

NEW JERSEY.

Ellen E. Showell, Absecon.
 Hunn Livingston, Allentown.
 Maude V. Richer, Audubon.
 Alfred Christie, Bergenfield.
 James D. Magee, Bordentown.
 Miles W. Hargrove, Browns Mills.
 Joseph L. Hammell, Burlington.
 Theodore A. Bishop, Carteret.
 Walter S. Terrell, Chatham.
 Alonzo P. Green, Chester.
 Charles E. Crane, Clayton.
 Edward W. Walker, Cranbury.
 Abraham C. Hulsizer, Flemington.
 Carl L. Richter, Fort Lee.
 Fred P. Crater, Gladstone.
 Bayard C. Stavely, Haddonfield.
 Louis J. Langham, Hammonton.
 Addison Robbins, jr., Hightstown.
 James C. H. Sherwood, Hohokus.
 Arabella C. Broander, Keansburg.
 Carl Shurts, Lebanon.
 William Fehrs, Little Ferry.
 Marcellus Parker, Manasquan.
 Charles C. Stewart, Mays Landing.
 Frank McMurtry, Mendham.
 Edward W. Townsend, Montclair.
 Gustav H. Rottgardt, Montvale.
 Francis H. Reed, Mount Holly.
 Sadie P. Miller, Netcong.
 George N. Harris, Newton.
 Alexander H. Sibbald, Park Ridge.
 James F. Beardsley, Pompton Lakes.
 Isaac Klein, Salem.
 James W. Rea, South Amboy.
 William B. Lance, Stanhope.
 Jennie Madden, Tuckaheo.
 George W. Baldwin, Summit.
 Robert L. De Camp, Westfield.
 John A. Smith, Wrightstown.
 James D. Carpenter, Woodbury.
 James J. Davidson, Swedesboro.

NEW YORK.

John W. McKnight, Castleton.

PENNSYLVANIA.

Archie W. Leech, Beaverdale.
 James P. Van Etten, Milford.

UTAH.

Furnessia A. Le Cheminant, Garfield.
 Daniel McMillan, Heber.

REJECTION.

Executive nomination rejected by the Senate September 10, 1919.

POSTMASTER.

George R. Hughes to be postmaster at Frankfort, Ky.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, September 10, 1919.

The House met at 12 o'clock noon.

Rev. William Couden, late chaplain of the Second Division, American forces in Germany, offered the following prayer:

Almighty God, our sincere prayer is that our beloved America by her patience may win her soul. Give us as a people in our racial relationship charity, in our industrial difficulties cooperation, in our social differences sympathy, in our civic problems earnestness, in our governmental activities justice, and in the outreach of our international influence honor and integrity and helpfulness to the right. Guard us against the evils of peace as well as of war. Keep us from the dangers of prosperity as much as from those of adversity.

Lord God of hosts, be with us yet,
 Lest we forget.

Thus may we as a people live and grow a blessing to ourselves and the world and a power pleasing in Thy sight. Bless to this end our national leaders, and especially the Members, officers, and servants of this House of Representatives. Day by day may we give whole-hearted homage to the principles of the kingdom of heaven as set forth by our Lord and Master Jesus Christ, in whose name we pray. Amen.

THE JOURNAL.

The Journal of the proceedings of yesterday was read.

Mr. GARD. Mr. Speaker, the Journal as read by the Clerk discloses that Mr. VOLSTEAD, of Minnesota, asked for a conference on the bill "6808." The number is H. R. 6810. It is my understanding that that should be corrected.

The SPEAKER. Without objection, the correction will be made.

Mr. GARD. There is some question about what the Senate messaged over in regard to that bill, whether or not the official papers containing the message carried with them a request for a conference on the amendments of the Senate to the House bill. However, I do not desire to make any question about it.

The SPEAKER. The Chair is advised that they did not request a conference.

Mr. MONDELL. The gentleman from Ohio having mentioned the matter, I think it is perhaps as well to say that the Senate in passing the prohibition-enforcement bill agreed to a motion which was made that the Senate insist upon its amendments and ask for a conference; but in messaging the bill over no reference was made to that action of the Senate, and the House acted in accordance with the record which it had before it; and as the record did not indicate that the Senate had asked for a conference the gentleman from Minnesota [Mr. VOLSTEAD], in making his final request, asked for a conference. I assume that when the bill reaches the Senate, the Senate, without regard to its former action, will agree to the conference requested by the House.

Mr. GARD. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. GARD. The House had no official notice of what was really the action of the Senate, or what the Senate intended to do, except that the Senate had passed the bill.

Mr. MONDELL. The only notice that the House had officially, of course, was the notice carried in the message, and the announcement made by the messenger from the Senate, and the House acted properly in view of the information that it had in the notice that was given it.

Mr. GARD. But with the subsequent information it developed that the House did not act properly, because it had no authority to do that which it did do.

Mr. MONDELL. I would not want to admit that the House did not act properly, because I think the House always acts properly when it acts in accordance with the official information before it. The House is not chargeable with the fact that the CONGRESSIONAL RECORD indicates that the Senate moved to insist upon its amendments and ask for a conference. No such notice as that was served on the House, and therefore the House had to act, and properly did act, on the information which it had.

Mr. FESS. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. FESS. Is not that an unusual procedure, where the Senate amends a House bill and then insists upon its amendments and asks for a conference before the bill is returned to the House?

Mr. MONDELL. Not specially unusual. That action is sometimes taken by both the House and the Senate.

Mr. FESS. Sufficiently unusual, however, so that unless we had that information we could not act otherwise than as we did.

Mr. MONDELL. Whether it was unusual or not, we are not assumed to know anything about the action of the Senate except what is conveyed in the papers that are delivered to us.

Mr. CLARK of Missouri. If that is true, how does it happen that we are carrying on this conversation here?

Mr. MONDELL. It was not my purpose to refer to the matter at all, but the gentleman from Ohio did refer to it, and I thought that, reference having been made to it, the correctness of the action of the House should be made clear, in case any reference should be made to the matter elsewhere.

Mr. GARD. The request of the gentleman from Minnesota was to disagree to the Senate amendments and agree to the conference asked by the Senate.

Mr. MONDELL. That was his first statement, but that was objected to, and his final statement, and the request submitted by the Chair, was in accordance with the facts as they had been presented to the House by the message.

Mr. GARD. This is what he said, as it appears on page 5081 of the RECORD:

Mr. VOLSTEAD. Mr. Speaker, I renew the request to take from the Speaker's table the bill (H. R. 6810) to prohibit intoxicating beverages, and to regulate the manufacture, production, use, and sale of high-proof spirits for other than beverage purposes, and to insure an ample supply of alcohol and promote its use in scientific research and in the development of fuel, dye, and other lawful industries, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

Mr. MONDELL. Yes. That request was in accordance with the information we had as to the status of the matter, and that was the action taken. The Chair submitted that request just as the gentleman from Minnesota presented it, and the action of the House was correct. It remains for the Senate to take whatever action, if any, they may deem necessary to correct the mistake of the officer of the Senate who transmitted the papers.

Mr. GARD. The gentleman is of the opinion that the error should be corrected upon the other side of the Capitol?

Mr. MONDELL. Entirely so. Notwithstanding the action of the Senate when the bill passed, I assume the Senate may now simply agree to the conference the House has asked.

The SPEAKER. Without objection, the Journal will stand approved.

There was no objection.

Mr. RUCKER. Mr. Speaker, I desire to call attention to a statement in the speech delivered by the gentleman from Nebraska [Mr. McLAUGHLIN], but as the gentleman is not present I will defer what I have to say until the gentleman is present.

NATIONAL-BANK SUBSCRIPTIONS TO WAR WORK CAMPAIGNS.

The SPEAKER. To-day is Calendar Wednesday, and the call rests with the Committee on Banking and Currency. When the House adjourned last Wednesday House joint resolution 87, authorizing national banks to subscribe to the united war work campaign, was under consideration in Committee of the Whole, and that is the unfinished business. The House automatically resolves itself into the Committee of the Whole House on the state of the Union for the consideration of that joint resolution, and the gentleman from Connecticut [Mr. TILSON], who was then in the chair, will resume the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. TILSON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the House joint resolution 87.

Mr. PLATT. Mr. Chairman, I want to inquire how much time there is left for general debate?

The CHAIRMAN. The Clerk has gone for the book in which is kept the record and will be back in a moment.

Mr. WINGO. Mr. Chairman, I was advised informally at the desk that there was 30 minutes remaining.

Mr. PLATT. My recollection is that there was some time remaining.

The CHAIRMAN. The Chair's recollection is in accord with the gentleman from New York. The gentleman from Illinois [Mr. CANNON] had the floor when the House adjourned.

Mr. STEVENSON. Mr. Chairman, I controlled the time on this side and there has been 18 minutes used on this side—the gentleman from Tennessee [Mr. GARRETT] 10 minutes, I used 3 minutes, and the gentleman from Illinois [Mr. CANNON] 5. I offered him 10, but he declined to accept but 5. I do not remember the time on the other side.

The CHAIRMAN. The Chair is informed that the gentleman from New York [Mr. PLATT] has 37 minutes remaining and the gentleman from South Carolina [Mr. STEVENSON] 32 minutes remaining.

Mr. PLATT. Unless somebody else wants to speak, I call for the reading of the bill.

Mr. STEVENSON. Mr. Chairman, I will take such time coming to me as I find necessary. In reference to this measure, it is one of the left-over difficulties of the war. The subscription of money out of funds of the banks, which are trust funds in the hands of the directors of the bank, is certainly an extraordinary proceeding by the directors. For this body to authorize it it is necessary that we have extraordinary reasons for granting the authorization. While the war was in process of fighting we did grant to the banks authority to subscribe to the Red Cross fund. Then the claim came up that we should grant the same power with reference to the war-work campaign. A whirlwind campaign was put on and a great many banks did promise to subscribe. The Comptroller of the Currency notified them that while they did not have the authority that he would not object if Congress proposed to give them the authority and if they subscribed and Congress ratified it he would approve it. That was the situation.

My opposition to it is that it is a diversion of the trust fund, and I have been against it from the very start. In so far as the banks subscribed and promised to pay if given the authority and the war-work committees have anticipated and used the funds, I am not adverse to the banks having the authority to carry out the subscription because it is common honesty with

them to do so, and I will not oppose it in that shape if it is also conditioned on the approval of the stockholders.

But if you pass this in the shape in which it is there will be another whirlwind campaign and the bankers all over the country will be dragooned almost into subscribing in every community to the fund now, and therefore I think that the chairman of the committee should offer an amendment providing that this shall be permitted only where subscriptions were made before the date when the peace treaty was signed. If that is done, it will remove that particular objection and the banks that have subscribed when the peace treaty was signed will have permission to carry out the moral obligation and other banks will not be subjected to the inconvenience of solicitation of funds under conditions that their conscience will say, "Do not give it," and the public clamor will be after them to give it.

Mr. BOX. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BOX. The gentleman said before the peace treaty was signed. Does he mean the armistice?

Mr. STEVENSON. No; before the peace treaty was signed in France. That was as late as they have solicited contributions.

This is an outgrowth of the war and one of the instances and inconveniences and troubles that grow out of every war. Certainly it should be one of the things which should agitate us in considering how to avoid wars in the future.

I am going to digress just a little while to discuss some features of the propositions that are now before the American people to avoid wars in the future.

I am going to cite a very respectable authority as to how that should be done, and I think it is an authority that will be accepted, possibly, with a good deal of consonance on both sides of the House.

Disarmament of the free and liberty-loving nations would mean merely insuring the triumph of some barbarism or despotism, and if logically applied would mean the extinction of liberty and of all that makes civilization worth having throughout the world. But in view of what has occurred in this war, surely the time ought to be ripe for the nations to consider a great world agreement among all the civilized military powers to back righteousness by force.

Such an agreement would establish an efficient world league for the peace of righteousness. Such an agreement could limit the amount to be spent on armaments and after defining carefully the inalienable rights of each nation, which were not to be transgressed by any other, could also provide that any cause of difference among them or between one of them and one of a certain number of designated outside non-military nations should be submitted to an international court including citizens of all these nations, chosen not as representatives of the nations but as judges, and, perhaps, in any given case the particular judges could be chosen by lot from the total number.

This is the crux of the whole matter.

To supplement and make this effectual it should be solemnly covenanted that if any nation refused to abide by the decision of such a court the others would draw the sword on behalf of peace and justice and would unitedly coerce the recalcitrant nation.

Now, that embraces certainly the heart of the league of nations, up now before the American people. It suggests a court to determine the right. It suggests disarmament as one of the things that would tend to prevent it, and so it is a league of nations. It suggests that men who are selected to determine controversies between nations be called judges. It provides that if any member of such league shall refuse to conform to the judgment of the court constituted by itself that the other members of the league shall draw the sword to enforce the mandates by the power of the combined nations that are in the league.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. CAMPBELL of Kansas. What section of the league of nations proposes the establishment of a court of adjudication of differences between the nations?

Mr. STEVENSON. I am glad the gentleman asked that question. Let us see what the league of nations provides.

Mr. LAZARO. Whom does the gentleman quote?

Mr. STEVENSON. The gentleman asks me whom I quote. I quote Theodore Roosevelt in the Outlook of September 23, 1914. [Applause.] Let us see what court is provided. In the first place there is a court of arbitration. If the United States has an interest and is afraid to stand by the court of arbitration, then there is the court of the executive council, in which each of nine nations has a representative chosen, as Mr. Roosevelt says, as judges to determine the issue, and on which no interested nation's representative will have a vote. If they are not satisfied with that, then there is the assembly of the representatives of all the nations in the league. You have got three tribunals. Now let us see about the court of arbitration—

Mr. CAMPBELL of Kansas. Will the gentleman yield further?

Mr. STEVENSON. Yes, sir.

Mr. CAMPBELL of Kansas. Is there anything in the nature of a judicial process before either one of the tribunals to which the gentleman referred?

Mr. STEVENSON. There is no judicial process as between nations, but the nations will be entitled to resort to the court of arbitration, and the same distinguished author from whom I quoted at least had in mind that very court. I read from the same article:

What has occurred in this war ought to bring home to everybody what has of course long been known to all really well-informed men who were willing to face the truth and not try to dodge it. Until some method is devised of putting effective force behind arbitration and neutrality treaties, neither these treaties nor the vague and elastic body of custom which is misleadingly termed international law will have any real effect in any serious crisis between us and any, save, perhaps, one or two, of the great powers.

And therefore the distinguished author, Mr. Roosevelt, was dealing absolutely with the court constituted as one of the courts that is provided for in the league of nations or the arbitration court which he said should have force and power behind it when it comes to its enforcement.

Mr. KING. Will the gentleman yield?

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. STEVENSON. I will yield to the gentleman from Kansas.

Mr. STRONG of Kansas. Does the gentleman believe, in view of the fact that the President of the United States and the leader of the gentleman's party has just said in St. Louis that he wished both parties were smothered in their own gas, it would be well for us to abandon the league of nations for to-day and proceed with the consideration of this bill?

Mr. STEVENSON. The gentleman from Kansas might be correct, but the discussion of this league of nations has gone on and a day or two ago was taken up very elaborately by the gentleman from Nebraska [Mr. McLAUGHLIN] on that side, and therefore I am not bound by his ruling here.

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

Mr. STEVENSON. I yield to the gentleman from Illinois.

Mr. KING. Does the gentleman find anything in that article that suggests that one country should have six delegates against the United States' one?

Mr. STEVENSON. I am glad that the gentleman asked that question. Let us look at the formation of the nations' court. In the assembly one nation has six delegates and all the others have one, according to the construction that is put there by some people, but let us see, if a nation is interested its member can not vote on any of those questions and none of its members can, and therefore it is disqualified. Now, I wish gentlemen would look at another thing.

Mr. BLANTON. Will the gentleman yield?

Mr. STEVENSON. I will.

Mr. BLANTON. Does the gentleman understand by the interjections that the gentlemen from Kansas [Mr. STRONG and Mr. CAMPBELL] and the gentleman from Illinois [Mr. KING] are against this league of nations to enforce peace in this world?

Mr. STEVENSON. I do not undertake to understand what any gentleman means. Now, I want to proceed without interruption for a few minutes.

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

Mr. STEVENSON. For one question.

Mr. FESS. The gentleman is on the committee?

Mr. STEVENSON. Yes, sir.

Mr. FESS. Is he aware that on Calendar Wednesday debate must be confined to the bill?

Mr. STEVENSON. Yes, sir; I am aware of that. If the gentleman makes the point of order, I shall ask unanimous consent. I have been a Member of this body for three years and have never trespassed for half an hour on its time since I have been here.

Mr. FESS. The gentleman on his feet will not make the point of order, because he enjoys the gentleman's speech too much.

Mr. STEVENSON. Yes; I know the rule and I am prepared to conform to it, if anybody makes an objection, and then I shall ask unanimous consent to proceed.

Mr. LONGWORTH. Will the gentleman yield for a brief question?

Mr. STEVENSON. Yes, sir.

Mr. LONGWORTH. Far from taking the gentleman off his feet, I want to give him a little good news. I want to tell him that yesterday the league of nations was indorsed by the National Undertakers. [Laughter.]

Mr. STEVENSON. Then, it has gone from the cradle to the grave, and the only people that are opposed to it are the phrase makers that are sitting at the other end of the Capitol. They

are the people who are opposing it, and I am informed that the undertakers are patiently waiting for them. [Applause.]

Now, Mr. Chairman, gentlemen bring in the question of some nations having more votes than others. Now, I want to call your attention to the fact that these people, and they are following the plan of Mr. Roosevelt, are selected as judges, and they are not supposed to represent merely the nation they are put there for. You take the situation in the Capital, with the State of Ohio having two members on the Supreme Bench and the State of West Virginia without any. Does the State of West Virginia object when its controversy with Ohio upon natural gas comes up to the Supreme Court, because, forsooth, Ohio has two members and the State of West Virginia none? Not at all. Why, the most acrimonious and most important lawsuit, I will state, in which I have ever been engaged was between the State of South Carolina and a citizen of Illinois and a citizen of Ohio, citizens of States one of which had a Chief Justice and another an associate justice. We did not object to the Supreme Court hearing that case with those men on it, because they were citizens of the same States as those of the men who were litigating, while South Carolina had no representative. They are chosen as judges, and therefore, under the very language of Mr. Roosevelt, they are there as judges and not as partisan representatives of any nation.

Well, the gentleman has asked what court. Now, I have shown you. Here is the arbitration court, here is the executive council, and here is the assembly, and if one of the nations is not satisfied with one it can go to the other until it gets satisfaction or what is coming to it—probably justice.

There is another feature of this matter I want to discuss for a minute. We hear a great deal of talk about the Shantung settlement and the strangulation of Peking, and I want to call your attention to the fact that the importance of the Shantung settlement, the Shantung acquisition by Japan, is very well illustrated by a map in the Christian Science Monitor, which shows that it puts a strangle hold on Peking, in the center of China, and it does this by virtue of the fact that Korea and Manchuria are already in the possession of Japan and are being monopolized by her and being ground to the earth by her.

A friend of mine not long ago was driving across a railroad track in Korea, and his automobile was struck by a train and his wife and a friend who was with them were killed, and instead of their having anything done to the railroad people they took the missionary up and tried him and sentenced him to pay \$25 for involuntary manslaughter in killing his wife. That is the kind of justice they have over in Korea, and we do not hear so much boasting about that.

Now, I want to show you that we had an obligation as to Korea in 1905, and I will read it to you. We had this obligation:

That if other powers dealt unjustly or oppressively with either Government—

That is, Korea and the United States—

the other would exert their good offices, on being informed of the case, to bring about an amicable arrangement, thus showing their good feeling. (Treaty of 1882-3.)

Now, what happened? In the Russo-Japanese War Japan went through Korea to get at Russia. She agreed to get out. She agreed that she would guarantee the independence of Korea and would get out when the thing was over. What did she do? Why, when the time came she said, "No; we will not get out." She subverted the Government of Korea. She took charge, and to-day she has her courts and her machinery, and she rules Korea in a most despotic manner, as I indicated awhile ago when I told you about the missionary, Dr. Bell, of Kentucky, who was treated in so summary a manner when a train ran over his automobile and killed his wife. That is the way they get the strangle hold on Peking. Korea sent her representative here to the administration, and they refused to see him; they refused to hear his plea. They said, "This matter has gone into the hands of Japan, and we will have nothing to do with it," and they refused to carry out the terms of our treaty. Yet, forsooth, we hear a great deal about our enforcing the rights of China. Let us see whether that was approved or not by the great party that was then in power. I just want to read you. This is from the same article from which I quoted a while ago, by Mr. Roosevelt:

Korea is absolutely Japan's. To be sure, by treaty it was solemnly covenanted that Korea should remain independent. But Korea was itself helpless to enforce the treaty, and it was out of the question to suppose that any other nation with no interest of its own at stake would attempt to do for the Koreans what they were utterly unable to do for themselves.

I ask you now, if China is not able to enforce her rights with Japan, under what more powerful compulsion are we to go and enforce her rights than America was when we had an abso-

lute contract with Korea to see that her rights were maintained?

Moreover, the treaty rested on the false assumption that Korea could govern herself well. It had already been shown that she could not in any real sense govern herself at all.

China has had three or four governments in the last two or three years. I read further:

Japan could not afford to see Korea in the hands of a great foreign power. She regarded her duty to her children and her children's children as overriding her treaty obligations. Therefore, when Japan thought the right time had come, it calmly tore up the treaty and took Korea, with the polite and businesslike efficiency it had already shown in dealing with Russia, and was afterwards to show in dealing with Germany. The treaty, when tested, proved as utterly worthless as our own recent all-inclusive arbitration treaties—and worthlessness can go no further.

So that the assumption of power in the subversion of the Korean Government was not only connived at at the time in 1905, and not only was there a refusal to assert the rights that we agreed to assert under our treaty, but it was actually condoned and approved by Mr. Roosevelt after the beginning of this war in 1914, as I have read you.

Gentlemen say that we must not become entangled in foreign alliances, and yet they insist that we must go over and get Japan out of China. That is what you mean. Is there any logic in the position? Absolutely none, and the inconsistency of that position becomes all the more glaring when you put it alongside the fact that the very party that makes that clamor was particeps criminis in the subversion of the Government of Korea and is to-day responsible for it, because if it had not gone back on its word it could have prevented it. See the absolute hollowness and hypocrisy of the position of these gentlemen who are waiting for the undertaker to carry them away after the eulogies!

Now, there is another thing that I want to say about that. In speaking of foreign alliances we hear a great deal suggested about Washington's Farewell Address—"Avoid entangling foreign alliances." Why did he say so? He said if we do—

We will avoid the necessity of these overgrown military establishments which under our form of government are inauspicious to liberty and which are to be regarded as particularly hostile to republican liberty.

[Applause on the Republican side.]

In other words, the fundamental proposition of the league of nations was the reduction of armaments, and they quote George Washington on the question of entangling alliances, but they absolutely dodge the position where he said that the most hostile thing in a republican government is a large standing army. I stand with George Washington on the proposition that anything that will bring about a reduction of armaments, that will justify a reduction of armaments, and reduce the autocratic power that grows up under the manipulation of any great war department that handles great armies—I say that doing away with that is a first step toward the preservation of the liberties of any republic, and George Washington put that right alongside as the reason why we should not become entangled in foreign alliances and foreign affairs in Europe. [Applause on the Democratic side.]

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from South Carolina reserves seven minutes.

Mr. PLATT. Mr. Chairman, I understand I have 37 minutes remaining.

The CHAIRMAN. Thirty-seven minutes.

Mr. PLATT. I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 10 minutes.

Mr. McFADDEN. I ask unanimous consent, Mr. Chairman, to revise and extend my remarks in the RECORD.

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

There was no objection.

Mr. McFADDEN. I ask unanimous consent to proceed out of order for 10 minutes.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. MAPES having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. CROCKETT, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2472. An act to amend the act approved December 23, 1913, known as the Federal reserve act.

NATIONAL BANK SUBSCRIPTIONS TO WAR-WORK CAMPAIGNS.

The committee resumed its session.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to proceed out of order for 10 minutes. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, on the 15th day of February, and again July 14, 1919, I introduced here a resolution for the appointment of a special committee to investigate the official conduct of John Skelton Williams, Comptroller of the Currency. I subsequently sought the action of the Rules Committee to the end that the promptest possible consideration might be obtained by this House of my resolution. At the request of the chairman of the Rules Committee of this House, on Saturday, the 19th day of July, I appeared before that body to press upon its favorable consideration the special rule referred to. In taking these steps I was exercising my privilege and performing my duties as a Member of this body.

Mr. Chairman, there has come to my possession information which I solemnly declare has convinced me that John Skelton Williams has been guilty of malfeasance in office. I presented for the consideration of the Rules Committee of this House a statement respecting one such matter.

While the Rules Committee of this House had under consideration the subject I have just referred to, and before it had acted thereon, the Comptroller of the Currency demanded, in intemperate and vituperative language, that I, a representative in Congress, should appear before a committee of that other honorable body of the Congress of the United States, namely, the Senate Committee on Banking and Currency, and there submit the charges relating to the misconduct in office of Mr. Williams and the proof in support thereof, and in connection with that demand of the Comptroller of the Currency a Member of that other body, Senator GRONNA, submitted to the Senate committee remarks, which, as published in the public press, carried with them a criticism of my conduct as a Representative. Mr. Chairman, it is my firm belief that having introduced a resolution in this House, and having appeared in connection with the question of the consideration of that resolution before the Rules Committee of this House, it would be unseemly for me to transfer the consideration of the subject, certainly prior to the action of the Rules Committee and of the House of Representatives, to the Senate Committee on Banking and Currency. I have the highest respect for the Senate committee and for its Members. I have the highest respect for the honorable Senator whose remarks I have risen to bring to the attention of this body. I must believe that there momentarily escaped his attention the fact that a high committee of this House was considering the matter of investigation into Comptroller Williams's official conduct, and that the statement which I had made, and which the honorable Senator referred to, had been made by me before the Rules Committee of this House. I very respectfully, but earnestly, insist that no criticism can be justly made at my failing to transfer from the Rules Committee of this House to the Senate Committee on Banking and Currency the present consideration of the matters I have referred to.

I have been present as a spectator at several sessions before that committee. Of course, its members have been conscientiously seeking for information on the subject of the fitness of John Skelton Williams for the office of comptroller, but such information as has been submitted, either in opposition to or in support of Comptroller Williams, has been contained in voluntary statements of persons not sworn, and has been governed by no rules of evidence.

Mr. Chairman, I believe that the conduct of John Skelton Williams requires the most searching investigation and careful consideration. That character of investigation I have sought by the resolution submitted to this House. I have believed, and still believe, that while the report of a rule for the consideration of that resolution is before the Rules Committee of this House, and prior to the action of the House itself thereon, it would not be within the bounds of propriety for me to present the questions involved in the resolution before a committee of the other House, the Senate.

I rise now, Mr. Chairman, in justice to myself and because of the seriousness of the question presented by the criticism of my conduct, to say that if, in the opinion of the Rules Committee of this House, I should, prior to a disposition here of the resolution I have referred to, and while the Rules Committee is considering the matter presented to it, appear before a committee of the Senate, and thereby transfer from a committee of this House to a committee of that House my charges against Comptroller Williams, I shall do so.

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

Mr. McFADDEN. No; I can not yield for the present.

The CHAIRMAN. The gentleman declines to yield.

Mr. McFADDEN. Until and unless the Rules Committee votes that that course of conduct, in its judgment, would be the proper one for me to pursue, I must consider that the pendency of the question here makes inappropriate my appearing before a committee of the other House in connection with the same question.

I have received from the Comptroller of the Currency a communication of the most insulting and scurrilous character ever directed by an executive officer to a Member of the legislative branch of the Federal Government. Indeed, Mr. Chairman, that officer has said that a Member of the House of Representatives who makes charges in this House and before the Rules Committee thereof is a "licensed slanderer" unless he will consent to appear before a committee of the Senate in support of those charges. That executive officer has said that he purposely made his communications to me as "stinging" as he possibly could. Neither scandalous communications nor stinging insults from an intemperate and incompetent autocrat will deter me from the performance of my official duties as I see them, or tempt me to the impropriety of transferring from the consideration of a committee of this body to one of the other body of Congress a question of which, at my instance, the former has taken cognizance.

Meantime I respectfully submit, sir, that neither inadvertently nor otherwise should a Senator of the United States adversely comment on the conduct of a Representative in presenting to a committee of his own House for its consideration charges against the Comptroller of the Currency merely because that Representative does not prior to action here go before a Senate committee with the same charges.

It is in no light spirit that I call upon the comptroller to prove his own rectitude, because rectitude once destroyed can scarcely be regained; also because I deplore the shock which comes to the public when they lose confidence in exalted officials of the Government.

Not long after Mr. Williams became comptroller rumors of strange operations began going the rounds, but lately they have taken concrete and astounding form. Statements have been submitted to me in my capacity as a Member of Congress which were so definite in their suggestion of irregularity that they founded the basis of the introduction of the resolution of investigation, to which I have already referred.

The last session of Congress adjourned before action was taken, but the Senate took cognizance of the situation by holding up Mr. Williams's confirmation for a second term until the truth or falsity of the rumors could be established. His vindication would be a personal triumph and redound to his honor and further prestige. If he is not innocent of deviating from the path of upright conduct, he must pay the penalty attaching to one who has failed to observe the sound principle that a public office is a public trust, and in the case of the official who occupies a fiduciary relation to the accumulated funds of the business world, funds entrusted to the 8,000 national banks of the country, such a lapse is even more reprehensible than when an ordinary administrative officer falls short in his conception of his public duty. No man in this country is so high that he is above the law. No official of the law may meet that law with defiance, with impunity.

All the officials of the Government, from the highest to the lowest, are creatures of the law and are bound to obey it. It is the only supreme power in our system. Our Government—and every man who by accepting office participates in its function—is only the more strongly bound to submit to that supremacy and to observe the limitations which it imposes upon the exercise of the authority which it gives.

If the fact that Mr. Williams holds his office by the appointive power of the President, and is, therefore, strongly entrenched in possession and can administer the law as he sees fit, without regard for the law, it savors of tyranny, and tyranny has no existence in the monarchies of Europe nor in any other Government which has a just claim to well-regulated liberty and the protection of personal rights.

In this connection Mr. Justice Brewer said in his decision of the Kansas City Stock Yards case that—

It has been wisely and aptly said that this is a Government of laws and not of men; that there is no arbitrary power located in any individual or body of individuals; but that all in authority are guided and limited by those provisions which the people have through the organic law declared shall be the measure and scope of all control exercised over them.

Mr. Justice Matthews has said:

When we consider the nature and theory of our institutions of government, the principles upon which they are supposed to rest, and review the history of their development, we are constrained to conclude that they do not mean to leave room for the play and action of purely personal and arbitrary power. Sovereignty itself is, of course, not subject to law, for it is the author and source of law; but in our system, while sovereign powers are delegated to the agencies of government, sovereignty itself remains with the people, by whom and for whom all government exists and acts. And the law is the definition and limitation of power.

It is, indeed, quite true that there must always be lodged somewhere and in some person or body the authority of final decision; and in many cases of mere administration the responsibility is purely political, no appeal lying except to the ultimate

tribunal of the public judgment, exercised either in the pressure of opinion or by means of the suffrage. But the fundamental rights to life, liberty, and the pursuit of happiness, considered as individual possessions, are secured by those maxims of constitutional law which are the monuments showing the victorious progress of the race in securing to men the blessings of civilization under the reign of just and equal laws, so that, in the famous language of the Massachusetts Bill of Rights, the government of the Commonwealth "may be a government of laws and not of men."

I again quote Mr. Justice Matthews:

For the very idea that one man may be compelled to hold his life, or the means of living or any material right essential to the enjoyment of life, at the mere will of another seems to be intolerable in any country where freedom prevails, as being the essence of slavery itself.

And further:

Though the law itself be fair on its face and impartial in appearance, yet if it is applied and administered by public authority with an evil eye and an unequal hand, so as practically to make unjust and illegal discriminations between persons in similar circumstances, material to their rights, the denial of equal justice is still within the prohibition of the Constitution.

I also quote from an editorial appearing in the August 22, 1919, edition of Financial and Commercial Chronicle, the leading financial journal in the United States, which journal sets forth its views in no uncertain terms in regard to Comptroller Williams. I quote from page 416 of that issue, as follows:

When Comptroller Williams, in the exercise of the ministerial duty of the supervision of banking conduct, goes so far as to declare that rates of interest charged by a certain class of banks are excessive, when he engages in public controversies with banks and bankers over question of individual internal conduct (though seemingly provoked thereto by general attacks on the efficiency of his administration and his fitness and fairness in office) thus revealing to the public special corporate deficiencies which in his protection he is bound to prevent, does he not add a personal element to his service that exceeds the limitations of his office, if and unless he is empowered to declare the rates of interest and is required publicly to know and point out special banks for public examination? Have any of these things been done in the recent course of official conduct? If they have, however well meaning and wise, are they in line with a strict construction of "the public service"?

