The Department of Justice and the Attorney General were created by the Act of September 24,1789, and is found in Section 346 of the United States Revised Statutes, which is as follows:

> "There shall be at the seat of Government an executive department to be known as the Department of Justice, and an Attorney General who shall be the head thereof."

I have somewhat carefully examined all the statutory provisions relating to the power, authority and duties of the Attorney General. I find there is no authority given to the Attorney General to exercise the power he is now exercising in determining without court proceedings or prosecutions the conditions upon which individuals, associations, or corporations shall engage in interstate trade or commerce.

1st Year.

Capital- -$	100,000,000.
Bonds- -	300,000,000.
Loans Made 1st year - - - - - - - - - - - - - - - -	400,000,000.
Foreclosures, 5 per cent of the loans made the first year- - - - - - - - - - - -	20,000,000.
Loans outstanding and collectable - - - - - -	380,000,000.
Principal and interest due on mortgages foreclosed- - - - - - - - - - - - - - - -	20,900,000.
Loss on Foreclosures 30 per cent of the above amount - - - - - - - - - - - - - -	6,270,000.
Cash recovered on foreclosures - - - - - - -	14,630,000.
Income on outstanding and collectable loans 4½ per cent- - - - - - - - -	17,100,000.
Payment on bonds 4 per cent- - - - - - - - -	12,000,000.
Surplus -	5,100,000.

Total Assets:

Outstanding and collectable Loans - - - - - -	$380,000,000	
Recovery on foreclosures--	14,630,000.	
Surplus- - - - - - - - - - - -	5,100,000.	399,730,000.
Liabilities, outstanding bonds- - - - - - - -		300,000,000.
Capital in cash and invested in collectable loans end of 1st year- - - - - - - - - - -		99,730,000.

1st Year.

Capital- -$	100,000,000.
Bonds -	300,000,000.
Loans Made- -	400,000,000.
Foreclosures, 10 per cent of the loans made the first year - - - - - - - - - - - - -	40,000,000.
Loans Outstanding and Collectable- - - - - - - - -	360,000,000.
Principal and interest due on Mortgages forecolsed- - - - - - - - - - - - - - - - - -	42,000,000.
Loss on foreclosures, 30 per cent of above amount- - - - - - - -	12,600,000.
Cash Recovered on foreclosures- - - - - - - - - - -	29,400,000.
Income on Outstanding and collectable loans, 5 per cent- - - - - - -	18,000,000.
Payment on bonds, 4 per cent- - - - - - - -	12,000,000.
Surplus- -	6,000,000.

Total Assets:

Outstanding and Collectable Loans- - - - - - - - - - - - - -	$360,000,000	
Recovery on Foreclosures-	29,400,000	
Surplus- - - - - - - - - - - - - - - - - -	6,000,000	395,400,000.
Liabilities, Outstanding Bonds- - - - - - - - - - -		300,000,000.
Capital, in cash and invested in outstanding and collectable loans, end of 1st year- - -0		95,400,000.

1st Year.

Capital - $ 200,000,000.

Bonds - 200,000,000.

Loans made 1st year - - - - - - - - - - - - - - 400,000,000.

Foreclosures, 15 per cent of loans made

1st year- 60,000,000.
Loans outstanding and collectable - - - - - - 340,000,000.
Principal and interest due on mortgages

foreclosed- - - - - - - - - - - 63,000,000.

Loss on foreclosures, 30 per cent of the

above amount, - - - - 18,900,000.

Cash recovered from foreclosures - - - - - - - 44,100,000.

Income on outstanding and

collectable loans, 5 per cent- - - - 17,000,000.

Payment on bonds, 4 per cent - - - - - - - - - 8,000,000.

Surplus- 9,000,000.

Total Assets:

Outstanding and collectable
Loans- - - - - - - - - $340,000,000.

Recovery from foreclosures-- 44,100,000.

Surplus - - - - - - - - - - - 9,000,000. 393,100,000.

Liabilities, outstanding bonds- - - - - - 200,000,000.

Capital in cash and invested in collectable

loans end of 1st year, - - - - - 193,100,000.

2nd Year.

Capital- $99,730,000.

Bonds- 680,270,000.

Loans made 2nd year- - - - - - - - - - - - - - 400,000,000.

Foreclosures, 5 per cent of the loans

made 2nd year- - - - - - - - - - - - 20,000,000.

Loans outstanding and collectable, - - - - - $760,000,000.

Principal and interest due on ~~mortgages~~

mortgages ~~for~~ forclosed- - - - - - - - 20,900,000.

Loss on foreclosures, 30 per cent of the

above amount- - - - - - - - - - 6,270,000.

Cash recovered on foreclosures - - - - - - 14,630,000.

Income on outstanding and collectable loans

~~at~~ 4½ per cent- - - - - - - - - - - - - 34,200,000.

Payment on bonds, 4 per cent - - - - - - - 27,210,800.

Surplus - - - - - - - - - - - - - - - - - - 6,989,200.

Total Assets:

Outstanding collectable
~~x~~ loans- - -$ 760,000,000.

Recovery on foreclosures-14,630,000.

~~Surplus - - - - - - - - - - - - - 6989~~

Surplus - - - - - - - - - 6,989,200. 781,619,200.

Liabilities, outstanding bonds, - - - - - ~~680270~~
680,270,000.

~~X~~Capital in cash and invested in collectable loans

end of second year - - - - - - - - - 101,349,200.

2nd Year.

Capital---- -$	95,400,000.
Bonds--- -	664,600,000.
Loans Made-2nd Year--- - - - - - - - - - - - - -	400,000,000.
Foreclosures, 10 per cent of loans made the second year- - - - - - - - - - - - - -	40,000,000.
Loans Outstanding and Collectable---------	720,000,000.
Principal and interest due on mortgages foreclosed------- - - - - - - - - - - -	42,000,000.
Loss on foreclosures, 30 per cent of above amount----------------- - - - - - -	12,600,000.
Cash recovered on Foreclosures------------	29,400,000
Income on outstanding and collectable loans, 5 per cent - - - - - - - - -	36,000,000.
Payment on Bonds, 4 per cent- - - - - - -	26,584,000.
Surplus -	9,416,000.

Total Assets:

Outstanding and collectable Loans- - - - - - - -- -$	720,000,000	
Recovery on Foreclosures---	29,400,000.	
Surplus- - - - - - - - - - - -	9,416,000	758,816,000.

Liabilities, Outstanding Bonds - - - - - - - -	664,600,000.
Capital, in cash and invested in collectable loans, end of 2nd year- - - - - - - -	94,216,000.

2nd Year.

Capital		$ 193,100,000.
Bonds		546,900,000.
Loans made 2nd year		400,000,000.
Foreclosures, 15 per cent of loans made 2nd year		60,000,000.
Loans outstanding and collectable		680,000,000.
Principal and interest on mortgages foreclosed		63,000,000.
Loss on foreclosures, 30 per cent of the above amount		18,900,000.
Cash recovered from foreclsoures		44,100,000.
Income on outstanding and collectable loans 5 per cent		34,000,000.
Payment on bonds 4 per cent		21,876,000.
Surplus		12,124,000.
Total Assets:-		
Outstanding and collectable Loans,	$680,000,000.	
Recovery from foreclosures	44,100,000.	
Surplus	12,124,000.	736,224,000.
Liabilities, outstanding bonds		546,900,000.
Capital in cash and invested in collectable loans end of second year		189,324,000.

3rd Year

Capital -	$101,349,200
Bonds -	1,058,650,800
~~[illegible]~~ Loans made 3rd year - - - - - - - -	400,000,000
Foreclosures, 5 per cent of ~~[illegible]~~ loans made 3rd year - - - - - - - - - - - - - -	20,000,000
Loans outstanding and collectable - - - - - -	1,140,000,000
~~[illegible]~~ Principal and interest due on mortgages forclosed - - - - - - - - - - -	20,900,000
Loss on forclosure, 30 per cent of the above amount -	6,270,000
Cash recovered from forclosures - - - - - - - -	14,630,000
~~[illegible]~~	~~[illegible]~~
~~[illegible]~~ In come on outstanding and collectable loans $4\frac{1}{2}$ per cent - - - - - - - - - - - - - - - - -	51,300,000
Payment on bonds, 4 per cent - - - - - - - - - -	42,346,032
Surplus -	8,953,968

Total Assets:

Outstanding and collectable loans - - - - - - - - - -	$1,140,000,000	
Recovery on forclosures -	14,630,000	
Surplus - - - - - - - - - -	8,953,968	1,163,583,968

Liabilities, outstanding bonds - - - - -	1,058,650,800
Capital in cash and invested in collectable loans end of 3rd year - - - - - - - - - -	104,933,168

3rd Year.

Capital- - - - - - - - - - - - - - - - - - -		$ 94,216,000.
Bonds -		1,025,784,000.
Loans Made 3rd year - - - - - - - - - - - -		400,000,000.
Foreclosures, 10 per cent of loans made the ~~third~~ 3rd year- - - - - -		40,000,000.
Loans Outstanding and Collectable-----		1,080,000,000.
Principal and interest due on mortgages due foreclosed---------		42,000,000.
Loss on Foreclosures, 30 per cent of the above amount- - - - - - - - - - -		12,600,000.
Cash recovered on foreclosures - - - -		29,400,000.
Income on outstanding and collectable Loans, 5 per cent-- - - - - - - - -		54,000,000.
Payment on Bonds 4 per cent- - - - - - - -		41,031,360.
Surplus - - - - - - - - - - - - - - - - - - -		$ 12,968,640.
Total Assets- - - - - - - - - - - -		
Outstanding and Collectable Loans- - - - - - - - - -	$1,080,000,000	
Recovery on foreclosures-	29,400,000	
Surplus- - - - - - - - - - - -	12,968,640.	1,122,368,640.
Liabilities, outstanding Bonds------------		1,025,784,000.
Capital in cash and invested in Collectable Loans end of 3rd year---- - - - - - -		96,584,640.

3rd Year.

Capital		$ 189,324,000.
Bonds		890,676,000.
Loans made 3rd Year		400,000,000.
Foreclosures, 15 per cent of loans made 3rd year		60,000,000.
Loans outstanding and collectable		1,020,000,000.
Principal and interest on mortgages foreclosed		63,000,000.
Loss on foreclosures, 30 per cent of the above amount		18,900,000.
Cash recovered from foreclosures		44,100,000.
Income on outstanding and collectable loans 5 per cent		51,000,000.
Payment on bonds, 4 per cent		35,627,040.
Surplus		15,372,960.
Total Assets:		
Outstanding and collectable Loans	$1,020,000,000.	
Recovery from foreclosures	44,100,000.	
Surplus	15,372,960.	1,079,472,960.
Liabilities, outstanding bonds		890,676,000.
Capital in cash and invested in collectable loans end of 3rd year		188,796,960.

4th Year.

Capital- --	$ 104,933,168.
Bonds- - - - - - - - - - - - - - - - - - -	1,435,066,832.
Loans Made 4th Year - - - - - - - - - - - -	400,000,000.
Foreclosures, 5 per cent loans made 4th year----	20,000,000.
Loans outstanding and collectable- -	1,520,000,000.
Principal and Interest due on mortgages foreclosed- - - - - - - - - - - - - -	20,900,000.
Loss on foreclosure, 30 per cent of the above amount - - - - - - - - - - - - - -	6,270,000.
Cash recovered from foreclosures- - - - - - -	14,630,000.
Income on outstanding and collectable loans 4½ per cent - - - - - - - - - - - - - - - - -	68,400,000.
Payment on bonds, 4 per cent- - - - - - - -	57,402,673.
Surplus- -	10,997,327.

Total Assets:

Outstanding and collectable loans- - - - - - -	$1,520,000,000.	
Recovery on foreclosures--	14,630,000.	
Surplus - - - - - - - - - -	10,997,327.	1,545,627,327.
Liabilities, outstanding bonds, - - - -		1,435,066,832.
Capital in cash and invested in collectable loans end of 4th year. - -		110,560,495.

4th Year.

Capital- - - - - - - - - 0 - - - - - - - - - - - $ 96,584,640

Bonds- 1,383,415,360.

Loans made fourth year-- -- - -- - - - 400,000,000.

Foreclosures, 10 per cent of loans made

the fourth year- - - - - - - -------- - - 40,000,000.

Loans outstanding and collectable- - - - - 1,440,000,000.

Principal and interest due on

mortgages foreclosed- - - - - - - - - - 42,000,000.

Loss on foreclosures, 30 per cent of the

above amount- - - - - - - - - - - - - - 12,600,000.

Cash recovered on foreclosures- -- -- 29,400,000.

Income on outstanding and collectable

loans, 5 per cent- - - - - 72,000,000.

Payment on Bonds, 4 per cent- - - - - - - - 55,336,614.

Surplus- 16,663,386.

Total Assets:

Outstanding and Collectable
Loans,-------------$1,440,000,000.

Recovery on Foreclosures--- 29,400,000.

Surplus,-- - - - - - - - - - - 16,663,386. 1,486,063,386.

Liabilities, outstanding Bonds-------------- 1,383,415,360.

Capital in cash and invested in collectable

loans end of 4th year------------------ 102,648,026.

4th Year.

Capital- -$188,796,960.

Bonds- --1,231,303,040.

Loans made 4th year- - - - - - - - - - - - - - - 400,000,000.

Foreclosures, 15 per cent of loans made 4th

year- - - - - - - - - - - - - - - - - 60,000,000.

Loans outstanding and collectable - - - - --1,360,000,000.

Principal and interest on mortgages

foreclosed- - - - - - - - - - - - - - 63,000,000.

Loss on foreclosures, 30 per cent of

the above amount- - - - - - - - - --- 18,900,000.

Cash recovered from foreclosures- - - - - - - 44,100,000.

Income on outstanding and collectable

loans 5 per cent- - - - - -- 68,000,000.

Payment on bonds, 4 per cent- - - - - - - -- 49,252,121.

Surplus- -- 18,747,879.

Total assets;

Outstanding and collectable

Loans- - - - - - -$1,360,000,000.

Recovery from foreclosure- - -44,100,000.

Surplus- - - - - - - - - - - --- - <u>18,747,879</u>. 1,422,847,879.

Liabilities, outstanding bonds- - - - - - -- 1,231,303,040.

Capital in cash and invested in collectable

loans, end of 4th year- - - - - - -- 191,544,839.

5th Year.

Capital- -$ 110,560,495.

Bonds- 1,809,439,505.

Loans made 5th year- - - - - - - - - - - - - - 400,000,000.

Foreclosures, 5 per cent of loans made

5th year- - - - - - - - - - - - - - - - - - -- 20,000,000.

Loans outstanding and collectable---------- 1,900,000,000.

Principal and interest due on mortgages

foreclosed- - - - - - - - - - - - - - - - - - 20,900,000.

Loss on foreclosures- 30 per cent of the above amount- - - - - - - - - - - - - - 6,270,000.

Cash recovered from forecolsures- - - - - - 14,630,000.

Income on outstanding and collectable

loans 4½ per cent - - - - - - - - - - - - - - v85,500,000.

Payment on bonds, 4 per cent - - - - - - - - - 72,377,580.

Surplus- -- 13,122,420.

Total Assets:

Outstanding and collectable

Loans- - - - - - - - - $1,900,000,000.

Recovery on Foreclosures- - 14,630,000.

n Surplus - - - - - - - - - - - - - 13,122,420. 1,927,752,420.

Liabilities, outstanding bonds- - - - - - - - - - 1,809,439,505.

Capital in cash and invested in collectable

loans end of 5th year. - - - - - - - - - - 118,312,915.

5th Year.

Capital- -	$ 102,648,026.
Bonds- -	1,737,351,974. ~~[illegible]~~.
Loans Made 5th Year- - - - - - - - - - - - - - - - - - - -	400,000,000.
Foreclosures, 10 per cent of loans made 5th year-- - - - - - - - - - - - - - - - -	40,000,000
Loans outstanding, and collectable- - - - - - -	1,800,000,000.
Principal and interest due on ~~[illegible]~~ mortgages foreclosed, ---- - - - - - - - - - - - - -	42,000,000.
Loss on foreclosures,30 per cent of the above amount --- - - - - - - - - - - - - -	12,600,000.
Cash recovered on Foreclosures.-- - - - - - -	29,400,000
Income on outstanding and collectable loans 5 per cent -- - - - - - - - - - -	90,000,000
Payment on ~~[illegible]~~ bonds, ~~[illegible]~~ 4 per cent---	69,494,078
Surplus -	20,505,922

Total Assets:

~~[illegible]~~

Outstanding and Collectable Loans -- - - - - -	$1,800,000,000.	
Recovery on Foreclosures- -	29,400,000.	
Surplus - - - - - - - - -	20,505,922.	1,849,905,922.

