New York [Mr. PLATT] hit the nail on the head awhile ago. The legislatures in the West and the legislatures in the South have been doing this sort of business ever since the Civil War. When they elect bankers to the legislature they put all those bankers on the banking committee of the State legislature, and they do nothing to reform the usury law. If you had put some of these skinflint, Shylock, pawnbroker bankers in the chain gang, this country would prosper a great deal more than it is prospering now. [Applause.] They are openly violating the usury laws in 30 States in the Union every day.

But I have not time now to discuss the iniquities of the commercial banking business of the country. I will have to refer you gentlemen to the able and fearless Comptroller of the Currency, Hon. John Skelton Williams. He will let the white light in for you. But I have time to appeal to you gentlemen who know something of this subject. The gentleman from Oklahoma to-day—and I have given him a great deal of credit for his courage—went back on a principle in which he believes as I do. He wanted to have the one bank of issue, to wit, a central bank, but he wanted to leave in existence the other 12 absolutely useless institutions, which would perform no real function of any value to the farmer.

When this system gets under way, you will have 12 Federal land banks, with their bonds seeking the investing public in competition with each other, which inevitably means high-interest rates, giving the advantage to the developed and highly prosperous sections of country over the sparsely settled and undeveloped sections of the country. The investing public will always fix the rate of interest by comparison of the bond offered them with the bond of the most prosperous and best developed agricultural region.

A central bank of issue would do away with the competition for investment money necessarily incident to having 12 different institutions, and by bringing the collective credit of all the farmers of all the States in the Union together in one central institution one bond would be as good as another and each and every one would be placed on the same footing, thereby giving strength to the bonds from the States yet undeveloped and at the same time detracting nothing from the salability of the bonds from the well-developed and more prosperous States.

My judgment is that we are making a grave mistake in creating a system causing competition among the land banks that will be to the disadvantage of the farmer and to the very great advantage of the investor.

The bill I introduced in the Sixty-third Congress and in this Congress placed the control of the entire system eventually in the hands of the borrowers, starting with the farmer in the local community, confining the operations of the local association to a county, bringing the counties of a State together in a central bank in the State and bringing the States together in the one central bank at the Nation's Capital. My amendment, if adopted, will make one central institution to start off with twelve millions of capital, this stock to be eventually absorbed by the local and State banks of the Nation and the entire system eventually owned by the farmers of the Nation. The dis-

ting advantages of this system are that the farmer is given the benefit of—

First. The collective credit of the community, as represented by the guaranty of his mortgage by the local bank.

Second. The collective credit of the farm-land banks of the State, as represented by the guaranty of his mortgage by the State bank.

Third. The collective credit of the farm-land bank of the Nation, as represented by the guaranty of his mortgage by the central bank.

Each farmer borrower, no matter where he may be, will get the benefit of the collective credit of his community, of the collective credit of the farm-land banks of his State, and of the collective credit of the farm-land bank of the Nation, as represented by the central bank. Can there be any question that, as a consequence, he will be able to obtain money on the best terms and at the lowest interest rates?

Mr. Chairman, what I have said is not in criticism of the painstaking work of this committee. I have directed my remarks to the expediency of the system created by the bill and the system of marketing bonds which I have tried to explain. I think the committee recognized the soundness of this principle when they made the 12 Federal banks restricted guarantors of each other's obligation. If they had made the system of the 12 banks joint makers of farm-loan bonds they would have accomplished exactly what my bill accomplishes, but the other banks of the system, in case of the default of any one of them, only become responsible for the payment of unpaid principal and interest after all the assets of the issuing bank are liquidated and distributed. Consequently this restricted guaranty of the farm-loan bonds of each land bank by the other 11 banks in no sense gives to these bonds the full benefit of the collective credit of the entire system, as would be the case with a central bank alone issuing land-bank bonds, and it will be impossible to prevent the investing public from looking upon the 12 Federal land banks as separate and distinct institutions acting for separate sections of the country. The poorer farmers in the poorer sections will not get the full benefit of the system, and one of the great objects for the creation of this system will be defeated.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

Mr. SMITH of Michigan. Mr. Chairman, I ask unanimous consent to address the House for five minutes.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to address the House for five minutes. Is there objection?

There was no objection.

Mr. SMITH of Michigan. If you will pardon me, gentlemen, I will try not to detain you long. The gentleman from Georgia [Mr. HOWARD], who last spoke, had something to say about usury laws. Down in his State I notice the usury law provides:

A deed given to secure a loan tainted with usury is voidable. In a note containing homestead waiver tainted with usury, the waiver is voidable.

I would like to say that in the gentleman's State of Georgia the savings banks have loaned on real-estate mortgages \$14,828,323 at an average rate of 6.28 per cent interest. A good many gentlemen have spoken here about the robbery committed by the banks in loaning money, and I have heard it frequently mentioned here on the floor of this House that the rate of interest is from 8 per cent to 10 per cent. There is loaned in the United States by the insurance companies alone on farm lands \$646,961,371 at the average rate of interest of 5.55 per cent.

Mr. McKELLAR. Mr. Chairman, will the gentleman yield there?

The CHAIRMAN. Does the gentleman from Michigan yield to the gentleman from Tennessee?

Mr. SMITH of Michigan. Yes.

Mr. McKELLAR. Those figures did not give the commissions that are charged by the insurance companies in making the loans. If they did, you would find that they cost the farmer from 7 to 8 per cent.

Mr. HOWARD. Mr. Chairman, will the gentleman yield right there?

The CHAIRMAN. Does the gentleman yield?

Mr. SMITH of Michigan. Yes.

Mr. HOWARD. Out of 114 banks doing business in the State of Georgia, 66 of them swore that they charged on their entire loans in the State of Georgia from 10 to 134 per cent, and their oaths are on file in the office of the Comptroller of the Currency now.

Mr. SMITH of Michigan. I will say to the gentleman that that is not an interest rate. That is not fixed by law or in any

other way. A charge of 100 per cent is compounding. It is not interest or anything else.

Mr. HOWARD. A bank down in Oklahoma charged 2,000 per cent.

Mr. SMITH of Michigan. That is not a matter of interest; that is simply robbery. Why do you not, you gentlemen down in Georgia and Oklahoma, pass State laws waiving all interest upon mortgages if the rate is too high? Your people are not in favor of that or they would do it. The gentleman from Illinois raised an interesting question a little while ago. He says because these land banks are an instrumentality of the Government all the taxes on those bonds and those mortgages are to be waived and their assessable tax value raised on the other taxable property. My friends, this bill will only apply to less than one-half of the people who borrow money. Why do you restrict it to the person actually engaged in the cultivation of the farm? Why, a mortgage is just as good whether the owner lives on the farm or does not live on the farm. If you are going to secure bonds by real estate, why not apply them to all the mortgages that are given on real estate? I have not the time, but I would like to show you that even down in Mississippi they get only 6 per cent on their farm-mortgage loans. There is not any hardships down there in securing money on real-estate mortgages at 6 per cent.