It is our consent—the public—not the consent of elected officials, which declares national and, if you will, international principles, and defines domestic procedures of public service. There can arise out of our negligence an autocracy of officeholders presenting us plans and theories of government after the fact that will finally shackle the electorate and cause us to live under the dominance of a "service" we are powerless to control.

The comptroller affords a shining example of the autocratic spirit which has grown up in the executive branch of our Government, but upon which I need not further expatiate at this time except to say that he tolerates no opposition to his rule. He intends his ipse dixit to be as final, as though it emanated from a ruler possessed of absolute power. He assumes to be master, not servant, of the people. Criticism, even when offered in a wholesome constructive spirit, excites him to furious reprisals. He usurps a prerogative of the Lord by making vengeance his own.

The original reports concerning the questionable activities of the comptroller pertain to the misuse of public funds, and it has already been shown at the hearings before the Senate committee that Treasury cash and the sacred funds belonging to the Red Cross have been distributed for the special benefit of particular individuals and banks, and favored banks in the city of Washington and elsewhere have been the recipient of these favors at the hands of Mr. Williams. Whether these favors have been distributed with an eye to the personal profit and building up of financial relations beneficial to Mr. Williams and his family and business associates I leave you to decide, but if current reports are to be relied upon there has been during his administration a remarkable rehabilitation in the Williams' family fortunes. This in itself is startling enough, but it is especially shocking in view of the profession of probity and unctious morality we have heard from this particular source. These deposits apparently, from the evidence submitted to the Senate committee, were made with amazing audacity and brazen defiance of public sentiment, particularly that manifested in banking circles.

For other banks to presume to protest against such favoritism and arbitrary and anomalous use of public funds was to invite attack by the comptroller, and he made examples of enough of them eventually to intimidate practically all, for bankers, being the custodians of other people's money, are proverbially timid about incurring the hostility of the official who under the law has supervision of their institutions, and this cautiousness is quite natural. Many a banker, could he divest himself of his responsibility to his depositors, would unhesitatingly have asserted his manhood when unjustly assailed by the comptroller, but in the interest of those whose funds he was safeguarding and investing he was compelled to submit in an apparent craven fear to bullying and browbeating and insults of a shameful

character. The result is that the comptroller has the national banks of the country terrorized. They tread lightly in his presence, but carry no big stick, for safely ensconced in his office, buttressed about with the almost limitless power of the Federal Government, he simulates a ferocious courage toward men who would maul him all over the lot did he dare to affront them in any other environment.

Sitting in austere majesty on the dais of authority, like Jove he hurls his thunderbolts at men who in private life are his peers, but who as bankers and the custodians of other people's wealth fear to retaliate even to defend themselves. Intrenched as he has been and possessed of the implements of sabotage which national bankers most dread, his reputation for vindictive ferocity has spread to the field of State banks and trust companies, and more than all other men and influences combined he has been the obstacle to the unification of our monetary system. When Congress passed the Federal reserve act it took only the first step toward the formation of a genuine national banking system. Coordination with institutions chartered by the States was essential to its proper and full development, but it has been delayed largely as a result of the comptroller's extremely bureaucratic methods and his savage and irreconcilable personality. True, a few trust companies, responding to patriotic impulses when we entered the war and hoping that eventually a more normal person would succeed to the comptrollership, joined the Federal Reserve System, but nearly all have held back, although I predict that when Mr. Williams retires, the movement to consolidate and unify will proceed rapidly and we will soon have the ideal system of the world. At this juncture, when the United States is expected to play a vital part in the resuscitation of Europe, enfeebled by more than four years of terrible war, and when its financial resources are ready to be mobilized in response to the needs of other continents besides our own, and when our exigencies in the matter of readjustment and reconstruction can scarcely be comprehended by even the collective mind of Congress, there should be hearty, frank, and wholesome cooperation among all factors that are able to contribute to the success of this gigantic task.

The administration should be the last to check this amalgamation of effort, this unification of energy, this essential coordination of banking power. Yet the renomination of Mr. Williams as comptroller acts as a deterrent; it brings dismay to elements of great strength which otherwise would cheerfully join the Federal Reserve System and bring to the stage of human perfection a system already producing marvelous results. I do not indulge in hyperbole when I speak of the comptroller as an obstacle to the development of our banking system, as resolutions adopted at various bankers' conventions show:

Resolved, That the National Association of Supervisors of State Banks, in convention assembled, extend their congratulations to the State banking institutions of the United States upon their splendid record during the war and the strength and stability which they have evinced, notwithstanding the stress and strain incident to the unprecedented financial requirements of the National Government and the necessity at the same time of financing the business and commerce of the Nation. These institutions have fully performed every patriotic duty and responded to every demand made upon them. We confidently rely upon them to maintain the credit of the country and aid in extending its commerce in the days of reconstruction that are before us. We deprecate the attempt to create distrust of these institutions on the part of an official of the National Government. If the duties of the office of the Comptroller of the Currency were limited to the supervision of the national banks, and that officer confined himself to his duties, we should recognize the impropriety of any criticism on our part; but as that officer is a member of the Federal Reserve Board, and State banks and trust companies are members of the Federal Reserve System, which was designed to unify the banking resources of the country, and as the office of Comptroller of the Currency is no longer needed, we recommend to Congress the abolition of that office, without regard to the personality of the incumbent. In order that his powers may be exercised by the Federal Reserve Board and the Federal Reserve System freed from the danger of political control, which has from its inception been recognized by financiers as its greatest possible weakness. Be it further

Resolved, That the secretary of this association is hereby instructed to forward to the President, both Houses of Congress, and the Federal Reserve Board copies of this resolution.

The Mississippi Bankers Association at its thirty-first annual convention, held at Clarksdale, Miss., May 13 and 14, adopted the following resolution:

Whereas the Comptroller of the Currency, Hon. John Skelton Williams, has from time to time given statements to the press of the Nation, in which statements he frequently gives comparisons contrasting the safety and growth of national banks as compared with the State banks; and

Whereas this association believes that such statements are not only not helpful to the national banks, but that they tend to closely draw the lines between the two classes of banks, to create antagonism where none should exist, and to promote discord between the two classes of financial institutions; and

Whereas we believe such a policy is detrimental to the banking interests of the entire country, for the reason that banks of each class should work in entire harmony, all of them giving the strength of their resources to the development of our common Nation, and all of them as a unit serving the people in their respective spheres: Therefore be it

Resolved by the Mississippi Bankers Association, That we deprecate such statements on the part of one occupying the high official position of Comptroller of the Currency, and that the representatives of this association to the American Bankers Association be requested to present to that association suitable resolutions, to be adopted by it, urging the comptroller to desist from the giving out of statements which are not taken from the official report to Congress and which are likely to produce feeling and antagonism among the financial institutions of our country. (Carried.)

PETERS TRUST CO.,
Omaha, March 17, 1919.

Hon. L. T. MCFADDEN,
President First National Bank, Canton, Pa.

DEAR MR. MCFADDEN: I have been interested in reading the account of your fight against the confirmation of the reappointment of John Skelton Williams, and I am wondering what the Nebraska bankers can do to help you.

I know it is the unanimous desire of every banker in our State, regardless of whether he is engaged in the national banking business or the State banking business, that you succeed. I think I am in position to get resolutions passed by our group meetings and State Bankers Association commending your action if you desire it.

I shall be glad to hear from you.

Yours, very truly,

W. S. WESTON.

To the Officers and Members of the Arkansas Bankers Association:

We, your committee on resolutions, to whom was referred the attached circular from the office of the Comptroller of the Currency, wish to make the following report:

That all bankers surely appreciate receiving from the comptroller's office circular letters from time to time giving statistical and other information of direct interest to the profession.

A careful reading of the circular dated May 7, attached to the resolution, seeks to draw the inference and to make a distinction which might easily be construed as being unfavorable to banks and trust companies operating under a State charter. This inference may be construed as being entirely unfair, although perhaps not intended in that manner. Your committee would respectfully suggest that the comptroller be furnished with a copy of this resolution, indicating the feeling of this association upon that subject.

Respectfully submitted.

JACK BERNHARDT, Chairman.

Let me cite an example or two to illustrate and prove Mr. Williams's autocratic tendency. At a recent convention of bankers, the head of a great New York bank, not a member of the national system, questioned the accuracy of a statement of the comptroller which reflected upon the relative safety of trust companies as compared with national banks. It was a temperately expressed difference of opinion and met with the cordial concurrence of the audience, composed entirely of bankers. What happened? The New York banker was as viciously assailed as though he had accused the comptroller of stealing the gold reserve in the Treasury vaults, and this unwarranted onslaught, spread broadcast throughout the country by the comptroller's agencies of publicity, was followed by the withdrawal of \$75,000,000 of deposits from the bank in question, one of the greatest, most successful, and safest banks, not only in the United States but in the whole world, with assets of three-quarters of a billion dollars. Those funds had been deposited by railroads, and Mr. Williams, in his capacity as chairman of the Finance Division of the United States Railroad Administration, arbitrarily withdrew them and deposited the money in banks of his own choosing, not only as a punishment of the institution because its president had dared to resent the comptroller's slur on the trust companies of the United States but as a warning to other bankers not to criticize him, no matter what the provocation might be. Such an iniquitous act would have seriously embarrassed the average bank, but this institution is so impregnable that it withstood the loss of that prodigious sum without a tremor. The sense of outrage throughout financial and business circles caused by the comptroller's unspeakable action was so great that unsolicited fresh deposits poured into the institution from every quarter, and they exceeded the funds withdrawn, stupendous as the sum was.

I will digress for a moment to recall to the attention of the House that before he entered public life Mr. Williams was in the railroad business. He was the head, or at least the controlling factor, in what is now known as the Seaboard Air Line. For reasons which I shall not take the time now to detail, he lost control of the road to a group of eastern financiers, some of whom are now identified with this same New York bank. Mr. Williams made most desperate efforts to regain control of the road, but without avail, and his failure embittered him deeply. Would I be rash to say that perhaps deep in the recesses of the comptroller's seething brain was the grim thought that in thus penalizing this New York trust company he was getting even for what he regarded as an old grievance? And the mention of the Seaboard Air Line further reminds me of what very likely was the original animus of the comptroller's sensational attack upon the Riggs National Bank of this city. In due time, following his loss of the control of the railroad, another financial group in the East obtained possession of it, the National City Bank interests of New York among them.

There is a close business alliance between the National City Bank and the Riggs Bank. Although deposed as the head of the railroad in the operation first mentioned, Mr. Williams was permitted to serve as a director, but when the new group took hold it displaced him with Mr. Milton E. Ailes, a vice president of the Riggs Bank. It is a matter of common knowledge that Mr. Williams' rage against both the National City Bank and Riggs Bank knew no bounds, but he was helpless against them until he became comptroller, and then he quickly sought his revenge.

The House knows the story of how he drew upon every vestige of power lawfully vested in him to harass and badger these two institutions, but it does not yet know how far beyond lawful limits he went in seeking vengeance for a grievance which began when he was a private citizen. And he has had the effrontery to try to conceal his vicious, unholy motives behind the cloak of sanctity, and while denouncing reputable financiers on a general ground of their wealth, he and his friends have been busy using the power of the Government to amass fortunes of their own and to form alliances with great financial interests.

We have heard even the President compliment the comptroller on "his subjugation of Wall Street." What has he done? I challenge him to point to a single solitary improvement or reform, and if he is able to show one I will show half a dozen instances where he has closed his eyes to alleged iniquities or abuses which he proclaimed he was engaged in uprooting. He makes a boast of having put an end to failures of national banks. What is the truth in this? It is that during the first four years of his administration in office there were 58 failures of national banks under his administration, whereas under the previous four years' administration there were 23 failures of national banks. Now, in this connection it is interesting to note that in the first Federal reserve district and the ninth Federal reserve district, the Federal reserve banks located in both of these districts are in a serious controversy with the Comptroller of the Currency at the present time over the chartering of banks in localities where banks are not needed and in many instances where the State bank department has refused to grant charters. For what purpose is Mr. Williams granting charters to banks in isolated territories like these unless it be to show that the system is so popular and thus to permit him to boast of the large number of organizations of national banks, when as a matter of fact he has chartered many banks in localities where a national charter should never have been issued? As I have indicated before, the comptroller has developed from a swaggering autocrat into a mad terrorist. An autocratic régime is obnoxious enough and not to be tolerated in this country, but when it grows into government by terrorism we can not act too quickly to destroy it.

Congress has been urged to vote millions of dollars to enable the Department of Justice to wipe out terrorism from among a certain element of our population. The vast punitive machinery of that department is moving rapidly and I trust ruthlessly to eradicate this poisonous growth from the American system. Many of those against whom the department is proceeding are misguided men whose mental processes are so primitive that they have but a vague or distorted idea of our democratic institutions and at most a meager comprehension of what constitutes free and orderly government. Some of these men do not realize that this is the land of boundless opportunity for their own kind, and that most of our famous and most useful citizens have risen to eminence from poverty and obscurity. I am sorry for benighted people who fall under the influence of unscrupulous demagogues, who from places of comparative security spur their deluded victims to deeds of violence and anarchy.

But the underlying principles and the history of our democracy are no closed book to the Comptroller of the Currency. He knows this is a government by law, not a government by personal whim. Yet contemplate the example of lawlessness which this high official sets to the ignorant man of alien political notions. The comptroller becomes a terrorist the instant the law fails to serve his radical or personal purposes. He immediately adopts the perverted and discredited Hun doctrine that might makes right. He has spread terror through the banks of the country, not for the mere joy of watching the bankers shiver and squirm, but to intimidate them in order to further dark and devious schemes of his own. I have mentioned specific instances of his terroristic methods and will allude to another.

Because I was bold enough to ask for an investigation of his office at the last session of Congress, the comptroller entered upon a plan of persecution of the bank of which I am president,

and might have ruined it had not the United States court of the middle district of Pennsylvania, to which the bank appealed, intervened and restrained him from further efforts to undermine it. He deliberately and maliciously spread false and sensational rumors about the bank, intimating that its solvency was in question when he knew it was perfectly solvent, and caused a run on it which led frightened depositors to withdraw between 12 and 15 per cent of its aggregate deposits, and caused the bank a loss of thousands of dollars in earnings. He connived with a rival bank, whose president was summoned to Washington for a conference with him, to stampede the depositors of our bank, and as they, bewildered by the spurious reports of alleged insolvency, withdrew their funds they were herded into the rival bank and there solicited to deposit their money. But, as I have said, our bank stood the strain, great as it was, and remained solvent, as it always has been. But not knowing what other diabolical means the comptroller would adopt next to accomplish its ruin, having thus far failed, the bank, as I have indicated, appealed to the United States court, which promptly enjoined him from any further machinations against its continued existence and prosperity. I herewith insert the order of the District Court of the United States for the Middle District of Pennsylvania:

[In the District Court of the United States for the Middle District of Pennsylvania. First National Bank of Canton, complainant, v. John Skelton Williams, defendant. In equity No. 275. May term, 1919.]

On reading the original bill of complaint herein and the verified bill of complaint supplemental thereto and the exhibits thereto annexed and the supporting affidavits submitted therewith, and it clearly appearing from the specific facts shown thereby that immediate and irreparable loss or damage will result to the complainant before the matter can be heard on notice and that prima facie the complainant is entitled to a temporary restraining order enjoining the defendant herein from the acts threatened and complained of:

Now, on motion of the said complainant, it is

Ordered that the defendant, John Skelton Williams, show cause, if any he has, before the District Court of the United States for the Middle District of Pennsylvania at the court room of said court in the city of Harrisburg, county of Dauphin and State of Pennsylvania, on the 9th day of May, 1919, at 10 o'clock a. m. of said day, why the preliminary injunction, as prayed for in the said bill of complaint, should not issue;

And in the meantime it is hereby ordered that the defendant, John Skelton Williams, his agents, subordinates, deputies and attorneys, and all persons acting by or under his authority, direction, or control, and each of them be, and hereby is, restrained and enjoined until the hearing and determination of said application and the entry of an order thereon as follows, to wit:

1. From calling and continuing to call for, or attempting to enforce his call for, the alleged special reports mentioned in said John Skelton Williams's, the defendant's letters dated April 15, 1919, April 16, 1919, April 21, 1919, and April 28, 1919; and in the letter of Bank Examiners Roberts and Stauffer, dated April 19, 1919, respectively; and from assessing or collecting, or attempting to assess or collect the penalties against the complainant for failure to file such alleged special reports.
2. From calling for any special report or reports from the complainant for the private and personal purposes of the defendant, or for the purpose of harassing or persecuting the complainant in the manner alleged in the bill of complaint, or for the purpose of obtaining information for public distribution with a view to injuring, impairing, or destroying the reputation and credit of the complainant or its president, Louis T. McFadden, or for the purpose of instituting prosecutions against the complainant, or its said president for alleged offenses, or for the collection of penalties in order to destroy the reputation, credit, and business of the complainant and its said president, as alleged in the bill of complaint herein; and from calling for or attempting to enforce his call for any other special report or reports from the complainant when the same are not bona fide within the meaning and purpose of sections 5211 and 5212 of the Revised Statutes of the United States and reasonably necessary to a full and complete knowledge of the complainant's condition and expressly authorized by said sections; and from exercising any visitatorial or inquisitorial power over the complainant or its officers except as expressly authorized by law.
3. From opening or causing to be opened the private papers, letters, and packages of customers of the said complainant, left in charge of the said complainant for safe-keeping or from interfering with the same in any manner whatsoever.
4. From disclosing to the officers, directors, agents, stockholders, or employees of the Farmers National Bank of Canton, Pa., any information with respect to the private business or affairs of the complainant or its officers.
5. From disclosing the private business and affairs of the complainant or its officers to banks, bankers, individual Members of Congress, representatives of the public press, or to the public generally for the purpose of injuring the complainant or its officers and of impairing or destroying its or their credit and reputation or for any other purpose except pursuant to law.
6. From disclosing to the stockholders, depositors, or creditors of the complainant and to the members of the community in which the complainant is established information with respect to the affairs and business of the complainant or its officers intended and calculated to create alarm or apprehension with respect to the credit and solvency of the complainant or any of its officers, and from distributing such information and from spreading or causing to be spread reports with respect to the complainant or any of its officers intended or calculated to cause the withdrawal of deposits from the complainant by its depositors.
7. From inciting or attempting to induce any person or persons whatsoever to present and press claims against the complainant or any of its officers and from inciting litigation against it or them.
8. From demanding or attempting to enforce the compulsory production or exposure of the private books or papers or affairs of the complainant or its officers for the purpose of attempting to subject it or them to any penalties or forfeitures or criminal prosecutions or of compelling them to be witnesses against themselves.

9. From using the power of the office of the Comptroller of the Currency over the complainant or its officers for the private and personal purposes of the defendant, without reference to the proper duties and functions of the said office, and in particular for the purpose of impairing or destroying the credit and reputation of the complainant and its president and its and his property and business in the manner set forth in the bill of complaint.

10. From calling, or attempting to enforce in calling, for any special report or reports from the complainant or any of its officers as to any of the details relative to the filing of this suit or any privileged communications between the complainant or its officers and its or their attorneys relative thereto or for the purpose of defending the same.

And it is further ordered that the service hereof may be made by delivering a copy of this order certified under the hand and seal of the clerk of this court and also a copy of the papers upon which it was obtained to the defendant personally, if found within this district, and if not so found to the United States attorney for the middle district of Pennsylvania, and by mailing such copies by registered mail to the defendant, addressed to the office of the Comptroller of the Currency at Washington, D. C.; and that service hereof in the manner hereinbefore specified on or before May 5, 1919, shall be sufficient.

And it further appearing to the satisfaction of this court that the defendant, John Skelton Williams, is not now personally within this district, it is ordered that service of the bill of complaint herein and of the bill of complaint supplemental thereto and of the process of subpoena issued thereon, may be made by delivering a copy thereof to the defendant, John Skelton Williams, wherever he may be found, or by mailing such copy by registered mail to said defendant, addressed to the office of the Comptroller of the Currency at Washington, D. C., and by delivering a copy thereof to the United States attorney for the middle district of Pennsylvania on or before the 5th day of May, 1919.

Complainant to furnish bond in the sum of \$500.

CHARLES B. WITMER, District Judge.

Dated at Scranton, in the middle district of Pennsylvania, this 1st day of May, 1919.

Mr. Chairman, these are but random examples of the terrorism which the comptroller practices whenever it suits his purpose or whim. I stand here unterrorized, and so shall I always stand.

Mr. Chairman, Mr. Williams attempts from time to time to make the public believe there are practically no banks or others who are opposed to his methods of administration. In addition to what I have already placed in the RECORD, I desire to insert an editorial from one of the leading financial journals of Chicago, which article appeared in the September issue, and is as follows:

CRITICISM OF JOHN SKELTON WILLIAMS.

As a result of the recently published statement of Comptroller of the Currency John Skelton Williams, in which the safety of national banks was emphasized and figures were presented tending to discredit the State banks, a letter was prepared a few days ago by Otto L. Klaus, State auditor, and Charles W. Camp, chief of the State bank department of Indiana, criticizing the Washington official for his "odious and ill-timed comparisons."

The letter sent Mr. Williams reads:

"As the official of Indiana, charged for the time being with the supervision of all the banks and trust companies of this State, other than the national banks, I resent the efforts that are continually being made by your office, through the press, to discredit our State financial institutions by lauding the standing of national banks.

"I am of the opinion that the State banks of Indiana—779 in number—taken as a whole, are as ably managed and supervised as are the 240 national banks, and give as my reasons that, while four of our institutions have been closed in the past four years, no loss has been sustained by any depositor.

"In view of the fact that our banks have stood shoulder to shoulder with the national banks in the purchase of each issue of Liberty bonds and United States certificates of indebtedness, I am inclined to believe that your comparisons are odious and ill-timed."

I also want to append hereto copy of an editorial appearing recently in the San Francisco Chronicle, as follows:

A DEMOCRATIC SCANDAL.

Whether Comptroller of the Currency John Skelton Williams interested himself to help his brother to make a big sale to the Government or not, and whether, if he did, is a matter for Congress to determine. Representative McFadden says he did, and Comptroller Williams says that Representative McFadden is another.

But that the Senate should reject the nomination of Williams for another term of office is certain. It is possible to find men, and even Democrats, who will honestly and effectively administer the office of Comptroller of the Currency without being eternally in a rumpus and making themselves hated and feared by the entire national-bank fraternity.

Comptroller Williams is not merely an autocrat. That would be expected. This is an autocratic administration. But he is so arrogant and disagreeable in the administration of his autocracy that the Senate would be inexcusable to permit him to serve another term.

I also insert a letter from the editor of Leslie's Weekly:

LESLIE'S ILLUSTRATED WEEKLY NEWSPAPER,
New York, March 28, 1919.

Hon. L. T. McFADDEN, M. C.
Washington, D. C.

MY DEAR CONGRESSMAN: I read with much interest your correspondence with the Treasury Department. I believe that Mr. Williams is absolutely unfitted for his place. He should go!

Very truly, yours,

JOHN A. SLEICHER, Editor.

Mr. Chairman, in view of the attack which John Skelton Williams has made upon me, I ask your forbearance by inserting in the RECORD copy of the resolution passed by group 4 of the Pennsylvania Bankers' Association, assembled in annual meeting on May 30, 1919. This is an organization of bankers comprising the banks in and around my congressional district. The resolution is as follows:

Group 4, Pennsylvania Bankers' Association, assembled in annual meeting, hereby puts of record an appreciation of the character and reputation of Hon. LOUIS T. McFADDEN, Member of Congress from the fourteenth district of Pennsylvania, and a member of this group.

We have always found Mr. McFADDEN a zealous advocate in Congress of all constructive and remedial legislation affecting the interests of banks and other financial institutions; always courteous and helpful to the members of our business fraternity, and faithful in the discharge of his duties, and an efficient member of the Banking and Currency Committee of the House.

As a member of our group we have always found him kindly in all relations to his fellow bankers. And he has lent distinction to our group in being honored as president of the Pennsylvania Bankers' Association, an office which he adorned, and through which he advanced the interests of all bankers in Pennsylvania.

Resolved, That this minute be spread upon the minutes of our group as an expression of our confidence in, and warm admiration for, our fellow worker, Hon. L. T. McFADDEN.

Mr. Chairman, I also insert in the RECORD at this time a letter from Bird W. Spencer, president of a bank in New Jersey, which is typical of many letters I have received, but because I do not want to encumber the RECORD, I insert this as a specimen without further comment:

PASSAIC, N. J., March 17, 1919.

Hon. L. T. McFADDEN,

Care First National Bank, Canton, Pa.

MY DEAR SIR: I have read with a great deal of interest your controversy with John Skelton Williams, present Comptroller of the Currency, and I sympathize with you and desire to offer you any support in my power.

I am largely interested, and vice president of the Carlstadt National Bank, a small bank located 2 or 3 miles distant from this city. I have noted that the unusual requirements of the comptroller's office have been very burdensome and annoying to our people.

When this institution, with the other institutions in New Jersey, entered the Federal Reserve System, we insisted, so far as we could, that while we were willing to subordinate ourselves to the Federal Reserve System, we could not join if there were any possibility of our coming under the control of the present Comptroller of the Currency.

The writer was treasurer of the Erie Railroad Co. for a number of years, and has kept in close touch with that company's management, especially as relates to its treasury, and is aware of the annoyances and exactions created by the policy of Mr. Williams while financial director of the Federal Railroad Administration.

We have no personal acquaintance with Mr. Williams, and our opinions are formed entirely on what we see and hear, but they are sufficiently positive to express the hope that he will be eliminated from the control of the banking system of the country or any part of it.

Senator FRELINGHUYSEN and EDGE, of this State, I think understand the situation. I have written to them, as a member of the executive committee of the New Jersey Bankers' Association, urging that Mr. Williams be relieved of his job.

Please command me if I can serve you in any way.

Very truly, yours,

BIRD W. SPENCER.

Mr. Chairman, in concluding, I want to call attention to the fact that it has been clearly proven in the hearings, which have been conducted by the Senate committee, that John Skelton Williams has violated the law wherein he has not complied with the requirements of the law in examining all of the national banks of the country twice each year. This evidence proves that he did not do this in the District of Columbia, and I have no doubt that if the truth were known that there are many banks in the United States which have not been examined twice in each year of his administration, and in some instances not even once.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back two minutes.

Mr. PLATT. Does the gentleman from South Carolina [Mr. STEVENSON] want to use some more of his time?

Mr. STEVENSON. I do, but I am not quite ready. Will the gentleman use some of his time?

Mr. PLATT. I will yield 15 minutes to the gentleman from Ohio [Mr. FESS].

Mr. STEVENSON. Before the gentleman does that, I will yield seven minutes to the gentleman from Arkansas [Mr. WINGO].

The CHAIRMAN. The gentleman from Arkansas is recognized for seven minutes.

Mr. WINGO. I do not know whether it is worth while to take even seven minutes of the time of the House to discuss the questions that have been raised by the gentleman from Pennsylvania [Mr. McFADDEN]. The House and the country are familiar with the personal controversy that has been going on between those gentlemen for many, many months. You could not even in seven minutes, if it were thought worth while to take up the time of the House, go into the merits of that controversy.

As I gathered from the gentleman's statement, it was in answer to the suggestion of the Comptroller of the Currency, made in the public press, that if the gentleman from Pennsylvania [Mr. McFADDEN] had any evidence to support the charges that he has made against the comptroller he should go before the committee of the Senate that is now, and has been for many months, investigating these very charges and investigating the character and the fitness and the qualifications of Mr.

Williams, with a view to voting upon the confirmation of his reappointment as comptroller.

The gentleman from Pennsylvania says that it is beneath the dignity of a Member of the House to go before a committee of another body. Well, be that as it may, there are no strings upon the gentleman. His party has been in power here for four months in both branches of the Congress. He has charged, and he has charged deliberately, upon his responsibility as a Member of this House, the Comptroller of the Currency with conduct which, if he can support by evidence, will support impeachment charges. Why does not the gentleman from Pennsylvania either "put up or shut up"? If he can get the backing of the Republican Members of this House, why does he not introduce resolutions of impeachment? He has back of him a Republican majority.

The reason is very simple, gentlemen, and it is because he can not get even a majority of the Republican side of this House to support the charges that he is making against the Comptroller of the Currency, much less a sufficient vote on both sides of the House to sustain impeachment charges.

Now, Mr. Chairman, I think I am justified in making that statement, because the gentleman has gone before his own Committee on Rules. The gentleman's attack here this morning is not simply a repetition of his attack upon the Comptroller of the Currency but, as a matter of fact, it is an attack upon the Rules Committee of this House.

And however much we might differ with the judgment of the members of the Rules Committee upon both sides of this House, we regard the membership of the Rules Committee, both Democrat and Republican, as being composed of the ablest, most patriotic, level-headed Members of this House; and if the gentleman has not sufficient evidence to support his charges against the Comptroller of the Currency, and if he can not get the Rules Committee of this House to accept the proof that he offers there, then why should he continue to annoy this House and to repeat his charges against the Comptroller of the Currency? It is nothing more than a personal grievance, and I say that with all kindness to the gentleman from Pennsylvania [Mr. McFADDEN]. I hold no brief for the Comptroller of the Currency. I differ with him upon detail questions of policy possibly as much as does the gentleman from Pennsylvania; but in spite of whatever faults John Skelton Williams may have, there is one thing that even his enemies admit, that he is Comptroller of the Currency and he is enforcing the laws that you and I have made; and most of the criticisms against John Skelton Williams are criticisms against the laws that you and I framed, and which we permit to remain upon the statute books; and I for one appreciate the fact that he has the courage to discharge his duties and to enforce the laws. If those laws are wrong, if it is vicious for the American Government through the Comptroller of the Currency to supervise the conduct of the great national-banking system of this country, then as Members of Congress we ought to have the courage to repeal those laws and not be continually nagging at the Comptroller of the Currency because he carries out the letter of the law. It is not an attack upon the character of John Skelton Williams, it is an attack upon the efficiency of John Skelton Williams's conduct that is troubling the gentleman from Pennsylvania [Mr. McFADDEN] and some other bankers throughout this country.

Oh, Mr. Chairman, it is easy to stand here and attack a public official. It does not require any particular courage to do that—for a Member of Congress to get up here and attack a public official whose mouth is closed and who can not be heard upon this floor; and I for one am sick and tired of it. If his enemies have the proof, they have their remedy. They have raked the four corners of this Republic, they have spent months in trying to find some ground upon which they can refuse to confirm his renomination. The gentleman from Pennsylvania [Mr. McFADDEN] has had months and months and months. Let him have the courage to stand up here and prefer impeachment charges against the Comptroller of the Currency and offer the proof, and then we will vote upon the merits of the case aside from any personal prejudices that may exist between the two gentlemen. [Applause.]

Mr. MOORE of Virginia. May I interrupt the gentleman?

Mr. WINGO. I yield to the gentleman.

Mr. MOORE of Virginia. Is there anything in the precedents of the House that would make it undignified or improper for a Representative here who believes that he has relevant information upon the subject to go before the Senate committee and present it?

Mr. WINGO. Not only is there nothing to the contrary in the precedents but I want to say, and I think it is the judgment

of every Member of this House, that if the nomination of any man is sent to the Senate for the filling of any important public position, if any Member of this House knows of any reason why he should not be confirmed, if he knows of facts which demonstrate that that man is unfit for public place, it is not only his right but it is his duty to go before the Senate committee and give them the benefit of his information. [Applause.]

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

Mr. PLATT. I yield 15 minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. I ask unanimous consent to proceed out of order.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to proceed out of order. Is there objection?

There was no objection.

Mr. FESS. I ask unanimous consent to extend my remarks in the RECORD.

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

There was no objection.

Mr. FESS. Mr. Chairman and gentlemen of the committee, all the country is interested, historically as well as otherwise, in the famous trip the President is now making over the country, chiefly because it is an effort to compel the Senate to obey the presidential decree to ratify the treaty just as he hands it to that body. Some of us are sufficiently interested to read all the speeches of the President as they are reported from day to day. The interest grows not alone in the issue that is being discussed—because it is a one-string violin so far as this tour goes, discussing but one issue in the main, the league of nations—but we are also interested in the character of utterances of the Chief Executive and in the general response that the public is giving to our distinguished and capable head of the Nation. Is the response given to the sentiment in approval or to the spirit of the gladiator or to the President of the Nation?

