The most important test to be applied to any proposed system of long time loans is whether or not the same is financially sound. An examination of the system proposed in H. R. 5545 will show that the plan proposed is based upon sound financial principles, and can be operated without loss. The long time loan institutions of Europe have been operating for a long period of years, and have demonstrated that the principles upon which they are based are safe and sound. Experience has shown that the actual losses of such institutions have been insignificant. All of these institutions however, in some manner provide a surplus, reserve, or guarantee fund, amply sufficient to meet all possible losses through the failure of borrowers to pay the principal and interest due on their loans. It is believed that adequate provisions have been ~~provided~~ made in H. R. 5545 to meet any possible losses the corporation might sustain through default in payment by borrowers.

The corporation will obtain its chief funds for loans through the issue and sale of its bonds. These bonds are not to be issued in excess of the amount of mortgages the corporation holds. Under the provisions of the bill the Federal Government guarantees the payment of both the principal and interest of these bonds, and the bonds are made entirely non-~~un~~taxable. It is assumed that such bonds will sell at par bearing an interest rate of three and one half per cent, per annum. This assumption is based upon the fact that the three and one half percent Liberty Bond entirely free from taxation has been during the war period and is now selling at practically par. Borrowers are required to pay an annual charge upon the face of the loan sufficient to cover an annual interest rate of not to exceed three and one half percent, a payment on the principal annually not to exceed one half of one percent and an additional annual payment equal to one half of one per cent on the principal. ~~The last named one half percent is~~ to be set aside and become a part of ~~th~~ a guaranty fund. The object of creating the guaranty fund is to provide the means to meet losses the corporation may sustain through default in payment of borrowers.

It is well also to bear in mind that under the terms of the bill, the corporation is given a capital of $100,000,000. This capital will be loaned to beneficiaries under the act, and the income therefrom may be utilized by the corporation to meet any financial losses. The corporation therefor has two sources from which to meet losses without in any way impairing its capital, viz: income from its and the guaranty fund. The total annual payment required of borrowers under the terms of the bill is four and one half per cent ~~pr~~ per annum on the face of the original loan. I ~~wil~~ will assume that the corporation will keep $90,000,000 of its capital loaned to beneficiaries at four and one half per cent which would give it an annual income from interest on its capital of $4,050,000. So we may assume that the corporation would have a net annual income from its capital of $4,000,000.

In addition to the income from its capital the corporation would have a surplus income from the one half of one per cent paid by each borrower into the guaranty fund. The income from the capital would be practically stationary but the income from the one half of one per cent guaranty fund would automatically increase as the amount of loans increased. In long time loans payable on the amortization plan, the annual payment is sufficient to liquidate both the interest and principal of the bonds of the corporation. In other words, the four per cent, including the interest and one half of one percent on the principal, paid by the borrower will pay the interest and principal of the bonds issued by the corporation. For example, we will suppose that the corporation has outstanding $1,000,000,000 in loans. At the same time it will have outstanding $1,000,000,000 in bonds. The corporation from its loans would have an annual income of $~~40~~ 45,000,000, ~~not~~ including the one half of one per cent guaranty fund. At the same time, the corporation would have to make an annual payment of $40,000,000 on the principal and interest of its outstanding bonds. For various reasons a percentage of the borrowers will default in making their annual payments. How many would annually be in arrears in their payments is somewhat a matter of conjecture. The amount would vary from year to year, depending upon the industrial, commercial and financial conditions of the country . According to a late report, issued by the Federal Farm Loan Board after being in operation three years, ~~the Federal Land Banks found that their borrowers~~ the Federal Land Banks had in outstanding loans something over $234,000,000. Only one and five tenths percent of the amount due from borrowers was in arrears . The experience of mortgage companies does not show any large percentage of borrowers fail to meet payments due on their mortgages. It is probable that not over five per cent of the borrowers from the corporation would fail to pay their annual installments on the loan to the point where foreclosure proceedings would be required. But in order to make allowance for a large percentage in default, let us assume that ten per cent of the borrowers would annually default in might suffer certain losses. Again the amount of the loss would be an amount of conjecture. It would seem however, that twenty five per cent loss would be a liberal estimate. With a twenty five per cent loss on the $4,500,000 in arrears the annual loss would be $1,125-000. To meet this loss, the corporation would have $4,000,000 net income from interest on its capital, and $5,000,000 from its guaranty fund; or a total gross surplus of $9,000,000. From this deduct the $1,125,000 losses and the corporation would have a net annual surplus of $8,875,000.