Let me tell you this, gentlemen from the Southland: You will benefit your country a great deal more if you will refrain from passing laws that destroy the best interest you have—the sugar interest. Now, you want \$20,000,000 for Muscle Shoals and \$45,000,000 for the Mississippi River, and you are asking an appropriation of \$2,000,000, or some large amount, for the extermination of the boll weevil, and more millions for the eradication of the cattle tick; and yet by your own law you have destroyed the best industry in the South, namely, the sugar industry. Now you come along and ask for Government aid in loaning money on farm mortgages. You are changing this bill—and I have no objection to that—but I would like to read you something about that report that the joint committee sent in here. You are getting the matter arranged around so that there will be Government security of these bonds. That may be all right, providing there are good first-class real-estate farm mortgages behind them. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired. The question is on agreeing to the substitute offered by the gentleman from Georgia [Mr. HOWARD].

The question was taken, and the substitute was rejected.

The CHAIRMAN. The question recurs on agreeing to the amendment offered by the gentleman from Pennsylvania [Mr. McFADDEN].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. McFADDEN. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 21, noes 64.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. MOORE of Pennsylvania. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

Mr. GLASS. Mr. Chairman, I ask unanimous consent that all debate on this section and amendments thereto close in 25 minutes.

The CHAIRMAN. The gentleman from Virginia [Mr. GLASS] asks unanimous consent that all debate on this section and amendments thereto close in 25 minutes. Is there objection?

Mr. MANN. Let the gentleman save some time for himself.

Mr. GLASS. Then I will make it 35 minutes, Mr. Chairman.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on this section and amendments thereto close in 35 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Pennsylvania [Mr. MOORE].

The Clerk read as follows:

Amendment offered by Mr. Moore of Pennsylvania: Page 79, line 20, after the word "than," strike out "\$750,000" and insert "\$500,000."

Mr. MOORE of Pennsylvania. Mr. Chairman, in view of the adoption of the Lever amendment, which puts the Treasury of the United States behind the bonds that are to be issued by these farm banking associations, it seems to me that a little money ought to be saved to the people who have to contribute to the general fund; so I have offered this amendment, cutting down the amount to be taken out of the Treasury of the United States for each of the 12 Federal land banks, from \$750,000, as recommended by the committee, to \$500,000.

In advocating his amendment the gentleman from South Carolina [Mr. LEVER], together with others who have spoken, indicated that it was necessary, or at least advisable, in order that investors should be secured, that the United States Treasury should be made responsible for these bonds. That is to say, if any one of these 12 associations fail, by reason of bad management, by reason of defalcation, by reason of poor judgment in making the loans, by reason of a variation in prices after the loans have been made, by reason of a general tendency to falling prices, then the Treasury of the United States, to which all people contribute, shall be called in to make good the loss. The gentleman pleaded for the investor. Other gentleman have pleaded for the investor. It is the first time since I have been in this House that I have heard any real, true, honest, sincere "friend of the farmer" plead for the investor. According to the gentleman from South Carolina [Mr. LEVER] and others, we ought to pass this bill in order to protect the man whose money is to be invested in these bonds. In other words, we will drop the farmer for the moment, to look after the Rockefellers; we will take care of the Carnegies now. If Wall Street will only buy these bonds, we will assure Wall Street and Rockefeller and Carnegie, and the whole rich caboodle of them, that if the farmer's local associations fail to make good, or the farmer's cattle die, or the farmer's crop falls and he can not pay the Treasury of the United States will make good the bonds to the investor.

Mr. LEVER. Will the gentleman yield for a question?

Mr. MOORE of Pennsylvania. I yield to the gentleman from South Carolina.

Mr. LEVER. Does the gentleman recall that under the Taft administration the gentleman's party passed a bill permitting the Philippine government to guarantee to the stockholders in a Philippine bank a 4 per cent dividend on their money?

Mr. MOORE of Pennsylvania. The gentleman has got no comeback on that proposition, because the Democratic Party in its Philippine bill is ready to repudiate the assurance given to investors when they bought Philippine bonds. The situation is different, because the United States authorized the Philippine government to issue those bonds.

Mr. WINGO. Will the gentleman yield for a question on the merits of the proposition he is discussing?

Mr. MOORE of Pennsylvania. I yield to the gentleman from Arkansas.

Mr. WINGO. The gentleman understands that these bonds will be issued for a specific term. They would not necessarily be issued at the beginning or at the middle of the fiscal year, so that the time of payment of the interest on the bond would not be the same as the semiannual or annual payment upon the loan. Suppose that the interest payment should fall due in May, and the semiannual installment upon the loan should not fall due until the 1st of June, and by reason of something that was not foreseen there should be a small difference, or a lack of availability of immediate funds. Does the gentleman see anything wrong or unbusinesslike in the Federal Government depositing with its fiscal agent a small sum, if the Secretary of the Treasury approves it, for that temporary purpose? Is there anything wrong in that from a business standpoint?

Mr. MOORE of Pennsylvania. I think so. I think it is an immoral financial proposition as affecting Government money.

Mr. WINGO. Let me ask the gentleman another question—

Mr. MOORE of Pennsylvania. I think it is playing favorites with the farmer or whoever is the beneficiary against the workmen generally, who have to pay the taxes along with the farmer.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MOORE of Pennsylvania. I ask unanimous consent to proceed for five minutes?

The CHAIRMAN. The Chair will call attention to the fact that debate on this paragraph and all amendments thereto has been ordered closed in 35 minutes. The gentleman asks unanimous consent to proceed for 5 minutes. Is there objection?

There was no objection.

Mr. WINGO. The gentleman said that that was an immoral financial transaction. Was it an immoral financial transaction for the Secretary of the Treasury, both under Republican administrations and under Democratic administrations, to deposit public funds in national banks in the city of Philadelphia to meet an emergency?

Mr. MURRAY. Oh, that was different.

Mr. MOORE of Pennsylvania. The gentleman from Virginia very clearly explained that situation; he explained the difference.

Mr. WINGO. I ask the gentleman to state the difference.

Mr. MOORE of Pennsylvania. I will refer the gentleman from Arkansas to the answer given by the gentleman from Virginia.

Mr. WINGO. I ask the gentleman if he considers it an immoral financial transaction?

Mr. GLASS. "The gentleman from Virginia" did not say it was immoral; he said it was an inexpedient and unbusinesslike transaction.

Mr. LEVER. Will the gentleman yield?

Mr. MOORE of Pennsylvania. No; I want to get in a few words for the workingman who does not work on the farm, and who is not considered in this legislation.

Mr. LEVER. I want to call the gentleman's attention to some benefits that the Government is conferring on some of the gentleman's friends.