A great many people have thought that great outpourings on such occasions are significant of approval of all that is said. Others say it is that response which greets the man in the ring, because the people applaud a fighter, while still others declare that whenever the President, especially the President with a mission, as he thinks, in times of great excitement over a great issue, goes to the country carrying a cause that he wants to espouse, and for which he is willing to suffer, it naturally brings great crowds, no matter whether the people indorse what the President says or not. So the country might be divided on those lines, that the significance of the great gatherings now in progress greeting President Wilson is not necessarily conclusive evidence that those who gather approve of the position he takes. I, as a Member of the House, share in that judgment, that wherever the President will go he will have, and ought to have, not only a respectful hearing but a great outpouring to hear him. That is due the office he holds without much regard to who holds it.

That was true in 1866. There had been a very severe dispute between the Executive and the legislative growing out of the questions inherited by the Civil War. It was so acute that it soon reached an open rupture of national concern. The veto power was employed freely, and the overriding of the veto was very general. Finally, on August 28, 1866, the President carried his cause to the people. It had been widely heralded weeks before that the President would make a tour of the country and lay the cause of the protection of the Constitution and the restoration of the Union before the American people.

It was well understood that he was stating his method to compel Congress to accept his plan of reconstruction. He had refused to call Congress in special session after his inauguration, on the 15th of April, 1865, and between that date and the meeting of Congress in December he proceeded to reconstruct the States as an Executive rather than a legislative function. This was the point of difference which he proposed to carry to the country. He left this city the latter part of August, 1866, traveling to Philadelphia on the main line to New York, from New York to Buffalo, from Buffalo to Cleveland, thence over the overland line to Toledo, thence to Detroit, thence to Chicago, from Chicago through Springfield, Ill., to St. Louis, St. Louis back to Indianapolis and Louisville, then to Cincinnati, Columbus, Steubenville, and Pittsburgh, and Harrisburg, and on back to Washington.

Mr. ROSE. He stopped at Johnstown, for I saw him there.

Mr. FESS. Yes. Now, I have the files of the New York Times giving a description of the wonderful ovations and outpourings

that greeted President Johnson. At Cleveland the outpouring was so tremendously enthusiastic that the correspondent makes this statement in the Times which was printed September 4:

There can be no adequate description of President Johnson's reception to-day. From the time he arrived at Buffalo until he reached Cleveland his reception by the people all along the route was an ovation of unparalleled magnitude, which culminated at this point with a tremendous explosion of enthusiasm. Without any exaggeration I consider the mass of human beings assembled together this evening in front of the Kimball House the largest collection of people that I have ever seen at any one time.

Mr. DEWALT. Will the gentleman allow an interruption?

Mr. FESS. In a moment, but not at this point. At Detroit the statement of the New York Times says the enthusiasm remained unabated. At Erie, Pa., the statement was that the oldest citizens are reporting that there is at least one-half greater crowd than ever was seen in this city before. The same thing at Chicago. The New York World says that there were 80,000 people at the grounds where the Douglas monument was being dedicated, which, as Members know, was the occasion for the President's trip. However, the President extended his trip to take in St. Louis.

Similar outpourings that I do not care now to read but will make a short insertion, within the rules of the House, indicate that there was no point that the President did not have a wild demonstration from the populace.

Mr. DEWALT. Will the gentleman yield now?

Mr. FESS. I will.

Mr. DEWALT. Has the gentleman read the account as published by Rhodes in his history of the reception to President Johnson at Cleveland?

Mr. FESS. Rhodes, the historian? I think I have.

Mr. DEWALT. In which he says the reception given to Johnson at Cleveland was far from enthusiastic, and that he was hooted at that time in Cleveland.

Mr. FESS. If I should say that I would be charged with partisan utterance. That is the reason I do not read from the New York Tribune or the Independent. I am reading from the New York Times, a Democratic paper.

Mr. DEWALT. History, as indicated by Mr. Rhodes, says he was not received with much enthusiasm.

Mr. FESS. The Times says that it was a magnificent ovation. It is the Times which to-day seems to attach so much significance to the demonstrations accorded President Wilson, and while the editorial staff is not the same, I take it that it desired to be regarded as accurate in its conclusion now as it claimed to be then. I quote from the Times, September 10, 1866:

The reception of President Johnson and his party yesterday by the people of St. Louis constituted the most brilliant ovation ever tendered an American citizen by the American people, and was the most magnificent spectacle ever witnessed in the West.

I further quote from the Times:

At Alton the entire population and some twenty thousand people from St. Louis assembled upon the levee to participate in the presidential welcome.

The Times reported that at Louisville "over 150,000 people had gathered early to greet the President." The same sort of enthusiasm greeted him at Cincinnati, Columbus, and Pittsburgh.

I think that is sufficient to indicate that there was no lack of enthusiasm on this journey.

Mr. WINGO. Will the gentleman yield?

Mr. FESS. Yes.

Mr. WINGO. I appreciate the statement that the gentleman wanted to be nonpartisan, and this leads me to hope that he will bring the record down to date and read extracts of the tremendous reception that President Roosevelt got when he went over the country denouncing the political porch climbers of the Republican Party. That would constitute a perfect record. [Laughter on the Democratic side.]

Mr. FESS. The gentleman in control of the floor is trying to show that the make-believe of the Democratic side of the House—or, rather, Members of that side—of the demonstrations shown to Mr. Wilson are not conclusive as to the popularity of the position he has taken. On that basis of judgment President Andrew Johnson, according to the Democratic Times, was the most popular man in America at the very moment he was undoubtedly the most widely distrusted Executive we have ever had. It is this feature I am calling to the attention of the country.

That is the purpose of this [applause on the Republican side], and I am leaving the Democratic side of the House to draw its own conclusions on this matter, reading only the facts as detailed in the Democratic press and not the Republican press.

Mr. POU. Will the gentleman yield?

Mr. FESS. I do.

Mr. POU. I would ask the gentleman from Ohio if anything has been said about these crowds on this side of the House? I have not heard it.

Mr. FESS. Many things have been said to me personally. I think most of the Members are afraid to say anything publicly. [Laughter on the Republican side.]

Mr. POU. I have not heard one single comment on this side of the House in reference to the size of the crowds.

Mr. FESS. I arose for an additional purpose. In addition to indicating that the great demonstration given to the President on his famous swing around the circle is not significant of their approval I want also to indicate that his line of utterances in the form of argument between this tour that is now being made and the tour made in 1866 is not different; that the argument now is quite similar to what it was then. Yesterday I read that the President stated that if his removal was necessary he would be willing to sacrifice his life. I am sorry that statement was made. I am not making it as a criticism. I think, however, that all of us wish that that statement had not been made. It can not produce good results. Now, let me read from a speech on the first swing around the circle. At Niagara Falls this statement was made by President Johnson:

Let the Union be restored and harmony and prosperity be again given to the land. When this is done I would, like Simeon of old, after he had seen the babe of Bethlehem, exclaim, "Lord, I have seen Thy salvation, now lettest thy servant depart in peace."

[Laughter on the Republican side.]

At Erie, Pa., he said:

If it is my life they ask; if it is my blood they want as a last offering upon the altar of my country, they can take it.

An utterance this morning, reported in the Post, indicates that the President informs the country that the opposition to the league is largely pro-German, another very unfortunate statement to emanate from the head of the Nation. Let me read what President Johnson said:

We who fought and gave our blood to perpetuate this Union will not permit it to be severed by Sumner, Thad Stevens, and their coconspirators.

Let me read what he said at Cleveland. I quote from the Times:

As I go round the circle having fought traitors at the South, I am prepared to fight traitors at the North.

At St. Louis, he said:

I shall stand by the Constitution and with your help and God being willing all the powers this side of the infernal regions combined can never drive me from the discharge of my duty.

These are but samples of his utterances, bitter in character, defiant in purpose, and confident in ultimate result, which indicate his determination to dominate Congress. All through President Johnson's speeches we find that dissatisfaction and impatience that reach a point almost of petulance, if not of uncontrolled temper.

This will introduce what I did not want to inject when my friend and colleague, Mr. DEWALT, of Pennsylvania, interrupted me. President Johnson had a great outpouring at Cleveland, as he had in all other stopping places. At Cleveland some one in the audience put a question to him that threw him off his guard. He took it as a personal offense and launched out in a very bitter strain, in ungoverned language, assailing all the people who opposed him on the basis of disloyalty and actuated with a desire of personal animosity. For a time the demonstration was so vociferous and offensive that the President could not continue. This unfortunate event was precipitated by President Johnson himself. It was very noticeable that the bitterness of his language increased with the tour and that fact seemed to arouse his audience, as was shown on the route, since the enthusiasm that was provoked by his utterances was unbounded. The President employed the ad hominem argument everywhere, declaring he was willing to leave the issue with the people, who could always be trusted even when their Government was not to be—

Through your honored chairman, gentlemen, please accept my sincere thanks for this cordial welcome. It will not be expected of me to make a speech on this occasion. I can only return my thanks and say that I feel gratified for this demonstration of respect for one who has at least tried to serve you faithfully. Your chairman has alluded to the Constitution—

And this last sentence is the closing sentence with which Mr. Johnson usually finished his speeches at most places.

I leave the Constitution in your hands. I leave it with you, the people in whom I have always confided. The Constitution of the Union and the flag of the country are in your hands. There I know that they will be preserved. Thanking you—

And so forth.

Everywhere the President went he breathed this assurance. He was charged with the future welfare of his country and its people, and would succeed in spite of its enemies, the Con-

gress. I am right, and the cause that I represent must be justified. I leave it with the people, assured that I will be vindicated by the repudiation by them of the Congress which strives to block the way of restoration of the Union. I think that President Johnson in the midst of this struggle was stimulated by meeting the people on his famous tour to believe his contest could have but one ending—a sweeping victory. I am also absolutely certain that President Wilson to-day is firm in his own conviction that the position he has taken on compelling the Senate to come to his view of the league of nations must win, because he is not accustomed to confess a mistake. His habits of mind argue any position he takes is right, and he undertakes, like Andrew Johnson, to carry the contest before the country to prove it a struggle between the people and the Senate, in which he represents, as he believes, the cause of the people of the country, and everywhere he is willing to leave it to the people. This plea of Wilson is very much on the plane of that made by Johnson, and to like crowds. I give it to you as my closing thought that President Wilson is fighting a losing game. His attitude toward the coordinate treaty-making body is only one of the many items in his efforts of Executive superiority in his relation to the other coordinate branches of the Government. This attitude is more than mere impulse. It is policy with him. He but attempts to practice his theory. The President becomes sometimes out of humor and impatient with any sort of opposition, notwithstanding that opposition is not only justified but a constitutional duty of Senators, and, as one Member of this House, I now declare that the time is here, gentlemen of this House, for genuine Americans who are Members of this House to let the country know that the legislative body is still in existence and no one man, be he our President or not, can dictate his will as law, even by the threat that he will take it to the whole people. [Applause on the Republican side.] And I now wish to advise our Democratic friends that these people who have insisted that the demonstrations of President Wilson are conclusive of the support that he is to receive on a disputed measure are destined to become embarrassed, for such an argument would prove that Andrew Johnson was more popular than President Wilson, because he got greater crowds than did President Wilson. I simply throw this out to my friends on the Democratic side that the President's tour will not be a determinant, except to arouse the American people to speak their minds when the time comes, as they surely will do when they decide whether we are to preserve American sovereignty and independence. [Applause on the Republican side.]

Mr. PLATT. Mr. Chairman—

Mr. MOORE of Virginia. Will the gentleman from New York [Mr. PLATT] give me two or three minutes?

Mr. PLATT. I yield. I understand I have but five minutes left, but I yield to my friend from Virginia.

Mr. WINGO. Mr. Chairman, I ask that the gentleman yield to the gentleman from Virginia three minutes.

Mr. PLATT. I yield three minutes.

Mr. MOORE of Virginia. Mr. Chairman and gentlemen, the gentleman from Ohio, the chairman of the Republican congressional committee, has just made a speech which is in line with a newspaper interview he gave out the other day, in which he undertakes to draw a parallel between Andrew Johnson and Woodrow Wilson. He makes the point that because Mr. Johnson had great audiences and Mr. Wilson has great audiences, it is to be deduced that Mr. Wilson will suffer the fate which overtook Andrew Johnson. Why does he not draw a parallel with reference to 1912, when Mr. Wilson's speeches were heard by great audiences, and not with any adverse result, but with the result of the Republican Party carrying but two States in the Union, the two small States of Vermont and Utah? [Applause on the Democratic side.]

Then, in 1916, Mr. Wilson again made speeches to great audiences and with the same force and same charm which mark those he is delivering now, and again the Republican Party went down to defeat and Mr. Wilson was elected to the Presidency. [Applause on the Democratic side.] When he draws a parallel—and he is a historian of high scholarship, the author of a historical work which he wrote when at the head of Antioch College, before he came into the arena of active partisanship—why does not he and the other critics tell us of the great audiences that greeted George Washington in his day, when the people poured out to show their appreciation of him and their devotion to him, and yet, then in the second term of his Presidency and in his second year—note the coincidence—Washington was so bitterly vituperated and assailed by his enemies, just as Wilson is now, that he has left on record the fact that he felt all the pain and humiliation which was conceivable.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Virginia. Will the gentleman let me have a minute or two more?

Mr. PLATT. I can not yield to the gentleman any more time.

Mr. MOORE of Virginia. As a very new Member I ask unanimous consent to continue for a minute or two more.

Mr. RUCKER. Five minutes.

Mr. MOORE of Virginia. Yes.

Mr. WINGO. Mr. Chairman, I ask unanimous consent that the debate be continued for five minutes longer.

The CHAIRMAN. The Chair will state that the rule of Calendar Wednesday is that more than two hours can not be taken in debate.

Mr. RUCKER. Can not the committee extend the time five minutes, if it is done by unanimous consent?

Mr. POU. It can be done by unanimous consent, Mr. Chairman.

Mr. RUCKER. I ask unanimous consent.

The CHAIRMAN. The gentleman can proceed, and if anybody raises objection—

Mr. JOHNSON of Washington. I object, Mr. Chairman.

Mr. PLATT. Mr. Chairman, I yield three minutes to the gentleman from Ohio [Mr. LONGWORTH].

Mr. LONGWORTH. Mr. Chairman, personally I regret that the time of the gentleman from Virginia [Mr. MOORE] was not extended, because he made a most excellent speech. There is only one point of it to which I desire to refer. He speaks of the parallel between the present tour of the President and the President's tour in 1912, when, the gentleman from Virginia said, his delightful oratory won a result of which he is very proud and apparently which he desires to have repeated. Allow me to call the attention of the gentleman from Virginia to the fact that as a result of the speeches made by Mr. Wilson in 1912 he only got about a third of all the votes cast at that election. [Applause on the Republican side.] If the gentleman desires to have that result repeated, I think he can find a hearty response on this side of the House.

Mr. MOORE of Virginia. Will the gentleman yield for a question?

Mr. LONGWORTH. Yes.

Mr. MOORE of Virginia. There is a question I desired to propound to the distinguished chairman of the Republican committee. We have heard talk without much cessation, going to the very extreme of criticism not only in reference to Mr. Wilson but in reference to the league of nations, and I would like to ascertain whether the gentleman from Ohio, representing his party or his party behind him upon that side of the House, approves or disapproves of the league of nations.

Mr. LONGWORTH. Is the gentleman referring to me or to my distinguished colleague?

Mr. MOORE of Virginia. To the gentleman from Ohio [Mr. FESS]. We were told the other day by the gentleman from Illinois [Mr. MASON] that it is entirely proper for this House to consider a resolution in respect to foreign affairs. If this endless criticism of the league of nations is not to continue, but is to reach some crisis, why does not the dominant party in this House bring forward a resolution expressing its condemnation of the league of nations and furnish us an opportunity to vote upon it? [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. LONGWORTH] has expired.

Mr. PLATT. I yield to the gentleman another minute.

Mr. LONGWORTH. I yield to the chairman of the congressional committee.

Mr. FESS. In reply to the gentleman from Virginia [Mr. MOORE], whose judgment and personality I very much admire, I would say that the resolution that he suggests this House should bring before it would probably not be regarded in order, because it is a matter for the Senate. Speaking for myself, I am positively and uncompromisingly opposed to Mr. Wilson's league of nations and in favor of the Americanism of the reservations of Senator LODGE. [Applause on the Republican side.]

Mr. LONGWORTH. Mr. Chairman, it is not unnatural that opposition would be developed to a league drafted by a gentleman who, having appealed to the people for support, having gone to the country with a request that a Democratic Congress be given to him in both branches, received as an answer from the American people an adverse majority of more than a million votes. [Applause on the Republican side.]

Mr. PLATT. Mr. Chairman, I understand I have four minutes remaining?

The CHAIRMAN. The gentleman has four minutes remaining.

Mr. PLATT. Mr. Chairman, I do not desire to take any part in this discussion over the league of nations. I have sometimes

felt very much disposed to criticize the President of the United States, and sometimes I have felt very much disposed to support him and have very strongly supported him, even when members of his own party did not support him. [Laughter.]

I have reserved a few minutes just to bring back the committee for a moment or two to the consideration of the joint resolution before us, and to state that I think that the opposition to it, or most of it, has passed; and I wish to call attention to the fact that the resolution refers back to the Red Cross act. It is limited to the continuance of the war now existing, and requires each association to report to the Comptroller of the Currency, within 10 days after making any contribution, the amount of such contribution and the amount of net earnings in excess of such contributions.

Now, the only possible question raised in the debate last Wednesday was as to the limit of time for contributions. To meet that question or objection, such an amendment as this might well be adopted at the end of the resolution, adding it as a proviso:

Provided, however, That for the purposes of this act the war shall be considered to have ended when the treaty of peace was signed.

That would limit the period of contributions to last May or June, when the treaty was signed, and not to the time when the treaty will be ratified, so that no further contributions can be made or solicited.

We all know that these organizations did splendid work. Many of our troops were still in Europe until after last May. The peak of the returning crowd did not come until June. Those organizations did splendid work while our troops were there. I think they were entitled to such support as they could get in this or in any other way, and they were dependent, to a certain extent, upon the contributions that they supposed they were sure to get from a number of national banks. A good many of the national banks have not contributed, as I am informed, and there will be no possible pressure put upon them in future to make them contribute.

Now, Mr. Chairman, I ask that the resolution be read.

The CHAIRMAN. The Clerk will read the resolution for amendment.

The Clerk read as follows:

Resolved, etc., That it shall be lawful for any national banking association to contribute to the united war-work campaign in the same manner and under the same conditions they are authorized to contribute to the American National Red Cross by section 1 of the act entitled "An act authorizing national banks to subscribe to the American National Red Cross," approved May 22, 1918.

With committee amendments, as follows:

In line 4, after the word "campaign," strike out "in the same manner and," and in line 5 strike out the word "as" and insert "and limitations under which."

The CHAIRMAN. The question is on agreeing to the first committee amendment, which the Clerk will report.

The Clerk read as follows:

Page 1, lines 4 and 5, strike out the words "in the same manner and."

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

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the second amendment.

The Clerk read as follows:

Page 1, line 5, after the word "conditions," strike out the word "as" and insert "and limitations under which."

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

Mr. WINGO. What is the amendment? Is it a committee amendment?

The CHAIRMAN. Yes. Without objection, the Clerk will again report the committee amendment.

The committee amendment was again read.

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

The amendment was agreed to.

Mr. PLATT. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Amendment offered by Mr. PLATT: At the end of the resolution add the following: "*Provided, however,* That for the purposes of this act the war shall be construed as to have ended when the treaty of peace was signed."

Mr. PLATT. Mr. Chairman, as I have already explained, this resolution refers to the Red Cross act passed May 22, 1918, which is limited to the continuance of the state of war then existing. Now, it might be held and is held technically that the state of war still exists, and will still exist until the treaty of peace is ratified. So I have offered the amendment providing that the

war shall be considered to have ended for purposes of this act when the treaty of peace was signed.

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

The amendment was agreed to.

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

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

The Clerk read as follows:

Amendment offered by Mr. GARRETT: Page 1, line 3, after the word "association" insert "by and with the consent of, or when authorized by, the majority of its stockholders."

Mr. GARRETT. Mr. Chairman, this is the amendment of which I gave notice when this resolution was under discussion on last Calendar Wednesday. It strikes at what I believe to be the inherently erroneous principle involved in the resolution. I do not believe that it is wise or proper for the Congress of the United States to let down the bars and authorize the national banking associations, through their directors, to contribute the funds belonging to their stockholders without the consent of those stockholders, even though it be to worthy causes such as are involved in the United War Work Campaign.

Last Wednesday I undertook to point out a difference between the Red Cross organization, to which the national banks were authorized to contribute, and the organizations that compose the one engaged in this United War Work Campaign, namely, that the Red Cross is a Federal incorporation, chartered by a special act of Congress. Its powers are fixed in the terms of its charter, and the purposes for which it is authorized to raise funds are fixed in the charter. Those can not be changed except by act of Congress itself. But the organizations which make up this United War Work Campaign are not, I think, incorporated organizations, and if any of them is incorporated, or if all of them consolidated are incorporated under the laws of some State, there will be no control by the Congress over them. They can change their plans and methods at the whims of the individuals who control them whenever the State will permit. That difference exists. But the fundamental thing here is that we are giving authority to directors to take funds of which they are trustees without consulting the cestui que trust and contribute them. I do not think that is right, and for that reason I have offered his amendment.

Mr. VENABLE. Mr. Chairman, I ask unanimous consent to speak for five minutes in favor of the amendment.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to proceed for five minutes in favor of the amendment. Is there objection?

There was no objection.

Mr. VENABLE. Mr. Chairman, as I understand it, the directors of a corporation are simply the agents both of the corporation and the shareholders. By a fiction of law the property of the corporation belongs to the corporation and not to the shareholders, and hence it may be argued that, technically, when you authorize the directors to give away this money they are giving the money of the corporation and not of the stockholders, and that they are the only existing officers of the corporation and under the charter have full power and control over the corporation funds. But that is a legal fiction, just as a corporation itself is a legal fiction, and really the directors of a corporation are simply the agents of the shareholders and the property of the corporation, in substance, is the property of the shareholders. Here it is proposed to tell the agents that, without consulting the people who own the property, without regard to their wishes, perhaps directly contrary to their wishes, these agents shall take their property and do what they please with it. That can not be right or just or fundamentally sound as a matter of justice. If I be your agent, having control of your property, deriving all my authority from you, my only duty being to serve you, surely no one would argue that it would be right and proper for some outside agency to authorize me to take your property and divert it contrary to your wishes. Yet that is what we propose to do in the bill as drawn. I do not think it is fundamentally sound as a matter of justice or as a matter of right, particularly in view of the fact that the money is being given away. A man should have the right to say whether he shall give his own or not, and that right should not be conferred upon some one who does not own the property, whose property it is not, and who has no sort of right or title in it. For that reason I trust that the amendment offered by the gentleman from Tennessee [Mr. GARRETT] will be adopted.

Mr. MACCRATE. Will the gentleman yield?

Mr. VENABLE. I yield to the gentleman.

Mr. MACCRATE. Is there anything in the bill compelling the directors of a bank to make this payment?

Mr. VENABLE. There is not.

Mr. MACCRATE. Will not the stockholders of the bank have the right to object to the action of the directors of the bank?

Mr. VENABLE. Yes; they might object; but the directors, under this act, could make this contribution, contrary to the objection of the stockholders. This confers power.

Mr. MACCRATE. This Government of ours, by act of Congress, has loaned billions of dollars to foreign nations. The people have never been consulted about that. We are their agents.

Mr. VENABLE. Well, that is a loan. A bank loans money and gets it back with interest. The Government loans money and gets it back with interest; but here you are proposing to give away the money of others.

Mr. GARRETT. Mr. Chairman, I ask unanimous consent to modify my amendment by inserting after the word "majority" the words "in interest."

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent to modify his amendment as stated. Is there objection?

There was no objection.

Mr. GARRETT. Let it be reported as modified, so that Members may see how it will read.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. GARRETT: Page 1, line 3, after the word "association," insert "by and with the consent of or when authorized by the majority in interest of its stockholders."

Mr. PLATT. May I ask the gentleman from Tennessee if he will have any further objection to the bill if this amendment is adopted?

Mr. GARRETT. No; I will be satisfied with it with that amendment.

Mr. PLATT. I am inclined to agree with a good deal that the gentleman says. Therefore I do not object to the amendment.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 80, noes 1.

Accordingly the amendment was agreed to.

Mr. PLATT. Mr. Chairman, I move that the committee do now rise and report the joint resolution to the House as amended, with the recommendation that the amendments be agreed to and that the joint resolution as amended do pass.

Mr. LONGWORTH. If the gentleman will pardon me, was there another amendment to be offered?

Mr. PLATT. I think that amendment was adopted.

The CHAIRMAN. The question is on the motion of the gentleman from New York.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 61, noes 1.

Mr. BLANTON. Mr. Chairman, may I ask the gentleman who it was who voted in the negative? There was no gentleman who voted in the negative.

The CHAIRMAN. Some gentleman was standing on the left of the Chair.

Mr. BLANTON. I understand him to say that he did not do it. I just ask for information.

Mr. RICKETTS. I make the point of order that that is not a parliamentary inquiry.

Mr. BLANTON. A point of order. There was no gentleman who voted in the negative.

The CHAIRMAN. Some gentleman on the left of the Chair was standing.

Mr. WINGO. I make the point of order that the point of the gentleman from Texas is dilatory. There is nothing involved.

The CHAIRMAN. The motion is agreed to; and the committee determines to rise.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration H. J. Res. 87 and had directed him to report the same back to the House with amendments, with the recommendation that the amendments be agreed to and that the joint resolution as amended do pass.

Mr. PLATT. I move the previous question on the joint resolution and the amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put the amendments in gross.

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time and was accordingly read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

Mr. BLANTON. Division, Mr. Speaker.

The House divided; and there were—ayes 103, noes 3.

Accordingly the joint resolution was passed.

On motion of Mr. PLATT, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

WOMAN SUFFRAGE.

The SPEAKER laid before the House a communication from the secretary of state of the State of Minnesota announcing the ratification by the legislature of that State of the proposed amendment to the Constitution of the United States extending the right of suffrage to women.

The amendment was received with applause.

CHANGE OF REFERENCE.

By unanimous consent the Committee on Military Affairs was discharged from the further consideration of the bill (S. 2875) to amend section 7 of the act entitled "An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1920, and for other purposes," approved March 1, 1919, and the same was referred to the Committee on Appropriations.

FARM LOANS.

Mr. PLATT. Mr. Speaker, I call up H. R. 9065, to amend sections 3, 8, 10, 12, 20, and 21 of the act approved July 17, 1916, known as the Federal farm-loan act.

The SPEAKER. The gentleman from New York calls up H. R. 9065. This bill is on the Union Calendar. Under the rule the House automatically resolves itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, and the gentleman from Connecticut [Mr. TILSON] will take the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of a bill which the Clerk will report by title.

The Clerk read the title of the bill.

Mr. PLATT. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

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

Mr. PLATT. Mr. Chairman, the report on this bill gives very full information as to just what it is. It makes sundry amendments in the Federal farm-loan act to make the act more workable and to take out what the farmers call in many cases red tape, principally in the working of the farm-loan associations. Several sources of delay have developed, which many farmers seriously object to, and which drives some of them to private loaning agencies rather than to wait for the time it takes to get a loan approved by the farm-loan association and then carried up to the land bank.

The first section of the bill, as anyone will see by looking at it, provides for the appointment of an assistant registrar in each land-bank district. The registrar occasionally gets sick or is absent, and if he is not there nobody is now authorized to perform his duties and it makes delay. One of his chief duties is to receive applications for loans.

Section 2 provides that when a man's loan is approved he shall become a member of the farm-loan association to which his application is made, instead of getting the association together and voting on his name, which makes another delay, because it is often not easy to get the members together.

Section 3 strikes out the provision requiring that all three members of the loan committee of a farm-loan association shall be required to join together in signing a report showing that all three had visited the land of an applicant and made an appraisal. Their appraisal does not govern, anyway. An appraiser is sent from the land bank, who goes over the farm, and it is his report that governs the loan. All the loan committee really needs to do is to testify as to the character and solvency of the applicant and have a report made with regard to the value of his farm. In the country, generally speaking, a man knows his neighbors and knows their character and solvency, and it is not necessary to get all members of the loan committee together in a report showing they have visited the land. This amendment allows them to have the work done by an appraiser if they wish to.

Section 4 of the bill amends section 12 of the act in reference to the restrictions on loans. The first part of it refers to the payment of loans. We provided in the farm-loan act that after five years anyone could pay as much as he wanted on his loan in multiples of \$25. It seemed to those of us who had some part in framing the bill that \$25 was the most convenient small

payment that could be made. But, as it worked out, such a fixed payment upsets the amortization scheme. The amortization scheme adopted contemplates a payment of 6½ per cent, 5½ of which goes for interest and the rest payment on the principal, so that in about 34 years the loan is paid up. If you pay an amount like \$25 you upset the whole scheme. We have provided simply that advance amortization payments may be made.

We have made a little change in the purposes for which loans are made. I shall offer a committee amendment adding to that, for I think we have taken out something that we did not intend to take out. This system is one with many privileges, and the act provides that loans can only be made for certain purposes, for the purchase of land for agricultural uses and to provide for the purchase of equipment, fertilizer, live stock, and so forth, and to provide buildings for the improvement of the farm lands; also to liquidate existing indebtedness, if incurred for one of the above-mentioned purposes or if existing as a mortgage at the time the first farm-loan association of the county was organized. In making some change in this provision the committee inadvertently struck out the clause allowing loans to take up mortgages already on the property when the first association of the county was formed, and I shall later offer a committee amendment to restore that.

Of course, it would be impossible to go into the purpose for which a mortgage of long standing was made. That would greatly narrow the application of the act and hamper its usefulness.

Section 5 of the bill simply strikes out the very small denominations of bonds which have become unnecessary to small investors since the advent of the \$50 Liberty bond. Few of the small bonds have been issued, and there is a tendency to use them as currency, thus creating inflation.

Mr. MORGAN. Will the gentleman yield?

Mr. PLATT. I will.

Mr. MORGAN. What is the provision where there is a limit—that no bonds shall be issued less than \$50?

Mr. PLATT. Less than \$100, as we have it in the bill.

Mr. MORGAN. Now, what is the object of that?

Mr. PLATT. Because there are \$50 Liberty bonds, which fill the purposes of a bond for small investors; scarcely any of those small farm-loan bonds have been sold. If a man takes a \$25 bond, he is likely to consider it practically as currency and not an investment. It simply adds to inflation in too many instances.

Mr. MORGAN. Is it supposed that the Government expects to sell additional Liberty bonds?

Mr. PLATT. No; I think not. But they are in the market and anybody can buy them for less than par.

Mr. MORGAN. Then what is the object of this change—to enhance the price of the Liberty bond?

Mr. PLATT. Well, I would hardly say that. It saves the expense of the Government in printing bonds which are not being sold and which are not necessary, either for the small investor or for the system.

Mr. MORGAN. Now, it is the theory of the measure—and I think that is true in such banks in Europe—that bonds are issued in small denominations for the purpose of encouraging and educating persons of small means to invest in such bonds. Now, there are many persons who may have \$25 but who would not have \$50 to invest, and the object of this system is to encourage thrift and the investment in these standardized securities.

Mr. PLATT. Anybody who has got \$25 can buy a \$100 bond exactly as well as the \$25 bond.

Mr. MORGAN. Why so?

Mr. PLATT. By putting it up at the bank as collateral and paying as he can save the money. That is what we want to get the people to do.

Mr. MORGAN. Maybe that would be so with Liberty bonds, but it is not so in farm-loan banks' bonds.

Mr. PLATT. Does the gentleman mean to say that the national banks do not consider farm-loan bonds good collateral?

Mr. MORGAN. A man has to make some arrangement with the bank to loan the money. That is a process that is necessary.

Mr. PLATT. It is a very simple process, which every man ought to know how to do, and a good many do not know how to do, and what we want to teach them to do. This Farm Loan System shows how a man with \$2,500 can buy a \$5,000 farm. In the same way a man with \$25 can buy a \$50 or a \$100 bond.

Mr. MORGAN. The expense of printing these bonds would be very small after they are sold. I think it is a very doubtful amendment there, and I do not see how it would be of any great value after it is put in.

Mr. PLATT. I do not think it is of very great consequence one way or the other, but the Farm Loan Board recommends it and says that the bonds are not selling in considerable number in these small denominations since the Liberty bond issues; that they are not being purchased to any extent by the small investors.