Let us go further and estimate that the amount in arrears at the end of the year was twenty per cent of the forty five million of the gross income. The amount in arrears in this case would be $9,000,000. Assuming that twenty five percent of this amount in foreclosure proceedings would be lost to the corporation, the loss would be $2,250,000. But through the income from its capital and its guaranty fund, the corporation has a gross annual surplus of $9,000,000 and after meeting its losses, would have a net annual surplus of $7,750,000.

But suppose that an unprecedented thing would happen, and that the amount in arrears in annual payments to the corporation would amount to thirty three and one third per cent of the gross income. This would place $15,000,000 of its $45,000,000 gross income in arrears. Assuming that twenty five percent would be lost in making collections through foreclosure proceedings the annual loss would be $3,750,000. But with a gross surplus of $9,000,000 from the income from its capital and the guaranty fund, the corporation would have a net annual surplus of $5,250,000.

Suppose however that the losses on foreclosure proceedings would amount to forty per cent of the amount of arrears. The annual loss would be $6,000,000. This would stil leave a net surplus annually to the corporation of $3,000,000. So that with $1,000,000,000 in loans and ~~xxx~~ $1,000,000,000 in bonds outstanding, ~~and~~ with one third of its borrowers in arrears in their payments, and with the corporation compelled to lose ~~fort~~ forty per cent on the total annual payment of one third of its borrowers, it would be able to meet these losses and still have a net annual surplus of $3,000,000.

Let us suppose that the corporation had made loans to 1,000,000 soldiers, the amount of each loan being $4,000. It would then have outstanding $4,000,000,000 in loans and $4,000,000,000 in bonds. It would be obligated to pay annually $160,000,000 on its bonds, including three and one half per cent interest and one half per cent amortization payment. From its loans at four and one half per cent , including the one half per cent guaranty fund and one half per cent amortization, it would have a total income of $180,000,000. It would have an apparent surplus annually of $20,000,000. To this should be added the $4,000,000 income from its capital making a total of apparent surplus of $24,000,000. Going at first to an extreme case, let us suppos e that thirty ~~xxxx~~ three and a third per cent of its borrowers were in arrears at the end of ~~t~~ the year and that foreclosure proceedings were required to make the collection. Assuming that there would be twenty five per cent losses in the foreclosure proceedings, the amount of the loss would be $15,000,000. But the corporation would have $24,000,000 gross surplus , leaving it a net surplus of $9,000,000.

A. THE FINANCIAL PROBLEM.

General Statement.

The Soldiers and Sailors Federal Home Founding Corporation to be created by H. R. 5545, will be sound institution financially. There will not be the slightest danger of its financial failure. At all times it would be able to meet its financial obligations in full. It will never be embarrassed by debts it can not pay. It will always be in a position to face its creditors and pay one hundred cents on the dollar. It will not be a financial experiment. Congress will not take any chances in creating it and in authorizing it to do business. The investing public will be safe in purchasing its bonds. Neither the federal government or the public will ever suffer any loss through its business transactions. Tt will do the business for which it is created. Tt will accomplish the great purpose and object for which it is designed. Its business transactions will be stupendous. In the grand total its resources and liabilities will be prodigious. It will be the greatest land-credit institution the world has ever seen. As such it will have no counterpart in the world. As it will outrank all other such institutions in its resources and liabilities, so it will eclipse them in the good it will do and the benefits it will bestow.

THE BUSINESS OF THE CORPORATION.

The Soldiers and Sailors Home Founding Corporation will be a great institution. Its business will be to finance our soldiers, sailors and marines in the acquirment of homes. In conducting its business, it will act the part of middleman between the soldiers and investors. But it will make no charge for its services. It will exact no profits. It will pay no dividends to stock holders. It will have no mercenary motives. It will have no selfish purpose. It will be a great, efficient, impartial, unselfish, pattiotic intermediary between the soldiers sailors and marines who want homes and the investing public who have money to loan. It will have $100,000,000 capital with which to initiate and on which to operate its business. Tt will start in business by first loaning its capital. But in order to carry on its business it must have funds other than its capital. To secure these funds, the Corporation is authorized to issue and sell bonds. The bond issue however, must not exceed the total amount of mortgages held by the corporation. The funds received from the sale of its bonds will be loaned to soldiers, sailors and marines. As more funds are needed, new issues of bonds will be sold. Thus the process will go on from year to year.