Mr. MOORE of Pennsylvania. Will not the gentleman do that in his own time? The gentleman has worked out a beautiful scheme which has gone into this bill and which will make him famous among the borrowing farmers and those men who have farm lands to dispose of.

I observed that I was delighted to hear the gentleman break away from his usual agricultural trend and say something for the "poor, downtrodden investor." Usually the gentleman from South Carolina stands with the gentleman from Texas [Mr. HENRY] on this proposition of using the Government Treasury to back up a rural-credit bill. The gentleman from Texas some time ago—and I must differ somewhat from my own leader when I make the statement—had with him when he wanted to valorize cotton at least 120 Members on that side of the House who were in favor of sticking their hands into the Treasury of the United States to pay the cotton farmers of Texas and other Southern States for their product. They wanted the Government Treasury to boost the price of cotton. They stood up for cotton all right, and if they keep it up I do not know where the rest of the producers will get off.

Why, only yesterday we nearly passed a bill appropriating \$50,000,000 to reclaim lands along the Mississippi to raise more cotton. I was amazed at it, because gentlemen from Texas and others who valorously champion the cotton interests have been endeavoring to restrict the output of cotton. It was difficult, therefore, to understand the great rush to get money out of the Treasury to reclaim swamp lands so that they could raise more cotton.

Mr. HENRY. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I decline to yield. Before we get through making the various appropriations that the Democratic Party is taking unto itself while it happens to be in power we will be taxing the cotton of the gentleman from Texas, possibly, and maybe we will add a little to the tobacco of the gentleman from Oklahoma. We will have to find the money somewhere.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MOORE of Pennsylvania. In view of the interruptions, Mr. Chairman, I ask to proceed for five minutes more.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that he may proceed for five minutes more. Is there objection?

Mr. MURRAY. Reserving the right to object—

Mr. IGOE. The regular order!

Mr. FERRIS. I object.

Mr. PHELAN. Mr. Chairman, I am sorry that there has been so much politics discussed in this bill, which ought not to have any politics or partisanship in it. I want to state that I have served on two committees in the preparation of this bill, with Republican members on both committees. There never for one second has been any partisanship raised in any of the meetings by Democrats or Republicans. I hope that for the remainder of the discussion of this very important bill, at least, some of this partisan discussion may be eliminated. [Applause.]

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. PHELAN. Yes.

Mr. MOORE of Pennsylvania. The gentleman comes from a great industrial district, and he is in favor of voting \$9,000,000 for the farmers of the country. Now, would the gentleman favor a bank with \$9,000,000 of Government money to enable those who borrow money of building associations to have the backing of the United States Treasury?

Mr. PHELAN. I will take that up when we come to it. I want to call the attention—

Mr. MOORE of Pennsylvania. In view of the gentleman's statement about partisanship I wish to suggest that there is some favoritism in this bill.

Mr. PHELAN. Mr. Chairman, I want to call the attention of the gentleman to the fact that the committee of which I am a

member has now had two great legislative matters before it—in the last Congress the Federal reserve act and in this Congress the rural-credits bill—and that we are doing something that the Republican Party never has done in the quarter of a century that it was in power. [Applause on the Democratic side.] We are getting results, and we will meet every one of these propositions as it comes to us.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. PHELAN. I can not yield any more. I want to speak about the proposition raised by the gentleman from Pennsylvania [Mr. MOORE]. I hope his amendment will not prevail. We have gone over this matter very carefully, and I am glad that the gentleman, in moving to cut down the appropriation from \$750,000 to \$500,000, indicates that he favors the principle of the proposition. I hope his motion will not prevail. If it does, he will defeat the very purpose which he advocates on the floor with reference to the other provision.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. PHELAN. I have not the time. We want to start these banks with sufficient capital so that they can make loans to some reasonable amount before they are obliged to go to the public and ask the public to buy bonds. In other words, we want to get the system well started before the banks go to the public and attempt to obtain money by the sale of bonds. That is the reason we have made it \$750,000. It is an arbitrary amount. You might argue all day whether it ought to be \$500,000, \$750,000, or \$800,000, or any other amount. We think we have hit upon a reasonable and proper amount, and that with that amount the banks will get well started.

Mr. HAYES. Mr. Chairman, I have been very slow to bring myself to the point where I could consent to any Government aid to start these rural-credit banks, and I would not be willing now to vote for any sum to be appropriated from the Treasury to put these banks on their feet if I could see any other way to do it; but having brought myself to the point where I am willing that some money may be temporarily advanced by the Government in order that this very important matter may be started properly, I am anxious that a sufficient amount shall be advanced so that the banks may be put upon their feet in a manner to get the confidence and respect of the investing public. In my humble opinion \$750,000 is all too small. [Applause.] I am not sure but it ought to be a million dollars. If the Government is going to do this thing at all, it ought to do it right. I think \$500,000 is too little. I hope the amendment will not prevail.

Mr. MURRAY. Let's make it a million.

Mr. CANNON. Oh, make it two.

Mr. MEEKER. Mr. Chairman, I would like to ask the gentleman a question. On the principle of this endless-chain proposition of buying mortgages and issuing bonds and selling bonds and buying mortgages why would not \$100,000 be enough?

Mr. HAYES. It would be enough if any considerable number of the bonds had been sold and the thing was on its feet.

Mr. MEEKER. The Government is back of it now.

Mr. HAYES. The only purpose of \$750,000 is to start it on its road.

Mr. HENRY. Mr. Chairman, will the gentleman yield?

Mr. HAYES. In a moment. The bill requires that this money shall be returned to the Government after the system is fully under way. This is not a gift on the part of the Government. It is only intended to put it on its feet and get it started, and in my opinion \$750,000 is none too much for that purpose.

Mr. HENRY. Will the gentleman yield for a moment? Will the gentleman vote for an amendment increasing it to \$1,000,000 for each one of these banks?

Mr. HAYES. No; I can not. I might be willing to do so if I had not agreed to the \$750,000 in the committee. After a thorough discussion and some compromises back and forth, the committee arrived at that sum as the proper sum to put behind each bank, and I shall stand by it.

Mr. HENRY. The gentleman sees no objection to it?

Mr. HAYES. I see objections under the circumstances. We fixed it at \$750,000 as the least that the majority of the committee thought it was safe to put behind this proposition. I am still of the opinion that \$750,000 is as little as should be used to put this system into operation. For that reason I hope the amendment of the gentleman will not prevail.