Mr. MORGAN. The Farm Loan Board probably is relying upon the moneyed institutions to buy these bonds. That is not the theory. The theory is that people generally all over the United States should be encouraged and educated to buy these bonds everywhere and not rely chiefly upon banking institutions. I think the Federal Farm Loan Board so far has relied too much upon the banks to buy these bonds. However, I am not criticizing them.

Mr. PLATT. There may be some truth in the gentleman's criticism, but at the same time the gentleman knows the bonds have certain privileges that make them attractive to large investors.

Mr. MORGAN. I think we ought to cultivate the purchase of these bonds as investments by the great mass of the people. Now, of course, the gentleman knows that there have been a large amount of these bonds sold and invested in by the masses of the people, and—

Mr. PLATT. Yes; I think that is true, but not in the very small denominations. I think we want to limit the size of these bonds. My experience in the Liberty-bond campaigns leads me to believe that if a man can buy a \$50 bond he can buy a \$100 bond. If he gets a \$100 bond, he considers it as something of an investment, as it brings him in a return that he can see, whereas if he gets a \$50 bond he considers it as a very small business—considers it but as currency and passes it out very likely for something that he wants, or thinks he wants. He goes into a store and sees something for sale for \$45, and if the salesman says he will take a Liberty or a farm-loan bond he will probably pass it over and lose \$5. Take these little bonds for \$25, the average man does not consider them as an investment; it is so small he can not see it. A workman earning \$20 or \$25 a week or more nowadays can buy a bond larger than \$25 or \$50.

Mr. HAUGEN. He would have to make arrangements with the bank to borrow the money.

Mr. PLATT. Not necessarily. He could put the money in the savings bank until he gets \$100.

Mr. MORGAN. That will help the savings bank; maybe that is the purpose of it.

Mr. PLATT. It ought to be so, for a man making \$30 or more a week as a farm laborer in the gentleman's neighborhood should be able to buy a \$50 or a \$100 bond rather than buy a \$25 bond.

Mr. MORGAN. I will ask the gentleman this: If in his investigation of this subject in Europe these institutions issue bonds of small denominations for the purpose of enabling them to make sales to persons of small means; is not that true?

Mr. PLATT. I think it is true; but whether that is going to be continued with such accumulations of Government bonds, I do not know. It was true before. I do not know what the smallest denomination was. I doubt if it was below \$25.

Mr. PELL. Will the gentleman yield?

Mr. PLATT. I yield.

Mr. PELL. I rather agree with the gentleman who has just spoken. It seems to me it is a very good thing to provide not only one attractive and excellent investment to the people in the form of Liberty bonds, but to give them as varied a choice of investments as possible in order to make the country at large realize the use of bonds. The gentleman says that a man will get a \$50 Liberty bond and will spend it for \$45 worth of merchandise—

Mr. PLATT. They do it right along.

Mr. PELL. Now, you are not going to take a \$1,000 Liberty bond and spend it for \$900 worth of stuff. Of course, we understand about bonds and own them; but people who are not accustomed to such investments ought to be able to learn their value. The great need in this country to-day is thrift and economy. And it seems to me that a really varied list of possible investments, in which the people can not possibly be swindled, would provide the best conceivable education for the American public in economy and thrift.

Mr. PLATT. I agree with the gentleman fully, but at the same time the gentleman knows that a small bond is too often not regarded as anything but currency. The small investor has postal-savings banks and other savings banks to put his money into until he can buy a bond of some size; also he can deposit \$25 or any multiple thereof with any farm-loan association for conversion into farm-loan bonds. A 5 per cent return on \$25

is so small that the average workman who makes \$25 or \$30 a week does not consider it anything. He makes more money in half a day than the return on that bond will be.

Mr. MORGAN. Did the Secretary of the Treasury recommend the change in the bonds in any way?

Mr. PLATT. No; I think not, unless he may be considered to have recommended what the Federal Farm Loan Board, of which he is a member, recommended.

Mr. MORGAN. Then, I understand that there has been no recommendation by the Treasury Department or the Secretary of the Treasury to change the denominations of those bonds?

Mr. PLATT. No direct recommendation, to my recollection.

Mr. BRIGGS. This bill does not include any feature as to increasing the amount of loans to be made, does it?

Mr. PLATT. We had such a feature before the committee, and we decided not to approve it. At some future time it may be brought up. There was a good deal of discussion about that.

Mr. BRIGGS. There seems to be in my locality a considerable number that find the amount too low—the restriction.

Mr. PLATT. I think there is something to be said for that. At the same time, the gentleman knows the act was intended to help the small farmer, who might be and often was the prey of various money lenders, and could not easily make arrangements for borrowing money. If a man has a farm worth \$40,000 or \$50,000, he ought to be able to take care of himself.

Mr. BRIGGS. The limit now is what? Ten thousand dollars?

Mr. PLATT. Ten thousand dollars.

Mr. BRIGGS. They could increase the limit to \$20,000 and make the farm-loan banks much more useful, and enable very many more of the farmers to develop and improve the holdings they have, and which now have to be neglected because they have not money enough with which to tide them over.

Mr. PLATT. The larger farmers can go to the joint-stock banks and pay just a little higher interest, offset by quicker service.

Mr. BRIGGS. That is the trouble. They have to pay higher interest. Has it been found in the study by the Banking Committee that the rate of interest now charged for these loans is such that the earnings are sufficient to enable a reduction in the loan rate to be made at some early time?

Mr. PLATT. That may be made at some time. The system started with 5 per cent loans, but the rate had to be increased to 5½. The banks are expected to return to the Government the revolving fund which was originally given to them.

Mr. BRIGGS. The act does not require that?

Mr. PLATT. Yes; it does, and it should be done, certainly.

Mr. BRIGGS. What percentage of this surplus goes back to the retirement of the revolving fund, if any, and that is not distributed in dividends?

Mr. PLATT. I can not answer the gentleman's question fully without looking up the act, but the act requires that 25 per cent of earnings shall be carried to surplus, and after that the return goes to the farm-loan associations, who pay it to the borrowers in dividends. And then after the capital of the bank equals a certain amount—\$750,000 in subscriptions from the associations—a portion of the money goes back to pay the Government off. Several banks are already paying back to the Government.

Mr. BRIGGS. It has not been determined yet, however, whether or not the committee will recommend an increase of the loan amount?

Mr. PLATT. It has not been determined yet, and I think it is somewhat doubtful whether it will be done unless in connection with something else, possibly in connection with a bill, to assess the expenses of the Farm Loan Board on the banks. I want to say to complete my explanation that the last paragraph of the bill, section 6, simply provides for the appointment of a vice president to sign bonds in case the president is not able to do so, for the purpose of avoiding delay.

Mr. THOMPSON of Oklahoma. Will the gentleman yield?

Mr. PLATT. I will.

Mr. THOMPSON of Oklahoma. As I understand, the Federal farm-loan bank pays out the dividends to the stockholders in these local farm-loan organizations?

Mr. PLATT. Yes.

Mr. THOMPSON of Oklahoma. Now, my information is that the farm-loan bank will not pay out these dividends to the stockholders of the local association if there is any one of the stockholders in arrears as to interest, or there is a foreclosure proceeding pending. They hold back the dividends until all the stockholders have made good their loans. Am I correct in that?

Mr. PLATT. The farm-loan associations?

Mr. THOMPSON of Oklahoma. Yes. They are treated by the banks, in other words, as I understand it, as an entity; and if a single stockholder is in arrears in interest, or a fore-

closure is pending against him, the farm-loan bank does not send out the individual checks of the stockholders in the local association.

Mr. PLATT. You mean that the local association does not send them out?

Mr. THOMPSON of Oklahoma. No. The Federal farm-loan bank in that particular district. These dividends are declared by the farm-loan bank.

Mr. PLATT. Payable to the farm-loan association, which in turn makes its own distribution.

Mr. THOMPSON of Oklahoma. They will not, therefore, send them down to the farm-loan association so long as there is one man belonging to the farm-loan association who is in arrears and who has not paid his interest.

Mr. PLATT. That may be. It is news to me and very interesting.

Mr. THOMPSON of Oklahoma. They construe that, I will say to the gentleman—

Mr. PLATT. The farm-loan association is a cooperative association, and the members are supposed to be able to put pressure upon a delinquent member to get him to pay up.

Mr. THOMPSON of Oklahoma. The farm-loan bank, as I understand it, treats the farm-loan association as an entity, and therefore they send these dividends down to the farm-loan association to be distributed among its members; but they will not send them down as long as there is a single member of that association who is in arrears, or who is in a position where foreclosure has commenced.

Now, section 2 provides "That the third paragraph of section 8 be amended by striking out the words 'if the application for membership is accepted and the loan is granted.'" Then I notice here in your report on the bill that you say:

Section 2 of the bill amends section 8 of the act, a section which has reference to the farm-loan associations, the cooperative associations of borrowers. None but borrowers on farm mortgages can be members, but the act at present appears to require that an association shall vote upon an application for membership, besides approving the loan applied for.

Now, if I understand the procedure at this time, the local farm-loan association appoints a committee, and that committee of three passes on the loan?

Mr. PLATT. Yes.

Mr. THOMPSON of Oklahoma. You are changing that by providing that it is not necessary for all three to act and the three, or a majority of the three, may act through some one party that they may designate. I do not find any fault with that, but the question presented to my mind is this: In the first place, the man must be accepted by the association as a member. They have authority to keep out or prevent any man from becoming a member of the association. If your amendment is adopted here, the question of membership does not cut any figure. In other words, they can not keep him out. If he has the security and he joins he is entitled to a loan.

Now, there are two things to be considered in making all loans: Not only the collateral to secure the loan, but also the moral risk of the borrower. For instance, down in my district I know that at this time there are foreclosure suits pending where the security, the land, is worth four or five times the amount of money advanced, but the mortgagor was not a good moral risk.

Mr. PLATT. If I might interrupt the gentleman right there—

Mr. THOMPSON of Oklahoma. Let me get through with the question. He fails to make payment of the interest at maturity, and therefore the bank has been compelled to start foreclosure proceedings on those particular loans, although they are amply secured. In consequence of that situation, all dividend checks are being withheld, although there are 150 or 200 members of the association, and notwithstanding the fact that the security is ample. Now, if you strike this out—

Mr. PLATT. There must still be report as to the character and solvency of the applicant. A man's neighbors are supposed to know his character.

Mr. THOMPSON of Oklahoma. You make it possible when you adopt section 2 here and when further sections of this bill are agreed to for a third party to be appointed by this association loan committee to go out and report on what? Simply the value of the security. The security may be ample, the loan may be well secured, and still the moral risk may not be good, and in that event under the ruling of the Farm Loan Board it is possible that all of the dividends going to the various stockholders of the local farm-loan association may be withheld simply because a suit is filed or some member has failed to meet the interest on his loan at maturity.

Mr. PLATT. The gentleman knows it is comparatively easy in a farming community, where people know each other, when

a man's character or reputation is known to be bad—it ought to be easy or possible under this arrangement to keep him off. The present arrangement is a prolific source of delay. A man has a mortgage due next month and he goes to the farm-loan association and tries to get that off; he can not get it in a month. He has to go somewhere else to borrow the money.

Mr. THOMPSON of Oklahoma. I will say to the gentleman that down in my country the farm-loan associations are usually coincident with the county. They usually form one in a county, and the membership is scattered over the entire county.

Mr. PLATT. Exactly. That is the general rule.

Mr. THOMPSON of Oklahoma. Now, it may be impossible for the local farm-loan association committee of three to go out and examine these loans. I think the gentleman is right in providing that another party may be designated to make the examination. But here is a man who wants to join the association, and when you adopt section 2 you provide, in effect, that the association has no right to pass upon the question of his membership; in other words, you repeal their authority to negative his election. Then one man, the examiner, goes out to any part of the county and makes an examination and comes back and reports on the value of the security offered. You have stricken out the provision that requires the vote of the membership of the local farm-loan association before he can become a member of the association and in that way you are likely to increase these foreclosure suits and these failures to pay interest, by admitting to membership bad moral risks. You are likely to bring the whole system into disrepute and render it unpopular among the stockholders by withholding these dividends.

Mr. PLATT. The gentleman's statement does not show that the present provisions of the law have prevented people of that kind from getting into the association.

Mr. THOMPSON of Oklahoma. Just the moment you commence to withhold these dividends will not the stockholders commence to inquire why? And then you come back and say, "The reason the dividends are withheld is that you people permitted men who were not good moral risks to come into the association; you must remedy that yourself." The object of the farm-loan act was to enable people to meet and form their association and cooperate with each other.

Mr. PLATT. The gentleman is making a good point, but I hope he will not take up all my time. It seems to me the provisions of section 3 pretty well cover it by providing—

That whenever an application for a mortgage loan is made through a national farm-loan association the loan committee provided for in section 7 of this act shall forthwith make, or cause to be made, such investigation as it may deem necessary as to the character and solvency of the applicant and sufficiency of the security offered, and cause written report to be made of the result of each investigation.

If they report that a man is a bad character and carry that up to the land bank, or that the man is of doubtful character, I am sure the bank will not make the loan.

Mr. STEVENSON. And is not that in addition to section 10? There is no provision in section 10 as it stands, is there, about looking into the moral risk? This is really a safeguard on that, is it not?

Mr. THOMPSON of Oklahoma. No; the local association, under the law as it exists, must vote to accept him. The membership of the association in accepting a borrower as a member pass on his moral character. If they are careless and make a mistake they are the ones who suffer by having their dividends withheld.

Mr. CANNON. I want to ask a question.

Mr. PLATT. I yield to the gentleman from Illinois.

Mr. CANNON. Is there anything in the act, or in the proposed amendment, that makes a master of morals—to say that this shall be the moral code?

Mr. PLATT. Of course, there is not.

Mr. CANNON. Or a just code, or a good code?

Mr. PLATT. No; but this is a cooperative association, and there is some force in the gentleman's argument that, being a cooperative association, the people who belong to the association should have something to say about whom they take in, but there are associations where they have tried to keep men out. For instance, a new man comes into the neighborhood, and people do not like his looks, and so they have tried to keep him out.

Mr. CANNON. Has anybody been kept out on account of religious differences?

Mr. PLATT. I do not think religious differences have entered into the matter so far.

Mr. THOMPSON of Oklahoma. I do not know of any political questions or moral questions that have been injected. I am simply stating the condition and calling attention to it.

Mr. PLATT. In the last publication of the Farm Loan Board, the Borrowers' Bulletin, the gentleman will find a case of that sort cited; not where a religious question was involved but where a new man came into a neighborhood and the people did not seem to like him. The man who had owned the farm before him had not had a very good reputation, and the farm had a bad name, and the local farm-loan association turned him down. But the new man who had come in managed to get his case before the land bank, and they sent an appraiser down who looked the farm over and found that everything was all right. The appraiser was convinced that the new man was a good moral risk and persuaded the local association to take him in, and the whole thing turned out well.

Mr. HAUGEN. Will the gentleman yield?

Mr. PLATT. I yield to the gentleman from Iowa, chairman of the Committee on Agriculture.

Mr. HAUGEN. On page 8 of the bill is the following:

Such bonds shall also contain in the face thereof a certificate signed by the Farm Loan Commissioner to the effect that it is issued under the authority of the Federal farm-loan act, has the approval in form and issue of the Federal Farm Loan Board, and is legal and regular in all respects; that it is not taxable by National, State, municipal, or local authority.

Has the committee given any attention to the question of taxing these bonds?

Mr. PLATT. Not in this bill.

Mr. HAUGEN. It is provided that the bonds shall state that they are not taxable by National, State, municipal, or local authority.

Mr. PLATT. That is the present law, simply repeated in order to incorporate the amendment we have made to another part of the paragraph.

Mr. HAUGEN. Has the committee given any consideration to the subject of repealing the exemption of these bonds from taxes?

Mr. PLATT. A number of bills have been introduced, one or two bills at least, for the repeal of the exemption on farm-loan bonds, but the committee has never taken up those bills. I have no objection to saying personally that I do not think that as yet the exemption ought to be repealed. Ultimately, when the system gets well established, I think farm-loan bonds might be put on the same basis as Liberty bonds are; but for another year or two yet, until the taxes on Liberty bonds are reduced, and until the system is pretty firmly established, I do not think they ought to be subject to taxation, which would greatly interfere with the sale of the bonds. I do not think the system ought to be hampered in that way. Of course, when this act was passed nobody had any idea that Government bonds would ever be taxed, and the trouble is really that we have taxed Government bonds rather than that we have exempted them. What we ought to do is to bring down to some extent the tax on Government bonds by lowering the surtaxes.

Mr. HAUGEN. I have had a number of inquiries and I wanted to know the views of the committee.

Mr. HULINGS. Will the gentleman yield?

Mr. PLATT. I yield to the gentleman from Pennsylvania.

Mr. HULINGS. Does this bill provide for an additional number of officials for these banks?

Mr. PLATT. A vice president and a registrar.

Mr. HULINGS. And one or more land-bank appraisers?

Mr. PLATT. Oh, no.

Mr. HULINGS. I see this provision here:

Farm-loan registrars, deputy registrars, land-bank appraisers, and land-bank examiners appointed under this section shall be public officials.

Is this loading up the whole institution with a lot more officials?

Mr. PLATT. There is nothing new provided except the deputy registrar and the vice president and I believe an assistant secretary in the land banks.

Mr. HULINGS. Does this bill provide for the taxation of these bonds?

Mr. PLATT. No; it does not.

Mr. HULINGS. They go free of tax now, do they?

Mr. PLATT. Yes; they go free of tax now.

Mr. HULINGS. One more question.

Mr. PLATT. Mr. Chairman, how much time have I?

The CHAIRMAN. Twenty-two minutes.

Mr. PLATT. I will answer one more question.

Mr. HULINGS. The present limitation on a loan is \$10,000?

Mr. PLATT. Yes.

Mr. HULINGS. Is that limit increased?

Mr. PLATT. No; we have not put anything about that in this bill. We had it in the bill originally but struck it out.

Now, Mr. Chairman, having answered all questions about the bill pending, I want to make a brief statement with regard to the Farm Loan System. I have taken great interest in the

system, because I was a member of the subcommittee of the Sixty-third Congress which, after the passage of the Federal reserve act, began the consideration of a rural-credit system. We held extensive hearings and went into the whole subject very fully. At that time, as many of you know, there had been a commission appointed which went to Europe. There was also a commission from the Southern Commercial Congress, some of whose members went to Europe and studied the question of rural credits very fully. One of the members of the commission who went to Europe was the Hon. Ralph Moss, of Indiana, a Member of this House who has now passed away, to whom perhaps more credit should be given for the adoption of the Federal Farm Loan System than to any other one Member of the House. I say that, although he was a Member of the other side of the House. Mr. Moss had been and was a farmer himself, a genuine farmer, not a political farmer, and a genuine, whole-souled, manly man, and also a very faithful student of economics. He worked as very few Members of this House ever do work, although a good many more men in the House are harder workers than people give us credit for. He worked very hard in the preparation of the bill which was first known as the Moss bill, and afterwards as a member of the commission which drafted the Federal Farm Loan System and still later as a member of the Banking and Currency Committee and of the conference committee in putting the bill in final form.

The subcommittee which in the Sixty-third Congress first took up the matter of rural credits did not indorse the Moss bill but proceeded to prepare a new bill, which was known as the Bulkley bill, a bill which we had to turn down finally because of certain Government-aid provisions which were considered unsound. I was one of those who joined with the then chairman of the committee, Mr. Glass, now Secretary of the Treasury, in turning down that bill because of certain provisions. The Bulkley bill, although never reported by the Banking and Currency Committee, containing many good features, represented a lot of hard work extending over many months, and was largely the foundation of the bill prepared by the joint commission appointed as the result of a special resolution passed at the end of the Sixty-third Congress. Mr. Bulkley is entitled to a share of the credit though he insisted on retaining the feature which caused the rejection of his bill.

In the Sixty-fourth Congress the report of the joint commission was ready and we took it up first in subcommittee and worked out what is now the Federal farm-loan act. I was a member of the conference committee which put the final touches on the act in conference between the House and the Senate, a conference which lasted for several weeks.

Having said this much to show my interest in the subject and perhaps my right to speak in regard to it, I want to say briefly that the system has been very successful. Considering the way the bill was built up, it is really surprising that practically nothing in it has been found unworkable. The last report of the Federal Farm Loan Board goes down only to November 30, 1918, and there has been a great deal of growth since this report has been made. The capital of the 12 land banks had grown during the year covered by this report of November, 1918, from \$10,488,230 to \$16,250,000, and on August 31 last had reached \$20,978,336.50, of which \$12,622,647.50 came from the farm-loan associations. The amount of loans outstanding had grown from \$29,816,000 to \$149,004,000, and on August 31, 1919, to \$252,958,976. The total amount of farm-loan bonds authorized up to August 31 is \$285,600,000. The number of borrowers August 31 was 101,000, and the average loan \$2,500. The net earnings of the system were up to the end of August \$889,360.78, an increase of \$169,809.29 during the month, as compared with the statement of July 31. Of these earnings \$190,475 was carried to reserve and \$287,458.40 had been paid out in dividends to farm-loan associations, leaving \$411,427.38 undivided profits on hand.

These figures are enough to show the success of the system which we are now trying to make still more successful for the farmers. The indirect benefit of the system to all borrowers on farm security, furthermore, has been great in that it has brought down interest charges of private individuals and mortgage companies. I have so far been speaking only of the cooperative system, the land banks and the farm-loan associations, but the so-called joint-stock land banks, provided for in the act, have been also remarkably successful, their number having grown from 9 last November to 23, and their loans from \$7,380,734.07 to \$34,145,216.87 on July 31.

There have been a good many more loans made in my own neighborhood in New York State than I supposed would be made in competition with the great mutual savings banks, the loans in my own county amounting to some \$300,000, and I think still larger in the adjoining county of Orange in my

district. We have always had the benefit of comparatively low interest rates, and mortgages have generally been allowed to run on from year to year without renewal involving commissions, so I think the amortization feature must be the chief reason people are taking to the system in my neighborhood and in other States where the interest rates have been low. Take, for instance, Iowa, where the rates are low, and where it was supposed the system would be of little benefit; it has been remarkably popular there, due to the amortization feature that gives a man an opportunity to pay a small installment on his principal every year, which he can easily do. As he goes on paying from year to year, and pays off a considerable part of his mortgage, his personal credit improves and he can more easily obtain accommodation from the commercial banks.

In conclusion I may add that I am proud of having been of some service in the preparation of the bills establishing the Farm Loan System and in furthering their passage. I rejoice in the success of the system and shall do what I can by sound amendment, as chairman of the great committee which reported the farm-loan bill, to make it more workable and more successful.

Mr. THOMPSON of Oklahoma. Will the gentleman yield?

Mr. PLATT. Yes; now I will yield.

Mr. THOMPSON of Oklahoma. These farm loan bonds issued draw 4½ per cent, but then there is another per cent allowed for overhead expense?

Mr. PLATT. Yes; 4½ and 5 per cent. The bond rate was raised to 5 per cent in May, 1918, and is still 5 per cent. There was a "spread" of 1 per cent between the bond rate and the mortgage rate.

Mr. THOMPSON of Oklahoma. It is the difference between the 4½ per cent or 5 per cent at which they sell the bonds and the 5½ per cent which they charge the farmer, or 6 per cent. Does not the gentleman think that that 1 per cent is very high for overhead charges? Does the gentleman think it could be reduced?

Mr. PLATT. I think that at present it is only one-half per cent. Any profit made goes to the farm-loan association. It is simply returned to the borrowers through dividends. Of course, there are two ways the thing can be done—either cut down the interest or they can pay larger dividends.

Mr. THOMPSON of Oklahoma. Does the investigation that the gentleman has made of the system enable him to speak with information with regard to whether or not it can be reduced?

Mr. PLATT. I think it could not be reduced at present. They started lower, with 5 per cent mortgage interest, but had to raise to 5½ per cent because of the increase of interest rates due to the war financing.

Mr. YOUNG of North Dakota. One-half of 1 per cent.

Mr. PLATT. Yes; they increased the rate one-half of 1 per cent.

Mr. BRIGGS. Will the gentleman yield?

Mr. PLATT. I will.

Mr. BRIGGS. To what extent are the facilities of the joint-stock banks being used as compared with those of the farm-loan banks?

Mr. PLATT. The joint-stock banks charge 6 per cent interest, I believe, but there is more freedom, so much of the red tape is cut, as compared with the other, and they are very prosperous. For instance, if a man has made an application to a joint-stock bank, the appraisals are quickly made and he gets his money in a few days. The farm-loan associations operate more slowly of necessity.

Mr. MORGAN. Right along the line of my colleague from Oklahoma, these banks have 1 per cent margin between the rate of interest they pay and the bonds and the rate of interest they charge the borrowers?

Mr. PLATT. They did leave 1 per cent spread, but I think it is now one-half per cent.

Mr. MORGAN. Now, the gentleman is aware in European institutions they do not have anything like 1 per cent for expenses, and I would like to know if the gentleman has made any inquiry as to whether or not those banks, those Federal farm-loan banks, are being operated economically; that is to say, what about the salaries they are paying to their officers and all their employees, and are they being run economically? Because, of course, the borrowers have to pay those expenses. Has the gentleman made any investigation of that?

Mr. PLATT. I have made considerable inquiry. I think they are paying some pretty fair salaries, but I would not say they were not justified. Salaries in the banking business run pretty high, as officers have to keep up their end with other financial institutions. Farmers do not want their banks to

look like 30 cents alongside of other banks, and they like to have men to represent them properly, which I think is all right.

Mr. THOMPSON of Oklahoma. The gentleman, in answer to the interrogatory proposed by myself a moment ago in reference to 1 per cent between the interest the bonds drew and the interest charged to the farmer, said that it did not make any difference, because it went back in the way of dividends. I call his attention to the fact that the dividends are limited to 6 per cent.

Mr. MORGAN. I think not.

Mr. THOMPSON of Oklahoma. My understanding is they are limited to 6 per cent, and even if that were not true, my colleague's suggestion would result in this, that the piling up of a large surplus is calculated to make men who work for a bank demand larger salaries and make them extravagant.

Mr. PLATT. The system is growing very rapidly, and all the banks except two eastern banks are making money, and several of them are returning or beginning to return money to the Government. The Government capital, on which no interest or dividends are paid, has been cut down from \$9,000,000 to \$8,265,809. The two eastern banks have not come up to the others yet, but they are coming forward rapidly. It seems to me it is pretty strong testimony to the success of the system that they are able to compete at all in these eastern neighborhoods, where farmers can obtain credit from savings banks and other institutions. For instance, I was over at Frederick, Md., some time ago talking to the president of a bank there that has a large number of deposits from the farmers, and the president of the bank said to me that if a man came in who had a farm worth \$10,000 and wanted to borrow \$5,000, he did not even ask him for a mortgage, but let him have the money.

I reserve the balance of my time, Mr. Chairman.

Mr. WINGO. Mr. Chairman, the gentleman from New York has explained the bill very fully. I yield five minutes to the gentleman from Virginia [Mr. MONTAGUE].

Mr. MONTAGUE. Mr. Chairman, I was not present some minutes, being unavoidably detained, when the gentleman from Pennsylvania [Mr. McFADDEN] made his remarks in connection with himself and in admiration of Mr. John Skelton Williams, the present Comptroller of the Currency.

It is not my purpose to reply to these remarks, except to say in passing that it is regrettable that the gentleman usually selects a forum of attack in which Mr. Williams can make no defense. It is not a very ennobling performance for a public official to shoot from ambush.

Mr. Chairman, I arose primarily to say to the committee that Mr. John Skelton Williams has been known by me for 25 years. He is an honored resident of the city of Richmond, and a constituent of mine. He possesses courage, industry, probity, fidelity, honesty, and ability to a very extraordinary degree, qualities which I submit constitute the best attributes of a public official.

In the administration of his public duties his "spear knows no brother." Perhaps it has been this rigid and austere performance of duty that has provoked the criticisms of himself which seem to have gained some currency here and there—criticisms, I submit, that emanate in nearly every instance from some form of personal dissatisfaction, which at this time I do not wish to discuss. It is due Mr. Williams, to his family, and to his friends and associates, who have unbounded confidence in his integrity, in his inflexible fidelity to public duty, and in his courage in the discharge of that duty, that I say what I have said, and which I submit to the fair, disinterested consideration of this body. [Applause.]

Mr. Chairman, I yield back the residue of my time.

The CHAIRMAN. The gentleman yields back one minute.

Mr. WINGO. Mr. Chairman, I yield 20 minutes to the gentleman from Louisiana [Mr. WILSON].

Mr. WILSON of Louisiana. Mr. Chairman, I wish to take the 20 minutes in discussing the proposition of farms for soldiers, in connection with a bill to be administered by the Secretary of the Treasury and the Farm Loan Board.

The movement to provide farm homes for our soldiers and seamen who served in the recent war against Germany had its origin in the desire of the American people to express their appreciation and in some substantial way manifest their gratitude for the great services rendered and the heroic sacrifices made by these men in the defense of our Nation, its honor, the rights of its people, the principles upon which it was founded, and the cause of justice, liberty, and right.

Every man who went into our fighting forces offered his life for the vindication of his country's cause and placed himself at the command of his Government for whatever sacrifice might be necessary. The patriotic, courageous, and daring manner in

which they met every test and discharged every duty is now a matter of history and known to the world.

Now, if the prime purpose of the proposed legislation is for the country to express its gratitude to our returning army, and to do this in such a way as to be of some material assistance to the men composing that army, then the main object to be sought is their benefit and welfare. Therefore we should avoid laying the foundation for any sort of future land speculation, and no opportunity should be given for any man or set of men to unload on the Government in the name of or at the expense of the soldier.

That Congress earnestly desires in some practical and businesslike manner to aid those who have served in our naval and military forces by placing at their disposal opportunities whereby they may acquire rural homes and become the owners and proprietors of the soil they till is an accepted proposition. So far as I know, there is no difference of opinion on this subject. There are some gentlemen who do not believe that we should stop with the farm-home proposition, but that aid for the acquisition of urban homes should also be extended to those who choose to live in the large cities and industrial centers.

Recent developments in this country have furnished proof more convincing than ever that those living in the towns and cities are largely dependent for their prosperity and economic existence upon the people engaged in agricultural pursuits, and that there should be some inducement offered that would have a tendency to shift the population from the congested centers back to the country. The development of the agricultural interests and resources of this Nation by an independent, self-reliant, and prosperous rural population who are the owners and proprietors of their own homes is absolutely essential to its continued peaceful economic existence. The streaming flow of our population from the country districts to the towns and cities has for many years been alarming. This movement, which is depleting our rural districts of the forces most needed for their development, could, in my judgment, be checked by making farm life more attractive and more successful, and by encouraging and assisting every farmer to become the owner of his home and the master of his surroundings.

A close study of this question has resulted in the general opinion and conviction that everything possible should be done to attract a maximum percentage of our returning soldiers and seamen into agricultural pursuits and to induce those who went from the farms at the call of their country to resume their former occupation. So the question here in Congress is to work out the best method by which this may be accomplished. With this in view many plans have been proposed, several bills have been introduced, and much testimony taken by the Committee on Public Lands. However, as a general proposition, I do not believe that the soldiers or the public have had the opportunity to analyze these measures, though the plan of Secretary Lane, embodied in the bill introduced by Mr. MONDELL, of Wyoming, has had wider publicity and greater consideration than any other of the proposed laws.

I have studied this question very closely and with the earnest desire to assist the soldiers and at the same time enable them to become important factors in the welfare of their country in peace as in war, and with the view of placing no unnecessary burden upon the taxpayers, of whom they must form an important part. With this end in view I have framed and introduced a bill, H. R. 5395, and which I discussed before the Committee on Public Lands, with the hope that the principles and provisions embodied and set forth therein might be adopted and included in its report. The report of the committee indicates that it considered all the bills presented, but only the Mondell bill, H. R. 487, received the approval of a majority of the committee.

THE MONDELL BILL.

This bill provides in substance that the Secretary of the Interior may acquire and reclaim by drainage, irrigation, or by other means, areas of land of sufficient extent for the establishment of independent communities, which are termed "Soldiers' settlement projects." The lands out of which these projects or colonies are to be developed are usually referred to as waste lands, cut-over lands, unused swamp or marsh lands, or arid lands. The lands composing the projects are to be reclaimed and made habitable and productive by drainage, irrigation, clearing, the removal of stumps, or other means, as the case may be. Each project is to be divided into farms, each suitable for the support of a family, and houses are to be built, all by and at the expense of the Government and out of the appropriation of \$500,000,000 authorized by the bill.