The amount of bonds outstanding represents the liabilities of the corporation; the amount of its mortgages, capital, surplus and guaranty fund represents its assets. The bonds will bear interest. The corporation must pay this interest annually. The corporation must pay the principal of its bonds. The interest on the bonds must be paid annually and the corporation must redeem a portion of its bonds annually or provide for a sinking fund for their redemption and payment. To meet this annual outlay, on its bonds the corporation applie

Annual Liability of

Government Small.

In considering the financial responsibilities assumed by the government in guaranteeing the bonds issued by the corporation it must be bourne in mind that the annual liability of the government would necessarily be comparatively small. Under the terms of the bill, the bonds issued by the corporation would run for a period not exceeding 60 years or the same length of time which borrowers are given to pay their mortgages. Whatever term may be fixed finally for the payment of loans a corresponding time would be fixed in which the bonds should be paid. The principal of these bonds would be paid by small annual payments and the principal of the bonds could not become due until the end of the period of the 60 years as provided in the terms of the bill. So long as the interest was paid on the bonds they would not become due. Whatever losses financially the federal government would suffer would therefore be distributed over the entire period of 60 years. The only financial liability that could possibly fall on the federal government to make good would be the balance due on the bonds which the corporation itself would be unable to pay. As I have shown elswhere the corporation would be amply able to pay the amount annually due on its bonds and have a large net surplus to add to its capital. But whatever might come, the loss if any to the federal government, would be paid in small annual payments distributed over a period of more than half a century. The amount could not materially affect the financial operations of the federal government. The liability assumed by the government would not materially affect its credit. Under these circumstances, the federal government could safely give its guarantee for the payment of the principal and interest of the bonds issued by the corporation. This guarantee is justified by the altruistic and patriotic purposes for which the guarantee is made and by the inestimable benefits that would flow therefrom.

D.

THE BUSINESS OF THE CORPORATION.

It will be the business of the Soldiers' and Seamen's Federal Home Founding Corporation to finance our soldiers, sailors and marines in the acquirement of homes. ~~In conducting its operations~~ It will act the part of middleman between the soldiers and investors. ~~but~~ It will not be its business to make money. ~~for itself~~. It will charge nothing for its services. It will exact no profits; it will pay no dividends to stockholders; it will have no mercenary motives; it will have no selfish purposes. It will be a great, efficient, impartial, unselfish, patriotic intermediary between our service men who want homes and investors ~~the investing public~~ who have money to loan.

~~Its real business will be to porrow money of the public through the sale of its bonds and loan this money to the soldiers.~~ To enable it to transact this business successfully, the government gives it $100,000,000 as a revolving or working capital. It will start in business by loaning this capital. When its working capital is exhausted, it will then be authorized to issue and sell bonds equal in amount to the loans it has made. Having sold $100,000,000 more in bonds it takes the proceeds thereof and loans the amount to other soldiers. As more funds are needed, new bond issues are made and sold. Thus the process will go on from year to year so long as there are soldiers, seamen or marines who desire to acquire homes.

The outstanding bonds of the corporation will be its liabilities; its mortgages, capital, surplus and guaranty fund will represent its assets. Borrow ~~The financial obligations~~ which the corporation

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E.

has to meet is to pay both the principal and interest of its bonds. To meet this obligation, it utilizes the principal and interest payments made by borrowers on their mortgages. Borrowers pay the principal of the loans by small annual or semi-annual payments. The corporation pays the principal of its bonds by like annual payments.

As the amount of the bonds which the corporation has outstanding never exceeds the amount of its mortgages, the annual payments made by borrowers on the principal of the loans will liquidate the corporations outstanding bonded indebtedness.