Liabilities, ~~[illegible]~~ outstanding Bonds- - - -	1,737,351,974.
Capital, in cash and invested in collectable loans end of 5th year- - - - - - - - - - -	112,553,948.

5th Year.

Capital- -$ 191,544,839.

Bonds- -1,568,455,161.

Loans made 5th Year- - - - - - - - - - - - - - - - - - 400,000,000.

Foreclosures, 15 per cent of loans made

15th year- - - - - - - - - - - - - - - - - 60,000,000.

Loans outstanding and collectable- - - - - - - -1,700,000,000

Principal and interest on mortgages

foreclosed- - - - - - - - - - - - - - - - 63,000,000.

Loss on foreclosures, 30 per cent of the

above amount- - - - - - - - - - 18,900,000.

Cash recovered from foreclosures- - - - - - --- 44,100,000.

Income on outstanding and collectable loans

5 per cent- - - - - - - - - 85,000,000.

Payment on bonds, 4 per cent- - - - - - - - - - - 62,738,206.

Surplus- --- 22,261,794.

Total Assets:

Outstanding and collectable

Loans- - - - - - - - - -$1,700,000,000.

Recovery from foreclosures- 44,100,000.

Surplus- - - - - - - - - - - -- 22,261,794. 1,766,361,794.

Liabilities, outstanding bonds- - - - - - - - 1,568,455,161.

Capital in cash and invested in

collectable loans end of 5th year- - - - 197,906,633.

6th Year.

Capital -	$ 118,312,915.
Bonds- -	2,181,687,085.
Loans made 6th Year - - - - - - - - - - - - - -	400,000,000.
Foreclosures, 5 per cent of loans made ~~xxxxx~~ 6th year- - - - - - - - - - - - - - -	20,000,000.
Loans outstanding and collectable, - - - -	$2,280,000,000.
Principal and interest due on mortgages foreclosed - - - - - - - - - - - - - -	20,900,000.
Loss on foreclosures, 30 per cent of the above amount - - - - - - - - - -	6,270,000.
Cash recovered from foreclosures- - - - - - - -	14,630,000.
Income on outstanding and collectable loans. 4½ per cent- - - - - - - - - - - -	102,600,000.
Payment on bonds- -4 per cent - - - - - - -	87,267,483.
Surplus -	15,332,517.

Total Assets:

Outstanding and Collectable Loans - - - - - - - -	$2,280,000,000.	
Recovery on foreclosures, -	14,630,000.	
Surplus, - - - - - - - - -	15,332,517	2,309,962,517.

~~xxxxxxxxxxx~~

Liabilities, outstanding bonds- - - - -	2,181,687,085.
Capital in cash and invested in collectable loans end of 6th year- - - - - - - - - - - - - - - - - - - -	128,275,432.

6th Year.

Capital- - - - - - - - - - - - - - - - - - -		-$ 112,553,948.
Bonds- -		2,087,446,052.
Loans Made 6th Year - - - - - - - - - - - - - -		400,000,000.
Foreclosures, 10 per cent of loans made 6th year,- - - - - - - - - -		40,000,000.
Loans outstanding and collectable- - - - - -		2,160,000,000.
Principal and interest due on Mortgages foreclosed- - - - - - - - - -		42,000,000.
Loss on foreclosures, 30 per cent of the above amount- - - - - - - - - - - - - -		12,600,000.
Cash recovered on foreclousres- - - - - - - -		29,400,000.
Income on outstanding and collectable loans 5 per cent- - - - - - - - - - - - - - - - - -		108,000,000.
Payment on Bonds, 4 per cent - - - - - - - -		83,497,842.
Surplus, - - - - - - - - - - - - - - - - - - -		24,502,158.
Total Assets:		
~~Outstanding and collectable loans~~		
Outstanding and collectable Loans - - - - - - - -	$2,160,000,000	
Recovery on foreclosures;-	29,400,000.	
Surplus- - - - - - - - - - - - -	-24,502,158.	2,213,902,158.
Liabilities, outstanding Bonds- - - - - - - -		2,087,446,052.
Capital, in cash and invested in collectable ~~xxxxxxxx~~ loans, end of 6th year- - - - - -		-126,456,106.

6th Year.

Capital -		$ 197,906,633
Bonds -		1,902,093,367
Loans made 6th Year- - - - - - - - - - - - - - - - - -		400,000,000
Foreclosures, 15 per cent of loans made 6th year-		60,000,000
Loans outstanding and collectable- - - - - - - -		2,040,000,000
Principal and interest on mortgages foreclosed- - - - - - - - - - -		63,000,000
Loss on foreclosures, 30 per cent of the above amount- - - - - -		18,900,000
Cash recovered from foreclosures- - - - - - - - -		44,100,000
Income on outstanding and collectable loans 5 per cent- - - - - - - - - - - - -		102,000,000
Payment on bonds, 4 per cent-v- - - - - - - - - -		76,083,734
Surplus -		25,916,266
Total Assets:		
Outstanding and collectable Loans- - - - - - - - - -	$2,040,000,000.	
Recovery from foreclsoures--	44,100,000.	
Surplus- - - - - - - - - - - -	25,916,266.	2,110,016,266.
Liabilities, outstanding bonds- - - - - - - - -		1,902,093,367
Capital in cash and invested in collectable loans end of 6th year- - - - -		207,922,899

7th Year.

Capital- $ 128,275,432.

Bonds- 2,551,724,568.

Loans made 7th Year - - 0 - - - - - - - - - 400,000,000.

Foreclosures- - 5 per cent of loans made

7th year - - - - - - - - - - - - - - - - - - -- 20,000,000.

Loans outstanding and collectable - - - - 2,660,000,000.

Principal and interest due on mortgages

foreclosed- - - - - - - - - - - - - - - - - - - 20,900,000.

Loss on foreclosures, 30 per cent of the

above amount - - - - - - - - - - - - - 6,270,000.

Cash recovered from foreclosures-- 14,630,000.

Income on outstanding and collectable

loans, 4½ per cent - - - - - - - - - - 119,700,000.

Payment on bonds, 4 per cent- - - - - - - - - 102,068,982.

~~Surplus~~ Net earnings 7th year - - - - - - - - - - - 17,631,018.

Total assets:

Outstanding and collectable

Loans - - - - - - - - - $2,660,000,000.

Recovery on foreclosures- - - 14,630,000.

~~Surplus~~ Net earnings 7th year - - - - - - - - - 17,831,018. 2,692,261,018.

Liabilities, outstanding bonds- - - - - - - - - 2,551,724,568.

Capital in cash and invested in collectable

loans end of 7th year. - - - - - - - - - - - - - 140,536,450

7th Year.

Capital- $ 126,456,106.

Bonds- 2,433,543,894.

Loans Made 7th year- - - - - - - - - - - - - 400,000,000.

Foreclosures 10 per cent of loans

made 7th year- - - - - - - - - - - - - 40,000,000.

Loans outstanding and collectable - - - - 2,520,000,000.

Principal and interest due on mortgages

foreclosed- - - - - - - - 42,000,000.

Loss on foreclosures- 30 per cent of the

above amount-- - - - - - - - - - - - - 12,600,000.

Cash recovered on foreclosures - - - - - 29,400,000.

Income on outstanding and collectable

loans 5 per cent - - - ----- - - 126,000,000.

Payment on bonds, 4 per cent- - - - - - - 97,341,755.

Surplus - 28,658,245.

Total Assets:

Outstanding and Collectable
Loans- - - - - - - - - - -$2,520,000,000

Recovery on foreclosures-- 29,400,000.

Surplus- - - - - - - - - - 28,658,245. 2,578,058,245.

Liabilities, outstanding Bonds- - - - - - - - -2,433,543,894.

Capital in cash and invested in collectable

loans end of 7th year - - - - - - - - 144,514,351.

7th Year.

Capital		$ 207,922,899.
Bonds		2,232,077,101.
Loans made 7th year		400,000,000.
Foreclosures, 15 per cent of loans made 7th year		60,000,000.
Loans outstanding and collectable		2,380,000,000.
Principal and interest due on mortgages foreclosed		63,000,000.
Loss on foreclosures, 30 per cent of the above amount		18,900,000.
Cash recovered from ~~xxxxxxx~~ foreclosures		44,100,000.
Income on outstanding and collectable ~~xxxxxx~~ loans		119,000,000.
Payment on bonds, 4 per cent		89,283,084.
Surplus		29,716,916.
Total Assets:		
Outstanding and collectable loans	$2,380,000,000.	
Recovery from foreclosures	44,100,000.	
Surplus	29,716,916.	2,453,716,916.
Liabilities - outstanding bonds		2,232,077,101.
Capital in cash and invested in collectable loans end of 7th year		221,639,815.

8th Year.

Capital- -	$ 140,556,450
Bonds- -	2,919,463,550
Loans Made 8th Year- - - - - - - - - - - - - - -	400,000,000
Foreclosures, 5 per cent of loans made 8th year- -	20,000,000
Loans outstanding ~~[illegible]~~ and collectable- - - -	3,040,000,000.
Principal and interest due on mortgages Foreclosed- - - - - - - - - - - - - - - - - - -	20,900,000.
Loss on foreclosures, 30 per cent of the above amount - - - - - - - -	6,270,000.
Cash recovered from foreclousres - - - - - - -	14,630,000.
Income on outstanding and collectable loans 4 ½ per cent - - - - - - - - - - - - -	136,800,000.
Payment on bonds 4 per cent- - - - - - - - - -	116,778,542.
Surplus- -	20,021,458.

Total Assets;

Outstanding and collectable loans- - - - - - -	$3,040,000,000.	
Recovery on foreclosures- - -	14,630,000.	
Surplus- - - - - - - - - - - - -	20,021,458.	3,074,651,458

~~[illegible]~~

Liabilities, outstanding bonds- - - - - - - -	2,919,463,550
Capital in ~~[illegible]~~ cash and invested in collectable loans end of 8th year.	155,187,908

8th Year.

Capital		$ 144,514,351.
Bonds		2,775,485,649.
Loans made 8th year.		400,000,000.
Foreclosures, 10 per cent of loans made 8th year,		40,000,000.
Loans outstanding and collectable		2,880,000,000.
Principal and interest due on Mortgages foreclosed		42,000,000.
Loss on foreclosures, 30 per cent of the above amount		12,600,000.
Cash recovered on foreclosures,		29,400,000.
Income on outstanding and collectable loans, 5 per cent		144,000,000.
Payment on Bonds, 4 per cent		111,019,425.
Surplus		32,980,475.
Total Assets:		
Outstanding and collectable Loans	$2,880,000,000.	
Recovery on foreclosures	29,400,000.	
Surplus	32,980,475.	2,942,380,475
Liabilities, Outstanding Bonds		2,775,485,649.
Capital in cash and invested in collectable loans end of 8th year		166,894,826.

8th Year.

Capital- -$ 221,639,815.

Bonds- 2,558,360,185.

Loans made 8th year- - - - - - - - - - - - - - 400,000,000.

Foreclosures, 15 per cent of loans made

8th Year- - - - - - - - - - - - - -- 60,000,000.

Loans outstanding and collectable- - - - - 2,720,000,000.

Principal and interest due on mortgages ~~fxxx~~

foreclsoed - - - - - - - - 63,000,000.

Loss ~~xxx~~ on foreclosures, 30 ~~pxxx~~ per cent

of the above amount- - - - 18,900,000.

Cash recovered from foreclsoures- - - - - - 44,100,000.

Income on outstanding and collectable

loans- - - - - - - - - - - 136,000,000.

Payment on bonds, 4 per cent- - - - - - - - - 102,334,407.

Surplus- -- 33,665,593.

Total Assets:

Outstanding and collectable

Loans- - - -$2,720,000,000.

Recovery from foreclosures-- 44,100,000.

Surplus- - - - - - - - - - - --- 33,665,593. 2,797,765,593.

~~Liabilities~~xx

Liabilities, outstanding bonds- - - - - - - - 2,558,360,185.

Capital in cash and invested in collectable

loans, end of 8th year- - - - - 239,405,408.

9th Year.

Capital		$ 155,187,908.
Bonds		3,284,812,092.
Loans made 9th year		400,000,000.
Foreclosures, 5 per cent of loans made 9th year		20,000,000.
Loans outstanding and collectable		3,420,000,000,
Principal and interest due on Mortgages foreclosed		20,900,000.
Loss on foreclosures- 30 per cent of the above amount		6,270,000.
Cash recovered from foreclosures		14,630,000.
Income on outstanding and collectable loans, $4\frac{1}{2}$ per cent		153,900,000.
Payment on bonds 4 per cent		131,392,483.
Surplus		22,507,517.
Total Assets:		
Outstanding collectable Loans	$3,420,000,000.	
Recovery on foreclosures	14,630,000.	
Surplus	22,507,517.	3,457,137,517.
Liabilities, outstanding bonds		3,284,812,092.
Capital in cash and invested in collectable loans end of 9th year		172,325,425.

9th Year.

Capital- $166,894,826.

Bonds- -3,113,105,174.

Loans made 9th year- - - - - - - - - - - 400,000,000.

Foreclosures 10 per cent of the loans

made 9th year-v- - - - - - - - - - - - - - 40,000,000.

Loans outstanding and collectable - - - 3,240,000,000

Principal and interest due on ~~xxxxx~~

mortgages ~~xxxxxxxxxx~~ foreclosed--- 42,000,000.

Loss on foreclosure, 30 per cent of the

above amount -- - - - - - - - - - - 12,600,000.

Cash recovered on foreclosures- - - - - 29,400,000.

Income on outstanding and collectable loans

5 per cent - - - - - - - - - - - - 162,000,000.

Payment on bonds, 4 per cent -- - - - - 124,524,206.

Surplus - - - - - - - - - - - - - - - - - 37,475,794.

Total assets:

Outstanding and collectable
Loans v - - - - - - $3,240,000,000

Recovery on foreclsores-~~00~~- 29,400,000.

Surplus- - - - - - - - - - 37,475,794. 3,306,875,794.

Liabilities, outstanding bonds- - 3,113,105,174.

Capital in cash and invested in collectable

loans end of 9th year. - - - - - - - - - - ~~[illegible]~~
193,770,620.

9th Year.

Capital,. - - - - - - - - - - - - - - - - - - $ 239,405,408.

Bonds- 2,880,594,592.

Loans made 9th year- - - - - - - - - - - - - - 400,000,000.

Foreclsoures 15 per cent of loans

made 9th year- - - - - - - - - - - - 60,000,000.

Loans outstanding and collectable- - - - - - 3,060,000,000.

Principal and interest due on mortgages

foreclosed- --- - - - - - - - 63,000,000.

Loss on foreclosures, 30 per cent of the

above amount- - - - - - - - - - 18,900,000.

Cash recovered from foreclosures- - - - - - 44,100,000.

Income on outstanding and collectable

loans- - - - - - - - - - - - - -- 153,000,000.

Payment on bonds, 4 per cent- - - - - - - 115,223,783.

Surplus- 37,776,217.

Total assets:

Outstanding and collectable

Loans- - - - - - - -$3,060,000,000.

Recovery from foreclosures-- 44,100,000.

Surplus- - - - - - - - - - - - 37,776,217. 3,141,876,217.

Liabilities outstanding bonds- - - -- - - - - 2,880,594,592.

Capital in cash and invested in collectable

loans, end of 9th year- - - - - - 261,281,625.

10th Year.

Capital- $ 172,325,425.

Bonds- -3,647,674,575.

Loans made 10th year - - - - - - - - - - - - - 400,000,000.

Foreclosures, 5 per cent of loans made

10th year- - - - - - - - - - - - - - - - 20,000,000.

Loans outstanding and collectable - - - - - - - 3,800,000,000.

Principal and interest due on mortgages

foreclosed- - - - - - - - - - - - - - - - - 20,900,000.

Loss on foreclosures, 30 per cent of the

above amount, - - - - - - - - - - 6,270,000.

Cash recovered from forclosures - - - - - - - - 14,630,000.

Income on outstanding and collectable loans

4½ per cent- - - - - - - - - - - - - - - - 171,000,000.

Payment on bonds 4 per cent, - - - - - - - -- 145,906,983.

Surplus- 25,093,017.