Mr. LEVER. Mr. Chairman, the gentleman from Pennsylvania [Mr. MOORE] is disturbing his peaceful soul a good deal about the amendment which the Committee of the Whole adopted by an overwhelming vote a moment ago, the amendment which I had the honor to offer. I desire to call the attention of the gentleman to the fact that under the last Republican administration—the last, by the way, we are going to have for a good

long while [applause on the Democratic side]—the Republican Party passed a bill to provide for the establishment of an agricultural bank in the Philippine Islands. Among the provisions in that bill is this:

For the purpose of aiding in the establishment and operation of such an agricultural bank in the Philippine Islands as the general government thereof may hereafter specifically authorize the Philippine government is empowered to guarantee an income not exceeding 4 per cent per annum upon the cash capital actually invested by individuals or corporations in such agricultural bank.

It does not lie in the mouth of the gentleman from Pennsylvania to complain about this proposition here which looks to making the farmer's loan bond, issued under this bill, so strong that it will bring back to the farmer, the borrowing farmer, a lower rate of interest. [Applause.]

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. LEVER. For a question.

Mr. MOORE of Pennsylvania. Does not that act which the gentleman quotes simply authorize the Philippine government to do something?

Mr. LEVER. It does.

Mr. MOORE of Pennsylvania. That is all.

Mr. LEVER. Surely. The gentleman was willing to write his approval to the Philippine government that the government should have the power to guarantee to individual and corporate investors in the bank a certain dividend upon their investment, but he now complains when we are undertaking to write such a bond as will bring back the lowest possible rate of interest to the borrowing farmers of this country.

Mr. MOORE of Pennsylvania. Will the gentleman again yield?

Mr. LEVER. For a question.

Mr. MOORE of Pennsylvania. Are any farmers in this country in any State in such a position as were the Filipinos when that act was passed giving them a chance for civilization?

Mr. LEVER. Oh, but the gentleman was complaining of the principle and not of the circumstances or the facts, and now when I confront him with the fact that his own party has gone a long way further in guaranteeing the stockholder in a Philippine bank against loss than we go by this amendment in helping our own farmers, he wants to fall back and say that the poor Filipinos were in a worse fix than we are in this country, which I, of course, admit.

Mr. GLASS. May I call the attention of the gentleman to the fact that, while I do not want to inject any partisan feeling into this sort of a discussion, if it is to be persisted in I want to have the opportunity of calling attention to the fact that every single, solitary Republican in the Senate who voted on the proposition at all voted for the proposition of the gentleman from South Carolina, only in a very much worse form. [Applause on the Democratic side.]

Mr. LEVER. With the exception of five.

Mr. GLASS. With the exception of none.

Mr. LEVER. I believe the gentleman is right.

Mr. MOORE of Pennsylvania. Will the gentleman yield for one question?

Mr. LEVER. I can not at this point. I want to call the attention of the gentleman to another thing. In 1862, when Southerners were not in control in either branch of Congress, you passed another act, an act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean and to secure to the Government the use of the same for postal, military, and other purposes, and you authorized the Treasury to issue its 30-year 6 per cent bonds to these railroads to the extent of from \$16,000 per mile to \$48,000 per mile to aid them in their work. There the party of the gentleman was guaranteeing the Government's credit and the Government's money, issuing its own bonds to help a railroad corporation build a transcontinental railroad, and yet when we offer a modest proposition which will get for the producing farmer of this country a lower rate of interest than he can get under existing conditions the gentleman throws 15 fits a minute. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. DAVENPORT. Mr. Chairman, I desire to offer an amendment to the amendment of the gentleman from Pennsylvania [Mr. MOORE] by striking out the figures "\$500,000" and inserting "\$1,000,000." [Applause.]

The CHAIRMAN. The Clerk will report the amendment to the amendment.

The Clerk read as follows:

Amend the amendment by striking out "\$500,000" and inserting in lieu thereof "\$1,000,000."

Mr. DAVENPORT. Mr. Chairman, for many years we have been providing for all classes of business and all classes of enterprises in Congress, and in doing so every man on both sides of

the aisle has been advocating that it was for the interest of the farmer. We come now to a proposition where we can do some good to the farmer if we are willing so to do, and if we are going to do it let us provide each of those banks with a sufficient amount of capital in starting, that the farmers may secure loans and get their money without taking time to issue bonds and float them and then await a reissue and sale before we can make other loans. I say to you that \$1,000,000 is a small amount to start these banks with. It is going to take some time under the system and the machinery provided in this bill to put those banks in operation, and it is going to take some time after getting them started to get a sufficient number of mortgages executed in order that you may place upon the market a sufficient amount of bonds in order to have sufficient funds to accommodate the new loans.

It is but a few years since we authorized and in a way donated to 34,000 white people in Alaska a \$35,000,000 contribution to build a railroad. Only a few days ago we authorized or donated, if it gets through the other end of this Capitol, about \$20,000,000 for a nitrate plant, and, if the bill passes that we are now considering, known as the flood-control bill, in a few days you will appropriate about \$45,000,000 for those living in the Mississippi Valley. And if we are going to be so liberal with our contributions let us donate, or place at the command of the farmers of this country where they may get it upon proper security a sufficient sum of money, or at least let us give them \$12,000,000 for the many farmers throughout the United States.

Mr. FESS. You use the word "donate" advisedly, do you not?

Mr. DAVENPORT. It is nothing more or less, so far as the Alaskan Railroad is concerned, but a donation, as we have not been able to do much up there but spend money and will not for many years, if ever. And the appropriations for the other enterprise mentioned are purely local, and I am not now complaining of them, but mention them so that our liberality should be as generous toward the farmers throughout the United States as in any special locality.

Mr. HENRY. Let me suggest to the gentleman that this Congress has placed in the hands of the 16 Western States the proceeds from the public lands for irrigation and reclamation work, which amount to nearly \$100,000,000.

Mr. DAVENPORT. We have been giving benefits to certain localities and industries in certain localities, and here is a time when we can give something to the average farmer from the Lakes to the Gulf and from Maine to California.

Mr. MOORE of Pennsylvania. In fact, there is nothing that this Congress could give away but what Congress has given away?

Mr. DAVENPORT. In fact, the Delaware River could have gotten a good deal more if the wishes of my friend from Pennsylvania had been realized. I am like my friend from Pennsylvania or the gentleman from the Mississippi Valley, I am ready to take all that we believe we are rightfully entitled to, and I do not believe that we have ever gotten any more than we were entitled to. And for that reason I believe that, as a matter of legislation, we ought to have more than \$1,000,000 capital in each of these land banks.

Mr. GLASS. Mr. Chairman, I would like to inquire how much time is remaining.

The CHAIRMAN. There are five minutes more remaining.

Mr. MANN. There was 35 minutes allowed at 5 o'clock.

The CHAIRMAN. It was 6 minutes of 5 o'clock, as the Chair recalls it, and the Chair can call all those who have used the time. The gentleman from Pennsylvania [Mr. MOORE] consumed 10 minutes, the gentleman from Massachusetts [Mr. PHELAN] used 5, the gentleman from California [Mr. HAYES] used 5, the gentleman from South Carolina [Mr. LEVER] 5, the gentleman from Oklahoma [Mr. DAVENPORT] used 5.