Under the terms of the bill, ~~the bonds bear 3 ½ per cent interest and~~ borrowers are required to pay 4 ½ per cent annually on the face of their loans which includes 3 ½ per cent interest, ½ of one per cent paid on the principal and ½ of one per cent into the guaranty fund. Under the terms of the bill, bonds bear 3½ per cent interest and ½ of one per cent must be applied annually on the principal of the bonds. The corporation will collect 4½ per cent annually from its borrowers and pay 4 per cent annually upon its bonds, which will include ½ of one per cent paid upon the principal thereof. ~~The corporation will therefore collect annually an amount equal to ½ of one per cent upon the face of its loans more than is necessary to meet the annual payment it must make upon its bonds, including both the interest and the annual payment on the principal of the bonds.~~ It is will to have clearly in the mind also the fact that the corporation pays the principal of its bonds on the amortization plan in the same manner that borrowers pay the principal of their loans. Borrowers pay annually the same amount during the

F.

life time of their loan. ~~xxx~~ Each year a greater portion of that payment is applied to the principal and ~~xxx~~ less to the interest. Likewise, the corporation will apply the same amount on their bond issue but each year the interest payment is less and the principal payment is greater.

~~It is plain that the corporation will always be in a sound financial condition.~~ It will collect annually a larger amount from its borrowers than is necessary to ~~apply~~ pay on its bonds. of its bonds. ~~To say nothing~~ ~~xxx now of the net income it will have from the interest on its capital, the income from the borrowers will be amply sufficient to enable the corporation~~ It will therefore be always able to meet ~~all~~ its financial obligations promptly, to pay one hundred cents on the dollar and to remain a safe and solvent business institution.

It will thus be able, at all times, to meet its financial obligations, to pay one hundred cents on the dollar, and annually add to its reserve funds.

H.

An Endowed Institution.

The Soldiers' and Semaen's Federal Home Founding Corporation will ~~be an endowed institution. The $100,000,000 contributed by the government will be more than capital, as that term is~~ generally used -- it ~~will be~~ have an endowment of $100,000,000. The corporation will have no share holders. It will have no dividends to pay. ~~A profit-sharing institution with $100,000,000 capital ordinarily would pay out annually from $6,000,000 to $10,000,000 in dividends. The Soldiers' and Seamen's Federal Home Founding Corporation~~ It will use all the income of its capital to promote the great purposes for which it is organized. This ~~capital of the institution~~ endowment will multiply itself through its own earning power. ~~The income from its capital may be used to meet any losses which the corporation may suffer. This will give it an immense advantage over business institutions which must pay dividends upon their capital.~~ An institution thus endowed will be able to meet unusual, exceptional and extraordinary losses, and still close every business year with an ever increasing surplus and reserve.

1.

I. CHARACTER AN ELEMENT IN CREDIT.

In estimating the probable losses that the corporation may sustain ~~through the failure of beneficiaries to meet the annual payments due on their loans,~~ it is proper to take into consideration the character of the men who will be borrowers. The men who constituted our army and navy in the Great World War were men of the highest type of manhood. Physically, mentally and morally they were the best America had. They were selected because of their fitness to perform a most difficult, exacting and dangerous service to their country. They came from every state and community. Every locality sent the flower of its citizenship. These men have returned to their respective homes, with enlarged visions. Service in the army and navy has made them better citizens. It has strengthened their attachment to our free institutions, and given them a better conception of the duties, responsibilities and obligations of citizenship. These are the men with whom the corporation will do business. With few exceptions they are young men just entering upon their careers in life. They are able, resourceful, hopeful and ambitious to succeed. They are the choice spirits of our nation. ~~The Soldiers and Sailors Home-Founding corporation is to be their institution.~~ They did not fail to do their duty in time of war and they will not fail ~~These men will not dishonor it by failing~~ to meet their financial obligations in time of peace. In warfare, the man behind the gun is the greatest factor in success. In business, the man behind the financial obligation is what counts. Bankers recognize there is such a thing as character credit. The loan corporation will not of course make loans solely upon a man's good reputation. It will follow the ordinary business methods. Its loans will be secured by promissory

~~notes and mortgages~~. ~~But~~ the corporation will be fortunate in the kind of men who will stand behind its mortgages and its ~~these obligations~~. Its financial losses will be comparatively light by reason of the fact that the men whose obligations it holds, represent the best manhood, and ~~XXex~~ citizenship of the nation.

K.

INCOME FROM CAPITAL AND GUARANTY FUND.