Total Assets:

Outstanding collectable

Loans - - - - - - $3,800,000,000.

Recovery on foreclosures- - 14,630,000.

Surplus- - - - - - - - - - -- 25,093,017. 3,839,723,017.

Liabilities, outstanding bonds- - - - - - 3,647,674,575.

Capital in cash and invested in collectable

loans end of 10th year- - - - - - - - - - 192,048,442.

10th Year.

Capital- -		$ 193,770,620.
Bonds- -		3,446,229,380.
Loans made 10th year- - - - - - - - - - - - - --		400,000,000.
Foreclsures, 10 per cent of the loans made 10th year, - - - - - - - - - - - - - -		40,000,000.
Loans outstanding and collectable ----- --		3,600,000,000.
Principal and interest due on Mortgages forclosed - - - - - - - - - -		42,000,000.
Loss on foreclosure, 30 per cent of the above amount--- - - - - - - - - - -		12,600,000.
Cash recovered on foreclosures - - - - - - --		29,400,000.
Income on outstanding and collectable loans, 5 per cent--- - - - - - - - - - -		180,000,000.
Payment on bonds 4 per cent. - - - - - - - - -		137,849,175.
Surplus -		42,150,825.
Total Assets;		
Outstanding and collectable Loans - - - - - - - - - -	$3,600,000,000	
Recovery on foreclosures--	29,400,000.	
Surplus- - - - - - - - - - -	~~42,15x~~ 42,150,825.	~~3,671~~ 3,671,550,825.

~~xtx~~

Liabilities, outstanding bonds------------	3,446,229,380.
Capital, in c ash and invested in collectable loans end of tenth year- - - - - - - - - - - -	225,321,445.

10th Year.

Capital- $ 261,281,625.

Bonds- 3,198,718,375.

Loans made 10th year.- - - - - - - - - - - - 400,000,000.

Foreclsoures, 15 per cent of loans made

10th year- - - - - - - - - - - - - - 60,000,000.

Loans outstanding and collectable, - - - - 3,500,000,000.

Principal and interest due on mortgages

foreclosed- - - - - - - - - - 63,000,000.

Loss on foreclosures, 30 per cent of the

above amount- - - - - - - - - 18,900,000.

Cash recovered from foreclosures- - - - - - - 44,100,000.

Income on outstanding and collectable loans-- 170,000,000.

Payment on bonds, 4 per cent- - - - - - - - --- 127,948,735.

Surplus- 42,051,265.

Total Assets:

Outstanding and collectable

loans- - - - $3,400,000,000.

Recovery on forclosures- - 44,100,000.

Surplus- - - - - - - - - - - - 42,051,265. 3,486,151,265.

Liabilities, outstanding bonds, - - - - - - - 3,198,718,375.

Capital, in cash and invested in collectable

loans end of 10th year- - - - 287,432,890.

11th Year.

Capital -	$ 192,048,442.
Bonds- -	4,007,951,558.
Loans made 11th Year - - - - - - - - - - - -	400,000,000.
Foreclosures 5 per cent of loans xxxxxx made 11th year- - - - - - - - - - - - - - -	20,000,000.
Loans outstanding and collectable --	4,180,000,000.
Principal and interest due on mortgages foreclosed- - - - - - - - - - - - - - - - - -	20,900,000.
Loss on foreclosures, 30 per cent of the above amount. - - - - -	6,270,000.
Cash recovered from foreclosures- - - -	14,630,000.
Income on outstanding and collectable loans, xxx 4½ per cent- - - - - -	188,100,000
Payment on bonds 4 per cent- - - - - -	160,318,062.
Surplus- - - - - - - - - - - - - - - - - - - -	27,781,938.
Total Asetts:	
Outstanding and collectable loans- - - - - - -$4,180,000,000	
Recovery on foreclosures- - 14,630,000.	
Surplus- - - - - - - - - - - 27,781,938	4,222,411,938.
Liabilities, Outstanding bonds- - - - - -	4,007,951,558.
Capital in cash and invested in collectable loans end of 11th year- - - - - - -	214,460,380.

11th Year.

Capital- -$	225,321,445.
Bonds- -	3,774,678,555.
Loans Made 11th Year- - - - - - - - - - - - - - - - -	400,000,000.
Foreclosures, 10 per cent of the loans made 11th year- - - - - - - - - - - - - - - - - - -	40,000,000.
Loans outstanding and collectable - - - - - -	3,960,000,000.
Principal and interest due on mortgages foreclosed- - - - - - - - - - - - - - - - - - -	42,000,000.
Loss on foreclosures, 30 per cent of the above amount- - - - - - - - - - - - - - -	12,600,000.
Cash recovered on foreclosures - - - - - - - - -	29,400,000.
Income on outstanding and collectable loans 5 per cent - - - - - - - - - - - - - - -	198,000,000.
Payment on bonds 4 per cent- - - - - - - - - - -	150,987,142.
Surplus- -	47,012,858.

Total Assets:

Outstanding anc collectable Loans- - - - - - - - - - - - -	$3,960,000,000.	
Recovery on foreclosures- - - -	29,400,000.	
Surplus- - - - - - - - - - - - - - -	47,012,858.	4,036,412,858.

Liabilities, outstanding bonds- - - - - -	3,774,678,555.
Capital in cash and invested in collectable loans end of 11th year.- - - - - - - - - - - -	261,734,303.

11th Year.

Capital- -$ 287,432,890.

Bonds- 3,512,567,110.

Loans made 11th year- - - - - - - - - - - - - - - - 400,000,000.

Foreclosures, 15 per cent of loans made

11th year- - - - - - - - - - - - - - 60,000,000.

Loans outstanding and collectable- - - - - - 3,740,000,000.

Principal and interest due on mortgages

foreclosed - - - - - - - - - - - - 63,000,000.

Loss on foreclosures 30-per cent of the

above amount- - - - - - - - 18,900,000.

Cash recovered from foreclosures- - - - - - 44,100,000.

Income on outstanding and collectable

loans- - - - - - - - - - - - - - 187,000,000.

Payment on bonds, ~~fxx~~ 4 per cent- - - - - - 140,502,684.

Surplus- 46,497,316.

Total Assets:

~~Recovery of~~
Outstanding and collectable

loans- - -$3,740,000,000.

Recovery on foreclosures- - 44,100,000.

Surplus - - - - - - - - - - - - - - 46,497,316. 3,830,597,316

Liabilities, outstanding bonds- - - - - - - - - 3,512,567,110

Capital in cash and invested collectable

loans end of 11th year- - - - - - - 318,030,206

12th Year.

Capital- -$ 214,460,380.

Bonds - 4,365,539,620.

Loans made 12th year, - - - - - - - - - - - - 400,000,000.

Foreclosures, 5 per cent of loans made

~~12~~ 12th year- - - - - - - - - - - - 20,000,000.

Loans outstanding and collectable - - - - 4,560,000,000

Principal and interest due on

mortgages foreclosed - - - - - - - - - 20,900,000.

Loss on foreclosures, 30 per cent of the

above amounts - - - - - - - - - - - - - - - 6,270,000.

Cash ~~xxxxxxx~~ recovered from foreclosures-- 14,630,000.

Income on outstanding and collectable loans

4½ per cent- - - - - - - - - - - - - -- 205,200,000.

Payment on bonds, 4 per cent - - - - - - - - - 174,621,584.

Net earnings 12th year ~~Surplus~~, - - - - - - - - - - - - - - 30,578,416,

Total Assets;

Outstanding and collectable
Loans- - - - - - - - -$4,560,000,000.

Recovery on foreclosures - - -14,630,000.

Net earnings 12th year ~~Surplus~~- - - - - - - - - - 30,578,416. 4,605,208,416.

~~Lia~~

Liabilities, outstanding bonds- - - - - - - -4,365,539,620.

Capital in cash and invested in collectable loans

end of 12th year - - - - - - - -- 239,668,796.

12th Year.

Capital- --	$261,734,303.
Bonds -- -	4,098,265,597.
Loans Made 12th year. - - - - - - - - - - - -	400,000,000.
Foreclosures, 10 per cent of the loans made 12th year, - - - - - - - - - - - -	40,000,000.
Loans outstanding and collectable- - - -	4,320,000,000.
Principal interest due on mortgages foreclosed- - - - - - - - - - - - --	42,000,000.
Loss on foreclosures, 30 per cent of the above amount- - - - - - - - -	12,600,000.
Cash ~~xxxxxxxxxxxxxxxx~~ recovered on foreclosures - - - - - - - - - - - - - - - -	29,400,000.
Income on outstanding and collectable loans 5 per cent, - - - - - - - -	216,000,000.
Payment on bonds, 4 per cent - - - - - - -	163,930,627.
Surplus -	42,069,373

Total Assets:

Outstanding and collectable Loans.- - - - - - - - -	$4,320,000,000	
Recovery on foreclosures- -	29,400,000	
S Surplus - - - - - - - - - - -	52,069,373.	4,401,467,373.
Liabilities, outstanding bonds - - - - - - -		4,098,265,697.
Capital in cash and invested in collectable Loans, end of 12th year. - - - - - - - -		303,203,676.

12th Year.

Capital- -$ 318,030,206.

Bonds- -3,821,969,794.

Loans made 12th Year- - - - - - - - - - - - - - 400,000,000.

Foreclosures, 15 per cent of the loans

made 12th year- - - - - - - - - - - 600000,000.

Loans outstanding and collectable- - - - 4,080,000,000.

Principal and interest due on mortgages

foreclosed- - - - - - - - - - - - 63,000,000.

Loss on foreclosures, 30 per cent of

the above amount--- - - - - 18,900,000.

Cash recovered from foreclosures - - - - - 44,100,000.

Income on outstanding and collectable

loans- - - - - - - - - - - - - - - 204,000,000.

Payment on bonds, 4 per cent- - - - - - - - 152,878,791.
Surplus- 51,121,209.
Total Assets:

Outstanding and collectable

loans- - - -$4,080,000,000.

Recovery on foreclosures- - - 44,100,000.

Surplus,- - - - - - - - - - 51,121,209. 4,175,221,209.

Liabilities, outstanding bonds- - - - - - - 3,821,969,794.

Capital in cash and invested in collectable

loans end of 12th year- - - 353,251,415.

13th Year.

Capital - - - - - - - - - - - - - - - - - - -	$ 239,668,796
Bonds- -n	4,720,331,204.
Loans made 13th year- - - - - - - - - - - - - -	400,000,000.
Foreclosures, 5 per cent of loans made 13th year -	20,000,000.
~~XXX~~ Loans outstanding and collectable- - - -	4,940,000,000.
Principal and interest due on mortgages foreclosed. - - - - - - - - - - - - - - - - - -	20,900,000.
Loss on foreclosures, 30 per cent of the above amount - - - - - - - - - - - -	6,270,000.
Cash recovered from foreclosures- - - - - - - -	14,630,000.
Income on outstanding and collectable loans 4½ per cent - - - - - - - - - - - - - - - -	222,300,000.
Payment on bonds, 4 per cent - - - - - - - - - -	188,813,248.
Surplus -	33,486,752

Total Assets: - - - - - - - - - - - - - - - -

Outstanding and collectable Loans- - - - - - -	$4,940,000,000.	
Recovery on foreclosures-	14,630,000.	
Surplus - - - - - - - - -	33,486,752.	4,988,116,752.
Liabilities, outstanding bonds, - - -		4,720,331,204.
Capital in cash and invested in collectable loans end of 13th year- - - - - - - - - -		267,785,548.

13th Year.

Capital -	$ 303,203,676
Bonds- -	4,416,796,324.
Loans made 13th year - - - - - - - - - - - - -	400,000,000.
Foreclosures 10 per cent of the loans made 13th year. - - - - - - - - - - - - - - - - - -	40,000,000.
Loans outstanding and ~~xxxxxxxxxxxxxxxxx~~ collectable- - - - - - - - - - - - - - - -	4,680,000,000.
Principal and interest due on mortgages foreclosed- - - - - - - - - - - - - - -	42,000,000.
Loss on foreclosures, 30 per cent of the above amount. - - - - - - - - - - - - -	12,600,000.
Cash recovered on foreclosures- - - - - - -	29,400,000.
Income on outstanding and ~~xxxxxxxxxxxxxxx~~ collectable loans,-5 per cent--	234,000,000.
Payment on bonds, 4 per cent - - - - - - - -	176,671,852.
Surplus -	57,328,148.

Total assets:

Outstanding and Collectable Loans- - - - -	$ 4,680,000,000.	
Recovery on foreclosures- -	29,400,000.	
Surplus - - - - - - - - - - - -	57,328,148.	4,766,728,148.
Liabilities, outstanding bonds - - - - - - -		4,416,796,324.
Capital ~~xx~~ in cash and invested in collectable loans end of 13th year- - -		349,931,824.

13th Year.

Capital- $353,253,415.

Bonds- -4,126,748,585.

Loans made 13th year- - - - - - - - - - - - - 400,000,000.

Foreclosures, 15 per cent of loans made

13th year- - - - - - - - - - - 60,000,000.

Loans outstanding and collectable - - - - 4,420,000,000.

Principal and interest due on mortgages

foreclosed- - - - - - - - - - - 63,000,000.

Loss on foreclosures, 30 per cent of the

above amount-- - - - -- 18,900,000.

Cash recovered from foreclosures- - - - - 44,100,000.

Income on outstanding and collectable

loans - - - - - - - - - -- 221,000,000.

Payment on bonds, 4 per cent- - - - - - - -- 165,069,943.

Surplus0 - 55,930,057.

Total Assets:

Outstanding anc collectable

Loans- - - - - - - - $4,420,000,000.

Recovery on foreclosures- - - 44,100,000.

Surplus- - - - - - - - - - - - - 55,930,057. 4,520,030,057.

Liabilities, outstanding bonds- - - - - - - - 4,126,748,585.

Capital in cash and invested in ~~[illegible]~~

~~[illegible]~~

collectable loans end of 13th year- - - -393,281,472.

14th Year.

Capital	$ 267,785,548.
Bonds	5,072,214,452.
Loans Made 14th year	400,000,000.
Foreclosures, 5 per cent of loans made 14th year	20,000,000.
Loans outstanding and collectable,	5,320,000,000.
Principal and interest due on mortgages foreclosed	20,900,000.
Loss on foreclosures, 30 per cent of the above amount	6,270,000.
Cash recovered from foreclosures	14,630,000.
Income on outstanding and collectable loans 4½ per cent	239,400,000.
Payment on bonds, 4 per cent	202,888,578.
Surplus	36,511,422.

Total Assets:

Outstanding and collectable, Loans	$5,320,000,000.	
Recovery on foreclosures,	14,630,000.	
Surplus	36,511,422.	5,371,141,422
Liabilities, outstanding bonds,		5,072,214,452
Capital in cash and invested in collectable loans end of 14th year,		298,926,970

14th Year.

Capital		$ 349,931,824
Bonds		4,730,068,176
Loand made 14th year		400,000,000
Foreclosures, 10 per cent of the loans made 14th year		40,000,000
Loans outstanding and collectable		5,040,000,000
Principal and interest due on mortgages ~~[illegible]~~ foreclosed		42,000,000.
Loss on foreclosures, 30 per cent of the above amount		12,600,000
Cash recovery on foreclosnres		29,400,000
Income on outstanding and collectable loans 5 per cent		252,000,000.
Payment on bonds 4 per cent		189,202,727.
Surplus		62,797,273.
Total Assets:		
Outstanding and collectable Loans	$5,040,000,000	
Recovery on foreclosures	29,400,000	
Surplus	62,797,273.	5,132,197,273.
Liabilities, outstanding bonds		4,730,068,176.
Capital in cash and invested in collectable loans end of 14th year		402,129,097.

14th Year.

Capital- -	$ 393,281,472.
Bonds- -	4,426,718,528.
Loans made 14th Year- - - - - - - - - - - - - -	400,000,000.
Foreclosures, 15 per cent of loans made 14th Year- - - - - - - - - - - - - - - - -	60,000,000.
Loans outstanding and collectable,- - - - -	4,760,000,000.
Principal and interest due on Mortgages foreclosed- - - - - - - - - - - - -	63,000,000.
Loss on foreclosures, 30 per cent of the above amount- - - - - - - - - - -	18,900,000.
Cash recovered from foreclosures - - - - - - -	44,100,000.
Income on outstanding and collect able loans- - - - - - - - - -	238,000,000.
Payment on bonds- 4 per cent - - - - - - - - -	177,068,741.
Surplus- -	60,931,259.