In all this work discharged soldiers are to be employed in so far as practicable. Soldiers are to have the preference in purchasing the farms thus established, and as between soldier applicants preference will be given those who have rendered

material service in the development of the projects. The sale to the soldier-settler will be made at a price sufficient to cover the original price of the land, the expense for reclamation and buildings and any other expense incurred in the process of development. Where a soldier has purchased his farm tract and desires to make his own improvements, he may borrow from the fund established by this bill three-fourths of the amount necessary, provided the loan to him shall not exceed \$1,500 for that purpose. He may also borrow from the fund \$1,200 for the purchase of live stock and equipment, provided this amount does not exceed 75 per cent of the purchase price of live stock and 60 per cent of the cost of the equipment. This bill has nothing in view except the use of large areas of land for the purpose of community settlements. In stating the purposes and objects of this bill in hearings before the committee, Mr. Moxdell said:

Now, briefly, as to the plan and purpose of this bill, it is proposed to secure by purchase, gift, deed, or in some other manner, areas of land from the various States, and in all the various States where such lands are available in sufficient areas, when divided into farms, to form complete and comparatively independent communities. The community settlement idea is at the bottom of this legislation. It is believed that development of communities is essential; that only in that way can we reclaim large areas of land that are now comparatively useless, but contain all the essential elements of fertility when they are made available. I am emphasizing this feature of the matter because that is the very base of this soldiers' settlement bill—the community idea. If the thought on which this bill is based, and on which practically all the bills have been based, as I understand it, is carried out, no developments will be attempted where there is not available a sufficient area of suitable land for a good-sized, comparatively independent community, and the development will be with such reservation for towns and community centers as may be necessary to foster and develop and maintain the community idea.

Evidently the plan and purpose of this bill could not be met or accommodated except by the use of a very large area of land for each project. The hearings show that such areas may be found in several States, namely, those having arid lands, cut-over lands, swamp and marsh lands, or waste lands.

As to just what extent it would be necessary to purchase these large tracts of land from private owners, corporations, or individuals, the hearings do not show. The acquisition of the land for each project after the price and conditions of transfer have been agreed upon by a representative of the governor of the State in which the land is situated, an appraiser designated by the Federal Farm Loan Board, and the Secretary of the Interior; the plans and method of reclamation; the subdivision into farms; and the regulations governing the development of the settlement and the distribution of homes or "farm tracts" among the purchasers; and all expenditures and loans are under the control of the Secretary of the Interior. An approved applicant for the purchase of a farm must make an initial payment of 5 per cent, the remainder to be paid in not exceeding 40 years, with interest on the unpaid portion of the purchase price at the rate of 4 per cent per annum. The time for reclamation of one of these projects according to the hearings would be from two to five years, and the cost of each farm would be on an average of from five to six thousand dollars. Discharged soldiers who are already the owners of farms or rural homes would not be eligible as purchasers of a farm in one of these community settlements.

In my judgment there are many serious objections to the Mondell bill as reported by the committee, chief among which may be stated as follows:

First. It authorizes the purchase from private owners, individuals, or corporations of large tracts of land known as waste or unused lands, and therefore without any or little present value, and the expenditure of large sums of money taken from the United States Treasury for the purchase and reclamation of same without knowing to just what extent the soldiers will be benefited.

Second. It is evident that only a small number of our returning soldiers will ever be willing to abandon their present homes and surroundings to be settled in these Government colonies.

Third. It affords no assistance or encouragement to the soldier who is already the owner of farm land, but on the other hand makes him ineligible to acquire the ownership of one of these farms purchased and reclaimed at the expense of his Government.

Fourth. It deprives the soldier of the right to exercise his own initiative and enterprise in the acquisition, development, management, and improvement of the farm which he is to own and occupy as a home.

Fifth. It deprives the soldier of any immediate Government assistance to acquire a farm if he desires to do so.

Sixth. Even after one of these projects is reclaimed at Government expense, before the soldier can become a purchaser his application must be approved by the Secretary of the Interior,

and he is therefore deprived of the right of unrestricted choice, and made subject to the dictates of a bureau established in Washington.

I do not believe this plan will meet the approval of either our soldiers and sailors or of the American public, which is so much interested in their welfare.

This bill may have much merit as a reclamation measure, but I have been unable to reach the conclusion that it carries any important or outstanding benefits for our soldiers. The ex-service man is not seeking to become a ward of the Government or to place his new power and efficiency resulting from his war training and experience under the control of some bureau in Washington. He simply wants an opportunity to get started, to get a foothold, and having this he should then be allowed the greatest freedom for the exercise of individual initiative and enterprise. If we are going to give him this opportunity, then why limit and restrict him to Government settlements, Government projects, and Government colonies and deprive him of the right of self-determination.

I have endeavored to solve the problem of farm homes for our returning soldiers by the introduction of H. R. 5395, and very earnestly urged before the Committee on the Public Lands the adoption of the plan therein set forth. The substance of this bill may be stated as follows:

Section 1: The title is "The Soldiers' and Sailors' Farm Settlement Act."

Section 2: Authorizes the Secretary of the Treasury for and on behalf of the United States Government to make loans secured by first mortgage on farm lands to all those who served in our military and naval forces during the war against the German Government, and also to Americans who served in the armies of our associates in this war.

Section 3: The Federal land banks established under the Farm Loan Act are designated as the financial agents of the Government in making these loans, and are granted all necessary and additional powers not given in the Farm Loan Act.

Section 4: All loans are made payable to the Federal land bank of the district in which the land is situated. Each Federal land bank is authorized to select or designate as its agent for the purpose of carrying out the provisions of this act the secretary-treasurer of any national farm loan association, or such other agents as it may deem necessary, and to charge not exceeding one-half of 1 per cent of the amount loaned for the services rendered by such agent.

Section 5: Provides that loans may be made for the following purposes:

- (a) To provide for the purchase of land for agricultural uses.
- (b) To provide for the purchase of equipment, live stock, and other things necessary for the operation of the farm.
- (c) To provide buildings for the improvement of farm lands either acquired or owned by the soldier.
- (d) To pay and discharge debts already existing against the land or improvements to be acquired or already owned by those receiving the benefits of this act.

Section 6: Each loan shall not exceed 100 per cent of the value of the land and the permanent insured improvements. The amount of loans to any one borrower shall not exceed \$5,000 nor be less than \$100. Interest rate shall not exceed 4 per cent per annum, the loan to run for not exceeding 40 years. Payments falling due for the first two years may be deferred. In the event of the sale of the land to any person not entitled to receive the benefits of this act, the entire amount of the loan may become due and payable within six months, or the purchaser may execute new notes at the same rate of interest now charged under the Farm Loan Act, at the option of the Secretary of the Treasury.

Section 7: Authorizes the appropriation of \$50,000,000 a year for the next three years, for the purposes of the act.

In substance this bill provides for a loan to the soldier farmer in the sum of \$5,000 for the purchase, improvement, and equipment of farm land, or for the improvement and equipment of such land already owned by him, and up to the value of the land and security offered. It is provided that the payments falling due during the first two years may be deferred; this will give time and opportunity to place the land in productive shape.

It is proposed to utilize the existing machinery of the Farm Loan Board for administrative purposes and thereby avoid the creation of any additional offices or bureaus with their attendant expenses. Hence every dollar appropriated will be available for the benefit of the soldiers and will be used only as required by them upon their own applications.

Under this bill the beneficiaries may purchase and improve farms in the community or locality of their choice and carry out

their own plans for the establishment and improvement of the properties which are to be their homes. The loans will not depend upon the securing of funds by the sale of bonds, but the appropriations for this purpose will be made direct.

The number of our returned soldiers who will desire to engage in agricultural pursuits is a very uncertain proposition, and while we hope to attract others to the soil and are offering the same opportunity to all, yet in the very nature of things we all know that the greater percentage of them will be those who were either engaged in farming at the time of their call into the military or naval service and those who had previously lived upon farms and had agricultural experience. Since the armistice was signed my own experience has been that, as a general rule, the soldiers have sought to return to their former employment or occupation. And especially has this been true of the boys who went from the farms. Many strong appeals have been made by fathers who were unable to manage and conduct their farming operations without the assistance of their sons, for whose return they felt free to ask as soon as the war was over. And likewise the boys themselves asked for discharge in order to return to the old homestead and take up where they left off at the country's call to service. In many other cases the soldiers already owned farms and had families. No doubt these farms suffered in the way of loss of equipment and attention during the war. There are many others who have in view the lands they would like to purchase in the communities where they have lived and who are anxious to settle among their neighbors, friends, and relatives. Now, it occurs to me that our hope to advance and develop the agricultural interests of the country and to materially assist the discharged soldiers to become farmers and home owners lies chiefly with this class of the men whom we are so earnestly endeavoring to assist. They have the experience and are already accustomed to rural life and can easily adapt themselves to farming as an occupation with every chance for success, and all that is needed is liberal assistance in the way of credit for the purchase of lands and for improvement and equipment, and this the Nation can afford to give freely, and do it at the present time.

The effect of the war upon American character has been to revive and intensify its original quality, hence the returned soldier is just like any other normal American citizen. He is not seeking charity. His first desire is to become an important independent factor in the community in which he lives, to operate upon his own initiative, to formulate and carry out his own plans for the development of his farm or other business, and he is therefore not seeking to be colonized and is not likely to accept any assistance from the Government, if in order to do so he is required to abandon his home surroundings, the association of his friends and comrades, and go to some distant reservation which is to be developed and controlled by regulations of governmental bureaus, and it will be very much to his credit that he prefers to act upon his own responsibility and work out his destiny by his own methods and in his own way, not restricted and hedged about by governmental supervision of those affairs which make up his daily life and occupation.

Centralized power and control is a condition essential to the successful prosecution of a war, even by a republic. The American citizen readily adjusts himself to this condition when a state of war exists in which his country is involved. But in peace time his normal attitude is antagonistic toward all forms of paternalism. Fortunately for the country, our returning soldiers are bringing into the life of the Nation anew the original spirit of American individualism. I was very much impressed with this fact while talking with a soldier from my own State, who had returned from Europe, about these bills providing farms for soldiers. He had heard of them, and asked for information. I explained to him as best I could the main features of the Lane plan, or Mondell bill; also my own plan set out in the bill I have introduced. He spoke, with some feeling and emphasis, about as follows:

I propose to be a farmer, but I do not want to work for myself under Government regulation, and do not want to be placed on a Government reservation or be colonized. I own a small tract of farm land and would be glad to have some financial assistance in order to improve it. I had just begun these improvements when the war came on; was called in the first draft, waived all claims for exemption, and was trained and went early to France, and was there fighting in the Argonne when the armistice was signed. The war is over now, and I am going to be discharged, and when I get back to work, unless another war breaks out, I would like for the United States to let me alone for awhile.

I am not sure but what this husky young farmer soldier expressed the feelings and voiced the sentiment of many of the boys who went out and did the fighting and finished the job, and likewise of the American public in general, which is restless for a complete release from war conditions and a shift back to normal life in all industries and all occupations as soon as pos-

sible. We can not have this if we continue to make burdensome appropriations calling for more taxes for the extension of the power and authority of the Government bureaus for those activities which in the main should be left to private enterprise.

Another feature of the matter which makes the segregated, independent farm proposition preferable to the reclamation, community settlement measure is that there is to-day an abundance of good agricultural land available without the necessity of spending hundreds of millions of public funds on great areas of waste, swamp, marsh, and cut-over lands in the way of reclamation before they could be converted into farms.

Mr. BLANTON. Mr. Chairman, will the gentleman yield for a question?

Mr. WILSON of Louisiana. Yes.

Mr. BLANTON. I understand that what is known as the Mondell bill is absolutely dead and sidetracked. So why does the gentleman waste his time in discussing incidentally the features of that measure?

Mr. WILSON of Louisiana. I am not possessed of that information. It may be that it has been sidetracked, but it is still being discussed here.

Mr. BLANTON. It was sidetracked by the Republican steering committee, but I have not heard anything from them. I supposed it had died a natural death.

Mr. WILSON of Louisiana. Well, I hope that is true; unless it could be materially amended or some proper substitute for it adopted. We would be glad to see the owners of these lands reclaim and develop them, and in most instances they are quite able to do so without taxing the rest of the public for that purpose. I do not undertake to speak definitely about other sections of the country, but in my own State there is a vast acreage of good farming land, uncultivated, but highly fertile, and which needs no reclamation. All that is necessary to make good farms is for good farmers to get on the land and develop it. These lands may be had at reasonable prices, and the way can be made easy for our returning soldier to acquire such land, which will always be ample security for the Government.

Let me cite you to an instance just what occurred in south Louisiana near the town of Jeanerette recently. Here two plantations, comprising 1,700 acres in all, were divided into small farm tracts and sold to about 20 farmers, who were practically without capital. This was done through the assistance of the Farm Loan Board on a basis of 50 per cent of the appraised value of the land and 20 per cent of the appraised value of the permanent insured improvements.

It is fair to assume that private enterprise assisted in this transaction, as it often occurs where the land is to be improved, cultivated, and used as a home by the purchaser that the seller is willing to take second mortgage for one-half of the purchase price, but this demonstrates the great value of the Farm Loan System, and how its present machinery may be used to assist farmers in acquiring homes. Now, under the liberal provisions of the bill to aid discharged service men, which I am advocating, these things could be even more easily accomplished, since it provides on their behalf for a loan for the full appraised value of the property which they may desire to purchase or improve.

Mr. Chairman and gentlemen of the House, I am thoroughly convinced that we can best solve the problem of farm homes for our soldiers by enacting legislation of this character, whereby through the agency of the Farm Loan System, already established and in successful operation, the loans may be made to former service men, permitting each soldier, sailor, or marine to make his own selection and exercise his individual choice as to his tract of land and the locality for his home, and to carry out his own plans and methods for improvement and development.

This course will best insure the much-needed increase in production so essential in bringing the cost of living to the proper level, and serve to retain and develop in our citizenship those elements of character and the spirit of independence that must be our safest reliance against the destructive teachings of Bolshevism and the red flag of anarchy. [Applause.]

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

Mr. WILSON of Louisiana. I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Under the leave granted to extend these remarks, I am printing herewith a copy of H. R. 5395, to which I have referred:

A bill (H. R. 5305) to provide soldiers, sailors, and marines with capital for agricultural development, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act shall be cited as "The soldiers' and sailors' farm-settlement act."

Sec. 2. That the Secretary of the Treasury be, and is hereby, authorized, in the name and on behalf of the United States Government, to make loans, secured by first mortgage, on farm lands to all persons who have served in the military or naval forces of the United States during the present war against the German Government, and who, at any time subsequent to April 6, 1917, have resigned or been discharged under honorable conditions, or, in the case of reservists, been placed on inactive duty; to all citizens of the United States who served with the military or naval forces of any of the nations allied against the German Government and its allies and have since been discharged under honorable conditions; and to all former citizens of the United States who served with the military or naval forces of any of the nations allied against the German Government and its allies and have since been discharged under honorable conditions and repatriated.

Sec. 3. That the Federal land banks established under the Federal Farm Loan Act approved July 17, 1916, shall be designated as financial agents of the Government of the United States for the purpose of making and collecting farm loans herein provided for. Such agencies are granted all additional powers necessary to administer the present act. These powers shall be exercised, as nearly as practicable, in accord with the provisions under which the Federal Farm Loan Act is administered. All loans made under this act shall be made in the same manner as and subject to all provisions of the above-cited act and regulations prescribed thereunder except as herein otherwise specially provided.

Sec. 4. That all loans made under the provisions of this act shall be made payable to the Federal land bank of the district in which the mortgaged land is situated, as financial agent for the United States Government, and the principal and interest shall be payable to the Government at such Federal land bank.

Each Federal land bank, for the purpose of discharging its duties as financial agent of the Government under the provisions of this act, may designate the secretary-treasurer of any national farm loan association, or such other agent as it may deem necessary, to receive applications for loans as herein provided for, such agents to be approved by the Federal Farm Loan Board, to be required to give surety bond in such sum as the Federal Farm Loan Board shall prescribe for the proper handling of all funds, and to be authorized to collect from borrowers a charge not exceeding one-half of 1 per centum of the amount loaned as compensation for receiving the application and performing such services as may be required of them in the closing of loans.

Sec. 5. That such loans may be made for the following purposes and no other:

- (a) To provide for the purchase of land for agricultural uses;
- (b) To provide for the purchase of equipment, fertilizers, and live stock necessary for the proper and reasonable operation of the mortgaged farm, the term "equipment" to be defined by the Federal Farm Loan Board;
- (c) To provide buildings and for the improvement of farm lands, the term "improvement" to be defined by the Federal Farm Loan Board; and
- (d) To liquidate all incumbrances constituting a charge upon the land to be mortgaged and all other indebtedness for the owner of the land mortgaged existing at the time of his application for the loan and indebtedness subsequently incurred for purposes mentioned in this section.

Sec. 6. That each loan shall be subject to the following conditions: First. Each loan may equal but shall not exceed 100 per cent of the value of the land mortgaged and 100 per cent of the permanent insured improvements thereon.

Second. The amount of loans to any one borrower under this act shall not exceed a maximum of \$5,000, nor shall any loan be for a less sum than \$100.

Third. The interest rate on farm loans made under the provisions of this act shall not exceed 4 per cent per annum on the unpaid principal, from which interest as collected the Secretary of the Treasury is authorized to allow the several Federal land banks to retain a sum not exceeding one-half of 1 per cent per annum on the unpaid principal as a charge for administration.

Fourth. The installments for the repayment of any loans made under this act which, through the amortization plan become due during the first two years following the loan, may be deferred in whole or in part to such later date as the Federal land bank of the district shall recommend. No such extension shall be granted until the recommendation therefor has been approved by the Federal Farm Loan Board. Such deferred payments shall continue to bear a rate of interest not in excess of 4 per cent per annum on the unpaid principal.

Fifth. In case of the sale of the mortgaged land to anyone other than a person qualified under section 2 of this act, the mortgage shall, at the option of the Secretary of the Treasury, become within six months thereafter due and payable. The Secretary of the Treasury may, however, upon the recommendation of the Federal land bank of the district, permit the mortgage indebtedness of the vendor to be assumed by the purchaser, but in such cases the purchaser shall be required to execute a new note and mortgage subject to the same rate of interest as that prescribed at the time for persons receiving loans under the Federal farm loan act approved July 17, 1916.

Sec. 7. That for the purposes of this act the sum of \$50,000,000, or so much thereof as may be necessary, is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for each of the fiscal years ending June 30, 1920, June 30, 1921, and June 30, 1922. Such sums shall be, under the direction and in the discretion of the Secretary of the Treasury, allotted to the several Federal land banks for the purpose of making loans as herein provided, and at such times and in such amounts as he shall deem expedient and necessary for the purpose of carrying into effect the provisions of this act.

Mr. WINGO. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. CARAWAY].

The CHAIRMAN. The gentleman from Arkansas is recognized for 20 minutes.

Mr. CARAWAY. Mr. Chairman and gentlemen of the committee, before I commence I want to ask unanimous consent to

revise and extend my remarks, because I expect to make one speech and to print another. [Laughter.]

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. CARAWAY. Mr. Chairman, the gentleman from Ohio [Mr. MURPHY], on this floor on the 29th ultimo, delivered an unseemly philippic against President Wilson. He took for a text, "Tell the truth."

His speech, however, disclosed that he had but an academic interest in his text, for his remarks were entirely at variance with it. The text served him merely as a vehicle to deliver a tirade against the President of these United States, the treaty of peace, and the league of nations.

There is, however, food for thought in his text, although none whatever is found in his remarks. [Laughter on the Democratic side.]

This extraordinary session of Congress, which convened on May 19 last, was called for two purposes—primarily to pass needed appropriation bills killed by the Republican filibuster in the last days of the Sixty-fifth Congress, and to enact legislation to enable the workmen of this Nation to know whom their employers were to be and under what conditions and at what wage they should toil, and to assure them the necessities of life should be brought within their means.

The body at the other end of the Capitol—the Senate—was more particularly charged with the duty of ratifying the treaty with Germany, so that the world might once again draw its breath in peace.

We at this end of the Capitol so far have failed. The Senate has more signally failed, if, indeed, there be degrees in failure.

After we had been in session for weeks and accomplished nothing an agreement for a recess was had. President Wilson again called the attention of Congress to the necessity of enacting legislation which would reduce the ever-increasing cost of living and reduce the mounting discontent and unrest throughout the country.

This request was made more than a month ago. It has been responded to by talk. Day in and day out we sit here, for the most part engaged in making political speeches that no one reads. No one reads these speeches, because the unrest in this country is industrial, not political. Therefore there is no interest in mere academic discussion of political issues.

"TELL THE TRUTH."

The Republican Party in this House seeks to beguile itself and fool the country by engaging in a pretense of enacting tariff legislation. It passes through this House tariff bills which it knows will never become law. These bills each deal with but a single item. For instance, the first, chemical glass; the second, tungsten ore; the third, buttons—pearl buttons.

There are more than 4,000 items in our tariff schedules. Under this method of passing tariff legislation, item by item, since it requires approximately a day and a half to pass a single bill, it would take more than 6,000 days to revise the tariff laws, or a bit more than 16 years, if a general revision is to be had, and you Republicans say that you intend to revise the tariff. [Laughter on the Democratic side.]

Is the country, then, to be kept in this unsettled condition while you thus "revise the tariff"?

Are all the demands for remedial legislation to await this political camouflage that goes on here day by day?

Do you hope to deceive the people and induce them to believe their hunger satisfied by reading these Republican speeches on the tariff?

Do you believe all the thousands who ask merely for an opportunity to work at a wage that will provide them and theirs with the necessities of life can be satisfied by these shopworn Republican generalities about protecting the American workman; that by raising the tariff \$2,000 a ton on certain ores a sufficient supply of which it is exceedingly doubtful ever can be produced in this country, or by putting a duty on pearl buttons of 250 to 300 per cent, that the people will think their requirements have been met, their rightful demands granted, and that the opportunity to purchase the necessities of life at a price they are able to pay has been afforded them? [Applause on the Democratic side.]

Do you believe the patriotic American citizens, the honest, working, sober-thinking people, are deceived by that clamor that goes up in the Senate pretendedly against the provisions of the treaty of peace and the league of nations?

Do you believe they will forget their real needs and wants and aspirations in watching that sham-battle?

They will not, because everyone who has read the treaty of peace and the league of nations knows that the speeches of those

in that body and in this against the provisions of the treaty and the league of nations are not against the terms of the treaty or those of the league of nations, but against their author—President Wilson. [Applause on the Democratic side.]

Mr. BLANTON. Mr. Speaker, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. This is such an extraordinarily good speech that I think the gentleman from Arkansas ought to have a quorum. Does he want it?

Mr. CARAWAY. No.

Mr. BLANTON. Then I will withdraw that.

The CHAIRMAN. The gentleman from Arkansas will proceed.

Mr. CARAWAY. "Tell the truth."

Had the same documents been laid before the Senate by a representative of the Republican Party—had the people been so unwise as to have placed that party in power in 1916—we would have found all you and them who now oppose it praising it.

You and they take the desperate chance of destroying the world that a Republican administration may be elected in these United States. Whether you are to win by that gamble is yet to be determined. If you do you will do so at the price Samson paid to avenge himself upon his enemies—by pulling down the temple on your own heads. [Applause on the Democratic side.]

"Tell the truth."

Say you seek to defeat the treaty and the league of nations in order to destroy the influence and prestige of its author, President Wilson; that you are willing to delay its ratification months and months, thereby keeping our soldiers longer in Europe; that you are willing to imperil civilization itself and plunge the world again into war, if you may by that means secure a political victory. [Applause on the Democratic side.]

"Tell the truth."

No cause is worth fighting for unless you can fight for it in the open, truthfully and honestly. A motive that has to be cloaked and disguised is an unworthy motive. A fight that has to be won under false colors is one that ought not to be won, ought not to be waged.

You won a Republican victory last November by misrepresentation and an appeal to sectional prejudice, and now are in control of the legislative branch of this Government. What use have you made of that victory other than to gather the spoils of patronage that goes with it?

Is it wise now to neglect all our country's interests to prepare for another such struggle? The time is more than a year till the next election.

Fulfill your past pledges before you assume new vows.

In God's name lay aside political wrangling in this House long enough to legislate wisely for the people who suffer under the disturbed conditions growing out of the war.

Let us do whatever Congress may to lighten the burden of those who pay the enormous taxes levied.

Let us check and punish the profiteer and bring the necessities of life within the reach of those who consume them.

In speaking of the high cost of living, most people have more immediately in mind the things which they eat. Other things—clothing, implements with which they toil, and many others—enter into this question; but, as I said, most people think only, or primarily, of the things which they eat.

And now is the harvest time of the farmer, who has toiled through the weary months to produce those things which sustain life. It is necessary that he shall receive for these products a price sufficient to reward him for their production. It is equally necessary that the consumer shall receive them at a price he can afford to pay.

To accomplish this legislation is necessary.

The gamblers in futures are now robbing the farmer of the fruits of his toil, and the profiteer is enhancing the price at which the consumer must purchase these products.

I know when one asserts that those who gamble in futures—the products of the farm—despoil the farmer, certain gentlemen here, representing certain interests, question it. To know that gambling in futures does rob the producer—the farmer—one needs but to examine the market reports from day to day. Even those gamblers themselves will admit it, except when they appear before legislative committees.

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

Mr. CARAWAY. Yes.

Mr. PLATT. Just why is it that the gentleman from Arkansas and other gentlemen from other cotton States object so strenuously to gambling in futures when cotton is going down and do not object at all when cotton is going up?

Mr. CARAWAY. Well, inasmuch as "no gentleman" occupies that position, I am not compelled to answer that question.

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

Mr. CARAWAY. Yes.

Mr. MacCRATE. Under the provisions of section 13 of the food act, can not the President shut up every such gambling exchange in the country if he wants to?

Mr. CARAWAY. No. If the gentleman will read that act some time he will be able to answer his own question. [Laughter.]

As an illustration, I quote the following, which appeared under a New York date line of July 21:

A liquidating movement on a large scale, mostly from Wall Street houses, influenced by a break in stocks, caused another violent drop in cotton prices to-day. The selling movement reached its climax in the afternoon, when October dropped to 33.52 and December 33.70, or 80 points.

It is here admitted that Wall Street interests beat down the price of cotton—cotton not then made and not now harvested—\$4 a bale, or struck from the price of cotton that is to be harvested this fall in these United States more than \$45,000,000 in one day.

Since the opening of this cotton year, these speculators, these gamblers in futures, have beaten down the price of the cotton crop that is yet to be gathered approximately \$40 a bale, or \$451,200,000, if our crop does not exceed 11,280,000 bales.

Has the consumer profited by this? No. The price of cotton goods has constantly climbed. Between the gambler who thus destroys the price of the product in the hands of the farmer and the profiteer who despoils the consumer, both the producer and the consumer perish.

Both the gambler and the profiteer exist by reason of the action—or, rather, inaction—of this Congress.

As an evidence of the enormous profits that come to those who reap but toil not, who gather but sow not, a seat on the New York Exchange—a mere opportunity to gamble in that which other men's toil has produced—brought, on the 7th of June last, \$90,000.

The profiteer likewise has availed himself of his opportunity to plunder the people.

A Member of this House told me that he knew a man who last year, on stock he owned in a cotton mill, received a dividend of 150 per cent; upon an investment of \$100,000 he received in one year a dividend of \$150,000.

These gamblers and these profiteers both exist, because, as I said, we have been unwilling that they should perish. Congress could, if it would, strike both down. He who eats his bread in the sweat of other men's faces, living by destroying, and he who takes such enormous profits as this man who owns the stock in that cotton mill, prey upon those who produce the raw material, upon the laborer who manufactures it, and upon the consumer who uses it. They should have no protection under our law.

The food hoarder likewise adds to the price of the things people eat and produces nothing but want and misery. Under a Paris date line of September 3, Herbert Hoover, whose name has become a household word throughout the world, said that food gamblers were responsible for the high prices of food in America; that they not only were compelling us to pay extortionate prices for what we eat, but were withholding from the suffering peoples of Europe the supplies shipped them, hoarding these necessities of life—while men, women, and children fought and starved for them—in order that their profits might be enhanced.

Laws should be enacted to prevent these men from taking profit of suffering, want, and misery anywhere, everywhere. There is no reason why the manufacturer who changes the raw material into the finished article should not be compelled to stamp upon the article the price he paid for the raw material, the cost of its manufacture, and the price for which he sells it. If this were done, the consumer who must buy it would know what the profits of the manufacturer and the middleman were. These profits should be fair, but certainly not exorbitant. No one dealing at this time in the necessities of life should be permitted to take a profit—as this cotton-mill man did—of 150 per cent, nor a tenth part of that.

Efforts to enact legislation to curb these evils seem to be decried in this Congress. It is said to be an unwarranted invasion of private business.

Private business is entitled to protection so far only as it is honest business. If it is honest and fair in its dealings, it has no objection to publicity. If it is dishonest and unfair, it has no right to be shielded.

The world to-day is not the world that was. A new era has come. Whether it will be a better or a worse world depends on whether we meet these new conditions with a spirit of fair-

ness and sanity. If old privileges are sought to be enjoyed still under these new conditions, disaster confronts us all.

It is necessary for big business and little business—for all of us—to realize there is a kinship between those who toil and those who direct, those who produce and those who consume. Each is accountable to the other; each has a right to demand of the other fair treatment.

The farmer who tills the field and the laborer who stands at the forge each now apparently receives more for the products of his toil, though in reality neither is as well paid as under previous conditions.

Enormous profits are taken. But these profits are taken by the gambler and the profiteer—the men who produce not, yet take profit of everybody's industry and add nothing to the wealth of the world.

Recently, in one day, the packers in Chicago beat down the price paid the stock raisers for hogs and cattle \$1.50 a hundred pounds. Since then a further fall in these prices has been registered. No corresponding decline has been seen in the markets where consumers buy. This drop of \$1.50 at one time, and other declines since, has been absorbed by some one between the stock grower who lost this decline and the consumer who bought the finished product.

Legislation should be enacted to disclose who was the beneficiary of this decline.

It could be done. It should be done. It will be done. If we refuse, others will sit in our seats who will respond to this just demand. There is a jail for the profiteer. If we refuse to incarcerate him, others will be found who will.

Tell the truth.

It has been tried, and tried sufficiently to demonstrate beyond cavil, that so-called fair-price fixing by committees will not secure the result aimed at.

I have been grieved each time a so-called fair-price-fixing committee has been appointed here in the District of Columbia to observe that as soon as it organizes and issues its fair-price list the price rises on every necessity of life. I do not speak of luxuries; but of meat, bread, sugar, and those other things everyone must buy.

For illustration, sugar was selling in the District of Columbia recently at ten and ten and a half cents a pound. Then a fair-price committee was organized and issued its fair-price list—sugar was eleven cents a pound and other things were in proportion.

The expediency, therefore, of attempting to fix prices and thus restrict profits and bring the necessities of life within the reach of the people has failed. These committees, in many instances, it must be confessed, have been composed of those who were partly or wholly in sympathy with the profiteers. But I doubt if otherwise constituted, relief would have been obtained.

It is apparent then that nothing but legislation—new legislation—can bring the people the relief they are entitled to receive. This legislation must come from Congress, and Congress seems unwilling to enact it.

Again the text: "Tell the truth."

Tell the country these so-called tariff revisions that occupy the major part of the time of this House are not tariff revisions in reality. These bills are not expected to be enacted into law. They are simply bait cast upon the political waters in the hope of again deceiving the people and bringing another Republican victory.

Tell the people the truth: That the attack upon the treaty of peace and the league of nations is not an attack upon the treaty of peace and the league of nations as such, but a political attack upon its author, President Wilson, and the party to which he belongs.

Tell the people the truth: That this Republican Congress is not trying to solve the industrial problems that confront the people, but is prolonging the unrest that now so profoundly disturbs the peace of this Nation and threatens its very existence, that political advantage may be coined out of this unrest.

Tell the people the truth: That until they cease to be moved by these denunciations of political opponents, the waving of bloody shirts, the false pretense that the protection of American industries protects American labor, and thereby are induced to vote for men and measures regardless of their real merit—that no Congress so elected will answer their cry of anguish in hours such as these.

Tell the truth.