Mr. MANN. It was 1 minute of 5 o'clock when we made the order.

The CHAIRMAN. That is so, and these gentlemen have all had the floor and have had their five minutes.

Mr. MOORE of Pennsylvania. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MOORE of Pennsylvania. Was the arrangement made before the amendment offered by myself?

The CHAIRMAN. All to this section and all amendments thereto, and the gentleman from Oklahoma [Mr. DAVENPORT] offered an amendment in his time to the amendment offered by the gentleman from Pennsylvania.

Mr. GLASS. Mr. Chairman, if there were any real necessity for the proposed increase in the capitalization of these regional farm-land banks, I should not object; but there is absolutely no necessity in the world for it. And I warn gentlemen that they

are in danger of proceeding too far in matters of this kind, and that the first thing they will know we will have no rural-credits legislation by this Congress at all. The matter of fixing the capital of these banks at \$750,000 was gone into with the utmost care. The figure was reached after careful estimate of what was required, and I hope the committee will not change it.

Mr. DAVENPORT. Mr. Chairman, will the gentleman yield for a question?

The CHAIRMAN. Does the gentleman from Virginia yield to the gentleman from Oklahoma?

Mr. GLASS. Yes.

Mr. DAVENPORT. I would like to ask the gentleman if that figure was not agreed upon by the committee as the basis of what possibly might be necessary? If it were fixed at \$1,000,000, does the gentleman think that Members would vote against it, even if it were necessary and they believed it should be passed, simply because it was fixed at \$1,000,000?

Mr. GLASS. The committees charged with the solution of the problem gave to this subject intelligent study, and the members of the committee think that a \$750,000 advance by the Government for the purpose indicated is more than ample. Some thought \$500,000 ample; but in order to reach a harmonious conclusion and bring out a practically unanimous report from the committee concessions were made and we put the amount at \$750,000. That is quite enough, in the judgment of those who have given the matter careful consideration.

Mr. EAGLE. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Virginia yield to the gentleman from Texas?

Mr. GLASS. Yes.

Mr. EAGLE. I want to ask my friend if this be not also true, in his opinion, that it is largely immaterial whether the initial amount of capital stock of any one of these 12 banks be \$250,000, \$500,000, \$750,000, or even \$1,000,000; for is not this true, that automatically under this bill the amount of the capital stock will increase as the people adopt and put into effect this system by the farm-land associations themselves subscribing to and thereby increasing the capital stock of these land-credit banks?

Mr. GLASS. Practically, that is a very accurate statement of the case; so that \$750,000 is easily ample for the purpose. It is the judgment of the committee that this amendment should not prevail.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. GLASS. Yes.

Mr. TILSON. Then, as I understand the gentleman, in his opinion and in the opinion of the committee that have had this subject under consideration there would be no good purpose served by adding to this \$750,000, and it might be harmful. Is that the correct understanding?

Mr. GLASS. It would be psychologically harmful; harmful to the bill, and might endanger the legislation.

Mr. SISSON. The gentleman does not mean to convey the idea that the committee agreed unanimously to something that they regarded as harmful?

Mr. GLASS. No. I did not say that.

Mr. SISSON. In other words, the opinion of the committee was that \$750,000 was a proper amount, and therefore the committee unanimously reported it?

Mr. GLASS. Precisely.

Mr. FERRIS. Mr. Chairman, will the gentleman yield?

Mr. GLASS. Yes.

Mr. FERRIS. Inasmuch as the Senate passed the bill, I believe, at \$500,000 per bank, or \$8,000,000 all told, there can not be anything sacred either about the \$9,000,000 or the \$6,000,000?

Mr. GLASS. There is nothing sacred about any part of it. Nevertheless, there is a question of sound economics involved in this particular item, which should not be too greatly accentuated if we really desire to have rural-credits legislation at this session of Congress.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Oklahoma [Mr. FERRIS] to the amendment offered by the gentleman from Pennsylvania [Mr. MOORE].

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. FERRIS. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 22, noes 46.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Pennsylvania [Mr. MOORE].

The question was taken, and the Chairman announced that the "noes" seemed to have it.

Mr. MOORE of Pennsylvania. A division, Mr. Chairman. The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 11, noes 67. So the amendment was rejected.

Mr. CULLOP. Mr. Chairman, I offer the following amendment.

Mr. MANN. I suggest to the gentleman from Virginia that it is time to move to rise.

The CHAIRMAN. The gentleman from Indiana [Mr. CULLOP] offers an amendment, which the Clerk will report.

Mr. CULLOP. It is to amend page 82, line 8, after the word "complain" by inserting the word "interplead." I have conferred with the committee, and that amendment is satisfactory to the members of the committee.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 82, line 8, after the word "complain" insert the word "interplead."

The CHAIRMAN. Without objection, the amendment will be agreed to.

There was no objection.

Mr. CULLOP. Also insert a comma after the word "complain" and before the word "interplead."

The CHAIRMAN. Without objection, the amendment will be agreed to. Is there objection?

There was no objection.

Mr. DILLON. I move to strike out the last word.

The CHAIRMAN. All debate on the paragraph is closed. The gentleman can make his motion if he desires to do so.

Mr. GLASS. Let us read the next section.

Mr. MANN. What is the object in reading it? Nobody will know what it is to-morrow.

Mr. GLASS. The object in reading it is to make some progress on this bill.

Mr. MANN. I doubt whether it will make any progress simply to read the section.

Mr. GLASS. I had hoped to finish the section. It is a short one, and I can not conceive that there will be any amendment proposed to it.

Mr. MANN. It will not take any longer to-morrow than it will to-night.

Mr. GLASS. We have gotten into this situation: It was supposed when the special rule was adopted that none of these conference reports would intercept the consideration of this bill, but I am told that a conference report will be brought up here to-morrow. In addition to that I have a request that the House proceed with the consideration of pension business after 5 o'clock to-morrow, to which I do not want to raise any objection, and therefore I hope we may get through with this section before 6 this afternoon.

Mr. MANN. I thought we had an understanding that if we met at 11 o'clock we would quit at half past 5. I do not think the conference report on the Indian appropriation bill will take very long, if that is the one the gentleman has reference to.

Mr. GLASS. I wish the gentleman would assist me in getting through with this section, at least, to-night. It will take only a minute.

Mr. MANN. It will not take any longer to-morrow than it will to-night. I do not know whether there will be any amendments to it or not.

Mr. GLASS. It will not take any longer to-night than it will to-morrow.

Mr. MANN. It is the adjourning hour.

Mr. GLASS. I think the gentleman from Illinois ought not to be too unyielding about these matters. [Laughter.]

Mr. MANN. The gentleman has his responsibility while this bill is pending, but I have to do this every day to protect the House.