The Soldiers' and Seamen's Federal Home Founding Corporation will be in an exceptionally strong financial position. It will have two important sources from which it will have a large annual income, not needed to meet the annual charge on its bonds. ~~which will be added to the capital or surplus.~~ These are first, the interest on its capital, and second, the one half of one per cent on the face of the loan which each borrower pays into the ~~gxxx~~ guaranty fund. ~~Taxgxx To begin with, it will have an annual income on its capital of $4,500,000. Into its guaranty fund will be paid annually one half of one per cent on the face of its loans. This fund in itself will be sufficient to meet any losses which the corporation will sustain. In-deed~~ It is believed that any such annual payment on the part of the ~~into the guaranty fund~~ borrowers into the guaranty fund will not be required except for a limited number of years. For this reason a provision was placed in the bill authorizing the corporation at any time after five years to reduce the amount to be paid into this fund. In ten years, each borrower will have paid into this fund an amount equal to five per cent of his original loan. In twenty years he will have paid ten per cent of his loan into the guaranty fund, ~~while~~ If the loan ~~xxxxxforx10xyearsxxthexborrowerxx willxhavexpaidx10xpercent~~ runs for forty years he will have paid twenty per cent into the guaranty fund. No such payment will ever be required. No such guaranty fund will be necessary. ~~If the corporation would make 100,000 loans of $4,000 each for five years, there would be paid into this fund the first year $2,000,000; the second year $4,000,000; the third year $6,000,000; the fourth year $8,000,000 and the fifth year $10,000,000. In five years $30,000,000 would be paid into the fund. The interest on the capital amounting to $4,500,000 the first year will also increase annually as the capital~~

But with these two funds, the income from its capital and payments into the guaranty fund, the corporation will grow in

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~~increases by placing it it all net~~ earnings. ~~From these two sources alone the corporation, after meeting~~ all losses, ~~will have an ever increasing reserve capital.~~ ~~Its fxxx~~ financial strength ~~will grow from year to year, its position in the financial world~~ prestige among investors will improve, ~~it will yearly xxxxxxxxxx gain the confidence of investors, its securities will grow in favor, until no one will question fxxx its safety, soundness, or solvency.~~ its ~~securities~~ bonds as a safe ~~[illegible]~~ and profitable investment will increase in popularity with the public, and the time will soon come when no one will question ~~it~~ its safety or solvency.

M.

LOANS EQUAL TO APPRAISED VALUE.

The Soldiers' and Seamen's Federal Home Founding Corporation is authorized to make loans not exceeding $4,000 up to the appraised value of the homestead purchased. This is the only exceptional or unusual provision in the loan plan presented in this bill. Being unusual it may impress some with the idea that an institution that makes such loans is unsound and in danger of financial failure. Such however is not the case. This I will try to show. Experience has shown that the losses sustained by long-time land-credit institutions have been exceedingly small. A careful examination of the history of these institutions shows this to be an absolute fact. Mortgagors seldom fail to meet the annual payments due on long-time loans. In Europe any loan for ten years or less is regarded as a short-time loan, and any loan extending from ten to seventy five years is regarded as a long-time loan. Strange as it may seem, long-time loans have proven safer than short-time loans. That is to say, there are fewer foreclosures and less actual losses. The reason for this is that long-time loans are made on such terms and conditions and at such rates of interest as are within the ability of the mortgagors to pay. In a five year loan it is seldom that the mortgagor is able to pay the principal when it is due. In long-time loans, he undertakes to do financially what he is able to do. In short-time loans, he undertakes to do more than he is able to do. As a general rule, the annual charge on a long-time loan, including both interest and the annual payment on the principal is less in amount than the annual interest on a short-time loan. Hence, any borrower who can pay interest on a short-time loan is able to pay

~~N. both the interest and principal on a long-time loan. Any man who can pay rent for a decent house in which to live can meet the annual payments on a long-time loan.~~

All that is necessary to make any long-time land credit institution absolutely safe and sound financially, ~~is to make each borrower~~ ~~even~~ should it make loans up to the ~~full~~ appraised value of the ~~loan~~, mortgaged property, is for the corporation to have sufficient endowment capital or to have borrowers ~~make~~ pay an adequate amount annually into a guaranty fund.

QUOTATIONS FROM LETTERS

IN REGARD TO THE BILL, H. R. 5545.