Total Assets:

Outstanding and collectable Loans- - - - - -	$4,760,000,000.	
Recovery on foreclosures-	44,100,000.	
Surplus- - - - - - - - - - -	60,931,259.	4,865,031,259.
Liabilities, outstanding bonds- - - - - - -		4,426,718,528.
Capital in cash and invested ~~mdx~~ in collectable loans end of 14th year- - - -		438,312,731.

15th Year.

Capital	$ 298,926,970.
Bonds	5,421,073,030.
Loans made 15th year	400,000,000
Foreclosures, ~~10~~ 5 per cent of loans made 15th year	20,000,000.
Loans outstanding and collectable	5,700,000,000.
Principal and interest due on mortgages foreclosed	20,900,000.
Loss on foreclosures, 30 per cent of the above amount	6,270,000.
Cash recovered from foreclosures	14,630,000.
Income on outstanding and collectable loans 4½ per cent	256,500,000.
Payment on bonds ~~xxxxx~~ 4 per cent	216,842,921.
Surplus, ½	39,657,079.

Total Assets:

Outstanding and Collectable Loans	$5,700,000,000.	
Recovery on foreclosures	14,630,000.	
Surplus	39,657,079.	5,754,287,079.

~~xxxxxxxxxx~~

~~xxx~~ Liabilities, outstanding bonds	5,421,073,039.
Capital in cash and invested in collectable loans end of 15th year	333,214,049

15th Year.

Capital -		$ 402,129,097.
Bonds- -		5,037,870,903.
Loans made 15th year- - - - - - - - - - - - - - - -		400,000,000.
Foreclosures, ~~XX~~ 10 per cent of the loans made 15th year- - - - - - - - - - - - - -		40,000,000.
Loans outstanding and collectable - - - - - -		5,400,000,000.
Principal and interest due on mortgages ~~xxxxxxxxxx~~ foreclosed - - - - - - - - - - - - - - - - - -		42,000,000.
Loss on foreclosures, 30 per cent of the above amount- - - - - - - - - - - - - -		12.600,000.
Cash recovered on forecolsures - - - - - - - - -		29,400,000.
Income on outstanding ~~xxxxxxx~~ and collectable loans, 5 per cent - - - - - - - - - - -		270,000,000.
Payment on bonds 4 per cent - - - - - - - - -		201,514,836.
Surplus -		68,485,164.
Total Assets:		
Outstanding and collectable Loans - - - - - - - - - -	$5,400,000,000.	
Recovery on foreclosures- - -	29,400,000.	
Surplus - - - - - - - - - - -	68,485,164.	5,497,885,164.
Liabilites, outstanding bonds- - - - - - - -		5,037,870,903.
Capital in cash and invested in collectable loans end of 15th year - - - - -		460,014,261.

15th Year.

Capital -$ 438,312,731.

Bonds- 4,731,687,269.

Loans made 15th year - - - - - - - - - - - - - - - 400,000,000.

Foreclosures, 15 per cent of loans made

15th year - - - - - - - - - - - 60,000,000.

Loans outstanding and collectable- - - - - - - 5,100,000,000.

Principal and interest due on mortgages,

foreclosed0 - - - - - - - - - - - - 63,000,000.

Loss on foreclosures, 30 per cent of the

above amount- - - - - - - 18,900,000.

Cash recovered from foreclosures- - - - - - - 44,100,000.

Income on outstanding and collectable loans-- 255,000,000.

Payment on bonds, 4 per cent- - - - - - - - - 188,867,490.

Surplus - 66,132,510.

Total Assets:

Outstandin and collectable

Loans- - - - - $5,100,000,000.

Recovery on foreclosures- - -44,100,000.

~~Surplus~~

Surplus- - - - - - - - - - - - - 66,132,510. 5,210,232,510.

Liabilities, outstanding bonds, - - - - - 4,721,687,267.

Capital in cash and invested in collectable

loans end of 15th year - - 488,545,241.

16th Year.

Capital- -	$ 333,214,049.
Bonds- -	5,766,785,951.
Loans made 16th year - - - - - - - - - - - - - -	400,000,000.
Foreclosures, 5 per cent of loans made 16th Year- - - - - - - - - - - - - - - -	20,000,000.
Loans outstanding and collectable- - - - - -	6,080,000,000.
Principal and interest due on Mortgages foreclosed- - - - - - - - - - - - -	20,900,000.
Loss on Foreclosures, 30 per cent of the above amount- - - - - - - - -	6,270,000.
Cash recovered from foreclosures - - - - - -	14,630,000.
Income on outstanding and collectable loans $4\frac{1}{2}$ per cent- - - - - - - - - - -	273,600,000.
Payment on bonds, 4 per cent- - - - - - - - - -	230,671,438.
Surplus- -	42,928,562.

Total Assets:

Outstanding and Collectable Loans- - - - - - - - -	$6,080,000,000.	
Recovery on foreclosures--	14,630,000.	
Surplus - - - - - - - - - - --	42,928,562.	6,137,558,562.

Liabilities, Outstanding Bonds- - - - - - - ---	5,766,785,951.
Capital in cash and invested in collectable loans end of 16th year- - - - - - - - --	370,772,611.

16th Year.

Capital - - - - - - - - - - - - - - - - - - - $ 460,014,261.

Bonds- -5,339,985,739.

Loans made 16th Year - - - - - - - - - - - - - 400,000,000.

Foreclosures, 10 per cent of loans made

16th year - - - - - - - - - - - - - 40,000,000.

Loans outstanding and collectable - - - - -5,760,000,000.

Principal and interest due on

Mortgages foreclosed- - - 42,000,000.

Loss on foreclosures, 30 per cent of the

above amount - - - - - - - - - 12,600,000.

Cash recovered on foreclosures - - - - 29,400,000.

Income on outstanding and collectable

Loans, 5 per cent- - - 288,000,000.

Payment on bonds, 4 per cent - - - - - - - 213,599,429.

Surplus, - - - - - - - - - - - - - - - - - - 74,400,571.

Total Assets:

Outstanding and collectable

Loans - - - - - - - - 5,760,000,000.

Recovery on foreclosures - 29,400,000.

Surplus - - - - - - - - - - 74,400,571. 5,863,800,571.

Liabilities, outstanding bonds- - - - - - - - 5,339,985,739.

Capital in cash and invested in collectable

Loans end of 16th year - - - - - - - - - 523,814,832.

16th Year.

Capital- -	$ 488,545,241.
Bonds- -	5,011,454,759.
Loans made 16th year- - - - - - - - - - - - - -	400,000,000.
Foreclosres, 15 per cent of loans made 16th year- - - - - - - - - - - - - - -	60,000,000.
Loans outstanding and collectable- - - - -	5,440,000,000.
Principal and interest due on mortgages foreclosed- - - - - - - - -	63,000,000.
Loss on foreclosures, 30 per cent of the above amount-- - - - - - - - -	18,900,000.
Cash recovered from foreclosures-- - - - -	44,100,000.
Income on outstanding and collectable loans - - - - - - - -	272,000,000.
Payment on bonds, 4 per cent- - - - - - - -	200,458,190.
Surplus- -	71,541,810.

Total Assets:

Outstanding and collectable ~~xxxxx~~ loans- - - -	$5,440,000,000.	
Recovery on foreclosures- -	44,100,000.	
Surplus- - - - - - - - - - - - - -	71,541,810.	5,555,641,810.
Liabilities, outstanding bonds- - - - - - -		5,011,454,759.
Capital in cash and invested in collectable loans end of 16th year- - - -		544,187,051.

Dick T. Morgan

17th Year.

~~Exp~~

Capital -$ 370,772,611.

Bonds- -6,109,227,389.

Loans made 17th Year - - - - - - - - - - - 400,000, 000

Foreclosures, 5 per cent of loans made

17th year- - - - - - - - - - - - - - - - 20,000,000.

Loans outstanding and collectable- - - - - - - -6,460,000,000.

Principal and interest due on martgages

foreclosed- - - - - - - - - - - - - 20,900,000.

Loss on foreclsoures, 30 per cent of the above

amount - - - - - - - - - - - - - - - - - 6,270,000.

Cash recovered from foreclosures- - - - - - - - - 14,630,000.

Income on outstanding and collectable loans

$4\frac{1}{2}$ per cent - - - - - - - - - - - 290,700,000.

Payment on bonds, 4, per cent - - - - - - - - - - 244,369,095.

Surplus - 46,330,905.

Total Assets:

Outstanding and collectable
Loans- - - - - - - - $6,460,000,000.

Recovery on foreclosures--- 14,630,000.

Surplus- - - - - - - - - - - - - -46,330,905. 6,520,960,905.

Liabilities, Outstanding bonds- - - - - - - 6,109,227,389.

Capital in cash and invested in collectable loans

end of 17th year.- - - - - - - - - - - 411,733,516

17th Year.

Capital -$ 523,814,832.

Bonds- -5,636,185,168.

Loans made 17th Year - - - - - - - - - - - - 400,000,000.

Foreclosures, 10 per cent of the loans

made 17th year. - - - - - - - - - - - 40,000,000

Loans outstanding and collectable - - - - 6,120,000,000.

Principal and interest due on mortgages

foreclosed - - - - - - - - - - - - - - 42,000,000.

Loss on foreclosures, 30 per cent of the - - - - - - - - - -

above amount- - - - - - - - - - - - - - - - 12,600,000.

Cash recovered on foreclosures - - - - - - - 29,400,000.

Income on outstanding and collectable

loans, 5 per cent- - - - - - - - - - - 306,000,000.

Payment on bonds 4 per cent. - - - - - - - 225,447,406.

Surplus - 80,552,594.

Total Assets:

Outstanding and Collectable

Loans- - - - - - $6,120,000,000.

Recovery on foreclosures-- 29,400,000.

Surplus - - - - - - - - - - - 80,552,594. 6,229,952,594.

Liabilities, outstanding bonds- - - - - - - 5,636,185,168.

Capital, in cash and invested in collectable
loans end of 17th year - - - - - - - - 593,767,426.

17th Year.

Capital- -	$ 544,187,051
Bonds- -	5,295,813,949
Loans made 17th year- - - - - - - - - - - - - - - - - -	400,000,000
Foreclosures, 15 per cent of loans made 17th year- - - - - - - - - - - - - --	60,000,000
Loans outstanding and collectable - - - - - -	5,780,000,000
Principal and interest due on mortgages foreclosed- - - - -	63,000,000
Loss on foreclosures, 30 per cent of the above amount- - - - - - - - -	18,900,000
Cash recovered from foreclosures - - - - - - -	44,100,000
Income on outstanding and collectable loans--	289,000,000
Payment on bonds 4 per cent- - - - - - - - - - - -	211,832,517
Surplus- -	77,167,483

Total Assets:

Outstanding and collectable loans- - - - - - - -	$5,780,000,000.	
Recovery on foreclosures 0 ---	44,100,000.	
Surplus0 - - - - - - - - - - - - - - -	77,167,483.	5,901,267,443.

Liabilities, outstanding bonds- - - - - - - - - -	5,291,812,949.
Capital in cash and invested in collectable loans end of 17th year- - - -	605,454,534.

18th Year.

Capital - $ 411,733,516.

Bonds- 6,448,266,484.

Loans made 18th year - - - - - - - - - - - - - 400,000,000.

Foreclosures, 5 per cent of loans made 18th
Year - - - - - - - - - - - - - - - - - 20,000,000.

Loans outstnding and collectable - - - - - - - 6,840,000,000.

Principal and interest due on mortgages
foreclosed - - - - - - - - - - - - - - - - - - 20,900,000.

Loss on f reclosures, 30 per cent of the
above amount - - - - - - - - - - - - - - 6,270,000.

Cash recovered from foreclosures - - - - - - - - 14,630,000.

Income on outstanding and collectable loans
$4\frac{1}{2}$ per cent- - - - - - - - - - - - - - - - - -307,800,000.

Payment on bonds 4 per cent- - - - - - - - - - 257,930,659.

Surplus - 49,869,341.

Total Assets:

Outstanding and collectable

Loans------$6,840,000,000.

Recovery on foreclsoures-- - 14,630,000.

Surplus - - - - - - - - - - - - - 49,869,341. 6,904,499,341.

Liabilities, Outst nding bonds- - - - - - - - 6,448,266,484

Capital, ~~exxx~~ in cash and invested in

collectable loans end of 18th year - - - 456,232,857.

18th Year.

Capital	$ 593,767,426.
Bonds	5,926,232,574.
Loans made 18th year	400,000,000.
Foreclosures, 10 per cent of the loans made 18th year	40,000,000.

~~Principal and~~

Loans outstanding and collectable	6,480,000,000.
Principal and interest due on mortgages foreclosed	42,000,000.
Loss on Foreclosures-30 per cent of the above amount	12,600,000.
Cash recovered on foreclosures	29,400,000.
Income on outstanding and collectable loans, 5 per cent	324,000,000.
Payment on bonds 4 per cent	237,049,302.
Surplus	86,950,698.

Total assets:

Outstanding and Collectable Loans	$6,480,000,000.	
Recovery on foreceolsures	29,400,000.	
Surplus	86,950,698.	6,596,350,690.

~~Lia~~

Liabilities, outstanding bonds	5,926,232,574.
Capital in cash and invested in collectable loans end of 18th year	670,118,124.

18th Year.

Capital -		$ 605,454,534.
Bonds -		5,574,546,466.
Loans made 18th Year - - - - - - - - - - - - - -		400,000,000.
Foreclosures, 15 per cent of loans made 18th year - - - - - - - - - -		60,000,000.
Loans outstanding anc collectable - - - - - - - -		6,120,000,000.
Principal and interest due on mortgages foreclosed - - - - - - - - - - - -		63,000,000.
Loss on foreclosures, 30 per cent of the above amount - - - - - - -		18,900,000.
Cash recovered from foreclosures - - - - - -		44,100,000.
Income on outstanding and collectable loans - -		306,000,000.
Payment on bonds, 4 per cent - - - - - - - - -		222,981,858.
Surplus -		83,018,142.
Total Assets:		
Outstanding and collectable loans - - -	$6,120,000,000.	
Recovery on foreclosures - -	44,100,000.	
Surplus - - - - - - - - - - -	83,018,142.	6,247,118,142.
Liabilities, outstanding bonds - - - - - - -		5,574,546,466.
Capital in cash and invested in collectable loans end of 18th year - - - - - - - -		672,571,676.

19th Year.

Capital- -$ 456,232,857.

Bonds- 6,783,767,143.

Loans made 19th year- - - - - - - - - - - - 400,000,000.

Foreclsores, 5 per cent of loans made ~~19th year~~
19th year - - - - - - - - - - - 20,000,000.

Loans outstanding and collectable - - - 7,220,000,000.

Principal and interest due on mortgages
foreclosed- - - - - - - - - - - 20,900,000.

Loss on foreclosures, 30 per cent of the
above amount.- - - - - - - - - 6,270,000.

Cash recovered from foreclosures- - - - - 14,630,000.

Incóme on outstanding and collectable
loans $4\frac{1}{2}$ per cent - - - - - - - - - - - - - 324,900,000.

Payment on bonds 4 per cent- - - - - - - - 271,350,685.

Surplus - 53,549,315.

Total Assets;

Outstanding and collectable
loans- - - - - - - - - -$7,220,000,000

Recovery on foreclosures - - - 14,630,000.

Surplus- - - - - - - - - - - - - - - 53,549,315. 7,288,179,315.

Liabilities, outstanding bonds- - - - - - - 6,783,767,143.

Capital in cash and invested in collectable
loans end of 19th year. - - - - - - - - - - - - 504,412,172.

19th Year.

Capital - $ 670,118,124

Bonds- 6,209,881,876

Loans made 19th Year- - - - - - - - - - - - - - - 400,000,000

Foreclosures, 10 per cent of the loans made

18th year. - - - - - - - - - - - - - - - - - - 40,000,000

Loans outstanding and collectable - - - - - - - 6,840,000,000

Principal and interest due on mortgages

foreclosed- - - - - - - - - - - - - - - - 42,000,000

Loss on foreclosures, 30 per cent of the

above amount - - - - - - - - - 12,600,000

Cash recovered on foreclosures- - - - - - - - 29,400,000

Income on outstanding and collectable loans

5 per cent- - - - - - - - - - - - - - - 342,000,000

Payment on bonds, 4 per cent- - - - - - - - - 248,395,275

Surplus - 93,604,725

Total assets:

Outstanding and collectable

Loans- - - - - - - - - - $6,840,000,000

Recovery on foreclosures - - 29,400,000

Surplus - - - - - - - - - - - 93,604,725. 6,963,004,725.