Mr. GLASS. The gentleman is inured to this sort of trouble, and I want to get rid of it if possible.

Mr. MANN. I think we had better quit at half past 5.

Mr. GLASS. All right. I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARNER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration 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 provide for the investment of postal savings deposits, to create Government depositaries and financial agents

for the United States, and for other purposes, and had come to no resolution thereon.

PENSIONS.

Mr. SHOUSE. Mr. Speaker, I ask unanimous consent that to-morrow, Friday afternoon, at 5 o'clock the House shall take up pension bills on the Private Calendar.

Mr. MANN. Mr. Speaker, it does not require unanimous consent. All the gentleman needs to do is to arrange with the gentleman from Virginia.

Mr. SHOUSE. It is arranged with the gentleman from Virginia.

The SPEAKER. It is understood that we will take it up at 5 o'clock.

Mr. MANN. To-morrow is pension day, and it is in order.

LEAVE TO EXTEND REMARKS.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter received from Hon. Robert J. Bulkley, in reply to a request from me relative to an expression of opinion on the pending bill on rural credits.

The SPEAKER. The gentleman asks leave to extend his remarks by printing a letter from Hon. Robert J. Bulkley.

Mr. MANN. The gentleman has that authority. I have no objection.

Mr. HAWLEY. Mr. Speaker, I ask unanimous consent to extend remarks in the RECORD on the subject of equal suffrage.

The SPEAKER. The gentleman from Oregon asks unanimous consent to extend remarks in the RECORD on the subject of equal suffrage. Is there objection?

There was no objection.

SENATE BILLS REFERRED.

Under clause 2 of Rule XXIV, Senate bills were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 3304. An act concerning the exportation of alcohol and other distilled spirits; to the Committee on Ways and Means.

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 appraisal of dutiable merchandise; to the Committee on Ways and Means.

ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 37 minutes p. m.) the House adjourned until Friday, May 12, 1916, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Acting Secretary of the Treasury, transmitting copy of a communication from the Secretary of the Navy submitting additional estimates of deficiencies in appropriations for the Marine Corps, required by the Navy Department to complete the service of the fiscal year ending June 30, 1916 (H. Doc. No. 1107); to the Committee on Appropriations and ordered to be printed.

2. A letter from the Secretary of the Treasury, transmitting copy of a communication from the Secretary of State requesting that the unexpended balance of the appropriation made by public resolution No. 48, September 11, 1914, and reappropriated in 1915 and 1916, be again reappropriated and made available for like purposes for the fiscal year ending June 30, 1917 (H. Doc. No. 1108); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and a resolution were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. RAYBURN, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 11864) to provide Federal aid in caring for indigent tuberculous persons, and for other purposes, reported the same with amendment, accompanied by a report (No. 676), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM, from the Committee on the Judiciary, to which was referred the bill (H. R. 12541) authorizing insurance companies and fraternal beneficiary societies to file bills of inter-

pleader, reported the same with amendment, accompanied by a report (No. 677), which said bill and report were referred to the House Calendar.

Mr. GARD, from the Committee on the Judiciary, to which was referred the bill (H. R. 15316) to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes, reported the same without amendment, accompanied by a report (No. 678), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. ALEXANDER, from the Committee on the Merchant Marine and Fisheries, to which was referred the joint resolution (H. J. Res. 63) authorizing the Secretary of Commerce to sell skins taken from fur seals killed on the Pribilof Islands for food purposes, reported the same without amendment, accompanied by a report (No. 675), which said joint resolution and report were referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. DIES, from the Committee on Claims, to which was referred the bill (H. R. 14570) for the relief of Cathrine Grace, reported the same with amendment, accompanied by a report (No. 666), which said bill and report were referred to the Private Calendar.

Mr. POU, from the Committee on Claims, to which was referred the bill (H. R. 13636) for the relief of R. L. Jennings, reported the same without amendment, accompanied by a report (No. 667), which said bill and report were referred to the Private Calendar.

Mr. STEPHENS of Mississippi, from the Committee on Claims, to which was referred the bill (H. R. 14645) for the relief of the legal representatives of P. H. Aylett, reported the same with amendment, accompanied by a report (No. 668), which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (H. R. 13247) for the relief of The Ferris Co., reported the same with amendment, accompanied by a report (No. 669), which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (H. R. 3253) for the relief of Hudson Bros., of Norfolk, Va., reported the same without amendment, accompanied by a report (No. 670), which said bill and report were referred to the Private Calendar.

Mr. RUSSELL of Ohio, from the Committee on Claims, to which was referred the bill (H. R. 7396) for the relief of Hiram P. Geaslin, reported the same with amendment, accompanied by a report (No. 671), which said bill and report were referred to the Private Calendar.

Mr. STEPHENS of Mississippi, from the Committee on Claims, to which was referred the bill (S. 606) for the relief of James C. Hilton, reported the same without amendment, accompanied by a report (No. 672), which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (H. R. 2601) for the relief of William W. Fineren, reported the same with amendment, accompanied by a report (No. 673), which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (S. 4581) for the relief of Victor A. Ermerins, reported the same without amendment, accompanied by a report (No. 674), which said bill and report were referred to the Private Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 2859) granting a pension to Ellen T. Harris, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills and a resolution were introduced and severally referred as follows:

By Mr. HINDS: A bill (H. R. 15573) to define the standing of officers of the Coast Survey during the late Civil War; to the Committee on Military Affairs.

By Mr. GARDNER: A bill (H. R. 15574) to authorize the acquisition of a site and the erection of a Federal building at Salem, Mass.; to the Committee on Public Buildings and Grounds.

By Mr. DILL: A bill (H. R. 15575) to amend the act of March 22, 1906, entitled "An act to authorize the sale and disposition of surplus or unallotted lands of the diminished Colville Indian Reservation, in the State of Washington, and for other purposes; to the Committee on Indian Affairs.

By Mr. QUIN (by request): A bill (H. R. 15576) providing for the creation of optometrists corps in the Army; to the Committee on Military Affairs.

By Mr. KONOP: A bill (H. R. 15577) authorizing the Secretary of War to donate condemned cannon and balls to the village of Lena, Wis.; to the Committee on Military Affairs.

By Mr. HAYDEN: A bill (H. R. 15578) granting public lands to the State of Arizona for the construction, repair, and maintenance of public roads and highways; to the Committee on the Public Lands.

By Mr. GRAHAM: A bill (H. R. 15579) to authorize the purchase of a site for a post office in the city of Philadelphia, State of Pennsylvania, and to make an appropriation therefor; to the Committee on Appropriations.

Also, a bill (H. R. 15580) to make an appropriation for the purchase of a site and erection of a building thereon for a post office in the city of Philadelphia, State of Pennsylvania; to the Committee on Appropriations.