Especially tell the returned soldiers the truth: That this Republican Congress promises to do nothing to provide them with homes; that the so-called Mondell bill, which was fathered by the Republican Party, not as a legislative program but as a bid for the soldier vote, is not to be enacted into law; that

the Republican party never expects it shall be considered on the floor of this House; that if enacted into law in its present form it is but a cheat and a sham. Tell them that the proponents, even, of the measure cite as its chief merit that it has been made so unattractive that not exceeding 2 per cent of the soldiers will take advantage of its provisions; that those who shall do so, and wade through all the meshes of its red tape and make all the sacrifices demanded by it, will be compelled to work longer to secure a farm home under its provisions than Jacob toiled for the hand of Rachel. [Applause on the Democratic side.]

Tell the soldier the truth; tell him that this bill has been framed to meet the demands of those who want the waste places of the earth reclaimed at the expense of the blood and the toil and the blasted hopes of the soldier.

Tell him that its chief advocates are found among those who took the soldier's place in the factories and mines in the North-east, at \$5, \$10, and even \$15 per day, when the soldier went to war with a promise that he should have his old place back again when he should return; that they are now unwilling to surrender those places and wish these soldiers, who fought and dared that liberty might live, to go into the deserts and the swamps, and there—if perchance they may—find homes.

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

Mr. CARAWAY. Yes.

Mr. BLANTON. There is one question that I would like the gentleman to answer for the benefit of the country. If the apparent popularity and indorsement of the President of the United States is not real, as the distinguished Republican campaign chairman [Mr. Fess] would have us believe this morning, why is it that he is so apprehensive about it and so concerned with it?

Mr. CARAWAY. Well, I think the question answers itself. If the gentleman from Ohio, who is referred to by the gentleman from Texas, did not realize that the President was impressing the country, he would not take the time of this House to denounce the President. [Applause on the Democratic side.]

Tell the soldier the truth: That the Mondell bill offers, in its present form, but a pretense of a reward for the sacrifices he made, for the time he gave his country, for the opportunities he lost, for his dreams that are vanished and his hopes that are dead.

Tell him that when he asks for bread he shall be given a stone.

Tell him the truth; tell him this; or else put this bill on its passage and permit amendments to be adopted that will give him a real opportunity to own the fields he tills, the roof that shelters him and his, and that will provide this home for him where he himself shall choose to have it be.

Tell the soldier the truth; tell all the people the truth: That legislation to relieve the sufferings of the oppressed, to lighten the burden of those who toil, to reward those who fought is not to be had at the hands of this Congress.

Tell them the truth, and tell them this, or cease your political wrangles, your political camouflage, and enact legislation that will reduce the cost of living, that will destroy the gambler, that will imprison the profiteer, that will reward honest labor, and that will not compensate, for nothing could do that, but will in the main keep faith with the soldier.

In conclusion, then, Tell the truth.

That unless this Congress keeps all its pledges and sustains the hopes of those who live beneath and love our flag it will become a byword and a scoff.

Will we do this?

Our action must be our answer. [Applause on the Democratic side.]

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. The gentleman has consumed all of his time. The gentleman from New York [Mr. PLATT] is recognized.

Mr. PLATT. Has the gentleman from Arkansas used all his time?

The CHAIRMAN. He has 11 minutes remaining.

Mr. WINGO. I doubt if we will use any more. The gentleman from New York can go ahead.

Mr. PLATT. Mr. Chairman, I yield to the gentleman from New York [Mr. MACCRATE].

Mr. MACCRATE. Mr. Chairman, the gentleman from Arkansas [Mr. CARAWAY] a few moments ago expressed a doubt as to the information I had concerning section 13 of the food-control act. For his information I will read it. Section 13 provides:

SEC. 13. That whenever the President finds it essential in order to prevent undue enhancement, depression, or fluctuation of prices of, or in order to prevent injurious speculation in, or in order to prevent unjust market manipulation or unfair and misleading market quotations of the prices of necessities, hereafter in this section called evil practices, he is authorized to prescribe such regulations governing, or may

either wholly or partly prohibit, operations, practices, and transactions at, on, in, or under the rules of any exchange, board of trade, or similar institution or place of business as he may find essential in order to prevent, correct, or remove such evil practices.

If there are evil practices on stock exchanges or grain exchanges to-day, let the President of the United States close them, as he has the right to do under this law. [Applause.]

Mr. PLATT. Mr. Chairman, I yield the remainder of my time to the gentleman from Pennsylvania [Mr. EDMONDS].

The CHAIRMAN. The gentleman from New York yields to the gentleman from Pennsylvania eight minutes.

Mr. WINGO. I yield to the gentleman seven minutes.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 15 minutes.

Mr. EDMONDS. Mr. Chairman, a number of Members of the House have been making inquiries of the chairman and members of the Committee on the Merchant Marine and Fisheries as to what we have been doing in the way of legislation to keep our ships upon the seas. I have prepared a short statement of the work of the Committee on the Merchant Marine and Fisheries, which I hope will answer these questions. Then, if I have any time, I shall be glad to answer any questions which any Member wishes to propound.

On June 6, 1919, the House of Representatives passed a resolution giving to its Merchant Marine Committee full and ample powers to investigate and prepare such legislation as may be found advantageous in helping to keep our greatly enlarged merchant marine upon the high seas. And I thought that the Members of the House would like to be informed as to what the committee has in contemplation to accomplish the purpose of the House in giving to it the powers conferred by the resolution.

It must be understood that there was no purpose proposed by the promoters of this resolution to in any way investigate the past operations of the Shipping Board only so far as would be necessary for them to familiarize themselves with the workings of the board and to secure from that investigation such information as could be of use in accomplishing the reconstruction work.

Since the passage of the resolution the committee has been diligently at work, both as a whole and through its subcommittees, securing, as far as possible in the time used, much valuable and interesting data, which has now placed it in a position to have a fair idea of the problem and of the many necessary branches in which some helpful legislation can be framed.

The committee itself has had hearings covering two or three weeks into the present workings of the divisions of the Shipping Board having to do directly with the operations of ships. Included in these were the division of operations, the division of port and harbor facilities, the division of planning and statistics, and the manning of vessels. These hearings are now being printed and will no doubt make instructive reading for those who are interested. The division of operations has, during the last six months, under the management of Mr. John H. Rosseter, rapidly assumed, in my opinion, and I believe that of most of my colleagues, good shape. From the inquiry we made through the present department of its past performance, I am very doubtful if anything like its present condition could be shown. Of course, up until January 1 war conditions prevailed, and the constant interruption of the commercial work by the necessities of the War and Navy Departments must have led to considerable confusion and loss. However, as the most important work of the committee now is in the future, the past can wait until we have more time to look into its deficiencies.

The subcommittees have been holding hearings upon many varied subjects, including marine insurance, revision of the navigation laws, load-line legislation, necessity of an American registry bureau, manning of vessels, and will in due time report their results, with, we hope, such success as will make and keep the American flag flying on our merchant vessels in every quarter of the globe.

It must be understood by the House that there are many questions vital in accomplishing this purpose that are not now, nor will they for some few months become, pressing. Shipping to-day is profitable owing to the great demand for vessels from all the nations that have been deprived of their normal supplies during the war period. When this demand has been filled and the business returns to normal, undoubtedly, with the enormous increase in tonnage, such competitive measures as have in the past been in vogue will again become actively in force; and then will come our vital test, such a test of our ability that it will take the best thought of all concerned in the business and of Congress to keep our ships upon the high seas. We have made some gains, however, through the war in that we can now build ships as cheaply, if not more cheaply, than the other nations. The wages of the white sailors of all nations are more nearly equal now than ever in our history.

And we have trained up a large body of men who know the life, and are interested in it, and would like to see it maintained.

When I stated there was no haste for legislation along certain lines owing to the necessity of securing details which will not become in any way reliable until shipping is operated upon a more settled basis, I did not mean that there was no work the committee could do at the present time. I did mean that legislation that would depend upon settled conditions would have to be studied over, and the outlines of general policies and plans decided upon. To all of this the committee is giving close attention, and all legislation that will be useful and can be concluded now will be suggested as rapidly as possible for your consideration.

It is very probable the first legislation proposed by the committee will have to do with the sale of ships, the most important question the committee has to deal with at the present time.

In 1914 the United Kingdom and its colonies owned about 43 per cent of the world's carrying capacity, and of our imports and exports overseas we carried 9.7 per cent. In the same year we had 755 sea-going merchant ships with a gross tonnage of 2,128,731 tons; on June 30, 1919, our fleet had increased to 2,058 vessels of 7,300,022 gross tons, an increase of 200 per cent; and when the building program of the Shipping Board is completed in 1921 the Government itself, outside of private owners, will own a merchant fleet of 2,439 vessels of 13,898,106 dead-weight tons, less such vessels and tonnage the building of which may be canceled after April 30 of this year, and sales to private parties, shipping losses. This increase of tonnage by the Government in itself will nearly double the tonnage of our merchant fleet.

The problem before the committee is to arrange in some manner to make an investment in shipping as attractive as a mortgage would be upon real estate. At present this is not so on account of the superior position that liens and other liabilities have over bonds or mortgages against the ship. This prevents investment in ships' bonds and is greatly to the detriment of the operator of a small number of ships whose welfare should be our first thought. If we do not make investment in shipping attractive, the business would gravitate into the hands of a few large corporations who are able to float bond issues on their corporate whole, on account of their size and ability to meet the liabilities. The large number of vessels under their control would not be subject to the high percentage of loss a smaller concern would have.

There is more necessity for quick action in connection with the sale of ships than any other matter before the committee. Voicing my own diagnosis, it is very probable that from 50,000,000 to 55,000,000 gross tons of shipping will be all that will be required in the carrying trade of the world after the transport and other extra services occasioned by the war are completed. Shipbuilding is rapidly approaching this tonnage, as on June 30 of this year, according to Lloyds, there were under construction in the shipyards of the world 2,526 merchant vessels of 8,017,767 gross tons.

Personally I do not believe it is the intention of Congress to encourage Government ownership and operation of our vessels, and the present appears to me to be the time to dispose of them to American shippers. When we consider this question we must arrive at a conclusion which I wish to present to the House; that is, in order to sell and place into operation with American shippers any large number of the vessels of this enormous fleet, the present policy of the Shipping Board of endeavoring to secure a price of about cost or of from \$200 to \$225 a dead-weight ton is not going to be successful. The reason for this is apparent. The Government should sell these ships at a price, made after due consideration and investigation as to the availability of the ships for the various enterprises, reasonable enough to allow such a depreciation that when times return to normal, which will be in the near future, the purchaser will not be burdened with unusual capital charges in competing with his foreign competitors. It will be far more advantageous to both the Government and the shipper if we take our loss now and avoid a much greater loss at a later date.

Mr. KINKAID. Will the gentleman yield?

Mr. EDMONDS. I yield to the gentleman from Nebraska.

Mr. KINKAID. Will it be possible for the ships to be sold for a price equal to what they cost?

Mr. EDMONDS. Some few ships have been sold.

Mr. KINKAID. At what price? At cost?

Mr. EDMONDS. They claim in some cases at above cost.

Mr. KINKAID. Was that before the war ended or since?

Mr. EDMONDS. No; several within the last two months.

Mr. KINKAID. There must have been a very great demand.

Mr. EDMONDS. Probably so.
 This brings before us the question as to what action the President and the Shipping Board will take in order to make such a price as will encourage shippers to buy. It must be realized that the board certainly will endeavor to hold the ships at as high a price as possible and it is in their power to do so. They may refuse to sell the ships below the average cost of building, and, in my opinion and in the opinion of many of my colleagues on the committee, this can only result in Government ownership and operation. With that in view I introduced a resolution, which I hope the committee will favorably report, authorizing a commission composed of three members of the House Merchant Marine Committee, three members of the Senate Commerce Committee, and three members appointed by the Shipping Board to have charge of the sale of the Government-owned vessels and to approve of the terms of contracts of sale. This will remove the criticism which it is evident is feared by the department; and although it places the responsibility of accepting the great losses that must occur upon Congress, personally I feel that it would be far better to accept the responsibility than it would be to accept the responsibility of encouraging by nonaction the inevitable Government ownership and operation which will occur, with all the contingent troubles and losses which Government ownership results in.

The subcommittee, under its efficient chairman, Mr. LEHMBACH, has been making a complete and exhaustive investigation of marine insurance. Some of the apparent results of this investigation will be rather startling.

With the enormous capital invested in insurance companies it is surprising that so few companies have entered into marine business. Last year over \$70,000,000 worth of policies were written in this country, exclusive of the insurance carried by the Government. Surely a business of this size must be attractive to American capital, and from the results of the experiment of the Shipping Board in carrying its own insurance upon its owned hulls it must be highly profitable. The investigation being made has not as yet secured all the returns desired, but it will show it is estimated that less than one-third of this business is written by American companies, the large sums of money paid in premiums being mostly turned over to foreign companies.

I will say that in 1916 the sum of \$160,000,000 was sent to Europe in the form of premiums on fire insurance policies.

Mr. EMERSON. Is it possible for the gentleman's committee to assist in the establishment of an institution in this country similar to the Lloyds?

Mr. EDMONDS. Unfortunately, I do not believe it is, on account of the fact that we have so many different State laws. There have been concerns established in this country something on the order of the Lloyds, but they have generally turned back into regular companies after a short time.

It is the opinion of the subcommittee, of which I am a member, that our American companies could fairly be charged with lack of enterprise if such a condition were to continue to exist after the matter is brought to their attention, which will be done in the most complete report on marine insurance, now being compiled by the committee. In connection with this hearing, we were informed by the Director of the War Risk Insurance Bureau that that bureau had virtually retired from the marine insurance business, both as to sailors' liability and cargo; their force has been depleted and only sufficient employees are retained to close up the outstanding business.

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

Mr. EDMONDS. Yes.
 Mr. KINKAID. Are the sales to be restricted to American purchasers?

Mr. EDMONDS. Under the emergency shipping law the President can sell to foreign buyers. Under the shipping act the sales are restricted to American purchasers, without the consent of the Shipping Board.

The subcommittee of navigation, under the chairmanship of Mr. Rowe, will within a short time present a bill having to deal with the manning of vessels and some other modifications of the navigation laws found advantageous and necessary during the speeding up of shipping, caused by its great expansion.

The subcommittee of registry, under Mr. Scott, has under consideration at the present time the necessity of load-line legislation, and will probably report at an early date.

Of course, these particular subjects are not all that are being considered by either the main committee or the subcommittees; there are a thousand and one different and some very vital propositions that necessarily will have careful consideration.

Almost any legislation proposed by the committee will find many and very active opponents. Under the operation of our present laws, which have virtually never been brought up to meet modern conditions, there has grown up a large body of men connected with the business who now will most strenuously object to anything new being tried or even to a revision of these laws.

The answer is so apparent that I hesitate to mention it. For 70 years under the operation of these laws the merchant marine of our country has steadily declined until we carried in our own bottoms less than 10 per cent of our trade. When a business is such a failure, certainly any new management would not look to revive it upon the past performance with favor, but would cut and hew to the bone and endeavor to, by new methods, make success.

This we must do, and no matter how it may hurt, if we are to accomplish our object we must steadily progress upon the lines of advanced legislation, trusting that our shipping and shipbuilding people will realize that it will be our endeavor to keep the ships upon the sea, ready to meet the competition of all comers, and in so doing to eventually benefit all in the business. [Applause.]

Mr. Chairman, I ask leave to extend my remarks in the Record by inserting a letter from the Shipping Board showing the present conditions of shipbuilding.

The CHAIRMAN. The gentleman asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

The document referred to is as follows:

SHIPPING FACTS.
 (Second edition.)

SALIENT FEATURES IN ACTIVITIES OF THE UNITED STATES SHIPPING BOARD FROM SEPTEMBER, 1918, TO SEPTEMBER, 1919.

On August 29, 1919, the total seagoing ship tonnage under control of the United States Shipping Board was as follows:

Built by the United States Shipping Board.

	Number of vessels.	Tonnage.	
		Gross.	Dead-weight.
Steel.....	777	3,511,918	5,267,983
Wood.....	315	728,079	1,100,218
Composite.....	15	35,000	52,500
Seized from—			
Germany.....	94	567,490	601,003
Austria.....	1	8,312	6,500
Purchased from—			
Japan.....	15	85,880	128,820
Austria.....	5	30,521	29,506
Requisitioned from private owners.....	58	346,580	519,870
Total.....	1,280	5,313,780	7,706,400

The foregoing tabulation does not include 122 steel ships of 465,745 (dead-weight) tons and 63 wood ships of 246,982 (dead-weight) tons sold recently to private owners by the United States Shipping Board nor seized foreign vessels that had been sunk.

America's rapid advance from an inconsequential place among the maritime nations to the post of leadership in shipbuilding was not only phenomenal but is a fair augury for the permanence of its new merchant marine built under the stress of war. At the outbreak of the world struggle merchant marine construction had almost become a lost art in this country. To-day this nation has more ship workers, more shipyards, more shipways, more vessels under construction, and is turning them out more rapidly and in greater numbers than now issue from all the shipyards of all the world.

As the premier shipbuilding nation of the world America attained her place in one giant stride. Up to the outbreak of the war we had only 45 vessels of 1,000 tons and over engaged in oversea trade. To-day the American flag floats from 1,280 ocean-going steamships, 1,107 of which had been built by the United States Shipping Board within the last two years.

In June, 1914, the total gross tonnage under the American flag, including coastwise shipping and the fleet operating on the Great Lakes, was 4,287,000 tons.

In June, 1919, its gross tonnage was 11,983,000, an increase of 278 per cent, chiefly in ocean-going steamships.

The steam tonnage under the American flag is now 24.8 per cent of the steam tonnage of the world. The figures are shown in the following tables.

The world steam tonnage of 100 gross tons and over on June 30, 1919, as reported by Lloyds, was:

	Tonnage.	
	Gross.	Dead-weight.
24,386.....	47,897,000	71,845,500

American steam tonnage of 100 gross tons and over on June 30, 1919, including tonnage on Great Lakes, was:

Number of vessels.	Tonnage.	
	Gross.	Dead-weight.
3,687.....	11,983,000	17,974,500

Per cent of world steam tonnage of 100 gross tons and over under United States flag June 30, 1919:

Per cent of number.....	15.1
Per cent of tonnage.....	24.8

The above percentage figures include tonnage on the Great Lakes. In the four years preceding the war the shipyards of this country turned out a total of 107 seagoing vessels (of 1,500 tons and over, chiefly coastwise). This construction represented 805,037 dead-weight tons.

During 1918, a period when the Shipping Board was getting into its stride, there were launched from the yards under its control a total of 4,216,656 dead-weight tons, five times more than had been built in the four prewar years. During the year 1918 shipyards under control of the Shipping Board delivered 3,107,093 dead-weight tons of completed ships.

From January 1, 1919, to August 29, 1919, 3,983,135 dead-weight tons of shipping have been launched and 3,845,140 dead-weight tons delivered, a total for the 20 months (since the beginning of 1918) of 8,199,791 tons launched and 6,952,233 delivered.

The original construction program contemplated the building in this country of 17,807,071 dead-weight tons of shipping—2,105 steel steamships of 14,351,971 dead-weight tons, 1,017 wood steamships of 2,978,100 dead-weight tons, 59 composite ships of 175,000 dead-weight tons, and 43 concrete ships of 302,000 dead-weight tons, a total of 3,215 ships. Of this program there have been—

Delivered (inclusive of 1917, 1918, 1919).

	Tonnage.	
	Gross.	Dead-weight.
899 steel steamships of.....	3,822,415	5,733,622
378 wood steamships of.....	892,735	1,339,103
15 composite of.....	35,000	52,500
1,292 Total.....	4,750,150	7,125,225

Fitting out in wet basins.

	Tonnage.	
	Gross.	Dead-weight.
408 steamships.....	1,280,483	1,920,724

On the ways.

	Tonnage.	
	Gross.	Dead-weight.
389 steel steamships of.....	2,010,403	3,015,605
99 wood steamships of.....	138,900	207,000
9 concrete steamships of.....	42,333	63,500
497 Total.....	2,190,736	3,286,105

Under contract, work not begun.

	Tonnage.	
	Gross.	Dead-weight.
227 steel steamships of.....	984,407	1,476,610

Contracts, canceled and suspended.

	Tonnage.	
	Gross.	Dead-weight.
421 steel steamships of.....	2,031,956	3,077,935
404 wood steamships of.....	741,233	1,111,850
32 composite steamships of.....	74,667	112,000
29 concrete steamships of.....	142,333	213,500
886 Total.....	3,010,189	4,515,285

After subtracting 3,010,189 gross tons (4,515,285 dead-weight) of cancellations and suspensions, in order to complete the original program this work yet remains to be done:

	Tonnage.	
	Gross.	Dead-weight.
Completion of vessels launched but not delivered.....	1,280,483	1,920,724
Completion of vessels whose keels have been laid.....	2,190,736	3,286,105
Completion of vessels under contract.....	984,407	1,476,610
Total.....	4,455,626	6,683,439

Monthly deliveries since Aug. 31, 1918.

	Steel.		Wood.		Composite.		Total.		
	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Dead-weight tons.
1918.									
September.....	46	178,430	25	59,334	1	2,333	72	240,097	360,145
October.....	47	200,739	29	69,467	1	2,333	77	272,539	408,808
November.....	54	215,121	10	22,667			64	237,788	354,682
December.....	39	156,260	15	36,467	1	2,333	46	195,060	292,591
1919.									
January.....	17	88,070	7	16,667	1	2,333	25	107,070	160,604
February.....	27	129,933	8	16,900	2	4,667	37	151,500	227,250
March.....	31	136,617	11	26,700			42	162,717	244,075
April.....	78	290,530	36	86,800	1	2,333	115	379,713	569,570
May.....	89	407,733	53	129,599	2	4,667	144	541,900	812,850
June.....	71	279,572	51	118,767	1	2,333	123	400,672	601,008
July.....	72	327,005	63	145,933	1	2,333	136	475,271	712,908
August (29).....	56	255,059	37	84,867	2	4,667	95	344,584	516,875
Total.....	618	2,664,510	345	814,069	13	30,332	976	3,508,911	5,263,366

Up to and including Aug. 31, 1918, delivered to the United States Shipping Board.

Number.	Steel.		Wood.		Composite.		Totals.	
	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Dead-weight tons.
290.....	1,243,784	33	78,666	2	4,668	331	1,327,118	1,990,676

Total deliveries since Shipping Board was organized.

Number.	Steel.		Wood.		Composite.		Totals.	
	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Dead-weight tons.
914.....	3,908,294	378	892,735	15	35,000	1,307	4,836,029	7,254,042

This table includes 15 steel steamships of 85,880 gross tons delivered from Japanese shipyards.

LAUNCHINGS.

In shipbuilding annals the month of July, 1918, was made notable by the record established that month in the launching of 124 steamships representing 635,800 tons (dead-weight). That record was exceeded in May of this year when 141 steamships, aggregating 723,938 tons (dead-weight), were launched.

Table shows the launchings by months from Aug. 31, 1918.

	Steel.		Wood.		Composite.		Total.		
	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Dead-weight tons.
1918.									
September.....	59	241,100	31	73,934	3	7,000	93	322,034	483,050
October.....	47	199,183	33	70,534			80	269,717	404,575
November.....	49	210,067	32	73,967	3	7,000	84	291,034	436,550
December.....	59	258,233	29	54,400	1	2,000	89	314,633	471,950
1919.									
January.....	36	143,150	27	59,667			63	202,817	304,225
February.....	52	213,797	15	30,300	2	4,667	69	248,764	373,145
March.....	68	280,238	22	42,800			90	323,038	484,558
April.....	73	299,277	42	88,767	2	4,667	117	392,711	589,066
May.....	87	375,905	51	97,067	3	9,666	141	482,638	723,958
June.....	65	280,267	33	52,966	1	5,000	99	338,233	507,350
July.....	83	365,372	29	46,833	1	2,333	113	414,538	621,808
August (29).....	52	219,450	20	28,233	1	5,000	73	252,683	379,025
Total.....	730	3,086,039	364	719,468	17	47,333	1,111	3,852,840	5,779,260

¹ Concrete.

² concrete.

Launched up to and including Aug. 31, 1918, for the United States Shipping Board.

Number.	Steel.		Wood.		Composite.		Total.		
	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Dead-weight tons.	
390.....	1,654,624	176	414,934	7	16,333	573	2,085,891	3,128,836	

Total launching since Shipping Board was organized.

Number.	Steel.		Wood.		Composite.		Total.		
	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Dead-weight tons.	
1,120.....	4,740,663	540	1,134,402	24	63,666	1,684	5,938,731	8,908,096	

The rate of progress, showing when million-point marks were reached.

KEEL LAYING.		Tons laid (dwt.)
July, 1917 (the first million).....		1,038,206
November, 1917.....		2,259,201
February, 1918.....		3,294,881
April, 1918.....		4,288,761
June, 1918.....		5,223,706
August, 1918.....		6,498,889
September, 1918.....		7,010,439
November, 1918.....		8,129,628
February, 1919.....		9,230,154
April, 1919.....		10,235,248
June, 1919.....		11,861,426
August 26, 1919, reached.....		12,000,000

LAUNCHINGS.		Tons launched (dwt.)
March, 1918 (the first million).....		1,251,471
June, 1918.....		2,075,506
August, 1918.....		3,128,836
October, 1918.....		4,016,461
January, 1919.....		5,223,186
March, 1919.....		6,086,889
May, 1919.....		7,399,913
July, 1919.....		8,529,071
August 30, 1919, rounded.....		9,000,000

DELIVERIES.		Tons delivered (dwt.)
May, 1918 (the first million).....		1,101,846
September, 1918.....		2,277,831
November, 1918.....		3,005,706
April, 1919.....		4,481,581
May, 1919.....		5,294,331
July, 1919.....		6,608,347
August 25, 1919, passed.....		7,000,000

Seagoing personnel, United States Shipping Board.

Deck officers.....	4,592
Engineer officers.....	4,592
Deck force.....	15,720
Engine and fire room.....	18,720
Steward's department.....	34,440
Total.....	51,560

Organization of Shipping Board: John Barton Payne, chairman; Raymond B. Stevens, vice chairman; John A. Donald, commissioner; Henry M. Robinson, commissioner; Thomas A. Scott, commissioner.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. RICKETTS having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. CROCKETT, one of its clerks, announced that the Senate had insisted upon its amendments to the bill (H. R. 6810) to prohibit intoxicating beverages, and to regulate the manufacture, production, use, and sale of high-proof spirits for other than beverage purposes, and to insure an ample supply of alcohol and promote its use in scientific research and in the development of fuel, dye, and other lawful industries, disagreed to by the House of Representatives, had agreed to the conference asked by the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. STERLING, Mr. NELSON, and Mr. OVERMAN as the conferees on the part of the Senate.

FEDERAL FARM-LOAN ACT.

The committee resumed its session.

Mr. PLATT. Mr. Chairman, I ask that the bill be read for amendment.

The Clerk read as follows:

Sec. 4. That section 12 of said act be amended by striking out in the second provision the words "additional payments in sums of \$25, or any multiple thereof for the reductions of the principals, or the payment of the entire principal, may be made on any regular installment date," and inserting in lieu thereof the words "the mortgagor may, upon any regular installment date, make in advance any number of payments or any portion thereof on account of the principal of his loan as provided by his contract or pay the entire principal of such loan," so that the provision as amended will read:

"Every such mortgage shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments sufficient to cover, first, a charge on the loan at a rate not exceeding the interest rate in the last series of farm-loan bonds issued by the land bank making the loan; second, a charge for administration and profits at a rate not exceeding 1 per cent per annum on the unpaid principal, said two rates combined constituting the interest rate on the mortgage; and, third, such amounts to be applied on the principal as will extinguish the debt within an agreed period, not less than 5 years nor more than 40 years: *Provided*, That after five years from the date upon which a loan is made the mortgagor may, upon any regular installment date, make, in advance, any number of payments or any portion thereof on account of the principal of his loan as provided by his contract or pay the entire principal of such loan, under the rules and regulations of the Federal Farm Loan Board: *And provided further*, That before the first issues of farm-loan bonds by any land bank the interest rate on mortgages may be determined in the discretion of said land bank, subject to the provisions and limitations of this act."

And that the fourth provision in said section be amended by striking out in subdivision (d) all after the word "mortgaged" and inserting in lieu thereof the words "contracted for any of the purposes enumerated in one of the subdivisions (a), (b), and (c) above," so that the provision as amended will read:

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

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

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

"(c) To provide buildings and for the improvement of farm lands; the term 'improvement' to be defined by the Federal Farm Loan Board.

"(d) To liquidate indebtedness of the owner of the land mortgaged contracted for any of the purposes enumerated in one of the subdivisions (a), (b), and (c) above."

Mr. PLATT. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The gentleman from New York offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment. Page 7, after the third line add a new subdivision (e), as follows:

"(e) To liquidate mortgage indebtedness existing at the time of the organization of the first farm-loan association established in and for the county in which the land is situated."

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

The question being taken, on a division (demanded by Mr. BLANTON) there were—ayes 32, noes 0.

Accordingly the amendment was agreed to.

Mr. PLATT. Mr. Chairman, on page 5, line 1, I ask to make two typographical corrections. I move to amend the bill by striking out the letter "s" from the word "reductions" and the letter "s" from the word "principals."

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

The Clerk read as follows:

Amendment offered by Mr. PLATT: Page 5, line 1, strike out the "s" from the words "reductions" and "principals."

Mr. WINGO. Does the gentleman propose to strike out the "s" from both words?

Mr. PLATT. Yes. Both are typographical errors.

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

The question being taken, the Chairman announced that the ayes appeared to have it.

Mr. BLANTON. Division, Mr. Chairman.

Mr. McLAUGHLIN of Nebraska. Mr. Chairman, the gentleman ought to get all the Democrats to stand up.

Mr. BLANTON. Oh, there is a good big bunch over here.

Mr. DOWELL. I can count three.

The committee divided; and there were—ayes 35, noes 1.

Accordingly the amendment was agreed to.

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

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

The Clerk read as follows:

Amendment offered by Mr. McLAUGHLIN of Nebraska: After subdivision (e), page 7, insert the following:

"And that the seventh provision in said section be amended by striking out the figures '\$10,000' and inserting in lieu thereof the figures '\$25,000.'"

So that the provision as amended will read:

The amount of loans to any one borrower shall in no case exceed a maximum of \$25,000, nor shall any loan be for a less sum than \$100.

Mr. BLANTON. Mr. Chairman, I desire to oppose this amendment, and I would like to have time either from the chairman of the committee in charge of the bill or the presiding Chairman—

The CHAIRMAN. The gentleman proposing the amendment has five minutes in which to discuss it.

Mr. PLATT. Mr. Chairman, I reserve a point of order on the amendment.

Mr. BLANTON. Mr. Chairman, I make the point of order against it.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BLANTON. Mr. Chairman, the farm-loan act was originally designed for the benefit of the farmers, not large landowners worth three or four million dollars who incidentally may have some acres in farms on their holdings, yet who would like from time to time to come in under this act and get big loans from the Government at a low rate of interest and on the time prescribed under this act. This is an attempt to infringe upon this act and to extend its provisions not on behalf of the farmers—

Mr. TINCHER. Is the gentleman making a parliamentary inquiry?

Mr. BLANTON. I did not understand the gentleman from Kansas.

Mr. TINCHER. Is the gentleman arguing the point of order?

Mr. BLANTON. I was arguing the point of order. In brief, Mr. Chairman, the amendment is not germane to the purpose either of the original farm-loan act nor to the purposes of this bill amending that act. It is seeking to extend this right to an entirely different class of citizens of the land—citizens who do not need it.

Mr. WINGO. Oh, Mr. Chairman, while I am opposed to this amendment, there is no question that the proposed amendment is in order. It proposes to change the figures of the original act. This bill proposes amendments to several sections of the act, and, although I am opposed to the amendment, I desire to say, to save time, I do not think there is any question but that it is germane.

The CHAIRMAN. It is clear to the Chair that the gentleman from Arkansas has stated the effect of this amendment; and, if that be correct, the amendment is certainly in order, and the Chair overrules the point of order. The gentleman from Nebraska.

Mr. McLAUGHLIN of Nebraska. Mr. Chairman, in one sense I regret to be constrained to offer this amendment, in view of the fact that several members of the Committee on Banking and Currency have expressed themselves as being opposed to it. However, it seems to me, based on the very purposes of the act itself, namely, to help the farmers, and based on the volume of letters and petitions that have been coming in from the great agricultural States where the bulk of the products of this country are grown, that in simple justice to the farmers the maximum amount of \$10,000 should be increased so as to accommodate those who need to take advantage of the provisions of the act.