Liabilites outstanding bonds - - - - - - - - - 6,209,881,876.

Capital, in cash and invested in

collectable loans end of 19th year- - 753,122,849.

19th Year.

Capital	$ 672,5[illegible],667.
Bonds	5,847,428,324.
Loans made 19th Year	400,000,000.
Foreclosures, 15 per cent of loans made 19th year	60,000,000
Loans outstanding and collectable	6,460,000,000.
Principal and interest due on Mortgages foreclosed	63,000,000.
Loss on foreclosures, 30 per cent of the above amount	18,900,000.
Cash recovered from foreclosures	44,100,000.
Income on outstanding and collectable loans	323,000,000.
Payment on bonds, 4 per cent	233,897,132.
Surplus	89,102,868.

Total Assets:

Outstanding and collectable loans	$6,460,000,000.	
Recovery on foreclosures	44,100,000.	
Surplus	89,102,868.	6,593,202,868.
Liabilities, outstanding bonds		5,847,428,324.
Capital in cash and invested in collectable laons end of 19th year		745,774,544.

20th Year.

Capital -	$ 504,412,172.
Bonds -	7,115,587,828.
~~[illegible]~~	
Loans made 20th year- - - - - - - - - - - - - - -	400,000,000.
Foreclsures, 5 per cent of loans made ~~xx~~ 20th year- - - - - - - - - - - - - - - - - -	20,000,000.
~~gxx~~ Loans outstanding and collectable - - -	7,600,000,000.
Principal and interest due on mortgages foreclosed- - - - - - - - - - - - - -	20,900,000.
Loss on foreclosures, 30 per cent of the above amount. - - - - - - - - - - - - - -	6,270,000.
Cash recovered from foreclosures- - - - - -	14,630,000.
Income on outstanding and collectable loans $4\frac{1}{2}$ per cent-- - - - - - - - - -	342,000,000.
~~xx~~ Payment on bonds 4 per cent- - - - - - - - -	284,623,513.
Surplus -	57,376,487.
Total Assets:	
Outstanding and collectable Loansv-- - - - $7,600,000,000.	
Recovery on forclosures- - -14,630,000.	
Surplus - - - - - - - - - - - - - 57,376,487.	7,672,006,487.
Liabilities, outstanding bonds - - - - -	7,115,587,828.
Capital in ~~xxxxxxxx~~ cash and invested in collectable loans end of the 20th year- - - - - - - - - - -	556,419,659.

20th Year.

Capital - $ 753,122,849.

Bonds - 6,486,877,151.

Loans made 20th year, - - - - - - - - - - - - - - 400,000,000.

Foreclosures,10 per cent of the loans made 20th

year - - - - - - - - - - - - - - - - - - 40,000,000.

Loans outstanding and collectable- - - - - - - 7,200,000,000.

Principal and interest due on mortgages ~~[illegible]~~

foreclosed- - - - - - - - - - - 42,000,000.

Loss on foreclosures, ~~[illegible]~~ 30 per cent of the

above amount. - - - - - - - - - - - 12,600,000.

Cash recovered on foreclosures------------ 29,400,000.

Income on outstanding and collectable loans

5 per cent- - - - - - - - - - - - - - - - - 360,000,000.

Payment on bonds 4 per cent- - - - - - - - - - 259,475,086.

Surplus- 100,524,914.

Total Assets :

~~[illegible]~~

Outstanding and collectable

Loans- - - - - - - - $7,200,000,000.

Recovery on foreclosures - - 29,400,000.

Surplus - - - - - - - - - - - -100,524,914. 7,329,924,914.

Liabilites, outstanding bonds,v- - - - - - 6,486,877,151.

~~[illegible]~~

Capital in cash and invested in collectable loans
end of 20th year- - - - - - - - - - - - - - 843,047,763.

20th Year.

Capital -	$ 745,774,544.
Bonds- -	6,114,225,456.
Loans made 20th year- - - - - - - - - - - - - -	400,000,000
Foreclosures, 15 per cent of loans made 20th year- - - - - - - - - - - - - - -	60,000,000.
Loans outstanding and collectable, - -	6,800,000,000.
Principal and interest due on mortgages, foreclosed- - - - - - - - - - - - - -	63,000,000
Loss on foreclosures, 30 per cent of the above amount- - - - - - - - - -	18,900,000
Cash recovered from foreclosures, - - - - -	44,100,000
Income on outstanding and collectable Loans- -	340,000,000
Payment on bonds, 4 per cent- - - - - - - - -	244,569,018
Surplus- -	95,430,982.

Total Assets:

Outstanding and collectable Loans- - - - - - -	$6,800,000,000.	
Recovery on foreclosures- -	44,100,000.	
Surplus- - - - - - - - - -	95,430,982.	6,939,530,982.

Liabilities, outstanding bonds- - - - - - - -	6,114,225,456.
Capital in cash and invested in collectable loans end of 20th year- - - -	825,305,526.

ARTICLE FROM WASHINGTON POST

OF JAN. 14, 1914.

"PEACE" FOR TRADE

Wilson Outlines His Program as to "Big Business."

GIVES VIEWS TO CABINET

Trust Message Congress Will Hear Asks Four Radical Reforms.

Would Prevent Interlocking Directorates, Remove Debatable Area Around Sherman Bill, Fix the Personal Guilt in All Cases, and Create Commission to Make Investigations and Furnish Information—"Slowing Up" Talk Ends.

WILSON'S PROGRAM.

Supplementing the Sherman antitrust law to reduce the debatable area around it.

The prohibition of interlocking directorates.

Location of individual responsibility, and the fixing of personal guilt for all violations.

The creation of an interstate trade commission to perform the functions not only of a bureau of information, but to determine by its investigations whether decrees of dissolution or mandates of the courts are carried out.

President Wilson yesterday gave the members of the cabinet his ideas on the government's relation to big business, the field that antitrust legislation should cover in the present session of Congress, and the spirit with which he believed the task should be approached.

Peace and not war, a feeling of friendly conciliation rather than of hostile antagonism, and yet a constructive program that will eliminate uncertainty about the law and stimulate the growth of legitimate business—these are the fundamentals of the President's plan of action to be embodied in the message which he will read at a joint session of Congress next week.

Reads Document to Cabinet.

He presented the document to the cabinet yesterday, and worked all afternoon on some minor changes as a result of the meeting. Members of the cabinet spoke of the message as a progressive declaration that would reassure the business world of the sincere intentions of the administration to deal fairly with it.

The President today will outline the message to the Democratic members of the Senate committee on interstate commerce and the House judiciary committee at White House conferences. While the President has not yet revealed his views on detailed legislation, he hopes that his message will be the guiding influence that will keep the scope of activity within a well-defined compass, eliminating so far as possible any congestion of radical bills that might be misinterpreted by the outside world.

Features of Mr. Wilson's Plan.

So far as is known, the cardinal features of the President's plan are:

1. Supplementing the Sherman antitrust law to reduce the debatable area around it.

2. The prohibition of interlocking directorates.

3. Location of individual responsibility, and the fixing of personal guilt for all violations.

4. The creation of an interstate trade commission to perform the functions not only of a bureau of information, but to determine by its investigations whether decrees of dissolution or mandates of the courts are carried out.

The President is proceeding on the theory that legislation is necessary at this time, and that there should be no delay in accomplishing those reforms on which public sentiment is agreed. The recent action of J. P. Morgan & Co. in voluntarily withdrawing from numerous directorates on account of "a change in public sentiment," is cited by administration supporters as evidence that the business world expects interlocking directorates to be dissolved.

Change in Public Opinion.

In this connection, Mr. Wilson believes that whole course of public opinion has undergone a remarkable change in the last few years. From a point where doubt as to the existence of trusts was at first expressed, through the period when reasonable and unreasonable combinations in restraint of trade were debated, he believed there has developed now an acceptance of the principle that private monopolies are indefensible, and that trusts practice certain things which ought to be prohibited.

The President is also reiterating to those with whom he is discussing the subject, a view expressed in his preconvention speeches two years ago—that to stop "joy riding, it is necessary to arrest the chauffeur and not the automobile." He expected to recommend in his message that the law with respect to personal guilt should be vigorously enforced, and provision made in all legislation for individual offenses.

New Haven Plan Pleases.

The President is pleased with the agreement of the New York, New Haven and Hartford Railroad to break up its traffic monopoly in New England. This, coming so close upon the dissolution of the American Telephone and Telegraph Company, and the decision of the house of J. P. Morgan to withdraw its directorships in many big corporations, leads him to the belief that there is a general desire to comply with existing law, and to meet Congress half way in the matter of reforms.

A FEDERAL COMMISSION IS NEEDED:

1. To aid the courts in the dissolution, disintegration, and re-organization of unlawful corporations.

2. To aid in the enforcement of anti-trust laws.

3. To do the work of investigation, recommendation and publicity now assigned to the Bureau of Corporations.

4. To aid without legal proceedings, but with legal authority, through conference, negotiation and mediation in the re-adjustment of business in harmony with the law.

5. To control the practices and business methods of large Industrial corporations.

6. To re-inforce, restore and maintain competition as the chief price-regulator, and, if necessary for the public welfare, to exercise a limited direct control over prices.

7. To minimize the power of the large industrial corporation to concentrate wealth, and to maximize its power as an agency for the equitable distribution of wealth.

8. To enable us to secure all the benefits and advantages of the large industrial unit, and escape the evils and dangers thereof.

9. To relieve doubt and uncertainty in business, develop trade, encourage commerce, and promote enterprise.

10. To secure labor the highest wage, the largest amount of employment under the most favorable conditions and circumstances.

11. To allay public suspicion and distrust, remove prejudice, and secure the people from unjust tribute levied by monopolistic corporations.

12. To promote industrial peace, and thereby contribute to social justice, industrial strength, commercial power, and business prosperity.

AID IN DISSOLUTION OF CORPORATIONS.

We need a commission to aid in the dissolution of unlawful corporations. Our courts are overcrowded with business. They are unfitted for the work of supervising the dissolution and reorganization of gigantic business concerns. They have not the executive machinery necessary to dismantle these vast industrial corporations, nor the expert knowledge of business conditions to devise and execute proper plans for their reorganization, nor the time to supervise the readjustment of their complicated business affairs, nor the facilities to exercise the proper degree of scrutiny and watchfulness over the business methods of the new concerns into which they may be divided.

AN ENFORCEMENT AGENCY.

Neither the Sherman antitrust law nor any additional enactments can be made effective without a proper enforcing agency. The courts have no adequate executive machinery to give effect to their own judgments and decrees.

A commission would be exceedingly helpful in this work. The Sherman antitrust law has largely failed to meet the expectation of its authors. The fault is not so much in the law as in Congress for failure to create the proper executive machinery to give force, life, and vitality to the law. The Attorney General's Office was not organized and is not now equipped to do the work now devolving upon it. It is folly to enact additional laws until we have created the administrative and executive machinery to insure the thorough and effective enforcement of the law we now have. If the men who conceived and enacted the Sherman antitrust law had placed its execution and administration under an independent commission, with adequate authority and power, the trust question would have been largely settled long ago, our industrial force would have developed along safe, conservative, permanent, and legitimate lines, and the prosperity of the country would not now be endangered by the process of tearing down great business organizations.

It is unwise to multiply our restrictive and prohibitory laws when existing laws are dormant for want of proper enforcement agency.

We are poor architects, indeed, of constructive legislation if our plans and specifications call for statutory material which can not be utilized in our enforcement structure.

We will gain little by enacting laws to prohibit interlocking directorates, or to abolish holding companies, or to provide for Federal incorporation, or to establish a national-license system, or to enact other prohibitory or restrictive legislation unless we shall create adequate executive and administrative machinery to enforce our enactments.

A farmer might as well plant crops without men, means, and machinery for cultivation as for Congress to multiply antitrust laws without creating adequate executive machinery and equipment for their enforcement. For wise laws not properly enforced will be as unfruitful to the public as good seed not properly cultivated will be unprofitable to the farmer.

TO REENFORCE COMPETITION.

We need a commission to reenforce, restore, and maintain competition as a factor in price regulation, and if found necessary exercise under the law direct control over the prices of trusts.

Hitherto we have acted upon the principle that competition will serve as a sufficient regulator of prices. We have enacted laws to prevent monopoly and maintain effective competition among the manufacturers and dealers in all articles and products in common use. Unquestionably existing laws have not been adequate to do this. In spite of the Sherman Antitrust Act, in spite of the weapon of publicity as wielded by the Bureau of Corporations, in spite of prosecutions, proceedings, findings, decrees, and judgments rendered in the United States courts, combinations have been formed, concentration of business has continued, industrial corporations have enlarged their capital, increased their output, extended their business, perfected their machinery, equipment, facilities, and organizations, and persisted in acquiring those things which added to their arbitrary control and domination of the prices at which they sell their products. Competition has been losing ground. The sphere of its influence has been lessened. The field wherein its power is dominant and supreme has constantly diminished. Competition has fought its great decisive battle, and met its Waterloo.

Interest Rates in other countries.

3. *Interest Rates in Other Countries.* In enacting land-credit legislation with a view to reducing the interest charge on farm-mortgage loans, the rates of interest prevailing in other countries should be studied. The land-credit institutions of other countries furnish credit to farmers at a low rate of interest. What other countries have done, this country is able to do, and should do.

The five Land-Improvement Annuity banks of Germany are not permitted by the law to charge an interest rate in excess of 4.5 per cent., exclusive of amortization payment, and a commission of one-fifth of 1 per cent. for cost of business.

Only about 20 per cent. of the assets of the German savings banks are invested in farm loans, and many of these loans are for short terms which naturally bear a higher rate of interest than a long-term loan. While the savings banks are not as a rule profit-sharing institutions, yet one of their objects is to encourage thrift and they pay depositors a high rate of interest on their deposits. They are not, therefore, designed especially to secure a low rate of interest on farm mortgages. Still their rates are reasonable, running from 3 to 5 per cent.

The rate of interest charged by the Crédit Foncier, in 1913, was 4.30 per cent., and this included amortization payments and annual payments toward administrative expenses.

Referring to the rates of interest charged by the joint-stock mortgage companies of Germany, Cahill in his report, Senate Document 17, 63rd Congress, page 69 says:

" The rate of interest charged to the borrower is mainly dependent upon the general market conditions; this is, upon the rate which the banks find necessary to pay at the time upon bonds to be issued. The act lays down that they may not issue bonds at a lower rate than they receive upon the mortgage. For some years most banks have found that bonds bearing less than 4 per cent. are not easily market-

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CORPORATIONS SUBJECT TO THE COMMISSION

The first question I wish to discuss is what corporations shall be made subject to the jurisdiction of the bill. The first section of H. R. 12,931 provides as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That every corporation engaged in commerce among the several States, or with foreign nations, not subject to the provisions of the Act approved February fourth, eighteen hundred and eighty-seven, entitled "An Act to regulate commerce," and Acts supplementary and amendatory thereof, and whose gross annual receipts or the total annual gross receipts of whose subsidiary companies for the calendar year nineteen hundred and eleven were, or for any calendar year thereafter shall be, in excess of $5,000,000 shall be subject to the provisions of this Act.

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able, and the usual rates payable upon loans are accordingly 4 per cent. plus a margin of about ¼ per cent. The cost of valuation and other expenses also fall upon the borrower, and these, which may amount, in the case of agricultural loans, to 2 or 3 per cent., are deducted from the loan."

Cahill testifies that the Landschaften and other public land-credit institutions of Germany, make loans at a lower rate of interest than profit-sharing banks, when, in discussing the reasons why the joint-stock mortgage companies had not made more loans to farmers (S. Doc. 17, 63rd Congress, page 66) he said:

"Landowners on their side did not seek their services, partly because their credit was dearer than that of the existing institutions and partly because other conditions (e. g., joint-stock mortgage banks do not allow borrowers to dispose so freely of accumulated sinking-fund payments as the mortgage credit associations) were not granted by them."