The Atoka County Post of the American Legion, Atoka, Oklahoma:

We believe said H. R. 5545 extends equal rights and opportunities to all soldiers and sailors; that it is fair and equitable both to the government and to the soldiers and sailors, and we hereby endorse it as our choice of the plans thus far submitted to Congress.

The James F. Smith Post of the American Legion, Muskogee, Oklahoma:

This is to notify you that at a meeting of our Post of the American Legion on last Monday night, we by resolution unanimously endorsed your bill known as House Bill No. 5545, which you introduced in Congress on June 11, last.

The Oklahoma State Farm Council, Stillwater, Oklahoma:

Whereas there are before us various plans for providing farms for returned soldiers we desire to endorse the idea that proper reward be given those who fought for world liberty. Therefore, be it resolved that we endorse the Morgan plan of lending money on easy terms to these heroes, allowing the soldier to purchase his farm where he pleases.

The James F. Smith Post of the American Legion, Muskogee, Oklahoma:

We are advised that the MOndell Bill has been approved by the Committee and that it is now before the House, it is the unanimous verdict of the returned soldiers of this community that your bill should be substituted for the Mondell Bill. The boys do not like the colonization scheme, and then it does not provide for homes for all the soldiers as your bill does.

Mr. J. J. McGee, Jacksonville, Florida:

To my mind your bill, H. R. 5545, would be the most helpful to the men who have served in the World War and were fortunate enough to return with their lives, of any yet introduced.

Dr. Eustace Long, Madison, Florida:

Any measure enacted by Congress in recognition of services of our soldiers will have to be capable of universal application to be satisfactory, and to be of the greatest benefit to the ex-soldier and the nation it must be of a nature that will best aid the soldier to help himself -- such a measure your bill appears to be.

Mr. J. J. Condon, Washington, D. C.:

In my opinion your bill, H. R. 5545, admirably covers the question of providing homes for the soldiers, and from the standpoint of one who hopes soon to acquire a home, I feel qualified in saying that this bill cannot fail of meeting with the approval of those for whom its benefits are intended.

Mr. F. W. Armstrong, Newport, R. I.:

The Newport Post of the American Legion composed of approximately 300 service men have endorsed your bill, H. R. 5545, and letters will be written to the Senators and Congressmen in Rhode Island urging them to support your bill.

Captain Mark H. Thomas, Huntington, Indiana:

I wish to commend your bill, H. R. 5545, in principle and I sincerely hope that it passes the Congress in something like its present form. I commend in particular your stand taken on the bill introduced by Mr. Mendell, to the effect that it does nothing for the soldier who happens to live in the cities and towns. Further the equitable distribution of the benefits which you so clearly show, not alone as received by the service man but as these benefits are distributed to states under your bill, is another feature that strengthens my faith in it.

A. F. Woods, President Maryland State College of Agriculture, College Park, Maryland:

I am much impressed with the arguments you have made. Your plan is in line with what our Maryland committee feels would be best for soldiers who desire to settle in Maryland or in states where conditions are similar to those of Maryland. We have no large areas to be reclaimed and most of our boys who want to go to farming would prefer to go into regions where they already have friends and where conditions are fairly well developed; also where they can join with the people already there in making things better.

Mr. Edward Moore Probert, Chicago, Illinois:

I am pleased to advise you that the Hyde Park Post of the American Legion of this City, at a meeting last evening eidorsed your bill H. R. 5545, whereby discharged service men could secure loans from the Government for the purpose of acquiring a home.

Mr. Ross N. Lillard, State Commander of the American Legion of Oklahoma, Oklahoma City, Oklahoma. :

I have read your bill, H. R. 5545, and I have no hesitancy in giving same my hearty indorsement. It is the very thing that we want and I have yet to see one that hits the mark and meets the purposes of the returned soldiers as well as your bill.

Mr. James B. Moody, Jr., State Chairman, the American Legion of Connecticut, Hartford, Conn.:

I judge from careful reading of your bill, H. R. 5545, that you have ~~given~~ devoted thorough study to impending needs of former service men in the establishment through our government of a law which would make those of them who are dependent and need help reasonably independent, and result in there existing in our good country better manhood, better citizenship and undying love for the flag for which these men fought. By far yours is the best of its kind of the several bills presented to Congress, in my personal opinion, and will I trust, receive speedy and favorable action by both branches of Congress.