Now, Mr. Chairman, the facts are these: That in the great producing sections of this country the farms average in size from 200 acres up—I think, to be correct, it is about 237 acres to the farm—and the average price of land in the corn belt is \$200 an acre. This \$10,000 maximum is such that it can only accommodate the man with an 80-acre farm in that part of the country. In some sections of the United States the \$10,000 maximum is all right, but we want to provide that in those sections of the country where a man who may be just as poor proportionately on 160 or 320 acres as the man is on 80 acres can be properly taken care of. It is just as essential that the man on the large farm be privileged to pay off the higher-rate mortgage he is now carrying and have funds to tile and improve and stock his farm as it is to accommodate the smaller landholder. The agitation on the subject of the high cost of living is so critical that we must give the farmer every possible encouragement in his efforts toward increased production. Now, Mr. Chairman, I have not the time under the five-minute rule, but had I the time I could give instance after instance that has come to my attention where men are unable to finance their farms on the maximum allowance of \$10,000. In such cases they are forbidden to take advantage of this act and are compelled to go out and borrow at a higher rate of interest from private concerns and renew their mortgage every five years, paying a liberal commission on the loan every time it is renewed. It is these higher-rate loans that are proving a burden to these farmers

and will cause many of them to give up the battle if they do not get relief. If we really propose to adopt something which will be of advantage to the producer, we need to increase this maximum to \$25,000. The argument will be used, Mr. Chairman, that the Government is loaning its money to these men in order to accommodate the poor man. That is not the case at all. These farmers are loaning this money to themselves. The Federal farm-loan bank is not a benevolent institution at all, but it is a business proposition. Under this small maximum the farmers out in Iowa, Nebraska, Kansas, the Dakotas, and these other great corn-producing States where the farms are from 160 to 320 acres or more, get absolutely no benefit whatever from this act.

The act as it now stands accommodates only the 80-acre man, and it is a well-known fact that in the real producing parts of the country an 80-acre farm is such an exception that it is almost a curiosity; so when we ask for this increase to \$25,000 we are asking only for that which will serve the purposes for which the act was originally intended.

If the House does not see fit to adopt my amendment at this time, I sincerely hope that when the chairman of the Banking Committee brings out his separate bill providing for a larger maximum, which he assures me he will do, that favorable action may be had. For the consideration of Members of the House I wish to print in connection with my remarks a letter that I received from D. P. Hogan, president of the Federal Farm Land Bank of Omaha, together with a concrete case illustrating the handicap of an Iowa farmer occasioned by this inadequate \$10,000 maximum. I commend this letter to the serious attention of the Members of the House:

THE FEDERAL LAND BANK OF OMAHA,
Omaha, Nebr., July 19, 1919.

Hon. M. O. McLAUGHLIN,
House of Representatives, Washington, D. C.

DEAR MR. McLAUGHLIN: The Federal Farm Loan Board has in its two annual reports recommended an amendment to the Federal farm-loan act, providing for an increase in the maximum loan limit to one borrower from \$10,000 to \$25,000. The need of such an increase is, I am sure, apparent to you. You are familiar with farming conditions throughout our district, composed of Iowa, South Dakota, Nebraska, and Wyoming.

In order to give a practical example of the necessity for this increased loan limit I have in the inclosed typewritten pages written the true story of a friend of mine, whom I have called William Collins, which is typical of thousands of other farmers in Iowa, Nebraska, and South Dakota.

While this sketch describes a corn-belt farmer, our investigations show that in order to carry on a reasonably profitable ranch or mixed farming proposition in western or northwestern Nebraska a large amount of capital is required also.

I think many people are of the opinion that because corn-belt lands are selling at high prices, most if not all corn-belt farmers are rich. You and I know that most farmers are struggling hard to pay for the farms upon which they live.

I wish you would give this article careful consideration, and after you have read it write and tell me what you think of it. I think the present law works a rank injustice in obliging men like Mr. Collins to pay this \$2,026.31 into the pockets of stockholders of joint-stock land banks, instead of being allowed to make their loans through the Federal Land Bank of Omaha.

I think some Congressmen fail to distinguish between Federal land banks, which return all profits to borrowers and furnish borrowers with loans at actual cost, and joint-stock land banks, in which all profits are paid to outside stockholders.

Hoping you will give this matter consideration and help to secure an amendment providing for an increase in the loan limit to at least \$25,000, I remain,

Yours, very truly,

D. P. HOGAN, President.

WILLIAM COLLINS, A FARMER OF ADAIR COUNTY, IOWA, WISHES INFORMATION—HE CAN NOT UNDERSTAND WHY HE IS NOT ALLOWED TO SAVE \$2,026.31 BY MAKING HIS LOAN THROUGH THE FARMERS' BANK—THE FEDERAL LAND BANK OF OMAHA.

[By D. P. Hogan, president of the Federal Land Bank of Omaha.]

Mr. William Collins is a farmer living in Adair County, Iowa. I knew him 20 years ago as a farm hand, and he attracted my attention on account of his honesty and industry. He was not yet 21 years of age at that time, but had saved enough from his wages to buy a team and a set of harness. I loaned him enough to buy another span of horses, some farm machinery, a little start in brood sows, a couple of cows, seed corn, horse feed, and some household furniture and asked the merchant to give him credit for such groceries and work clothes as he would need until he grew a crop.

He set to work with right good will. His sister kept house for him and he had splendid prospects for a good crop, when on the 25th day of July his entire crop was utterly destroyed by a hailstorm that devastated that locality. He had just cut a couple of rounds of his oat crop. The rest along with the growing corn and hay was beaten into the ground.

The next day he came to town thoroughly discouraged; told me he was worse off than nothing, that his property would not bring what he owed, but that he would turn everything over to me to pay as far as it would go and then go to work again as a farm hand and earn enough to pay the balance.

I told him to brace up, go back to the farm, make the best of it, keep his stuff, and prepare for another year. I loaned him enough more money to purchase several young cows and their milk paid for his living for another year.

The next year was a good one, prices were good and he got on his feet again. The teacher of the nearest school boarded with him and his sister. Before another year he and the school teacher were married.

They were both thrifty, industrious, and economical. They worked hard and saved every dollar possible, doing without everything except the barest necessities, but they were happy and cheerful, taking pleasure in their work, in their growing children, and in watching the growth of the fund they were saving to purchase a farm home of their own.

William went to the fields early and worked late, cheered on by his helpful wife, who had most of the chores done when he returned from the fields in the evening and helped him milk the cows when the flies ceased to pester them after supper. She was also fond of chickens and raised several hundred every year, and in that way added to the fund with which to buy their farm.

After several years they managed to accumulate sufficient money to make a payment on 160 acres of land, the seller of the land taking a mortgage back for about three-fourths of the purchase price. They continued to work hard and live very modestly, not even buying a Ford until two years ago, though many of their neighbors had cars, and a car would have been a great convenience to them to drive to town in the evenings after work, go to church, visit the neighbors occasionally and their home folks, who lived 20 miles away.

It was necessary to spend considerable money draining the farm, and they were anxious to reduce the mortgage, so they did without many things they wished. They now have a family of four boys and two girls, the two oldest boys being old enough to work in the fields and each do almost a man's work during the farming season. The other two boys will soon be able to work on the farm.

Mr. Collins desires to keep his family with him, and when the children are old enough to provide farms for them. Even now there is hardly enough work for himself and two boys on the 160-acre farm. Unless he buys more land he realizes that the boys will soon leave home and seek employment either as farm hands or otherwise.

A farm of 80 acres, adjoining his 160 is for sale at \$200 per acre. He thinks the price is high, but it is close by, is a good farm, and is worth more to him than land farther away. He thinks he will never be able to buy it any cheaper.

He has made inquiries to see if he could secure the necessary \$16,000 with which to purchase the farm. Still having \$4,000 remaining unpaid on the original 160 acres, he would require \$20,000 on the 240 acres. Upon inquiry of the nearest secretary-treasurer of a National Farm Loan Association, he was told that the law limits loans to not more than \$10,000 to one borrower, and for that reason he could not be accommodated by the Federal land bank of Omaha.

He made inquiries elsewhere and found the best he could do was a loan of \$20,000 on the amortization plan at 6 per cent per annum, from a joint-stock land bank, operating under the Federal Farm Loan System, or a loan from another institution engaged in the farm-loan business at 6 per cent per annum with an added commission. Joint-stock land banks are allowed to loan any amount to any person for any purpose, while Federal land banks may only loan to actual farmers operating the land and are limited to \$10,000 to one borrower.

Before deciding upon what was best to do Mr. Collins had his wife, who was a school-teacher, figure out the difference in the cost to them at the end of 10 years on a loan of \$20,000 at 6 per cent from a joint-stock land bank and a loan of the same amount, if he could secure that amount, from the Federal Land Bank of Omaha at 5½ per cent.

After figuring the matter over, Mrs. Collins reported to him that there was an annual difference of \$100 the first year, and this difference would decrease slightly annually during the 10 years on account of the amortization payments. She figured the total difference, counting compound interest on the amount saved annually, would amount at the end of 10 years to \$1,216.19 in favor of the Federal land-bank loan.

She was told that the Federal Land Bank of Omaha was now making net earnings at the rate of 12 per cent per annum, which belonged to borrowers, which would provide an additional saving of \$810.12, making a total saving of \$2,026.31 under the Federal farm-loan plan.

Now, Mr. Collins can not understand why he is obliged to pay this \$2,026.31 to another farm-loan institution, when he could save that amount by making a loan with the Federal Land Bank of Omaha.

He has a boy now 11 years of age, and he and Mrs. Collins think it would be a nice thing to save this \$2,026.31 to start this boy for himself when he becomes 21 years old; or, if the boy was otherwise provided for, it would be a nice dowry for one of their daughters, now 9 years of age, when she becomes 18 and possibly soon after marries some farmer boy in the neighborhood.

Upon investigation Mr. Collins has found that both joint-stock land banks and Federal land banks obtain funds for loans by the same tax-free bonds. He has learned that all stock in Federal land banks belong to borrowers, and that all net earnings go to them, while in joint-stock land banks all profits go to private investors.

He inquires quite naturally what becomes of the \$2,026.31. He reaches the conclusion that if he is not allowed to save this \$2,026.31, it will go into the pockets of the stockholders of other farm-loan concerns. He has been told that the Federal Farm Loan System was established for the benefit of farmers like himself. He can not help but believe that in his case it works to the benefit of the stockholders of joint-stock land banks.

This is a very important matter to a man like Mr. Collins, who with his family works hard, denies himself many conveniences, and desires to provide for his family and see them started out in life under more favorable circumstances than was he himself.

The United States census shows that there are many thousands of farmers in the Omaha Federal land-bank district situated the same as is Mr. Collins. This \$2,026.31 that he is caused to lose may be multiplied many times to show the losses to actual farmers by reason of this provision limiting maximum loans to \$10,000.

Farmers in the Omaha Federal land-bank district are unorganized. Other institutions engaged in the farm-loan business are well organized. They are permitted to and are now furnishing Members of Congress with a full and complete statement of the case from their standpoint.

I am not a politician and do not wish to use objectionable political methods to place this matter before Congress. All that I wish is that Congress be fully informed. I do not think the average Congressman knows that the Federal farm-loan act as it stands on the statute books to-day works such great injustice to the actual farmer who is operating his own farm.

I can not believe that if the Members of Congress knew the exact state of affairs they would for a minute tolerate the present law, whereby a worthy farmer like Mr. Collins is discriminated against in the interests of stockholders of joint-stock land banks, which enjoy the tax-free features of the Federal farm-loan act.

I am confident that Federal land banks would not be accused of pernicious political activity if they collaborated in laying before Con-

gress evidence that farmers operating the most profitable and productive farm units are refused the opportunity of obtaining loans at lower rates through Federal land banks.

This farm of Mr. Collins is a typical corn-belt farm. Farm lands in the corn belt are now worth upwards of \$200 per acre. The present loan limit of \$10,000 will only benefit the man who owns an 80-acre farm. Unquestionable statistics prepared by agricultural experts prove what every practical banker and farmer knows—that an 80-acre farm in the corn belt under the present conditions can not be operated at a reasonable profit.

Is it right that the thousands of worthy farmers like Mr. Collins, operating their own farms, working hard through good conditions and bad in order to provide homes for their children, should be refused loans through Federal land banks at 5½ per cent and be obliged to obtain loans through joint-stock land banks or other farm-mortgage institutions at 6 per cent and more?

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

Mr. BLANTON. Mr. Chairman, I move to strike out the last word of the gentleman's amendment.

Mr. STRONG of Kansas. Mr. Chairman—

The CHAIRMAN. The gentleman from Arkansas [Mr. WINGO], a member of the committee.

Mr. WINGO. Mr. Chairman, the gentleman from Kansas who has asked for recognition is a member of the committee.

The CHAIRMAN. The Chair will recognize the gentleman from Kansas at the present time.

Mr. STRONG of Kansas. Mr. Chairman, I hope this amendment will not prevail. The purpose and object of this whole act is that men of small means, small farmers, may secure a loan at a reasonable rate of interest. It is not the purpose of this bill to furnish money in order to let rich men increase their holdings and become large landowners. The amount that can be loaned under this act was purposely put at \$10,000 in order to help the small farmer and not to encourage the purchase of large amounts of land. Now, I come from an agricultural district, and my ambition is to faithfully serve those interests, but it is not to the best interest of either the real farmer of my district or of this Nation to encourage either speculation in land or the purchase of land by men who are acquiring large tracts, for such men generally become landlords. What this Nation needs is home owners and not renters. A loan up to \$10,000, which is the limit allowed in the present law, will take care of the requirement of any farmer who needs the help of the Government in getting money at reasonable rates of interest. Men who have property on which to borrow more than that can take care of themselves.

The average farm loan in my State is but \$3,132. The average loan made in the State of the gentleman who has just spoken, in Oklahoma, is \$1,680. That being a fact, and for the reasons I have just given, the committee was very much opposed to increasing the amount of loans that could be made to \$25,000. This matter was taken up before the committee, and after being carefully considered it was unanimously decided it would not be raised above \$10,000, and I do hope that the members of the committee will not increase that amount.

Mr. TINCHER. What, if any, objection was there to raising it?

Mr. STRONG of Kansas. Simply because it allows men to go out and mortgage their holdings and buy a large amount of land. It defeats the purpose of the act, which was to accommodate the small borrower.

Mr. TINCHER. But it takes more money to buy a farm now than when this bill was enacted into law. Does not the gentleman know that in his State the law is evaded now, and they are making loans where a man makes a loan of \$10,000 and his wife makes a loan of \$10,000?

Mr. STRONG of Kansas. I do not know it, and I do not think the gentleman knows it.

Mr. TINCHER. Well, I do.

Mr. DICKINSON of Iowa. And would not the increase of this to \$25,000 assist many men that are now renters in making a small payment and buying a farm on the easy-payment plan by Federal loan?

Mr. STRONG of Kansas. It will not help a renter any, because he does not borrow \$25,000 to buy a farm.

Mr. DICKINSON of Iowa. Suppose he had \$3,000 to pay down, and could borrow \$20,000?

Mr. STRONG of Kansas. Whenever a renter has \$3,000 and borrows \$20,000, he is hopelessly swamped at the start.

Mr. DICKINSON of Iowa. They are doing it in Iowa.

Mr. STRONG of Kansas. They can not do it under this law.

Mr. TINCHER. Does the gentleman want to say that you can buy a farm but you can not buy a good farm?

Mr. STRONG of Kansas. I do not want to say anything of the kind, but I do not want to say to the renter, "We will furnish you enough money so that you can never pay the interest and will finally be foreclosed and lose what you have," and we do not want to say to the rich man, "We will furnish you

money to buy the land and prevent the tenants from becoming home owners." This is a bill to help the small farmer, the small borrower, and there should not be an amendment brought in here to enable a man to borrow \$25,000 in this way.

Mr. HUDSPETH. Then it is the idea to keep the small farmer always a small farmer, under this bill?

Mr. STRONG of Kansas. My idea is that the best thing we can have in this land of ours is a lot of small landowners.

Mr. SMITH of Illinois. Is it not a fact that under this bill you have to have \$25,000 of actual capital, an equity of \$25,000, before you can borrow \$25,000?

Mr. STRONG of Kansas. That is true; only the very well to do could borrow over \$10,000.

Mr. SMITH of Illinois. If that is true, we had better loan them all the money.

Mr. STRONG of Kansas. I can not agree with my colleague. The purpose of this act was to enable the small farmer to borrow for his needs, not for purposes of speculation, and to help him to so borrow at reasonable rates of interest and save him high commissions; he alone is the one who needs help, for the rich farmer or speculator has credit which enables him to borrow readily and secure fair rates. I hope this amendment will be defeated.

Mr. LUCE. Mr. Chairman, there are so many arguments against this amendment that it is useless in five minutes to cover them all, and so let me center my attention upon one that has not been emphasized.

There never was a time in the history of the United States when it was more dangerous and more unwise to expand facilities for credit. All those who understandingly discuss the drop in the purchasing power of money—for by speaking of it thus its equivalent, the high cost of living, can be more intelligently explained—all those who understandingly discuss the drop in the purchasing power of money say that one of the great causes, and perhaps the greatest of all the causes, of our troubles to-day is the expansion of credit. This began long before the war. It had been encouraged by a course of legislation extending over years, and notably by the creation of the Federal reserve bank system. To the enormous growth of the credit structure has been in great measure due the increase in the cost of living, or, in other words, the drop in the purchasing power of money.

To-day's newspapers report the President of the United States as saying at Minneapolis what he had previously said in this room—that there is a relation between the delay in action upon the peace treaty and the cost of living. Sir, my warrant in addressing myself to this subject is that I have been the chairman of two commissions on the cost of living, one of which sat nine years ago. I cite it simply to recall that nine years ago, long before the war, the fall in the purchasing power of money had led various States, as it led the Senate of the United States, to take up this subject and to inquire as to the reasons. It was then shown that the basic fundamental cause at work has been the inflation of the currency, for the greater part of which consists of instruments of credit.

As a result we to-day see in every corner of the land symptoms of coming disaster. We see the speculative spirit invading every home. We see the people indulging in wild extravagance. We see refusal to work. We see all the indications of approaching crisis. At such a time no man can be true to the best interest of his country if he rashly commits himself to any proposal that will help speculation, that will still further inflate the bubble, that will increase the calamity sure to come when the bubble bursts.

Mr. PLATT. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 27 minutes.

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

Mr. PLATT. Mr. Chairman, I reserve two minutes to myself.

Mr. WINGO. Mr. Chairman, I think it might be well for the committee to get down to fundamentals on this proposition. Let us see what was the justification for the farm-loan act. It was not the mere furnishing of a Federal agency to accommodate the citizens generally throughout the country. The only justification for the farm-loan act was this: The farmers of the country who have small farms and want small loans under the conditions that prevailed before we enacted the law were without any facility to get their credits at a reasonable rate. Then in order to help, not them primarily but to safeguard the economic welfare of the country and to promote the increased production of foodstuffs, we said, "We will set up a Federal agency to mobilize these small-farm credits of the Nation that now have no facility by private financing or private loan companies."

That was the justification for the enactment of that legislation. Those of us who were here when the act was originally passed

know that \$10,000 was regarded by everyone who had studied the philosophy of the question as being too high, but we were "held up" and had to agree to \$10,000.

Mr. SNYDER. Mr. Chairman, will the gentleman yield to a question right there on that matter of \$10,000?

Mr. WINGO. Yes.

Mr. SNYDER. A moment ago in the debate I heard some one say that under the act as it is now a loan had been made for \$10,000 to a man owning a farm, and also a loan of \$10,000 had been made to his wife.

Mr. WINGO. I do not know about that; but if I did know that, I would not think I had discharged my duty until I had gone to the Farm Loan Board and had advised them of that subterfuge.

Mr. SNYDER. There is nothing in the original act to prevent that?

Mr. WINGO. There is nothing in the original act to prevent it, but undoubtedly that is a subterfuge. Under the present existing system a man who gets a loan of \$25,000 must have a farm plant worth near \$75,000, because we limit the loans to 50 per cent of the value of the land and 20 per cent of the improvements. When you figure out a farm that would be entitled to a \$25,000 loan, you would find it would be based on a plant worth in many cases \$60,000 to \$75,000.

I ask what justification is there for the Federal Government to set up a Federal paternalistic agency to assist the man who has a farm worth \$75,000? Can he not stand alone? What public interest is subserved by putting a governmental agency to work in helping a man who is in that position?

The truth is that in Nebraska, except one portion of it, and in Kansas, Illinois, Iowa, and in Indiana they said when the original act was passed, "We are not interested in this legislation, because we have already full facilities for financing loans at a low rate." In Iowa and Kansas and Illinois millions of dollars are loaned on farms by insurance companies and private loan companies at a low rate. But the fact is that the insurance companies and private loan companies have been confining their loans to what they call "cream loans," and left the small man without a market at a fair rate for his loans, and that is the reason why we enacted the farm-loan act. The man who has a farm upon which he is entitled to a loan of \$25,000 can go to a private agency and get them to make a loan at the same rate that the farm-loan bank makes him. If the gentleman says it is not true of a farmer that he knows, I will put him in touch with an institution which I know will give him a loan on his \$50,000 farm. There is land speculation in Iowa and in every other State of this Union. Why, I recently read a statement where a man has made \$87,000 by buying and selling his farm several times over. If you make this a Federal paternalistic scheme and go into competition with the private loaning companies of the country, you can not answer the legitimate criticisms that can be made of it. [Applause.] Let us keep the system for the benefit of the men who can not get loans at a reasonable rate because their loans are too small to be handled by the private companies, and let the independent, large landowner, who is able to care for himself and needs no Federal aid in order to survive, depend upon private sources which are ample and reasonable to finance his legitimate needs. [Applause.]

Mr. BLANTON. Mr. Chairman, I am not in favor of debauching the farm-loan act in behalf of the big borrower of the country. If I were to selfishly consider merely the interest of some of my good friends in my own district, I would be in favor not merely of increasing the maximum loan from \$10,000 to \$25,000, but I would be in favor of raising it to \$100,000, because I have in my district some very large landowners who own even as much as 200,000 acres of land, and who have little farms scattered over their holdings, who in the stress of times would be glad to borrow \$100,000 from this Government. I am ready to look after their interests when the time comes under a proper bill that is meant to take care of their interests. But I am not ready and am not willing, even though it is to the interest of some of the big landowners in my district who are my friends and constituents, and who helped to send me here, to debauch this bill and this measure, which was passed in behalf of and in the interest alone of the farmers of our land—the men who have had trouble in the past in getting credit and in getting loans.

Take a man who needs over \$10,000 in a loan and he is ready to go out of the farming business. It is to the detriment of a man to farm in the ordinary sense of the term if he has to borrow more than \$10,000. Why, what does \$10,000 represent in the way of a farm? It means 200 acres of land mortgaged to the extent of \$50 an acre. Is not \$50 an acre enough money for this Government to loan on 200 acres of land? Is not 200 acres of land enough land for any farmer on God's green earth to attempt to cultivate, and cultivate properly, and do it to the best interest

of himself, his family, and his Nation? If this amendment is passed, the large landowners all over the country will bring themselves within the provisions of the act and each borrow the maximum of \$25,000, thus flooding the money market with such loans, and it would not be very long until it would be impossible for a small farmer who frequently needs help and credit most of all to get a loan or to borrow any money at all, and the purposes of this farm-loan act would be thwarted. It was passed for the benefit of the needy farmers. We must jealously protect it in their behalf. The good farmer is the intensive farmer, and is not a land speculator. I sincerely hope that the amendment will be defeated.

The CHAIRMAN. The gentleman from Iowa [Mr. TOWNER] is recognized for five minutes.

Mr. TOWNER. Mr. Chairman, the Farm Loan Board have had called to their attention the fact that in some cases loans have been made to various members of the same family in excess of the \$10,000 limit as a total. In so far as is possible they have stopped that practice entirely, so that it does not need longer to be considered.

I do not agree with some gentlemen who have spoken as to the object of this legislation. The object of this legislation primarily was the reduction of the interest on farm loans. It has had that effect. A secondary result which was desired and which has been secured has been the equalization of loans throughout the United States in so far as the interest rate was concerned. That result has been largely achieved.

The total effect of the operation of this law has been in every way beneficent. Gentlemen say it was intended alone for the small farmer. I do not agree with that statement. It is principally for the benefit of the small farmer, because he has needed the benefit more than the large farmer, but it was for the large farmer as well, and the prosperous farmer as well. Do you intend here to-day to put a handicap upon the successful farmers of the United States? Do you intend to put a handicap on the farmers in the State of Iowa who have raised the average price of their lands to \$200 an acre? The average farm in Iowa is 157 acres. It means that one-half of the farms in Iowa are larger than 157 acres. It means that one-half of the farms in Iowa are smaller than that. Do you intend to put a handicap upon those who have larger farms? Is that the object of this legislation? It seems to me you can not properly do so.

The average 160-acre farm in Iowa to-day is worth \$32,000. Are you going to say that because it has such large value you are going to put a handicap on the man who owns it and who by his energy and industry has made it successful and has made his business successful? It is as important for him to have a cheap rate of interest as it is for the smaller man. And, gentlemen of the committee, is it wise for us to establish two standards of interest, one smaller than the other? Is it best for us to say, "If you desire a loan of over \$10,000, you must pay a larger rate of interest for it than the man who desires a smaller loan?" Certainly there is no economic justice in that argument. It occurs to me that we ought to take consideration of the fact that since this farm-loan act was passed there has been a great increase in the value of the best farm lands of the United States. Certainly we should not do anything here that would take away from those men the desire to make farming prosperous in the United States. To reduce the rate of interest helps the production of the United States, whether it is on large farms or on small farms.

I desire to say this much more also: The men who derive the most from an acre of ground in the United States are not the men who own the smallest farms in the United States. They are the men who own farms that on the average are greater than 160 acres of land, the men who by the employment of capital can secure the necessary help and the necessary machinery to make every acre of land productive to its utmost capacity. Intensive farming is as practicable on a large farm in the United States as it is upon a small farm, and the people who buy the farmers' products are benefited in a like ratio.

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

Mr. TOWNER. I yield to the gentleman from South Carolina.

Mr. STEVENSON. The gentleman thinks there ought not to be a limit below \$25,000. Now, why put any limit at all upon the amount of the loan if it is merely for the purpose of reducing the interest rate to the farmer who farms his own land?

Mr. TOWNER. I think that argument can hardly be regarded of very great weight. We are trying here to establish a standard that will apply reasonably and fairly to farming conditions in the United States. I think that is carried out by the amendment of the gentleman from Nebraska [Mr. McLAUGHLIN].

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

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

The committee informally rose; and the Speaker having resumed the chair, a message in writing from the President of the United States, by Mr. Latta, one of his secretaries, was received, who also informed the House of Representatives that the President had approved and signed bills of the following titles:

On August 31, 1919:

H. R. 8076. An act authorizing the county of Montgomery, Tenn., to construct a bridge across the Cumberland River within 7 miles of Clarksville, Tenn.; and

H. R. 8117. An act for the construction of a bridge across the Susquehanna River at or near Falls, Wyoming County, Pa.

On September 3, 1919:

H. R. 7594. An act relating to the creation of the office of general of the armies of the United States.

AMENDMENTS TO FEDERAL LOAN ACT.

The committee resumed its session.

Mr. MORGAN. Mr. Chairman, so far as this amendment is concerned, it would not materially affect my district, because the land there is not so high in price, and I think a limit of \$10,000 is high enough to meet the wants of the farmers in my district. But I really see no serious objection to adopting this amendment. Some gentlemen seem to have the idea that these are Government loans, and therefore should not help those who are well to do. These are not Government loans. The farmers, the borrowers themselves, furnish the capital for all of these loans. It is true that originally the Government gave these banks \$750,000 temporary capital, but already that is being paid back. In a few years the Government of the United States will not have one single dollar invested in the capital of these banks. The borrowers furnish the entire capital, and all the Government has done is to permit them to organize these banks, to pass a law creating these banks.

Now there is and could be but one valid objection to increasing the amount of these loans. The number of loans which the Federal land bank can make depends upon the sale of bonds. Temporarily the Government bought a large block of those bonds, but it is not and will not be the policy of the Government to buy those bonds. So that the number of loans and the amount of loans which the bank makes will depend upon its ability to sell these bonds on the money markets of the Nation. Evidently if the loans are large you can accommodate a less number of men. That is the only real objection. It does not injure the \$10,000 borrower at all for some other man to borrow \$25,000. In fact, it will decrease his rate of interest, if anything, because the overhead charges are levied upon the entire outstanding loans, and it is to the interest of every borrower to have those outstanding loans as large in amount as possible, because the more loans there are the less percentage will have to be levied upon each man to pay the administrative expenses. I think that States like Iowa and Nebraska, and some other States, where lands are high have a good appeal to make to this Congress.

Coming from a State where loans are small, I shall not object to having those loans increased so as to make it useful where places are of high value.

Mr. KINKAID. Will the gentleman yield?

Mr. MORGAN. I will.

Mr. KINKAID. Will the gentleman state the maximum loan of the joint-stock land bank? Is there any?

Mr. MORGAN. My memory is that there is no limit.

Mr. KINKAID. No; why should there be with the Federal farm-loan banks.

Mr. PLATT. I will say there is no limit in law, but by regulation they are allowed to loan only \$50,000.

Mr. KINKAID. That is the statement I wanted to make.

Mr. MORGAN. The Federal land bank ought to be able to compete with the joint-stock land bank. If I had my way, I would wipe out the joint-stock bank. I never thought that they should be created. We ought to give the Federal land banks, which are owned by the borrowers, which are cooperative institutions, the right so that they can compete in business and do business in competition with the joint-stock bank, which are money-making institutions organized for profit, and all the profit goes to the stockholders of those banks, whereas the profit of the Federal land banks go back to the borrowers, not that the Government or any private capitalist gets one cent of those profits, and I see no reason why we could not to some extent enlarge these loans.

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the committee, I do not know what reason prompted the average Member of the House when we voted to enact the Federal farm-loan act. According to my notion, when we approached the passage of that bill we approached it from an entirely different angle from that from which we approach ordinary legis-

lation. I think everybody who has had occasion to observe recognizes that the owned home is the foundation upon which government rests. [Applause.] There is a limit upon the land that is suitable for agricultural homes, and there is a limit upon cheap credit. Now I submit to you as statesmen who love your country, do you not look with apprehension upon the drift of this country toward absentee landlordism and large individual ownerships of farm lands? I say to you, gentlemen, that instead of doing something to help the man who has three or four hundred acres to get this cheap money to buy a piece of land which some poor man might otherwise get, I would like to see a legislative policy which would make it difficult for him to do it. I warn you to-day, gentlemen, that if you pass this amendment and embark upon a legislative policy like this, the day will come when you will have to do something radical to undo that which you to-day begin. [Applause.] I live in a country where land is high. I live in a country where landlordism is on the increase. In my State over 52 per cent of the farmers do not own their land. The chief importance of this is not due to the fact that it is a matter of primary concern to the tenant, though that fact makes it important. It is its vital concern to the great State of Texas as a government which makes it so important. The very foundation upon which its structure rests is involved. I urge you, gentlemen, that the Federal farm-loan act is not legislation enacted primarily to help man make more money; it is legislation enacted primarily to build stronger the foundation upon which the Government rests. [Applause.] And when you amend that act so as to aid a man with 200 acres of land, in competition with some man who is not so well fixed, who is trying to buy a little home for himself, you violate the whole philosophy and purpose of the act. You propose by this amendment to help that man with private credit behind him, who has two or three hundred acres of land—you propose to loan him \$25,000 to go into the market for more land. What chance has the little fellow got under such a legislative policy in competition? Gentlemen, you are legislating to-day not for the man in Nebraska who owns a farm there and wants to buy more land, not for the man in Dallas County, Tex., where land is worth \$200 or \$300 an acre, and who could use \$25,000 cheap money to buy more land, but you are legislating to-day to help that man who desires to own a home in which to raise his children; we are legislating to-day to help improve conditions in the United States; we are legislating not out of consideration for individuals, but because of concern for our Nation, which to-day is becoming weakened—the very foundations upon which it rests is becoming weakened by loss of its owned homes. Let us strike out this amendment, and let us help to build beneath the structure of our Government a foundation of owned homes, rather than to help the man who already has a home to deprive some other man of the right to have a home. Build beneath any form of government the foundation of owned homes and its citizens will guard and guide it through any crisis which may befall. This is the chief duty of our statesmen, and should be the chief concern of our citizens. [Applause.]

Mr. PLATT. Mr. Chairman, I do not know that it is necessary for me to use any further time after you have listened to the excellent speech of my friend from Texas [Mr. SUMNERS]. I just want to say that this is a question which the committee will take up by itself and consider somewhat further. Of course, we ought not to increase the limit to \$25,000. This Federal farm-loan system is a system subsidized by the Government, which furnishes the initial capital, pays all the appraisers and registrars, pays the whole expense of safeguarding and supervising, and there is no reason why we should extend it to reach the rich landowners. Now, the average loan is less than \$3,000, showing that the very people we intended to benefit are being benefited. There is no reason why we should extend it and add to the speculation in land which is now in progress in several States of the Middle West.