The interest rate on the bonds of the joint-stock mortgage companies of Germany, is shown in the statement of Cahill, Senate Document 17, 63rd Congress, page 71, as follows:

"At the end of 1909 the joint-stock mortgage banks had in circulation mortgage bonds to the value of £487,619,459, apart from those amounting to £14,535,830 in communal bonds. Of the total, 58.48 per cent. bore 4 per cent. interest and 39.65 per cent. 3½ per cent., 98.13 per cent. thus bearing these two rates. The balance was practically confined to those at 3¾ per cent. and 4½ per cent. It was more than once remarked to the writer by directors of these banks that for some years bonds at less than 4 per cent. were practically unsalable. A comparison of the figures of 1900 with those of 1909, made by Dr. Schulte, affords complete confirmation of this statement. The total value of the mortgage bonds in circulation in 1900

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$200,000,000 and a guaranty fund of one per cent per annum, the corporation could make the 100,000 loans annually of $4,000 each, and stand a loss of 20 per cent on the annual income due it from borrowers, and at the end of 20 years business the corporation would have increased its capital from $200,000,000 to $426,000,000.

The above, I think, is the most legitimate way to test the soundness of any long-time land-credit institution. However, some of the members of the Ways and Means Committee, indicated by the interrogations profounded to me, that a demonstration should be made by assuming that a certain percentage of the mortgages would be forclosed, and that in each forclosure proceeding there would be a certain percentage of losses. The Honorable Chairman of the Ways and Means Committee also indicated that I should submit any additional tables that would throw light on the question under discussion. Following the suggestion I have worked out the problem by assuming that a certain percentage of the mortgages would be forclosed annually, and that in each forclosure there would be a certain percentage of losses.

First Calculations. See Table No. 2,

I have made ~~three~~ calculations as shown in the tables Numbers ~~1, 2, and 3~~ 2, 3 and 4. In each case I assume that the corporation will make 100,000 loans of $4,000 each the first year and for each subsequent year. Following the provisions of my own bill, H. R. 5545, I assume in the first calculation, see Table No. ~~1~~ 2, that the corporation will have $100,000,000 endowment capital; that borrowers will pay

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Europe. These institutions have been able to borrow money virtually as cheap as the governments under which they do business. The European farmers have been able to borrow money on their farms, almost, if not entirely, as cheap as their governments have been able to borrow it. It is true that in some cases these bonds are secured by the guaranty of the governments. But this is not true in other cases. The fact is, it is a fundamental principle of European land-credit institutions, by some means, method, process, or arrangement to make the farm-mortgage bonds absolutely secure. This places them on a level with the securities of the strongest governments of the world. To make the farm-mortgage bond as good as gold should be the ambition of all those who have in their charge the building of the land-credit institutions for the American farmers.

The following testimony shows how farm-mortgage bonds in European countries have stood in comparison with government securities:

Mr. Cahill in his report, Senate Document 17, 63rd Congress, page 51, referring to the Landschaften, says:

"It may be observed that the bonds of these associations have consistently maintained a relatively strong position on the market. The quotations of the majority of these appear to remain from under 1 to about 2 per cent. lower than Prussian or Imperial Government stock bearing the same rates of interest. More than a century ago they proved their strength. The writer was informed by the director of one association that 4 per cent. Prussian stock in 1802–1805 stood at first at 83, then at 50, and in 1808 at 20, yet that Silesian Association bonds did not sink below 50."

The value of the mortgage bonds of the Hungarian Land Credit Institution compared with that of the State is shown by the statement of Count Hoyos, a director, made before the Commissions which went abroad to study Rural

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$12,600,000 would be lost in foreclosure proceedings; 70 per cent of this amount or $29,400,000 would be recovered on foreclosure proceedings. After deducting the $40,000,000 involved in foreclosure proceedings, the corporation would have in outstanding and collectable loans $360,000,000. As we have assumed in this calculation that borrowers would pay 1 per cent annually into the guaranty fund, the annual payments due from borrowers on the face of their loans would be 5 per cent instead of 4-1/2 per cent as was assumed in the first calculation. Hence the corporation would have an income on its collectable loans of $18,000,000, the same being 5 per cent on the $360,000,000 of collectable loans. The corporation would owe at the end of the year 3-1/2 per cent interest on its bonds; an amount set aside 1/2 of one per cent of its bonds to go into a sinking fund, or a total of $12,000,000 being 4 per cent on the $300,000,000 outstanding bond the first year. With an income of $18,000,000 on its collectable loans, with a total payment on its bonds of $12,000,000, the corporation would have net earnings for the first year of $6,000,000 and in addition thereto it would have in cash in its treasury the $29,400,000 recovered in foreclosure proceedings, so the corporation at the end of the first year, after paying in full the amount dut on its bonds including the sinking fund payment, would have cash in the treasury $29,400,000 plus $6,000,000, a total of $34,400,000. It would have outstanding in good and collectable loans $360,000,000. Its total

AUTHORITY OF ATTORNEY GENERAL UNDER

SHERMAN ANTI-TRUST ACT.

The only authority the Attorney General is given in the Act of Febuary 4, 1887, known as the Sherman Anti-Trust Act is found in paragraph 1 of Section 4 of said Act, which is as follows:

"Sec. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney-General, to institute proceedings in equity to prevent and restrain such violations."

annually on the face of their loans four and one-half per cent, which will include 3-1/2 per cent interest, one-half of one per cent on the principal, and one-half of one per cent into the guaranty fund; that 4 per cent annually will be applied on the bonds, which will include 3-1/2 per cent interest on the bonds, and 1/2 of one per cent applied in reducing the principal of the outstanding bonds either in redeeming the bonds or using the same as a sinking fund to meet the payment of the bonds. I assume in the first calculation that 5 per cent of the loans will be foreclosed and that in foreclosure proceedings 30 per cent of the amount due on the loan in principal and interest will be lost. My judgement is there would not be 5 per cent of the loans foreclosed. On the average, I am certain there would not be 30 per cent loss on loans forclosed. All around, I think, it is liberal estimate to assume that 5 per cent of the loans would be forclosed, and that there would be an average loss of 30 per cent of the loss on the amount loaned.

The first year the corporation makes 100,000,~~000~~ loans of $4,000 each, aggregating $400,000,000. To make these loans it uses its $100,000,000 capital and sells $300,000,000 bonds. We assume that 5 per cent of these loans, or 5,000 in number and aggregating $20,000,000 would be foreclosed. At the end of the year $900,000 would be due on these loans from annual payments of borrowers. The total amount due on these 5,000 loans would be $20,900,000. In foreclosure suits 30 per cent of this

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Credit systems of Europe. This is shown in Senate Document 214, 63rd Congress, page 157, by questions and answers as follows:

"Q. Now, do your bonds fall below 100 more than they did some years ago?

"A. Yes.

"Q. Why?

"A. There is a great want of money, and for that reason there are more sellers than buyers. Some years ago our 4 per cents. were at 93 and now they are at 85.

"Q. Do the State bonds fall more in the market now than the land-mortgage bonds?

"A. Yes, more by 10 per cent."

Long-term mortgage credit, varying from 10 to 50 years, is extended by seven savings banks of Italy. The standing of these bonds compared to that of government bonds is shown by a statement made by the Minister of Agriculture, Senate Document 214, 63rd Congress, page 24, which is as follows:

"With regard to the degree of security, investment in mortgage bonds is equal to that of Government bonds, not only in public estimation, but legally. In fact, the societies, the ethical institutions, the benevolent associations, and other associations which are allowed by law to invest their funds in whole or in part in securities issued or guaranteed by the State have the right to invest from one quarter to the whole in bonds issued by the institutes of mortgage credit. Moreover, the mortgage bonds can be accepted with the security of the administration of the State, of the provinces, of the communes, of the public institutions of charity, of the savings banks, and of the city pawnbrokers at a valuation regulated by nine-tenths of the average prices of the bourse for the preceding semester.

"As to the prices of the mortgage bonds, it is not exactly accurate to affirm that they are always higher than the State bonds. Account must be taken of the variations

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assets, therefore, would be the sum of these three amounts or $395,400,000. Substracting from the amount of its assets, it outstanding liabilities of $300,000,000 on its outstanding bonds, the corporation would end its first years bussiness with capital in cash and invested in collectable loans $95,400,000.

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The second year the corporation would begin with $34,400,000 cash which would be invested in loans. To make $400,000,000 in loans this year, it would issue $400,000,000 in bonds less the amount of cash, or $364,600,000, in a new bond issue. Add to this amount the 300,000,000 bonds issued the first year and the corporation would have the second year outstanding bonds in the amount of $644,600,000. Four million dollars in new loans would be made the second year and 10 per cent of this amount would go through forclosure proceedings, leaving $360,000,000 of the loans made the second year as collectable loans. To this amount add the $360,000,000 of collectable loans outstanding after the first years business gives the corporation at the end of the second year $720,000,000 in good and collectable loans. On this amount the corporation would collect on annual payments due from borrowers $36,000,000. It would apply on its outstanding bonds 4 per cent, or $26,584,000, and would have net earnings for that year of $9,416,000. It would forclose on 10 per cent of the loans made that year. On these loans in principal and interest there would be due $42,000,000 on which amount we assume there will be a loss of 30 per cent of a loss of $12,600,000. The balance of the $42,000,000 would be recovered and placed in the

Since writing that section, more than two years ago, I have concluded that it would be wise to take in consideration other things than the value of products. My conclusion is now that in determing what corporations should be placed under the supervision of the Commission, we might take in consideration:

1. The walue of the output of a corporation.
2. The capital of the corporation.
3. The percentage of the business in its line it controls, and,
4. The Nature and character of the business.

H. R. 12,120.

This brings me to the consideration of Section 3 of H. R. 12,120, introduced by Judge Clayton, the Chairman of the Committee on the Judiciary, which is now pending before this Committee, and as I understand it, is now under consideration by the Committee. Section 3 of H. R. 12,120 in part is as follows:

SEC. 3. That all corporations engaged in commerce among the several States or with foreign nations, excepting common carriers, whether required by general rules and regulations for regular information or information specially asked in special instances, shall, from time to time, furnish to the commission such information, statements, and records of their organization, business, financial condition, conduct, management, and relation to other companies, at such time, to such degree and extent, and in such form, as may be pre-

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amounted to £318,128,233, and their communal bonds to £3,501,445; 61.77 per cent. of these bore 3½ per cent. (as against 39.65 in 1909), and 38.03 per cent. bore 4 per cent. (as against 58.40 per cent. in 1909)."

The Prussian Central Land Credit Company, of Germany, charges borrowers from 4.25 to 4.50 per cent. interest. In addition the borrowers pay on the face of the loan 1 per cent. as a profit to the bank and from 1 to 1¼ per cent. on the face of the loan to cover administration charges. The borrower also pays 1 per cent. tax to the State.[1]

Referring to the interest rates of the State and provincial mortgage-credit banks of Germany, Cahill, Senate Document 17, 63rd Congress, page 13, says:

"The rates of interest usually range at the present time from 3½ to 4 per cent., and there is in addition an annual charge for cost of administration (usually ¼ to ½ per cent.)."

The Bavarian Agricultural Bank, with total loans in 1911, amounting to $32,827,778, was carrying $21,671,317 at 3¾ per cent. (Cahill, S. Doc. 17, 63rd Congress, page 42.)

Referring to the interest rates of the sixteen State, provincial and district mortgage banks of Germany, Cahill (S. Doc. 17, 63rd Congress, page 61), says:

"Not aiming at profits beyond the payment of expenses, although, in fact, considerable sums are usually allocated to public purposes as the result of their operations, they grant loans more cheaply than the joint-stock mortgage banks."

The State, province, or district, through legislative enactment fixes the rate of interest chargeable on loans, and which bonds shall bear, in the sixteen State, provincial, and district mortgage-credit banks of Germany, as is shown

[1] Herrick, p. 109.

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by the statement of Cahill (S. Doc. 17, 63rd Congress, page 61) referring to some of the drawbacks of these institutions, when he says:

"Certain drawbacks are associated with the management and the control of the banks now being considered by the State or public assemblies of districts or provinces. Thus the necessity of obtaining the sanction of a representative assembly for changing the rate of interest payable on bonds or chargeable on loans, the strict adherence to formal rules (e. g., as regards lending over fifty or other percentage of the assessed value), for whose alteration similar authority is required, may often prove disadvantageous in practice."

The Provincial Diets of the Austrian provinces fix the maximum rate of interest the Provincial Mortgage Institute of Lower Austria is allowed to charge. The Minister of Agriculture in a statement (S. Doc. 214, 63rd Congress, page 189), says:

"By reason of the statutory provisions, requiring that the rate of interest on debenture and communal loans of this institution must be equal to the rate of interest serving as a basis for the loan, a fixed and stable rate of interest was fixed, the maximum of which is determined by the Diet. The present rates of interest are 4 and 4½ per cent."

The interest rate charged borrowers by the Hungarian Land Credit Institution is shown by a statement of Count Hoyos, a director (S. Doc. 214, 63rd Congress, page 156), which is as follows:

"Mortgage bonds are now issued at 4½ per cent., running 63 years, with a yearly charge, including amortization, of 4.85; also mortgage bonds at 4 per cent., running 50 years, with a yearly charge of 4.7.

"The price which the borrower netted in our last loan was 91.50; in the second case it was 84. In the first case the money cost the borrower 5.29, in the second case 5.6."

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treasury of the corporation. The corporation at the close of the second year would have assets as follows: Outstanding and collectable loans $720,000,000; cash recovered on foreclosures $29,400,000; net earnings $9,416,000, or a total of $758,816,000. Its total liabilities would be the amount of its outstanding bonds, or $664,600,000. It would close business the second year with capital in cash and invested in collectable loans with $94,216,000.

Without taking the time to go into detail of the business of the corporation in subsequent year, we refer to table No. 3 which shows each years business worked out on the above basis. It will be observed that the table shows the amount of losses through each year through foreclosure proceedings will be the same. This occurs because of the fact that in the computation we assume that 10 per cent of the amount of the loans we make each year will be foreclosed that year and that the losses year year would be 30 per cent of the principal and interest involved in the foreclosure. This, of course, would not occur in actual practice of the corporation. The amount of forclosure would vary from year to year. After 5 years there would be comparatively few foreclosures, but this does not in any way effect the correctness of our demonstration. In this demonstration as shown in table No. 3, we make allowance for the foreclosure of 10 per cent on the entire number of loans made and for a loss of 30 per cent upon each foreclosure.

Going back again to the business of the corporation

My judgment is that the Federal Government should assume control and supervision over private business only so far as is necessary for the public good, and that there is no public interest that demands that the Federal Government should assume control over only over those corporations which by reason of their capital or the amount of their products, or the percentage of the business in their line which they control or by reason of the special nature and character of their business - become of great concern to the general public.

Under the provisions of H. R. 12,120 all of the 288,-352 corporations except common carriers existing Jan. 30, 1912, (Report of Commissioner of Internal Revenue) would come under the provisions of the act.

Under the provisions of my bill (H. R. 12,931) probably not to exceed 250 corporations would come under the supervision of the Commission. This conclusion is reached from tables found on page 464 and 468 of Abstract of the 13th Census. This table shows that in 1909 there were 268,491 manufacturing establishments in the United States. Only 3060, or 1.1 per cent of the entire number had annual products in excess of $1,000,000.

The table on page 468 shows that only 540 or .2 per cent of these establishments employ over 1000 wage earners. A concern that employs less than 1000 persons can not as a rule be of any great consequence to the general public of the United States.

Again according to the report of the Commissioner of amount, or $6,270,000, would be lost. The corporation would recover on these foreclosures 70 per cent of the amount due, or $14,630,000, the corporation having foreclosed on 5,000 loans, aggregating $20,000,000, would have outstanding only $380,000,000. These should be designated as "collectable" loans, because they represent loans remaining after we have made allowance for forclosures. On the collectable loans, the corporation would have an income of 4-1/2 per cent on the face ther of, or an income of $17,100,000. To meet the interest and sinking fund payment on its $300,000,000 outstanding bonds, the corporation would pay out at the end of the year $12,000,000. Substracting the $12,000,000 payment on the bonds from the $17,100,000 income on its co lectable loans, the corporation would have a surplus of $5,100,000. The corporation would also have in cash the $14,630,000 recovered on its foreclosure proceedings. The corporation at the end of the first year would have as its assets the $5,100,000 plus the $14,630,000 recovered on foreclosure proceedings, and $380,000,000 in collectable loans, or its total assets would be $399,730,000. It would have outstanding $300,000,000 in bonds. At the end of the first year it would have capital in cash and invested in collectable loans $99,730,000.

The second year the corporation starts out with ~~the above capital invested in collectable loans and would have~~ cash in the treasury of $19,730,000, which includes the $5,100,000 surplus and the $14,630,000 recovered on the

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Also by statement of the Vice-President, Mr. Coloman de Szill (S. Doc. 214, 63rd Congress, page 160), as follows:

"Q. What rates are charged for money and the percentage that is paid for interest, administration, and amortization?

