

POPULAR WITH SOLDIERS.

The plan which I have presented has been received with great favor by the soldiers, seamen, and marines. Executive committees of a number of State organizations of the American Legion have passed resolutions indorsing it. The State officers of a number of such organizations have written me letter indorsing it. A large number of local posts of the American Legion have passed resolutions in its favor. Letters from soldiers, seamen, and marines from all parts of the Union have come to me complimenting my bill in the very strongest terms. Many Senators and Representatives in Congress have received letters urging them to support my bill. Prominent officials, business men, professional men, and citizens in all walks of life have written me saying they approved the principles of my bill and expressed a hope that it would become a law. It will be generally conceded that my plan is popular with the soldiers and would be entirely satisfactory to them. I regard this as a high compliment. These letters, telegrams, and resolutions coming from all sections of the country, from the New England States to the Pacific coast and from Florida and Texas to the States on the Canadian border, have been to me a source of great satisfaction, encouragement, and inspiration.

Number of State Branches of the American Legion that have
indorsed H. R. 5545, totals 10

Number of local Posts of the American Legion that have passed
resolutions indorsing H. R. 5545, totals 145.

List of states that have indorsed H. R. 5545:

Oklahoma

Colorado

South Dakota

Rhode Island

Delaware

Nebraska

Indiana

Iowa

Washington

Arkansas

Indorsements of H. R. 5545, have come from a total
of about 40 different states, including ~~indorsements~~xxx
indorsements of state organizations and local posts.

D E M O N S T R A T I O N .

Having decided to assume that the corporation will lose 10 per cent annually on the amount due from borrowers, we can proceed to work out the actual business of the corporation, assuming that the corporation in the first year of its history and at each subsequent year, will make 100,000 loans of \$4,000 each; that the borrowers, according to the terms of the bill, will pay an annual charge on the face of their loans of $4\frac{1}{2}$ per cent, which ~~xxxx~~ will include ~~xxxx~~ interest at $3\frac{1}{2}$ per cent, amortization payment of one half of 1 per cent, and a payment into the guaranty fund of one half of 1 per cent; that the corporation will pay out annually 4 per cent on its bonds, which will include $3\frac{1}{2}$ per cent interest thereon and one half of 1 per cent amortization payment on the bonds, which will be used to redeem bonds or will be placed in a sinking fund for that purpose; that the annual losses of the corporation will be equal to 10 per cent of the annual payments due on its mortgages; and that the net annual ~~surplus~~ surplus of the corporation, including the ~~xxxx~~ guaranty fund, will be added to the capital and ~~xxxx~~ loaned to borrowers.

(Note. During my ~~statement~~ statement before the Committee on Ways and Means, a member of the Committee, Mr. Garner, of Texas, ~~propounded~~ propounded certain questions designed to ascertain what would be the losses in case of foreclosure proceedings. At that time, I had not

worked out any demonstration as to the annual losses based on a certain percentage of foreclosures, and a certain percentage of loss on each foreclosure. The Chairman of the Committee on Ways and Means also suggested that I insert in my statement additional ~~tables showing the business of the corporation and its losses based upon a 5 per cent percentage of foreclosures.~~ tables to show the business of the corporation and its losses based upon a ~~5 per cent~~ percentage of foreclosures. Since my statement made before the Committee on Ways and Means, I have prepared a statement covering the interrogatories propounded by the member of the Committee from Texas, Mr. Garner, and also in compliance with the suggestion of the Chairman, Mr. Fordney. This statement will be found later on in my discussion of the subject. See.....)

~~Under these assumptions, the income of the corporation, the first year in annual payments from its borrowers will be \$18,000,000. It will pay on the principal and interest due on its bonds \$12,000,000. Its losses, estimated at 10 per cent of the amount due from its borrowers, will be \$1,800,000. After paying the amount due on its bonds and charging off its losses, the corporation the first year will have a net surplus of \$4,200,000. This will be added to its~~

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\$200,000,000 CAPITAL AND ONE PER CENT ANNUALLY
INTO THE GUARANTY FUND.

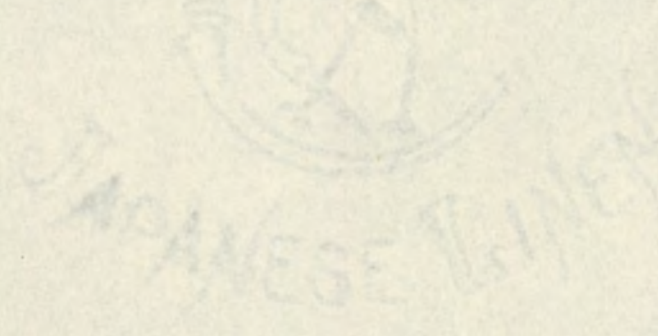
If the corporation would be given \$200,000,000 endowment capital and the borrowers were required to pay one per cent annually into the guaranty fund, the corporation could stand an annual loss on the amount due it of 20 per cent, and after making 100,000 loans annually of \$4,000 each for a period of 20 years, would have a capital of \$426,645,344.