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

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 5. That section 20 of said act be amended by striking out \$25 and \$50 in line 2 of paragraph 1, and also by inserting after \$1,000 the words "and such larger denominations as the Federal Farm Loan Board may authorize," so that the paragraph as amended will read:

"SEC. 20. That bonds provided for in this act shall be issued in denominations of \$100, \$500, \$1,000, and such larger denominations as the Federal Farm Loan Board may authorize; they shall run for specified minimum and maximum periods, subject to payment and retirement, at the option of the land bank, at any time after five years from the date of their issue. They shall have interest coupons attached, payable semiannually, and shall be issued in series of not less than \$50,000, the amount and terms to be fixed by the Federal Farm Loan Board. They shall bear a rate of interest not to exceed 5 per centum per annum."

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

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 7, line 10, after the word "of" insert the following, "\$25, \$50."

Mr. WINGO. Mr. Chairman, will the gentleman permit a suggestion? His amendment is but a negative of the proposal he seeks to amend. I do not want to make the point of order. I know what the gentleman wants to do, he wants to move to strike out section 5. His proposal as read will restore the existing law and therefore it would be out of order, because it is the negative of the pending amendment.

Mr. MORGAN. Mr. Chairman, if that is the parliamentary situation—

Mr. WINGO. I do not want to shut the gentleman off.

Mr. MORGAN (continuing). Then I will withdraw the amendment and ask to strike out section 5.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent to withdraw the amendment. Is there objection? [After a pause.] The Chair hears none. The gentleman from Oklahoma offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. MORGAN: Page 7, line 4, strike out all of section 5.

Mr. MORGAN. Now, Mr. Chairman and members of the committee, section 20 of the original act starts out in this way:

Bonds provided for in this act shall be issued in denominations of \$25, \$50, \$100, \$500, and \$1,000—

And so forth.

Now, this proposal is to strike out the provision which authorizes the issuing of bonds of denominations of \$25 and \$50. That is the change that is made.

Now, I interrogated the chairman of the committee when he was discussing this amendment, and I have read the report. Apparently the only excuses they give are, first, that but few of these bonds of small denominations have been sold; that there is no demand for bonds of small denominations; and, second, they say that to issue bonds of small denomination will encourage inflation, and therefore they have decided it will be best to strike out that provision and permit no bonds to be issued of denominations under \$100.

Now, we ought not to change an original act until experience has demonstrated that it should be changed. This is a new law. These are new institutions, untried in this country. In constructing the original act Congress followed largely the institutions of Europe. Now, the times have been abnormal. Before these banks had hardly got started the war came. The war monopolized the money market, so to speak, and these banks have not had a fair chance yet to develop so that we can ascertain just what they can do. Now, this I know, and every man who has studied the history of European institutions knows it, that in those countries these bonds are purchased, and universally they are issued in small denominations, the idea being to have them so that men of small means can purchase them.

Now, after all, what is the problem our Federal land bank must solve in the future? It is largely a question of securing a market for these bonds. They have been in operation now three years. Two hundred and thirty-eight million dollars of loans have been made. The Government furnished a market and purchased \$80,000,000 of those bonds, I think. The American public does not yet understand these bonds. So far they have been relying on banks and moneyed institutions as a market for the purchase of the bonds. And I fear that this amendment is made in the interest of the banks. I am afraid that the object in keeping their denomination up to \$100 is—

Mr. SMITH of Michigan. Will the gentleman yield? I understood the gentleman to say that the average loan was \$3,000. Can the gentleman give the committee any information as to the initial cost to the borrower of such a loan as that?

Mr. MORGAN. That is foreign to the subject that I am trying to impress upon the House. I do not think I could, off-hand, answer the question. But the question is, Will we amend to-day this original act, untried as it has been, and say that these banks shall not issue bonds in denominations under \$100? What good can come from that? What purpose is to be served? The fact is that these banks must go out and educate the American public to buy these bonds.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. MORGAN. Yes.

Mr. CAMPBELL of Kansas. Is it not true that these bonds were so popular that the Farm Loan Board had to withhold them from the market in order to keep them from being taken in preference to the Government bonds?

Mr. MORGAN. I do not know whether that is true or not. I do know that the Secretary of the Treasury practically required that they should cease to sell bonds, because he said that in time of war the whole money market and credit power of the Nation should be put into that war, and he did not want to be embarrassed with the sale of these bonds.

Mr. CAMPBELL of Kansas. These bonds were popular because they were exempt from taxation, while the Government bonds were not.

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

Mr. MORGAN. May I have three minutes more?

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent to proceed for three minutes.

Mr. PLATT. I shall not object to three minutes, but there is no use of debating this proposition, inasmuch as it is so simple. I shall object to any further extension.

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

Mr. MORGAN. It may be a very simple proposition and not debatable, and I think so myself. For that reason I can not understand why the committee should bring in such a bill. I asked the chairman if the Secretary of the Treasury had been called upon to make the recommendation upon this point, and he said not that he knew of. And why should we make a material and important amendment of this kind that goes to the very foundation of this loan system without some advice from the Secretary of the Treasury or without some thorough investigation? We have nothing but theories to lead us into this. What does this mean? It simply means that you are taking from these banks an avenue by which they may sell bonds. You are taking away from them part of the credit which they have under this. Why? Because a man must have \$100 before he can buy a bond, and so the \$50 man and the \$25 man can not be an investor in these bonds. I say you are destroying the fundamental principle on which this act was built, namely, that these bonds should become of universal circulation, so to speak; that they should be purchased by men and women all over this land. And it was not the idea that banking institutions should constitute the chief market for these bonds, but that they should be sold to the public generally, and the real problem of those banks in the future is to secure the market for the bonds; and we are restricting the market if we pass this amendment. Therefore, I appeal to every man who is in sympathy with this to vote against this amendment. It can accomplish no good purpose; it may accomplish a bad purpose.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Oklahoma [Mr. MORGAN].

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

Mr. MORGAN. A division, Mr. Chairman.

The CHAIRMAN. The gentleman from Oklahoma asks for a division.

The committee divided; and the Chairman announced that 15 gentlemen had risen in the affirmative.

Mr. MORGAN. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. The gentleman from Oklahoma makes the point that there is no quorum present. The Chair will count. [After counting.] One hundred and three gentlemen are present, a quorum.

The committee was dividing when the gentleman from Oklahoma demanded a quorum. The Chair will order the vote taken again. Those in favor of the amendment will rise and stand until they are counted. [After counting.] Fifteen gentlemen have risen in the affirmative. The "ayes" will be seated and the "noes" will rise and stand until they are counted. [After counting.] Fifty-eight gentlemen have risen in the negative. On this vote the ayes are 15 and the noes are 58, and the amendment is rejected.

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

The CHAIRMAN. The gentleman from Oklahoma moves to strike out the last word.

Mr. HASTINGS. Mr. Chairman and gentlemen of the committee, I regret not knowing this bill was going to be considered to-day. It was only reported five days ago. Had I known that the Banking and Currency Committee was considering amendments to the farm-loan act, I would have availed myself of the opportunity of going before the committee and offering certain other amendments. I shall not now have the opportunity of doing so.

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

Mr. HASTINGS. I will be glad to.

Mr. PLATT. The gentleman was a former member of the Banking and Currency Committee?

Mr. HASTINGS. Yes; I was when the original farm-loan act was prepared, reported, and passed.

Mr. PLATT. There will probably be other opportunities.

Mr. HASTINGS. I hope there will be other opportunities. I am glad to have that assurance from the gentleman from New York [Mr. PLATT], chairman of the Banking and Currency Committee. I did not arise to discuss the amendments before the House. I do not regard them of very great importance and do not believe that they will materially strengthen the farm-loan act in any particular.

I now want to take occasion to point out what I regard as the weakness of the farm-loan act. I think the act is a great piece of constructive legislation. The Banking and Currency Committee, of which I was a member at the time the act was passed, gave much thoughtful consideration to the provisions of the same. It was approved July 17, 1916. I stated to the committee then that the greatest trouble with the administering of the law would be found in the compulsory organization of local loan associations. I endeavored to get the committee to insert an amendment providing for the appointment of local representatives of the farm land banks throughout the country, through whom applications could be made for loans under the act. I presented such an amendment to the House when it was in the Committee of the Whole considering the original farm-loan act, but it was not adopted.

I am impressed with the necessity for such an amendment and hope that the Banking and Currency Committee will at an early date give earnest consideration to the matter. It will do away with the organization of local loan associations and permit local agents or representatives to be appointed, authorized to receive and forward all applications for loans. If this were done it would greatly popularize the act and would make it, as it was originally intended, one of the greatest pieces of legislation enacted by the Sixty-fourth Congress. Since its passage we have been largely engaged in passing war measures and have not been able to secure amendments to the act or give them the consideration they merit. Before the passage of the act I pointed out, as I do now: First, that the organization of local loan associations is unnecessary, and that the appointment of a local agent to perform functions similar to the work now done by the secretary of the local loan associations in advising farmers how to apply for loans, how to prepare their papers, and how to do all necessary things with reference to making an application, will better serve the interests of the farmers desiring to borrow money; second, the appointment of local agents would do away with the interminable delays now experienced.

Delay in securing favorable action upon loans is the chief drawback to the success of this splendid law. If local agents were appointed who are familiar with the law and familiar with the requirements of the farm-land banks served by them, they could expedite action very much upon all applications for loans. When an application for a loan was then presented to an agent, he would see that it was made out in the proper form, that the note, mortgage, and all accompanying papers met the requirements of the farm-land bank, and that an abstract accompanied the papers. If anything were omitted he would be able to satisfactorily explain the matter to the applicant, so that when the application went forward everything would be complete and in correct form.

In my judgment the disappointment experienced in the administering of this law is due to the failure to adopt this or a similar amendment. The local loan associations serve no useful or helpful purpose. In many counties through the United States there are no local associations. Hence an applicant has no opportunity to apply for a loan. When a number of farmers get together to organize an association they are not familiar with the necessary details as to how the organization should be perfected, which necessitates much correspondence and many meetings by them. All this results in long delays.

The statistics in my State show that it took from three to six months to secure loans from the farm-land banks. This is inexcusable and will, of course, nullify all the good effects of the act. No one who wants to buy a farm or who wants to secure a loan can afford to wait in a state of uncertainty for such a length of time. The owner of a farm and a prospective purchaser meet and agree upon a price. The prospective purchaser explains to the owner of the farm that he purposes getting a part of the money through the farm-land bank, but the owner of the land, knowing how uncertain it is about getting the money and the delays encountered, will not enter into a contract. The purchaser, rather than lose the trade, pays from 2 to 3 per cent additional interest to a local loan agent.

If this farm-loan act is to be made a success, and it should and can be, all causes of delay must be eliminated. Intelligent agents, who in a few moments could look over the papers, would forward them to the farm-land banks of the respective districts, have the abstracts examined within a day or two after receipt, and notify the local appraisers, so that the farmers making the applications could be advised within a week or 10 days whether or not the loans would be allowed.

The farmers constitute one of the greatest producing classes in the United States. Every one of them ought to be encouraged to own his land. It is the ambition of every tenant to own his farm. If this legislation were perfected it would enable each honest, hard-working farmer to acquire a home. It can be done by borrowing 50 per cent of the appraised value of the land and 20 per cent of the appraised value of the permanent insured improvements. Any farmer with the reputation of being economical, honest, and hard working should be able by means of this act to acquire a home by making a first mortgage to the farm-land bank and giving the money to the owner of the land and by making a second mortgage to secure the balance of the purchase price. Hundreds of thousands of tenant farmers should secure homes in this way and be able to pay for them. The first mortgage would be on long time, and the loan could be paid on easy payments. Every payment would reduce the principal and make both mortgages better security.

There are approximately 6,500,000 farmers in the United States. If every one owned his land, he would have better improvements and his place would be beautified. He would see that every foot of land is placed in cultivation and cultivated in the crops that are best adapted to his particular soil. The improvements would be kept in good repair. He would raise more stock and poultry. His land would be kept up by a rotation of crops and by the use of fertilizers, making his farm more productive and greatly increasing the quantity of grain and other things produced. The farmer would be able to live better and easier, and a home would make him more contented. The man who owns his home is deeply interested in churches, schools, and good roads, and he stands for law enforcement. He usually convicts, when he is on a jury, where the evidence shows the defendant is guilty.

I want to see this act popularized in every way. Its advantages have not been appreciated in my State. Everybody knows that it is to the interest of the farmer to borrow money upon long terms, payable in amortized payments, rather than secure it upon short loans and pay a larger rate of interest. By securing a loan under this act the farmer pays the principal along with the interest in such small amounts that he really does not know he is paying the principal. Under this act 1 per cent is added to the interest to pay off the principal. There is absolutely no chance for the Government to lose if the law is honestly and intelligently administered. With an intelligent agent, an expert in the examination of titles, and an honest, intelligent appraiser there is no chance for a loss to the Government. The Government loans only 50 per cent of the appraised value of the land and 20 per cent of the appraised value of the insured permanent improvements, and each year the security is greater as the loan is paid. In addition, it must be remembered that every farmer who owns his land, by taking proper care of it, fertilizing and rotating the crops, makes the land more valuable and the security better. There is no chance for the Government to lose.

All that the Government is doing under this law is to extend its credit. In return we have in prospect a very much larger number of farmers throughout the country owning their lands. We see beautiful houses, well-kept yards, gardens filled with vegetables, plenty of stock and poultry, and the farms cultivated in crops best adapted to the soil. We see a happy, contented, prosperous people. We see production greatly increased throughout the country, as all tillable soil will be cultivated. All this must add to the prosperity of the people everywhere. As the farming class of people are made more prosperous, bank deposits will be added to. The farmers will trade more with the merchants and give more employment to labor. They will raise more and better stock. This condition of prosperity can be brought about by an amendment to this act that will avoid delays in securing loans.

I am going to be a little personal in the matter. I recently made inquiry of the farm-land bank serving my district and found that local associations have been organized in only three of the eight counties. Of course, loans are only made to the members of these organizations. The farmers complain about the interminable delays and prefer to pay a larger rate of interest upon loans rather than to experience the delays and uncertainties of making application to the farm-land bank. Let us do

away with these delays. The chairman of the Banking and Currency Committee has assured me that another opportunity will be offered to present amendments. I want to press upon all proper occasions the importance of this matter. I was reared in the Indian Territory—now Oklahoma—where the people have experienced many delays in administering Indian affairs. They are unwilling to have these delays occur when making application for loans.

The enactment of the farm-loan act has been of great advantage to farmers throughout the country in securing reduced rates of interest. Since the passage of the act they have been able to get more liberal terms from companies loaning money. I think that I am safe in saying the interest on such loans in my State has been reduced 2 or 3 per cent. The farmers have been given the option of paying the loans in whole or in part upon any interest-bearing period. The law ought to be amended and administered so as to enable the farmers to secure favorable action upon applications for loans with the least possible delay, so as to give every tenant farmer a chance to own his home. If this is done it will increase the prosperity of the country and greatly develop it, as well as strengthen our citizenship. It will give employment to untold thousands. The farm-land banks can lend money at a lower rate of interest than any private company, because of the exemption from taxation privileges extended to the bonds. Their bonds are as safe as Government bonds. They are well secured and carry a greater tax exemption than Government bonds. The land banks therefore can secure an unlimited amount of money to supply the needs of all farmers.

If an amendment, such as I have suggested, were adopted and local agents appointed and delays in securing loans avoided, I assure the House and the country that it would popularize the farm-loan act such as nothing else can do. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk resumed and completed the reading of the bill.

Mr. PLATT. Mr. Chairman, I move that the committee do now rise and report the bill with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The CHAIRMAN. The question is on the motion of the gentleman from New York.

The question being taken, on a division (demanded by Mr. BLANTON) there were—ayes 74, noes 0.

Accordingly the motion was agreed to.

The committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 9065) to amend sections 3, 8, 10, 12, 20, and 21 of the act approved July 17, 1916, known as the Federal farm-loan act, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. PLATT. I move the previous question on the bill and amendments to final passage.

The motion was agreed to.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put the amendments in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time.

The SPEAKER. The question is on the passage of the bill.

The question being taken, on a division (demanded by Mr. BLANTON) there were—ayes 108, noes 7.

Accordingly the bill was passed.

On motion of Mr. PLATT, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The Chair declines to recognize the gentleman, and lays before the House a message from the President of the United States.

WIRE AND WIRELESS COMMUNICATION CONFERENCE (S. DOC. NO. 88).

The SPEAKER laid before the House the following message from the President of the United States, which, with the accompanying document, was ordered to be printed and referred to the Committee on Foreign Affairs:

To the Senate and House of Representatives:

In view of the provision contained in the deficiency act approved March 4, 1913, that "hereafter the Executive shall not extend or accept any invitation to participate in any international congress, conference, or like event without first having specific authority of law to do so," I transmit herewith for the consideration of the Congress and for its determination whether it will authorize the extension of the invitation and the appropriation necessary to defray the expenses incident thereto, a

report from the Secretary of State with reference to the proposed international conference to be held in Washington during October next, or at such later date as may be convenient to the powers concerned, to consider all international aspects of communication by land telegraphs, cables, and wireless telegraphy, and to make recommendations to the powers concerned with a view to providing the entire world with adequate facilities of this nature on a fair and equitable basis.

WOODROW WILSON.

THE WHITE HOUSE,

10 September, 1919.

Mr. PLATT. Mr. Speaker, I ask unanimous consent that all gentlemen who have spoken on the bill to amend the Federal farm-loan act may have permission to revise and extend their remarks in the Record.

The SPEAKER. The gentleman asks unanimous consent that all who have spoken on the bill under consideration to-day may have the right to revise and extend their remarks in the Record. Is there objection?

There was no objection.

Mr. PLATT. I ask unanimous consent that H. R. 6806, which is No. 32 on the House Calendar, lie on the table, an exactly similar bill having passed the House.

The SPEAKER. The gentleman asks unanimous consent that H. R. 6806 lie on the table. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Mr. Speaker, when a Member of the House seeks to ascertain proper information from the Chair, and in a respectful manner rises in his place and addresses the Chair, stating that he desires to make a parliamentary inquiry, is or is not the Member entitled to recognition by the Chair?

The SPEAKER. He is not. It is entirely in the discretion of the Chair whether he will recognize a Member for a parliamentary inquiry. The Chair recognizes that at certain times it is for the advantage of the business of the House that a Member should be recognized for a parliamentary inquiry.

Mr. BLANTON. I only wanted to know the ruling of the Speaker on the matter.

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. Has it been agreed that the House shall meet at 11 o'clock to-morrow?

The SPEAKER. It has.

SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

An act (S. 2472) to amend the act approved December 23, 1913, known as the Federal reserve act; to the Committee on Banking and Currency.

ADJOURNMENT.

Mr. PLATT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 1 minute p. m.) the House adjourned until Thursday, September 11, 1919, 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 Secretary of the Treasury, transmitting supplemental estimate of appropriation for the purchase of a site for a post office at Mount Olive, N. C. (H. Doc. No. 246); 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 the Interior submitting supplemental estimate of appropriation required by the General Land Office for protecting public lands, timber, etc., from forest fires, fiscal year 1920 (H. Doc. No. 247); 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 resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. ELLSWORTH, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 9091) granting the consent of Congress to the county of Hennepin to construct, maintain, and operate a bridge across the Minnesota River, reported the same without amendment, accompanied by a

report (No. 301), which said bill and report were referred to the House Calendar.

Mr. STRONG of Kansas, from the Committee on the Territories, to which was referred the bill (H. R. 8953) to authorize the incorporated town of Ketchikan, Alaska, to issue bonds for the construction and equipment of schools therein, and for other purposes, reported the same without amendment, accompanied by a report (No. 304), which said bill and report were referred to the House Calendar.

Mr. DALLINGER, from the Committee on Education, to which was referred the bill (H. R. 6870) to provide for a library information service in the Bureau of Education, reported the same with amendment, accompanied by a report (No. 302), which said bill 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,

Mr. SELLS, from the Committee on Pensions, to which was referred the bill (H. R. 9182) granting pensions and increases of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, reported the same without amendment, accompanied by a report (No. 303), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HUDSPETH: A bill (H. R. 9174) for the relief of the immigration inspection of the Department of Labor and to make an appropriation for the efficient enforcement of all immigration laws; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 9175) making additional appropriation for the purpose of carrying out the Federal road aid act, approved July 11, 1917; to the Committee on Appropriations.

By Mr. ALMON: A bill (H. R. 9176) to increase the limit of cost of public building at Decatur, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. CANDLER: A bill (H. R. 9177) to prevent profiteering by regulating the distribution profits on and prices of foods, clothing, fuel, and other necessities of life, and for other purposes; to the Committee on the Judiciary.

By Mr. STEENERSON: A bill (H. R. 9178) to amend an act entitled "An act to regulate and improve the civil service of the United States," approved January 16, 1883; to the Committee on Reform in the Civil Service.

By Mr. HICKS: A bill (H. R. 9179) granting preference in civil-service appointments to persons honorably discharged from the military or naval service, and to their widows and wives in certain cases; to the Committee on Reform in the Civil Service.

Also, a bill (H. R. 9180) granting additional compensation to all soldiers, sailors, marines, and others who served in the armed forces of the United States in the war against the Central Powers; to the Committee on Ways and Means.

By Mr. BUTLER: A bill (H. R. 9181) authorizing the Secretary of War to deliver to East Coventry Township and Parker Ford, Pa., a captured cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. SELLS: A bill (H. R. 9182) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; to the Committee of the Whole House.

By Mr. TILSON: A bill (H. R. 9183) authorizing the Secretary of the Treasury to adjust the terms of the contract for the sale of the old post-office property in New Haven, Conn.; to the Committee on Public Buildings and Grounds.

By Mr. KAHN: Joint resolution (H. J. Res. 202) tendering the thanks of the American people and the Congress of the United States to Gen. John J. Pershing and to the officers and men of the American Expeditionary Forces, and for other purposes; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOX: A bill (H. R. 9184) granting an increase of pension to Sarah A. Youngblood; to the Committee on Pensions.

By Mr. BUTLER: A bill (H. R. 9185) granting an increase of pension to Grace Filkins Marix; to the Committee on Pensions.

By Mr. CRAMTON: A bill (H. R. 9186) granting a pension to Harriet A. Green; to the Committee on Pensions.

By Mr. CROWTHER: A bill (H. R. 9187) granting a pension to William Wade; to the Committee on Pensions.

By Mr. FULLER of Illinois: A bill (H. R. 9188) granting an increase of pension to Mary Kinne; to the Committee on Pensions.

By Mr. HAYS: A bill (H. R. 9189) granting a pension to Michael Zwicky; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9190) granting a pension to John David Watkins; to the Committee on Invalid Pensions.

By Mr. HUDDLESTON: A bill (H. R. 9191) granting an increase of pension to George T. Keith; to the Committee on Pensions.

By Mr. KIESS: A bill (H. R. 9192) granting a pension to Harriet J. Bailey; to the Committee on Invalid Pensions.

By Mr. MCKINLEY: A bill (H. R. 9193) granting an increase of pension to Samuel Zarley; to the Committee on Invalid Pensions.

By Mr. McLANE: A bill (H. R. 9194) granting an increase of pension to Albert J. Ackerley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9195) for the reimbursement of Mrs. Thomas Murphy; to the Committee on War Claims.

By Mr. REBER: A bill (H. R. 9196) granting an increase of pension to Vastina Burger; to the Committee on Invalid Pensions.

By Mr. RICKETTS: A bill (H. R. 9197) for the relief of Frances Martin; to the Committee on War Claims.

By Mr. RUCKER: A bill (H. R. 9198) granting an increase of pension to James Robison; to the Committee on Invalid Pensions.

By Mr. STEELE: A bill (H. R. 9199) granting an increase of pension to William H. Hazzard; to the Committee on Invalid Pensions.

By Mr. WELTY: A bill (H. R. 9200) granting an increase of pension to Israel Redinger; to the Committee on Invalid Pensions.

By Mr. WHITE of Kansas: A bill (H. R. 9201) for the relief of David Parritt; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CROWTHER: Petition of numerous residents of the city of Schenectady, N. Y., praying for the repeal of the tax on sodas, soft drinks, and ice cream; to the Committee on Ways and Means.

By Mr. DALLINGER: Petition of Lithuanian Society of Immaculate Conception Women of the City of Cambridge requesting the United States Government to compel Poland to withdraw her army from the Lithuanian territories; to the Committee on Foreign Affairs.

By Mr. DONOVAN: Petition of Jewish Soldiers' and Sailors' Veterans' League protesting against the Governments of Poland and Ukraine; to the Committee on Foreign Affairs.

By Mr. KAHN: Petition of Local No. 6, International Brotherhood of Boiler Makers, Iron-Ship Builders, and Helpers of America, of San Francisco, Calif., urging amendment of section 10 of the proposed league of nations; to the Committee on Foreign Affairs.

By Mr. MORIN: Petition of 15 prominent people from Pittsburgh, Pa., protesting against the passage of the Smith-Towner educational bill; to the Committee on Education.

By Mr. O'CONNELL: Petition of Charles P. Miller, of New York City, favoring the passage of H. R. 5011, 5012, and 7010, providing for the betterment of conditions governing the operation of the United States Patent Office; to the Committee on Patents.

Also, petition of board of directors of the American Association of Woolen and Worsted Manufacturers, favoring the enactment of liberal protective tariff rates upon imported dyes; to the Committee on Ways and Means.

By Mr. SANDERS of New York: Petition of post-office clerks, carriers and rural carriers associations of Orleans, Niagara, and Genesee Counties, N. Y., favoring the passage of Senate joint resolution 84; to the Committee on the Post Office and Post Roads.

Also, petition of 26 citizens of Rochester, N. Y., favoring the passage of Senate joint resolution 84; to the Committee on the Post Office and Post Roads.

Also, petition of Local 215, National Federation of Postal Employees, and Branch 210, National Association of Letter Carriers, of Rochester, N. Y., favoring the passage of Senate

joint resolution 84; to the Committee on the Post Office and Post Roads.

By Mr. STINESS: Petition of Sidney F. Hoar Camp No. 4, United Spanish War Veterans, of Providence, R. I., indorsing H. R. 2, to pension soldiers of the War with Spain, the Philippine insurrection, and the China relief expedition; to the Committee on Pensions.

By Mr. WHITE of Maine: Petition of citizens and merchants of Auburn, Me., protesting against the so-called Siegel bill; to the Committee on Interstate and Foreign Commerce.

SENATE.

THURSDAY, September 11, 1919.

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

Almighty God, we know that every line of human activity leads to Thy throne. Not only the great but the small things of life count with Thee. Thou dost not only take notice of the uprise and downfall of nations but of the hearts of men. Thou dost discern their secret thoughts. We pray that this day we may be kept by Thy grace in perfect conformity to Thy will, that we may do that which is pleasing in Thy sight, and work out Thy divine plan for us as individuals and as representatives of the Nation, and for the Nation as well. For Christ's sake. Amen.

The Secretary proceeded to read the Journal of yesterday's proceedings when, on request of Mr. Smoor and by unanimous consent, the further reading was dispensed with and the Journal was approved.

AFFAIRS IN MEXICO (S. DOC. NO. 89).

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Acting Secretary of State transmitting a translation of a communication from the United Press of Guadalajara, Mexico, in regard to the relations existing between Mexico and this country. The communication and accompanying paper will be printed in the RECORD and referred to the Committee on Foreign Relations.

The communication is as follows:

DEPARTMENT OF STATE,
Washington, September 10, 1919.

THE VICE PRESIDENT,
United States Senate.

SIR: I have the honor to transmit herewith, for the information of the Senate, a translation of a communication, dated August 16, 1919, from the United Press of Guadalajara, Mexico, in regard to the relations existing between Mexico and this country. The American consul at Guadalajara was requested by the organization mentioned to forward this translation to the Senate of the United States.

I have the honor to be, sir,
Your obedient servant,

WILLIAM PHILLIPS,
Acting Secretary of State.

(Inclosure: Translation from the United Press of Guadalajara, Mexico, dated August 16, 1919.)

AMERICAN CONSULAR SERVICE,
GUADALAJARA, MEXICO.

[Translation.]

TO THE PRESIDENT OF THE SENATE OF THE AMERICAN UNION,
Washington, D. C., United States of America:

At this time, when the American Senate is studying the Mexican question with a view to give a decision in the delicate international situation which has come up, this body desires to bring to the mind of the representatives of the Union a message of conciliation and calmness. The interventionist tendency, inspired mainly in material reasons, is a menace for the two countries and a serious danger to Pan American solidarity and balance. In the name of the ideals of justice and right postulated by all the free countries and subscribed to in the international peace conference, we beg to ask that your institution, in this decisive hour, proceed with that equity worthy of the people who have fought so much for democracy and liberty. The intellectual body which we represent hopes for a moderate and friendly action from that honorable body, and deposits in the American Senate its confidence for a high and righteous attitude which may solve, peacefully, the international crisis we are

facing, and which may bring back, definitely, the cordial friendship that must exist between our two Nations.

Unity, fraternity, and justice.

Guadalajara, Mexico, August 16, 1919.

THE UNITED PRESS OF GUADALAJARA,
J. M. M. SOTOMAYOR, President.
(Signed) ADOLFO HERNANDEZ MARIN, Secretary.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H. R. 9065. An act to amend sections 3, 8, 10, 12, 20, and 21 of the act approved July 17, 1916, known as the Federal farm-loan act; and

H. J. Res. 87. Joint resolution authorizing national banks to subscribe to the United War Work Campaign.

HOUSE BILL AND JOINT RESOLUTION REFERRED.

The following bill and joint resolution were each read twice by their titles and referred to the Committee on Banking and Currency:

H. R. 9065. An act to amend sections 3, 8, 10, 12, 20, and 21 of the act approved July 17, 1916, known as the Federal farm-loan act; and

H. J. Res. 87. Joint resolution authorizing national banks to subscribe to the United War Work Campaign.

REPORTS OF COMMITTEES.

Mr. SHERMAN, from the Committee on the District of Columbia, to which was referred the bill (S. 2945) regulating the height of buildings that may be erected on land confronting Meridian Hill Park on the south, reported it with an amendment and submitted a report (No. 178) thereon.

Mr. PAGE, from the Committee on Naval Affairs, to which was referred the bill (S. 2251) for the appointment of Lieut. Thomas White to the permanent Dental Corps of the Navy, submitted an adverse report (No. 177) thereon, and the bill was postponed indefinitely.

Mr. BALL, from the Committee on the District of Columbia, submitted a report (No. 179), accompanied by a bill (S. 2992), to create a rent commission in the District of Columbia.

TREATY OF PEACE WITH GERMANY.

Mr. HITCHCOCK. Mr. President, as in open executive session, I present, on behalf of the members of the minority of the Committee on Foreign Relations, their views on the pending treaty, which I ask may be treated in the same manner as the majority report was treated.

Mr. LODGE. I asked to have the majority report printed in the RECORD. I did not have it read.

Mr. HITCHCOCK. I will ask to have it printed in the RECORD.

Mr. LODGE. And also the same number printed as of the majority report.

Mr. HITCHCOCK. Yes.

The VICE PRESIDENT. The Chair hears no objection, and it is so ordered.

The views of the minority, this day submitted by Mr. HITCHCOCK, are as follows:

"[Senate Report No. 176, Part II, Sixty-sixth Congress, first session.]

TREATY OF PEACE WITH GERMANY.

"Mr. HITCHCOCK, from the Committee on Foreign Relations, submitted the following views of the minority:

"The undersigned members of the Foreign Relations Committee unite in urging the early ratification of the pending treaty of peace without amendments and without reservations.

"We deplore the long and unnecessary delay to which the treaty has been subjected while locked up in the committee, whose majority decisions and recommendations were from the start a foregone conclusion. They could have been made in July as well as in September and would have been the same.

"The industrial world is in ferment, the financial world in doubt, and commerce halts while this great delay in the peace settlement has been caused by the majority of a committee known to be out of harmony with the majority of the Senate and the majority of the people. This is government by obstruction as well as by a minority.

"Our export trade already shows the undeniable effects of delay and doubt in treaty ratification and peace settlement. For the first seven months following the armistice our exports averaged almost seven hundred millions per month, but in July they fell to \$570,000,000. Europe undoubtedly wants our products, but can only take them in full quantity if our financial institutions provide the credit to bridge over the period neces-