"A. The rates varied; also the periods. When the bank began work the rate was 5½ per cent. and the period 33½ years. Later the rate was 5 per cent. and the period 15 years, or 33½ years. Still later the rate was 4½ per cent., the period 17, 25, 40, or 50 years, and afterwards 4 per cent. with periods 20, 30, 40, 50, 65 years. The administration expenses at the beginning were 1 per cent., but soon fell to ½ per cent., and later successively to 0.35, 0.30, 0.25, 0.21, 0.19, and 0.16. The amortization varies according to the rate of interest and the period. At present, price of money being high, the rate of interest is 5 per cent., the administration expenses (commission) have risen to 0.35 per cent. after being for a time 0.25 per cent., and the periods are now 50 and 65 years."

The tendency of profit-sharing banks to charge a high rate of interest is shown in the statement of the Austrian Minister of Agriculture (S. Doc. 214, 63rd Congress, page 180), in which he says:

"The banks operating for profit received slow and scant returns on their investments in average agricultural holdings, so that these sources of credit remained exclusively open to the large agricultural estates up to the present day for the reason that these estates became more and more industrialized and, consequently, better able to pay the high rates of interest demanded by the banks."

In Senate Document 214, 63rd Congress, page 41, there is a statement by a director of the Florence Savings Bank relative to the rates of interest on long-time mortgage loans made by this institution, as follows:

"The rate of interest, as a rule, is 4 per cent., but it rises sometimes to 4¼ per cent., and sometimes as high

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the second year as found in table No. 3, it will be observed that the fifth year the corporation ends its business with capital in cash and invested in collectable loans $112,553,948; the tenth year it amounts to $225,321,445; the fifteenth year it amounts to $460,014,261; and the twentieth year the corporation would close its business with capital in cash and invested in collect-albe loans amounting to $843,047,763. In other words, the corporation would end its business at the end of the twentieth year with its assets in cash and collectable loans amounting to $843,047,763, exceeding the total liabilities on its bonds. In this calculation the figures in the table do not show the deduction on the loans made by the application of the amortization payment of the borrowers each year, neither do the figures show the reduction in the amount of the bond issue by the application of the annual sinking fund set aside for the payment of the bonds or there redeemtion, but this will not in any way invalidate the demonstration for the reason that the amortization payments made by the borrowers are all in actual business transactions applied to the amortization or payment of the outstanding bonds. So that in actual business transaction of the corporation the principal of the outstanding bonds would be reduced in the same proportion as the principal of the outstanding loans.

(b)

He believes that the tariff and currency laws have restored confidence in the administration, and that the country is about to realize the greatest period of prosperity in its history.

Trade Commission Powers.

One of the most important features of the antitrust program is the interstate trade commission. This organization differs from the kind of commission which was advocated by the national Progressive party during the last campaign in that it would not be vested with powers of regulation, but would be the medium through which the government would keep the business world informed and eliminate "the twilight zone" in big industry.

There have been repeated requests for information from business concerns, and the need of an authoritative reservoir of information already has been demonstrated in the present administration's experience with the trust question. It is contemplated to place the commissioner of corporations at the head of the interstate trade commission, but to include in its membership business men who would know business methods sufficiently to conduct the necesary inquiries and furnish the desired information.

"Slowing-Up" Talk Ends.

With the President's discussion of the whole subject at yesterday's cabinet meeting, the talk of "slowing up" on the administration program and postponing trust legislation until the December session of Congress apparently disappeared in executive quarters.

Administration supporters in the House and Senate will endeavor to keep the work of trust reform within certain limits and to push it forward to rapid completion so as to cut short the period of doubt as to what adjustments may be in prospect for the business of the country.

Wilson a Picture of Health.

President Wilson and his family arrived in Washington at 7:30 o'clock yesterday from Pass Christian, Miss., and motored to the White House for breakfast. It was 18 degrees above zero when the President stepped from his private car, and walked briskly through the station to the waiting automobiles. The party shivered with cold at the extreme change from the warm climate of the gulf coast. The trip was uneventful. The President greeted crowds everywhere, but made no speeches.

The President's face was a picture of health as he got back to his desk. Dr. Cary T. Grayson, U. S. N., pronounced him much better physically than he has been for many months, and in fit condition for the strenuous work ahead. Except for the cabinet members, there were few callers at the White House.

Mayor John Purroy Mitchel, of New York, was the guest of the President at luncheon. The purpose of his visit to the White House was not disclosed.

Much Work Awaits Him.

Mr. Wilson's desk was piled high with accumulated correspondence, for Secretary Tumulty had permitted nothing but the most urgent communications to be forwarded. Appointments to be made, commissions to be signed, executive orders awaiting consideration, and the like, to say nothing of the work ahead with Congress, all were waiting.

A new surgeon general for the army, a new commandant for the marine corps, the appointment of the Federal reserve board, which is to control the new banking system; the Mexican situation, and the message to Congress on trust legislation were foremost among the first subjects to be considered.

foreclosures. To make $400,000,000 in loans the second year it issues the above amount of bonds less its $19,730,000 in cash on hands, which makes its bond issue the second year $380,270,000. To this add the $300,000,000 issued the first year, and it will make $680,270,000 bonds outstanding the second year. The losses the second year would be the same as the first year. And so on through the calculation. This would not be ~~xxxx~~ true in actual business. But for the sake of this demonstration, we assume that at the end of each year 5 per cent of all the loans made that year would be forclosed, and that there would be a loss of 30 per cent in such foreclosures. Having, therefore, made allowance for forclosures on these loans and the losses thereon and reduced the assets and income of the corporation accordingly for the purpose of the calculation, the remaining loans are assumed to be good and collectable. So after making due allowance for foreclosures and losses the corporation would end the second year with assets as follows: Collectable loans $760,000,000; recovered on foreclosures, $14,630,000; ~~surplus~~ net earnings, $6,989,200, or total assets $781,619,200. Its outstanding bonds would be $680,270,000. The corporation would end the second year with capital in cash and invested in collectable loans $101,349,200. Subsequently The capital of the corporation increases rapidly. At the end of the fifth year, it ~~its capital~~ would be $118,312,915; at the end of the tenth year it would be $192,048,442; at the end of the fifteenth year it would be $333,214,049; and ~~in the 20 years it has charged off as losses in foreclosures proceedings~~

Internal Revenue for the year ending June 30, 1912, there were only 18,995 corporations that reported net profits in excess of $5000. 3 per cent of this number or 569, would include all corporations which have an annual output in excess of $1,000,000.

TO AID THE DISTRIBUTION OF WEALTH.

We need a commission to maximize the power of our industrial corporations as agencies for the equitable distribution of wealth and to minimize their power as instruments for the concentration of wealth.

The census of 1910 shows that one-third of our manufacturing establishments employ 90 per cent of the 7,000,000 wage earners in these establishments and produce 95 per cent of all our manufactured products. In round numbers, 10 per cent of our manufacturing establishments employ three-fourths of the labor in such establishments and produce four-fifths of the product.

One per cent of our manufacturing establishments employ one-third of the labor and produce nearly one-half of our manufactured products.

We have had a revolution in the nature and character of our industrial concerns. Our business methods have changed. The instrumentalities used in commerce and trade have changed. But our laws have not changed. Interstate business is largely under control of the gigantic business concerns—great corporations—mammoth industrial organizations, wielding incomprehensible power in the business and commercial world. This power may be used for the glory of our country or it may be used for the exploitation of the public and oppression of the people.

We do not realize to what extent the corporations control the business of this country. We do not comprehend how these corporations now touch every avenue of trade, commerce, and business, receive tribute from every avocation, calling, and profession of life, and draw support and sustenance from every home and fireside in the land.

The corporations of the country in 1912 made an annual net profit of $3,213,247,000. Industrial manufacturing corporations alone made an annual net profit of $1,309,819,000. They employ 7,000,000 persons and their annual products are worth $21,000,000,000. The corporations of the country, by a conservative estimate, own one-half of the wealth of the Nation. Probably not one-tenth of the people have any interest in these corporations.

The corporations are modern inventions which have contributed largely to the production of the wealth of this country. They have likewise been great engines for the concentration of wealth. The people know this. They will not be satisfied until Congress shall use all its constitutional power, if necessary, to make these corporations instruments for the distribution of wealth, because upon the equitable distribution of the wealth produced depends the very perpetuity of this Republic.

Finally, I plead for a great commission to stand like an armed sentinel to jealously guard the mighty hosts of intervening corporations, plying between the producer and the consumer, and see that these corporations do not exact excessive, exorbitant, or unrighteous charges for the service they render to the public.

Bond Interest.

"The land bank issues bonds, and these bonds are in such demand in Prussia and Germany that to-day they stand higher than government bonds. The 4 per cent. bonds are to-day quoted at 99."

Dr. Kapp-Königsberg, General Director, in a statement (S. Doc. 214, 63rd Congress, page 382), referring to the safety and standing of the debentures issued by the Landschaften, says:

"The landschaft bonds are therefore absolutely secure and as reliable investments quite as popular as loans to the State. The landschaft bond has become a perfect type of secure investment."

Dr. Brodnitz, Professor of Political Economy in the University of Halle, referring to the price of debentures issued by the Landschaften (S. Doc. 214, 63rd Congress, page 360), says:

"Q. How does the value of these bonds in Prussia compare with government bonds?

"A. It is just a little lower, because they only have a restricted market. I am not sure, but I think government 4 per cent. bonds stand to-day at 97 in Berlin, and landschaft bonds at 95; they are somewhat lower.

"Q. How does the fluctuation in value over a period of years compare in the case of these bonds with government bonds? Are they as steady in value as government bonds?

"A. No; they go in the same way except in times of crisis. For instance, just 100 years ago, when there was a great crisis in Prussia, the value of landschaft bonds was much higher than that of government bonds, because the Government could not pay interest owing to the wars against Napoleon, but the Landschaft did pay interest. But in ordinary times the price of landschaft bonds is a trifle lower than that of government bonds."

Further on, page 362, he says:

"Why is it that the landschaft bonds can be issued at a low rate of interest?

15-8

Bond Interest.

"A. Because the Landschaft obtains its funds through negotiable bonds so liquid and secure in character as to enable those bonds to be sold in the open market at as high a price for the bonds and at as low a rate of interest as government bonds."

Henry W. Wolff in "Coöperative Banking," page 236, referring to the price of debentures issued by the Landschaften, says:

"I may at once add that, although, during short periods, landschaft bonds have sometimes been depreciated, generally speaking they rule at least as steady as Government securities, and have often been over par."

Further on, page 242, covering the same point, Mr. Wolff says:

"And, generally speaking, the price of their bonds has continued to advance. There have been times of tight money, marked by a want of confidence, when quotations fell below par — once or twice considerably so. But, as a general rule, land bonds have ruled steadier than even Government securities, and about as high, sometimes higher."

It is said that the United States can borrow money cheaper than any other nation in the world. It is a pity it can not also be said that the American farmers can borrow money cheaper than the farmers of any other nation in the world. The truth is, our farmers pay higher rates of interest than European farmers pay, and have less credit. Why does not the national government frankly acknowledge that the American farmers have been "sinned against," and proceed to make amends for the past by giving them something at least as good as European governments have given their farmers?

From the foregoing quotations it will be seen that European land-credit institutions loan on farm mortgages with an interest charge at from 3 to 4 per cent. per annum, and that the total annual charge for interest, annual pay- 159.

ments on the principal, reserve and guaranty funds, and administration charges usually is less than 5 per cent. per annum. The American farmers are entitled to equal credit facilities at no higher cost. Farm-mortgage bonds, based upon mortgages upon farms of the United States, should sell as well as debentures or bonds upon European farm mortgages. European farm-mortgage debentures and bonds command a price practically as high as the bonds of these governments. So we should seek to place the farm-mortgage bonds in this country upon a par with the bonds of the Federal government.

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My second proposition is this that Congress should by statute declare all corporations engaged in Interstate or foreign commerce, which are made subject to the Commission, are public agencies, or public institutiens, or quasi-public corporations. This I have assumed to do in Section 2 of my bill. It is as follows:

> "Sec. 2. That every corporation subject to the provisions of this Act, or that may hereafter become subject to the provisions of this Act, is hereby declared to be a quasi public agency."

QUASI PUBLIC CORPORATIONS.

[redacted]. Many of our industrial corporations have become impressed with a public use. They are public agencies. They are in every legitimate sense of the word quasi public corporations, and we should by law declare them to be such. By statutory enactment they should be placed in a class with our railways, telegraph and telephone companies, and with all other public-service and public-utility corporations. We must in some way make a distinction between the gigantic corporations, possessing large monopolistic power, and controlling the manufacture, sale, and distribution of the necessities of life, and the smaller corporations, which possess little, if any, monopolistic power, and which are in no way in a position to impose any great burden upon the people through excessive prices. Out of nearly 300,000 industrial corporations in the United States perhaps 300 to 500 would cover all the industrial corporations which really possess such monopolistic power as to be able to injure any great part of the public through the possession of monopolistic power. Let us separate the sheep from the goats. The sheep may be permitted to gambol unmolested upon the public industrial commons, but the goats must be placed in a corral under the surveillance of representatives of the Federal Government.

The great corporations largely control the productive forces of our country. The wealth produced naturally flows into the corporations. Measured by their stocks and bonds our corporations own $92,000,000,000 of our national wealth. Upon this vast sum they make an annual net profit of nearly 4 per cent. All our farms and farm property are valued at only $41,000,000,000. Industrial and manufacturing corporations have stocks and bonds outstanding of about $37,000,000,000—almost equal to the value of all the property possessed by all our 6,500,000 farmers.

at the end of the twentieth year its capital in cash and invested in collectable loans would be $556,419,659. In the 20 years it has charged off as losses in forclosure proceedings $125,400,000. But the corporation started with only $100,000,000 in capital, and closes the twentieth year with capital in cash and collectable loans of $556,419,659, a gain in capital of $456,419,659. This shows that the corporation would remain solvent even though the forclosures were much greater than 5 per cent of the total loans, and that on forclosures the losses would be greater than 30 per cent.

Interest.

as 5 per cent., according to the state of the money market. To this must be added a charge for income tax. In case of long-time loans, made for thirty-five years, the regulations provide that the rate of interest may vary, always remaining at ½ per cent. higher than the rate of interest paid by the savings bank to its depositors."

The interest rate charged by the Bavarian Agricultural Bank, is shown by statements of the President of the Bavarian Council of Agriculture, Senate Document 214, 63rd Congress, page 268, as follows:

"The present rate of interest on mortgages and loans to rural communities is 4¼ per cent., the whole annual payments thus amounting to 4¾ to 5 per cent."

The managing director of the Württemberg Credit Union, gives the interest charges of the association (S. Doc. 214, 63rd Congress, page 301), as follows:

"On a 50-year amortization mortgage, the interest of the borrower is at the rate of 4.85 per cent., arrived at as follows: Interest, 4 per cent., amortization 0.66 per cent., advance to reserve, returnable with compound interest at the expiration of the loan, 0.19 per cent.—total 4.85 per cent."

Mr. Reusch, Councilor for the Nassau Mortgage and Savings Bank (S. Doc. 214, 63rd Congress, page 338), referring to the interest rates of this institution, says:

"The rate of interest stands to-day at 4¼ per cent., and before it was 4 per cent., and before that 3¾ per cent."

That public mortgage-credit institutions furnish credit cheaper than private joint-stock, dividend-paying banks is shown in the statement made by Prof. Dutterwiller, director of the Bank of Zurich, Switzerland (S. Doc. 214, 63rd Congress, page 463), which is as follows:

"Besides the canton banks there are also private, joint-stock, and coöperative banks, which conduct the same kind of business as the canton banks. The rates of interest on credit granted by the last-named class of banks are lower than those of the private banks. The efforts made by the latter to secure profits are greater, because they have to pay dividends to their stockholders, whereas the canton banks have only to pay the customary rates of interest on their endowed capital to the cantons themselves as the holders of their bonds. The private mortgage banks pay dividends as high as 6 per cent., as, for example, the Aargau Mortgage Bank. Even though the credit of private banks is furnished at somewhat higher rates, there is still business enough for this class of banks, for the reason that the funds at the disposal of the State banks are not sufficient to supply all of the demands for credit."