By Mr. SABATH: A bill (H. R. 15581) for the relief of the victims of the *Eastland* disaster; to the Committee on Claims.

By Mr. HOLLINGSWORTH: A bill (H. R. 15582) to increase the pensions of the blind who served in the War with Mexico or the Civil War; to the Committee on Invalid Pensions.

By Mr. GREEN of Iowa: Concurrent resolution (H. Con. Res. 38) requesting the President to invite neutral powers to join in a conference in the interest of peace; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and a resolution were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 15583) granting an increase of pension to George W. Bowers; to the Committee on Invalid Pensions.

By Mr. CONNELLY: A bill (H. R. 15584) granting an increase of pension to Lisetta Bundy; to the Committee on Invalid Pensions.

By Mr. DAVENPORT: A bill (H. R. 15585) granting a pension to Margaret M. Smith; to the Committee on Invalid Pensions.

By Mr. DEMPSEY: A bill (H. R. 15586) for the relief of Frank Collins; to the Committee on Claims.

By Mr. DOWELL: A bill (H. R. 15587) granting an increase of pension to Samuel E. Edmondson; to the Committee on Invalid Pensions.

By Mr. EAGAN: A bill (H. R. 15588) granting an increase of pension to Louise Menkel; to the Committee on Invalid Pensions.

By Mr. FLOOD: A bill (H. R. 15589) for the relief of the legal representatives of Thomas, Winn & Holman; to the Committee on War Claims.

Also, a bill (H. R. 15590) for the relief of Sarah E. Edmondson; to the Committee on Pensions.

By Mr. FOSTER: A bill (H. R. 15591) granting an increase of pension to William M. Sprinkle; to the Committee on Invalid Pensions.

By Mr. GLYNN: A bill (H. R. 15592) granting a pension to Sarah H. Parker; to the Committee on Invalid Pensions.

By Mr. GREENE of Vermont: A bill (H. R. 15593) granting a pension to Mary S. Lovejoy; to the Committee on Invalid Pensions.

By Mr. HART: A bill (H. R. 15594) granting an increase of pension to Hannah Couze; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15595) granting an increase of pension to Whitfield H. Lance; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15596) granting an increase of pension to Lewis W. Mills; to the Committee on Invalid Pensions.

By Mr. HAYDEN: A bill (H. R. 15597) granting a pension to Mrs. Rachel Hill; to the Committee on Invalid Pensions.

By Mr. McCULLOCH: A bill (H. R. 15598) granting an increase of pension to Raymond E. Fisher; to the Committee on Pensions.

By Mr. MOTT: A bill (H. R. 15599) granting a pension to Phoebe Jane Pickard Edwards; to the Committee on Invalid Pensions.

By Mr. OLDFIELD: A bill (H. R. 15600) for the relief of W. D. Wilson; to the Committee on War Claims.

By Mr. RANDALL: A bill (H. R. 15601) granting a pension to Nora Dickerson; to the Committee on Invalid Pensions.

By Mr. REILLY: A bill (H. R. 15602) granting an honorable discharge to Thomas Baker; to the Committee on Military Affairs.

By Mr. RUBEY: A bill (H. R. 15603) granting an increase of pension to Winthrop Johnson; to the Committee on Invalid Pensions.

By Mr. SANFORD: A bill (H. R. 15604) for the relief of Peter T. Coons; to the Committee on Military Affairs.

By Mr. SHERLEY: A bill (H. R. 15605) granting an increase of pension to Ella M. Robards; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15606) granting an increase of pension to Hezekiah Allen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15607) granting an increase of pension to Mary E. Gibson; to the Committee on Invalid Pensions.

By Mr. SULLOWAY: A bill (H. R. 15608) granting an increase of pension to Lois F. Eaton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15609) granting an increase of pension to Josephine P. Ham; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15610) granting an increase of pension to John C. Toombs; to the Committee on Invalid Pensions.

By Mr. WASON: A bill (H. R. 15611) granting an increase of pension to Charles S. Davis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15612) granting an increase of pension to Elery Wheeler; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 15613) granting a pension to William Warren; to the Committee on Invalid Pensions.

By Mr. GARD: A bill (H. R. 15614) granting an increase of pension to Charles Holstein; to the Committee on Invalid Pensions.

Also, a bill (H. R. 15615) granting an increase of pension to Chauncey W. Young; to the Committee on Invalid Pensions.

By Mr. KELLEY: A bill (H. R. 15616) for the relief of John H. Cowley; to the Committee on Military Affairs.

By Mr. IGOE: Resolution (H. Res. 234) for the relief of William S. Eames and Thomas C. Young, composing firm of Eames & Young; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Memorial of National Association of Conservation Commissioners, favoring legislation for game sanctuaries; to the Committee on Agriculture.

Also (by request), memorial of Interstate Sportsmen's Protective Association, Kansas City, Mo., relative to certain regulations provided for in the migratory-bird law; to the Committee on Agriculture.

By Mr. CAREW: Petition of American Statistical Society, in re Public Health Service; to the Committee on Reform in the Civil Service.

Also, petition of Irish-American Athletic Club, in re bill to establish a national athletic stadium; to the Committee on Appropriations.

By Mr. DALE of New York: Memorial of United States Openers and Packers' Benevolent Association of the Port of New York, favoring passage of House bill 11876, the Nolan bill; to the Committee on Labor.

Also, petition of James C. S. Bates, of Hoboken, N. J., favoring increase in Army and Navy, etc.; to the Committee on Military Affairs.

Also, petition of New York State Society of Oregon, favoring the Chamberlain bill relative to 40 per cent of sales from Oregon and California land grant to Oregon school fund; to the Committee on the Public Lands.

By Mr. DOOLING: Petition of Irish-American Athletic Club, in re bill to establish a national athletic stadium; to the Committee on Appropriations.

By Mr. EMERSON: Memorial of citizens of the twenty-second district of Ohio, against passage of Senate bill 645; to the Committee on the District of Columbia.

By Mr. FLYNN: Petition of James H. S. Bates, M. E., of New York, in re military preparedness; to the Committee on Military Affairs.

Also, memorial of New York State Society of Oregon, favoring the Chamberlain bill in re land grant; to the Committee on the Public Lands.

By Mr. GALLIVAN: Petition of Boston Music Publishers' Association, favoring the Stevens bill; to the Committee on Interstate and Foreign Commerce.

By Mr. HAMILTON of New York: Papers to accompany House bill 15537, granting an increase of pension to Stillman P. Daily; to the Committee on Invalid Pensions.

By Mr. HAWLEY: Petition of citizens of Woodburn, Oreg., favoring national constitutional prohibition amendment; to the Committee on the Judiciary.

By Mr. KIESS of Pennsylvania: Statements to accompany House bill 11505, for the relief of Ashley H. Shoot; to the Committee on Military Affairs.