A 20 per cent loss would mean that 20 out of every 100 who secured loans would never pay anything on the principal or interest of their loans; or that 40 per cent of the borrowers would pay only 50 per cent of the amount due on their loans; or that 80 per cent of the borrowers would only pay 75 per cent of the amount due on their loans.

\$200,000,000 CAPITAL AND THREE FOURTHS OF ONE
PER CENT GUARANTY FUND.

With an endowment capital of \$200,000,000 and a guaranty fund of three fourths of one per cent per annum, the corporation could make 100,000 loans of \$4,000 each annually, and stand a loss of 17 per cent on the amount annually due on the principal and interest of its loans and at the end of the twenty years would have a capital of \$375,151,728.

A 17 per cent annual loss is equivalent to assuming that 17 out of every 100 borrowers would never pay any part of the principal or interest of their loans; or that 34 out of every 100 would never pay but 50 per cent of the amount due on their loans; or that 68 of the borrowers would never pay but 75 per cent of the amount due on their loans.



Homes for Soldiers.

Two plans have been proposed to provide homes for our returning soldiers, seamen and marines. One is the "Soldier Settlement" proposed by the Secretary of the Interior, Hon. Franklin K. Lane, and the other is the Soldier Home-Founding plan proposed by Hon. Dick T. Morgan, a Representative in Congress from Oklahoma.

Secretary Lane's Plan.

The Lane plan proposes to reclaim arid, swamp and cut-over timber lands, prepare them for cultivation, sub-divide them into farms, ^{and} erect ^{thereon} buildings ~~on them~~, and ^T the homes thus provided are to be sold to the soldiers on long time ^{and} at a low rate of interest. Under the Lane plan, ^{be located chiefly} Only farm homes will be provided, and chiefly ^{These will} homes ~~can be obtained~~ in the arid regions of the west, ~~in~~ the swamp lands section of the south and in the ^{states having large bodies} south and northwest, where the ^{or cut-over timber lands.} ~~great body of the cut-over or logged off timber lands are to be found.~~

The soldiers are to pay the cost price of these lands, including what the Government pays for the lands and the amount expended in their reclamation and improvement. The cost will range from \$60 to \$100 per acre. Secretary Lane estimates that the average cost per farm, ranging in size from 40 to 160 acres, will be about \$6,000. ~~per farm.~~

The Mondell bill, which Secretary Lane has endorsed, authorizes the appropriation of \$500,000,000 for carrying out the plan. But this vast amount of money will provide homes, according to estimates, for only about 80,000 soldiers, ^{our service} less than 2 per cent of ~~the men~~, ~~in our army and navy in the war with Germany.~~

Secretary Lane's plan contemplates financing the proposition through direct appropriations out of

the Treasury. The money must be raised by taxation. In the course of 40 years the money is to be ^{re-paid} ~~repaid~~ to the Government, but this will benefit the taxpayers of the future, at the expense of present day taxpayers.

Those who oppose the Lane plan point to the restrictive provision in the measure. Only farm homes can be purchased. This excludes those now residing and who must continue to reside in the towns and cities. They will constitute more than 50 per cent of the soldiers, seamen and marines. Those soldiers who personally engage in the work on the reclamation projects are to be given a preference right, and this excludes all those who can not go to these projects and participate in their construction. When the soldier makes his purchase, he must pay 5 per cent of the purchase price in cash. He must pay in cash 25 per cent of the value of improvements, and 40 per cent of the value of the cost of necessary live stock and farm implements. In addition, he must have sufficient money to support himself and family for one year, or until a crop can be produced, harvested and sold.~~ex~~ All this means that the Lane plan would finally be within the reach of only those soldiers, who have from \$1200 to \$2000 in cash to expend. This would eliminate a large percentage of the most worthy soldiers, and effect ually fixes a property qualification. Furthermore, under the Mondell bill, only "approved applicants" will be allowed to make purchases. The Secretary of the Interior is given authority to select as between applicants, with a view ~~to selling the homes to those who in the opinion of the~~ to selling the homes to those who in the opinion of the Secretary, give the highest promise of being successful farmers. The unfit are to be weeded out, and denied the privileges and benefits of the plan, financed at the expense of all the taxpayers of the

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United States, including, of course, the 3,920,000 soldiers who will not be provided with an opportunity to purchase a home out of the expenditure of the first \$500,000,000 appropriated.