Major
~~Mr.~~ H. A. Saidy, State Chairman, The American Legion of Colorado, Colorado Springs, Colorado:

At a meeting of the Executive Committee of the American Legion of Colorado, your bill was unanimously endorsed. We are sending our resolution to the National organization of the American Legion.

Mr. F. E. Hagler, Internal Revenue Agent, Nashville, Tenn.:

Of all the plans for aiding our ex-service men that have come to my notice, yours is the only one that is based on a common-sense understanding of the men's need. The enactment of your bill into a law will do a great good.

Governor Henry J. Allen of Kansas, Topeka, Kansas:

I sincerely hope your bill will pass. There is no better way in which we can prove our gratitude to the soldiers than by making it easy for them to own homes of their own, and there is no way in which we can give our national life so fundamental a strength as by increasing the number of home owners both in the country and in the city.

Mr. L. Russell Newgent, State Secretary, The Indiana Branch of the American Legion, Indianapolis, Indiana:

I have made a careful examination of your bill and in my judgment it is far ahead of anything that has been offered by any one in behalf of the soldiers of the late war. I see no reason why the great number of men in the cities and towns should not be taken care of just the same as those on the farm.

The Indiana branch of the American Legion approved your bill, H. R. 5545. The Legion has received numerous letters of congratulations for taking this stand. We believe in Indiana that what is good enough for one ought to be made good enough for all. The principle is right and I do hope it will be enacted into a law.

Mr. J. B. Roark, Vernal, Utah,:

I have read your bill and/speech carefully and in my opinion it is far superior to the Mondell bill in its provisions.

Judge M. A. Hopson, Roby, Texas:

I wish to say that yours is the first bill that meets with my full indorsement. I think it much better than the Lane Bill.

Mr. Rider M. Johnson, Nacogdoches, Texas:

Your bill is the very best that I gave heard of up to the present time, and I think that it would be very difficult to improve upon the same, as it is thoroughly sound both from a financial and from a patriotic point of view.

Mr. Harry E. Wells, Secretary Post No. 1, The American Legion, Madison, Indiana:

Representing some 700 returned soldiers of this county, I as Secretary of Jefferson County Post No. 1, of Indiana Branch, American Legion, upon their suggestion, am writing you to express their appreciation of your efforts to get your bill through allowing soldiers to borrow money from the government as outlined in your speech and bill. <u>Your plan is right and we are with you</u>.

Mr. Francis B. Condon, Central Falls, Rhode Island.:

After a thorough reading of both your bill and speech I am thoroughly in support of your plan and feel that it exactly fills the void left open by Secretary Lane's plan.

Hon. J. J. McGraw, Republican National Committeeman, Oklahoma, Ponca City, Oklahoma:

Your bill comes nearer, in my judgment, doing justice to the soldiers of the world war than anything I have seen. You have covered the subject most thoroughly and have taken care of the man who is unable to make a first payment; which is I think the important item for consideration.

~~Mrxxxixx~~ Mr. C. J. Harris, State Secretary, The American Legion of South Dakota:

At the recent State Convention of the American Legion of South Dakota, your bill, H. R. 5545 was presented and given considerable discussion. It was the sense of the convention that this bill extends proper rights and privileges to the soldiers , sailors and marines as a body. I was instructed to inform you that in your efforts to secure the passage of this bill, you will have the hearty support of the American Legion of this State.

The Executive Committee of the Indiana State Branch of the American Legion:

Be it resolved that we the executive committee of the Indiana branch, the American Legion do hereby indorse and approve said bill ~~orxonexinxwhichxthexsamexprinciplesxare~~ H. R. 5545, or one in which the same principles are incorporated.

Comparison between the Essential provisions of H. R. 15,613 as found in the report of the Committee of Conference

with the provisions of H. R. 18,711 introduced by Representative

Morgan of Oklahoma in the Sixty-second Congress Second Session,

on January 25 1912.