By Mr. LOUD: Petition of E. E. Moher and Baptist Church of Twining, Mich., for national prohibition; to the Committee on the Judiciary.

By Mr. MEEKER: Petition of 24 citizens of St. Louis, Mo., against bills to amend the postal law; to the Committee on the Post Office and Post Roads.

By Mr. O'SHAUNESSY: Petition of sundry citizens of Bristol, R. I., favoring national prohibition; to the Committee on the Judiciary.

Also, petition of Builders' Iron Foundry, of Providence, R. I., against House bill 8665; to the Committee on Labor.

Also, petition of E. E. Trowbridge, of Peace Dale, R. I., favoring House bill 11250 and Senate bill 703; to the Committee on Education.

Also, petition of Builders' Iron Foundry, of Providence, R. I., in re use of the metric system; to the Committee on Coinage, Weights, and Measures.

Also, memorial of American Statistical Association, opposing the Works resolution; to the Committee on Reform in the Civil Service.

Also, petition of Gilbert Johnson, jr., of Providence, R. I., favoring House bill 8828 and Senate bill 3456; to the Committee on Appropriations.

Also, memorial of New York State Retail Jewelers' Association, favoring House bill 13305; to the Committee on Interstate and Foreign Commerce.

Also, memorial of Bristol Improvement Association, favoring the establishment of a naval base on Narragansett Bay; to the Committee on Naval Affairs.

By Mr. PHELAN: Petition of sundry societies of Massachusetts, favoring national prohibition; to the Committee on the Judiciary.

By Mr. RANDALL: Memorial of sundry citizens of Los Angeles, Cal., favoring woman suffrage; to the Committee on the Judiciary.

By Mr. STEENERSON: Petition of citizens of Pequot, Minn., protesting against the passage of House bill 652, Sunday closing of barber shops in the District of Columbia; to the Committee on the District of Columbia.

Also, petition of citizens of Pequot, Minn., protesting against the passage of House bills 491 and 6468, to amend the postal laws, etc.; to the Committee on the Post Office and Post Roads.

By Mr. TEMPLE: Petition of citizens of New Wilmington, Ellwood City, and New Castle, Pa., favoring the passage of House bill 270, Roberts mail-order bill; to the Committee on Ways and Means.

Also, petition protesting against the Taylor system in Government workshops, signed by 40 citizens of Beaver Falls and New Brighton, Pa.; to the Committee on Naval Affairs.

SENATE.

FRIDAY, May 12, 1916.

(Legislative day of Tuesday, May 9, 1916.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Dillingham	Lea, Tenn.	Smith, Md.
Beckham	du Pont	Lodge	Smoot
Brady	Gallinger	Martin, Va.	Stone
Bandegee	Hardwick	Martine, N. J.	Sutherland
Broussard	Hitchcock	Myers	Swanson
Catron	Hughes	Norris	Taggart
Chamberlain	Husting	Page	Thomas
Chilton	James	Poindexter	Thompson
Clapp	Johnson, Me.	Pomerene	Townsend
Clarke, Ark.	Johnson, S. Dak.	Ransdell	Vardaman
Colt	Kenyon	Shafroth	Warren
Culberson	Kern	Sheppard	
Curtis	Lane	Sherman	

Mr. CURTIS. I have been requested to announce that the Senator from Montana [Mr. WALSH], the Senator from North Dakota [Mr. GRONNA], the Senator from Idaho [Mr. BORAH], and the Senator from California [Mr. WORKS] are detained in committee.

Mr. CHILTON. I wish to announce that my colleague [Mr. GOFF] is absent on account of illness. I make this announcement for the day.

Mr. LEA of Tennessee. I have been requested to announce the unavoidable absence of the senior Senator from Mississippi [Mr. WILLIAMS].

The VICE PRESIDENT. Fifty Senators have answered to the roll call. There is a quorum present.

WITHDRAWAL OF ALCOHOL FROM BOND.

Mr. LODGE. I ask unanimous consent to submit a favorable report from the Committee on Finance.

I am directed by the Committee on Finance, to which was referred the bill (S. 5966) to amend an act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, to report it favorably without amendment. I ask for its present consideration.

There being no objection, the Senate, as in Committee of the whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That subsection 2, paragraph N, of section 4, be amended as follows: At the end of the first paragraph add the words "That any person or persons heretofore mentioned may, under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, also withdraw alcohol from bond, free of tax, for denaturation only."

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

NEW JERSEY DAY.

Mr. MARTINE of New Jersey. Mr. President, I desire to ask unanimous consent for a matter that is in a way personal. In my little Commonwealth this day has been set apart by our governor as New Jersey Day, and I desire to make a few little comments upon the merits of my State. I ask for unanimous consent. It will take but a few minutes.

Mr. JAMES and others. All right.

Mr. MARTINE of New Jersey. Is there objection?

The VICE PRESIDENT. It comes in under the pending bill very well.

Mr. MARTINE of New Jersey. Mr. President, as Senators, I deem it is our privilege and duty to advance the welfare of our land and the people thereof, and to that end I feel that we may be justified in proclaiming the merits and claims of our respective States. Mr. President, with us to-day, May 12, in my State is New Jersey Day. New Jersey was one of the original thirteen Colonies to join the Union. New Jersey was the third State to ratify the Federal Constitution, which it did unanimously on December 18, 1787. The spirit of our fathers bade them to pit their lives and their fortunes against Great Britain that liberty might live. Their warm, rich blood soaked the battle fields of Monmouth, Princeton, Trenton, Springfield, and Elizabeth to gain the heritage that to-day we enjoy.

But in recent years New Jersey, through her sons, has contributed honor and glory to our country. That superb son of New Jersey, Grover Cleveland, added fame and honor to our history. Another painstaking and patriotic son, the present President of the United States, Woodrow Wilson, has by his unselfishness and patriotism honored and blessed our land, and placed his name high on the scroll of fame. And, too, the honored position you to-day so ably and acceptably fill, was occupied by a distinguished son of New Jersey, Garrett Hobart; his genial presence shed sunshine wherever he might be.

New Jersey was the first to float our flag over the Continental Armies.

To-day our State is a veritable hive of industry. The clang of our anvils, the buzz and hum of our mills, sing the tune of industry, liberty, prosperity, and happiness.

From a point in our State, taking the city of Trenton as a center, in a radius of 60 miles there is a throbbing population of over 12,000,000 souls.

Our State is sandwiched between the great States of New York and Pennsylvania. The cities of New York and Philadelphia affording rich markets for our products. The great railroads of our country must cross our favored Commonwealth in their effort to seek the world's market. The great pipe lines, draining half the continent of mineral oil, cross our State and flow to the great refineries located on our coast.

Senators, we are proud in the thought that we are the gateway of our Nation. No State exceeds New Jersey in variety of manufacture. We lead in copper smelting and refining, in