~~The Morgan Plan.~~

~~Congressman Dick T. Morgan, of Oklahoma, presents an entirely~~
~~different plan.~~ He proposes to create a Government Corporation, with
 \$100,000,000 capital, subscribed by the Federal Government. The
 Corporation is authorized to make a loan up to \$4,000, to any honor-
 ably discharged soldier, seamen or marine to be used in the purchase
 of a home, either in the country or in a town or city. The soldier
 makes his own choice as to the state or locality where the home is to
 be purchased. The loan may run for a period of not more than 60
 years, with interest at $3\frac{1}{2}$ per cent per annum, with annual payments on
 the principal on the amortization plan. Loans are to be made up to
 the appraised value of the home and the improvements. Mr. Morgan,
 the author of the plan, concedes that the making of loans up to the ap-
 praised value of the home, is not in harmony with the standards ~~for~~
~~the~~ loan mortgage companies and money lenders require for safety in
 repayment of loans. But Mr. Morgan insists that unless loans are
 made up to the appraised value of the land and improvements, the plan
 will not be within the reach of a very large percentage of our
 service men. He insists, therefore, that loans to the full value of
 the property must be accepted as fundamental, and as the only way to
 avoid discrimination against the poor in favor of the rich and ~~well-to-do~~
 well-to-do. However, Mr. Morgan provides a way to over_come the
 difficulty. Under his plan, the chief capital necessary to finance the
 proposition is to be obtained through the sale of long time bonds. The
 \$100,000,000 capital furnished by the Government is only intended
 as a working or revolving fund. The corporation is authorized to issue
 bonds, in an amount not in excess of the total amount of mortgages
 held by the corporation.

† To insure the sale of these bonds at a low rate of interest, and in large quantities, the Government guarantees the payment of both the principal and interest of the bonds. Assuming that the making of loans up to the appraised value of the home purchased will occasion losses, the corporation is authorized to charge a higher interest rate on their loans, than the rate of interest the corporation pays ~~xxxx~~ on its bonds. The \$100,000,000 capital will in the main be drawing interest. By this means a reserve or guaranty fund will be accumulated, which will be sufficient to meet the losses. ~~The plan presented~~

The plan which I present
 The plan presented by Mr. Morgan has many splendid features. It is all embracing. Any honorably discharged soldier, seaman or marine may take advantage of it. It is within the reach of all. It is just and fair to all the soldiers, regardless of whether they reside in the country or in the towns and cities. It offers the same advantages to those who toil on the farm and to those who labor in factories, mills, workshops and other enterprises of our towns and cities. It can be utilized by the poor as well as by the well-to-do. Its object is to reward honorable military service, and honorable military service is the only qualification required. There are no restrictions, limitations, or discriminations. No public officer will have authority to "approve applicants" before they are entitled to the benefits of the act. There will be practically no delay in putting the plan in operation. Soldiers will not have to wait three years, while some great reclamation project is being completed. They will not have to break home-ties, leave their friends, give up their present employment and businesses and go to a distant state, to obtain the benefits of

not
 the act. They will need to go from one section of a state to another to get a home. The benefits of the act will be equitably distributed to every ~~state~~ state and community in the land. Whatever money the government furnishes at the expense of taxpayers will go back to every state, section and community. It proposes to take only \$100,000,000 out of the Treasury to ~~finance~~ finance the whole proposition. The balance of the funds will be raised by the sale of bonds, issued not by the Government, but by the loan corporation. The annual payments made by the soldiers will pay both the interest on and principal of these bonds. Practically all the Government will do is to give the soldiers a suitable instrument-the corporation-and to supervise, direct and administer this corporate instrument for the use and benefit of the soldiers and for the glory of the country. We can do no less.

~~It should be~~ It should be borne in mind that according to the census of 1910, 54.2 per cent of the people of the United States lived in rented homes; that 37.2. per cent of our farm homes were rented; and that of ~~those~~ the homes other than farm homes, 61.6 per cent were rented. More than one half of the service men are sons of parents who are not home owners. Probable 75 per cent of the men who constitute our army and navy in the great world are not home owners. The sad part of it is that unless the government shall render aid, most of these men will live and die homeless. We have been more than magnanimous with the world. Shall we now be penurious, and selfish in our treatment of our soldiers? If the American people can be made to understand this proposition, they will insist that a home shall be placed within the reach of every man who was called to the

colors in the late war. Nothing else will satisfy the American people. They met grandly every call during the war, and they will not be found ~~waiting~~ evading the duties and responsibilities of peace.

A home is the best pension that can be given the soldier. It provides for him in old age. It is a protection to his wife and children. It has been said "that a man will fight for his home, but he won't put up much of a fight for his boarding house." More than ~~fix~~ 50 per cent of our soldiers had no home to fight for, but they fought for their country, its ideals and institutions. We ~~can not now do less than give them~~ can not now do less than give them opportunity to acquire a home, under the flag which they carried to victory.

The beauty of the whole proposition is ~~that~~ while we are doing justice to our soldiers, we are promoting a wise public policy. In this great free country, it ~~should~~ be possible for every citizen to acquire a home. While this should be the aim, we may well give a preference right to our service men to whom we owe a debt of gratitude we will never be able to pay.