The following are the essential features or provisions of H. R. 15,613 as appears in the report of the Conference Committee:	The following are some of the essential features or provisions of H. R.18,711 introduced in the Sixty-second Congress by Representative Morgan, January 25, 1912.
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"Under the provisions of the Act (H. R. 15,613) the Commission virtually has no power to enforce laws, or to regulate the practices of corporations subject to the provisions of the Bill. Now, the amendment which I have offered gives to the Commission the power to make rules and regulations that would prohibit specifically the particular practices which constitute unfair competition or unfair discrimination. The amendment is drawn on the idea that some place along the line Congress will prohibit in general terms unfair competition and unfair discrimination. Then, of course, unfair competition or unjust discrimination would be unlawful."

Comparison between section 5 of H. R. figures 15,613 as appears in report of Committee of Conference and Amendment offerred by Representative Morgan of Oklahoma as shown on page 9,842 of the Congressional Record of May 22 1914.

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The passage of the Bill creating a Federal Trade Commission raises the question of who has the credit of having first initiated the proposition in the House of Representatives. Representative Dick T. Morgan of Oklahoma claims the credit thereof. The Record appears to Mr. Morgan out in this claim. On January 25, 1912 in the Sixty-second Congress he introduced into the House H. R. 18,711 which created ~~and~~ "Interstate Corporation Commission" The Bill contains seventeen sections covering fourteen pages. Mr. Morgan in addressing the House yesterday afternoon asserted that his bill contained in substance all that was in the Bill which Congress was about to pass.

First, that his bill created a Federal Commission to supervise and regulate industrial concerns.

Second, merged the Bureau of Corporations into the Federal Commission.

Third, prohibited in general terms unfair practices in business. and did not undertake to prohibit specific practices of unfair competition.

Fourth, gave the Commission authority to have hearings, make findings and issue orders prohibiting industrial concerns from engaging in a practice that was unjust or unfair.

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Seventh, made the findings of the Commission as to the facts conclusive.

Eighth, gave the Commission authority to require reports.

Mr. Morgan in his remarks in the House further asserted that the principal change made in the Federal Trade Bill by the Senate and by the report of the Committee of Conference was proposed by him in an amendment when the bill was under consideration in the House. The amendment offered by Mr. Morgan was as follows:

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New York levies a privilege tax in lieu of all other taxes on mortgages on real estate of fifty cents on each hundred dollars of the mortgage debt. The said tax is payable at the time the mortgage is recorded. Birdseye's Consolidated Laws, Annotated, Volume 5, Section 253, page 6018.

On August 12, 1912, the Legislature of Louisiana passed a joint resolution submitting a proposed amendment to the constitution which provides that the capital, surplus, and personal estate of every corporation organized under the laws of Louisiana for the sole purpose of lending money on mortgages on property in the country in the State of Louisiana at a rate of interest not to exceed six per cent net to the borrower, shall be exempt from taxation for a period of twenty years. Session Laws of Louisiana, 1912.

Indiana allows the mortgagor to deduct as much as $700 from the taxable value of the mortgaged land, provided that such deduction in no case shall be more than 50 per cent of the mortgage debt. Burns' Digest of Indiana Laws, 1914.

Colorado provides that the mortgaged property and the mortgage thereon, together with the notes, shall be assessed as a single unit for taxation, and in this way prevents listing of the mortgaged land and the mortgage itself as separate subjects for taxation. Statutes of Colorado, 1912.

Minnesota exempts mortgages on real estate from the general ad valorem tax, but exacts a privilege tax of 50 cents on each $100, to be paid when the mortgage is recorded.

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The Amendment offered by Mr. Morgan as shown by Congressional Record, page 9842, May 22, 1914 is as follows:

"That when in the course of any investigation or through any other reliable source, the commission shall obtain information that any corporation subject to the provisions of section 9 of this act, in conducting its business, is using unfair competition, or practice, the said corporation shall be cited to appear before said commission and a hearing shall be had thereon. If the commission shall find that the said corporation is or has been engaged in unfair competition or practice, it shall make an order commanding the said corporation to cease engaging in said unfair competition or practice. x x x x x x"

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It will be seen at a glance that the two provisions differ only in verbiage. In outline, in substance and in effect, Mr. Morgan's amendment was appropriated, and constitutes today the only provision of the law which gives the Commission the administrative and judicial power which will enable it to prevent unfair practices and methods in business. Thus largely through Mr. Morgan's persistent efforts, a new weapon has at last been placed in the hands of the people. And Mr. Morgan's appeal in