The Mortgage Bank of Eindhoven, Holland, has capital of 1,000,000 florins or $400,000. Its interest charge is 4.25 per cent. per annum, including one-fourth of one per cent. for administration charges.[1]

The third proposition for discussion is the question of what power or jurisdiction should be given the Commission.

TO CONTROL PRACTICES.

We need a commission to act as an administrative board to control the practices and business methods of large industrial corporations.

The primary object of all prohibitory, restrictive, and regulative statutes pertaining to industrial corporations is to control the practices and business methods of such corporations. The object of controlling practices and business methods is to secure reasonable prices and charges and prevent unjust discriminations as to individuals or localities.

Statutes of this kind may be divided into two classes. First, those which prohibit some specific thing, act, or practice; and second, those which promulgate a general rule prohibiting or making unlawful certain kinds or classes of acts or practices. We may wisely specifically prohibit certain well-known practices of industrial corporations which are notoriously injurious to the public and are under condemnation of the public. But we should also promulgate some general rules of conduct for our big industrial corporations and thereby place all acts or practices of a certain kind or character under the condemnation of the law. This is what Congress did when, 27 years ago, it first assumed the gigantic task of regulating and controlling the acts and practices of common carriers. The first section of the "Act to regulate commerce," approved February 4, 1887, and which created the Interstate Commerce Commission, fixed a general standard by which all charges of common carriers should be measured by declaring that "all charges * * * shall be reasonable and just." Section 2 prohibits and makes unlawful "unjust discrimination." Section 3 makes it unlawful for a common carrier "to make or give any undue or unreasonable preference or advantage to any particular person, firm, corporation, or locality."

The act clothes the Interstate Commerce Commission with power and jurisdiction to determine what are "just and reasonable charges," what "device" other than a "special rate, rebate, or drawback," shall be "unjust discrimination," and what act, practice, or method shall constitute "undue or unreasonable preference or advantage to any particular person, company, firm, corporation, or locality."

These provisions have worked well in controlling the practices and charges of railways and other common carriers, and, I believe, similar provisions would prove equally effective and satisfactory in controlling the charges and practices of industrial corporations.

By sections 4 and 5 of my bill (H. R. 1890) I fix a standard by which the acts and practices of industrial corporations subject to the act shall be measured. By a clause in section 9 I have empowered the commission to prohibit by rule, order, or regulation, any act, practice, or method which shall be contrary to the general rules laid down in sections 4 and 5.

Sections 4 and 5 and part of section 9 are as follows:

SEC. 4. That every practice, method, means, system, policy, device, scheme, or contrivance used by any corporation subject to the provisions of this act in conducting its business, or in the management, control, regulation, promotion, or extension thereof, shall be just, fair, and reasonable and not contrary to public policy or dangerous to the public welfare, and every corporation subject to the provisions of this act in the conduct of its business is hereby prohibited from engaging in any practice, or from using any means, method, or system, or from pursuing any policy, or from resorting to any device, scheme, or contrivance whatsoever that is unjust, unfair, or unreasonable, or that is contrary to public policy or dangerous to the public welfare, and every act or thing in this section prohibited is hereby declared to be unlawful.

SEC. 5. That every corporation subject to the provisions of this act shall deal justly and fairly with competitors and the public, and it shall be unlawful for any such corporation to grant to any person or persons any special privilege or advantage which shall be unjust and unfair to others, or unjustly and unreasonably discriminatory against others, or to enter into any special contract, agreement, or arrangement with any person or persons which shall be unjustly and unreasonably discriminatory against others, or which shall give to such person or persons an unfair and unjust advantage over others, or that shall give to the people of any locality or section of the country any unfair, unjust, or unreasonable advantage over the people of any other locality or section of the country, or that shall be contrary to public policy or dangerous to the public welfare, and any and all the acts or things in this section declared to be unlawful are hereby prohibited.

$12,600,000 would be lost in foreclosure proceedings; 70 per cent of this amount or $29,400,000 would be recovered on foreclosure proceedings. After deducting from loans made the $40,000,000 involved in foreclosure proceedings, the corporation would have in outstanding and collectable loans $360,000,000. As we have assumed in this calculation that borrowers would pay 1 per cent annually into the guaranty fund, the annual payments due from borrowers on the face of their loans would be 5 per cent instead of 4-1/2 per cent as was assumed in the first calculation. Hence the corporation would have an income on its collectable loans of $18,000,000, the same being 5 per cent on the $360,000,000 of collectable loans. The corporation would owe at the end of the year 3-1/2 per cent interest on its bonds; and ~~an amount set aside~~ 1/2 of one per cent ~~of~~ on its bonds to go into a sinking fund, or a total of $12,000,000, being 4 per cent on the $300,000,000 outstanding bond~~s~~, the first year. With an income of $18,000,000 on its collectable loans, and with a total payment on its bonds of $12,000,000, the corporation would have net earnings for the first year of $6,000,000 and in addition thereto it would have in cash in its treasury the $29,400,000 recovered in foreclosure proceedings. So the corporation at the end of the first year, after paying in full the amount due on its bonds including the sinking fund payment, would have cash in the treasury $29,400,000 plus $6,000,000, a total of $~~34~~35,400,000. It would have outstanding in good and collectable loans $360,000,000. Its total

Paragraph of section 9:

The commission is hereby authorized and empowered to make and establish rules and regulations not in conflict with the Constitution and laws of the United States to aid in the administration and enforcement of the provisions of this act, and may, by such rules and regulations, prohibit any particular or specific act or acts, practice, method, system, policy, device, scheme, or contrivance that is contrary to any of the provisions of this act.

The rules of conduct promulgated in these sections if enacted into law would blaze a pathway for the guidance of our business now groping in darkness through a trackless wilderness of doubt and uncertainty. The principles of business honestly enunciated in these sections are in harmony with existing public sentiment and would be approved by the conscience of the Nation.

We should crystallize this sentiment and conscience into law. We will thereby aid all legitimate industry, promote peace in the social and industrial world, encourage the growth and expansion of business along lines which are morally sound, and inaugurate a policy that will bring blessings to all our people and higher glory to the Republic.

And the fourth propssition that I wish to discuss is the general purpose and aim of the Commission, the results which we may expect to receive, and the general advantages and benefits to the people generally from such Commission.

assets, therefore, would be the sum of these three amounts or $395,400,000. Substracting from the amount of its assets, it outstanding liabilities of $300,000,000 on its outstanding bonds, the corporation would end its first years bussiness with capital in cash and invested in collectable loans $95,400,000.

The second year the corporation would begin with $~~34~~35,400,000 cash which would be invested in loans. To make $400,000,000 in loans this year, it would issue $400,000,000 in bonds less the amount of cash, or $364,600,000, in a new bond issue. Add to this amount the 300,000,000 bonds issued the first year and the corporation would have the second year outstanding bonds in the amount of $644,600,000. Four hundred million dollars in new loans would be made the second year and 10 per cent of this amount would go through forclosure proceedings, leaving $360,000,000 of the loans made the second year as collectable loans. To this amount add the $360,000,000 of collectable loans outstanding after the first years business gives the corporation at the end of the second year $720,000,000 in good and collectable loans. On this amount the corporation would collect (6 per cent.) on annual payments due from borrowers $36,000,000. It would apply on its outstanding bonds 4 per cent, or $26,584,000, and would have net earnings for that year of $9,416,000. It would forclose on 10 per cent of the loans made that year. On these loans in principal and interest there would be due $42,000,000 on which amount we assume there will be a loss of 30 per cent of a loss of $12,600,000. The balance of the $42,000,000 would be recovered and placed in the

I will try to make that plain. I would go this far: If necessary for the public welfare we should authorize the commission to regulate the prices at which large industrial corporations shall dispose of their products.

Section 3 of my bill, H. R. 1890, promulgates a standard for the control of the prices at which industrial corporations subject to the act shall dispose of their products.

It provides as follows:

SEC. 3. That the price or prices at which any corporation subject to the provisions of this act shall sell or dispose of any article of merchandise, or any product whatsoever, shall be just, fair, and reasonable, and it shall be unlawful for any such corporation to sell or dispose of any article of merchandise, or any product whatsoever, at a price or at prices that are unjust, unfair, or unreasonable, and every corporation subject to the provisions of this act is hereby prohibited from so doing.

In support of this provision I will say:

1. The Federal Government long ago assumed the right to control the prices of products sold through the instrumentalities of interstate commerce. This it did when the Sherman law was approved, July 2, 1890. Prices may be controlled either directly or indirectly. When by law we declared that certain acts, contracts, agreements, combinations, and conspiracies relating to trade and commerce were unlawful we thereby entered upon the policy of controlling prices indirectly. It can not be denied that the very object of this law was to prevent monopolistic prices. If the Congress may control prices by indirect methods, we certainly have the power to do the same thing by direct methods. Otherwise the Sherman antitrust law is a sham and subterfuge and should be held invalid as against the legal principle that one can not do indirectly what he is forbidden to do directly.

All antitrust laws now in force, or which may hereafter be enacted, which control the practices, methods, or in any way regulate, restrict, or limit the acts of corporations engaged in interstate commerce are primarily for the purpose of controlling the prices and charges of such corporations.

2. The Federal, State, and municipal governments have long ago entered upon the policy of the direct control of the prices and charges of transportation and communication corporations and of practically all public-service and public-utility corporations. This is done upon the theory that such corporations in their nature have large monopolistic power. If we control the charges of such corporations on the ground that they naturally possess monopolistic power, we are inconsistent unless we control the charges of industrial corporations which have acquired large monopolistic power. In its effect upon the people acquired monopoly is as dangerous as natural monopoly. If public policy demands the direct control of natural monopolies, it also requires the direct control of acquired monopolies.

3. At present there is no law which in the least controls the prices at which our great industrial corporations dispose of their products. It matters not how large the corporation may be or what monopolistic power it may have or how avaricious its manager and owners may be, in the matter of prices it is a law unto itself. I believe it would be wise public policy to declare, as I have done in section 3 of House bill 1890, that these great industrial corporations, commonly called trusts, shall dispose of their products at prices which shall be "just, fair, and reasonable." We will be doing just what Congress did when it passed the act of February 4, 1887, "to regulate commerce," which declared that—

All charges made for any service rendered or to be rendered in the transportation of passengers or property, as aforesaid, or in connection therewith, or for the receiving, delivering, storage, or handling of such property, shall be reasonable and just; and every unjust and unreasonable charge for such service is prohibited and declared to be unlawful.

My conclusion is this: That, so far as is consistent with the public good, we should continue to use only indirect methods to regulate prices; we should rely, so far as possible, upon competition and supply and demand as price regulators; that natural economical forces are the safest for the control of our trade, commerce, and business; and that we should leave to the individual, so far as possible, the freedom of contract, and encourage individual initiative, effort, and ambition in every legitimate line of business endeavor. But there is a limit to the power that can be safely intrusted to an industrial corporation, and we must restrict this power, or exercise governmental control over their charges and prices.

treasury of the corporation. The corporation at the close of the second year would have assets as follows: Outstanding and collectable loans $720,000,000; cash recovered on foreclosures $29,400,000; net earnings $9,416,000, or a total of $758,816,000. Its total liabilities would be the amount of its outstanding bonds, or $664,600,000. It would close business the second year with capital in cash and invested in collectable loans with $94,216,000.

Without taking the time to go into detail of the business of the corporation in subsequent years, we refer to table No. 3 which shows each years business worked out on the above basis. It will be observed that the table shows the amount of losses ~~through~~ each year through foreclosure proceedings will be the same. This occurs because of the fact that in the computation we assume that 10 per cent of the amount of the loans we make each year will be foreclosed that year and that the losses ~~year year~~ would be 30 per cent of the principal and interest involved in the foreclosure. This, of course, would not occur in actual practice of the corporation. The amount of forclosure would vary from year to year. After 5 years there would be comparatively few foreclosures, but this does not in any way affect the correctness of our demonstration. In this demonstration as shown in table No. 3, we make allowance for the foreclosure of 10 per cent on the entire number of loans made and for a loss of 30 per cent upon each foreclosure.

Going back again to the business of the corporation the second year as found in table No. 3, it will be observed that the fifth year the corporation ends its business with capital in cash and invested in collectable loans $112,553,948; the tenth year it amounts to $225,321,445; the fifteenth year it amounts to $460,014,261; and the twentieth year the corporation would close its business with capital in cash and invested in collect- albe loans amounting to $843,047,763. ~~In other words, the cor- pporation would end its business at the end of the twentieth year with its assets in cash and collectable loans amounting to $843,047,763, exceeding the total liabilities on its bonds.~~ In this calculation the figures in the table do not show the deduction ~~ofxthe~~ on the loans made by the application of the amortization payment of the borrowers each year, neither do the figures show the reduction in the amount of the bond issue by the application of the annual sinking fund set aside for the payment of the bonds or there redemption but this will not in any way invalidate the demonstration for the reason that the amortization payments made by the borrowers are all in actual business transactions applied to the amortization or payment of the outstanding bonds. So that in actual business transaction of the corporation the principal of the outstanding bonds would be reduced in the same proportion as the principal of the outstanding loans.

11

AID IN DISSOLUTION OF CORPORATIONS.

We need a commission to aid in the dissolution of unlawful corporations. Our courts are overcrowded with business. They are unfitted for the work of supervising the dissolution and reorganization of gigantic business concerns. They have not the executive machinery necessary to dismantle these vast industrial corporations, nor the expert knowledge of business conditions to devise and execute proper plans for their reorganization, nor the time to supervise the readjustment of their complicated business affairs, nor the facilities to exercise the proper degree of scrutiny and watchfulness over the business methods of the new concerns into which they may be divided.

AN ENFORCEMENT AGENCY.

Neither the Sherman antitrust law nor any additional enactments can be made effective without a proper enforcing agency. The courts have no adequate executive machinery to give effect to their own judgments and decrees.

A commission would be exceedingly helpful in this work. The Sherman antitrust law has largely failed to meet the expectation of its authors. The fault is not so much in the law as in Congress for failure to create the proper executive machinery to give force, life, and vitality to the law. The Attorney General's Office was not organized and is not now equipped to do the work now devolving upon it. It is folly to enact additional laws until we have created the administrative and executive machinery to insure the thorough and effective enforcement of the law we now have. If the men who conceived and enacted the Sherman antitrust law had placed its execution and administration under an independent commission, with adequate authority and power, the trust question would have been largely settled long ago, our industrial force would have developed along safe, conservative, permanent, and legitimate lines, and the prosperity of the country would not now be endangered by the process of tearing down great business organizations.

It is unwise to multiply our restrictive and prohibitory laws when existing laws are dormant for want of proper enforcement agency.

We are poor architects, indeed, of constructive legislation if our plans and specifications call for statutory material which can not be utilized in our enforcement structure.

We will gain little by enacting laws to prohibit interlocking directorates, or to abolish holding companies, or to provide for Federal incorporation, or to establish a national-license system, or to enact other prohibitory or restrictive legislation unless we shall create adequate executive and administrative machinery to enforce our enactments.

A farmer might as well plant crops without men, means, and machinery for cultivation as for Congress to multiply antitrust laws without creating adequate executive machinery and equipment for their enforcement. For wise laws not properly enforced will be as unfruitful to the public as good seed not properly cultivated will be unprofitable to the farmer.

WORK OF CORPORATION COMMISSION.

The Bureau of Corporations has done good work, but a commission will do better work. It will carry more weight, command higher respect, and inspire greater confidence with the public. The recommendations made, the reports submitted, statistics gathered, the information furnished, and the conclusions reached by a commission will be accepted more readily than when coming from a single commissioner, however eminent, able, and conscientious he may be.

The report of the Senate Committee on Interstate Commerce well says:

> If the Bureau of Corporations were converted into an independent commission composed of trained, skillful men and clothed with adequate authority, there could be gathered more complete and accurate knowledge of the organization, management, and practices of the corporations and associations engaged in national and international commerce than we now have.

12

TO REENFORCE COMPETITION.

We need a commission to reenforce, restore, and maintain competition as a factor in price regulation, and if found necessary exercise under the law direct control over the prices of trusts.

Hitherto we have acted upon the principle that competition will serve as a sufficient regulator of prices. We have enacted laws to prevent monopoly and maintain effective competition among the manufacturers and dealers in all articles and products in common use. Unquestionably existing laws have not been adequate to do this. In spite of the Sherman Antitrust Act, in spite of the weapon of publicity as wielded by the Bureau of Corporations, in spite of prosecutions, proceedings, findings, decrees, and judgments rendered in the United States courts, combinations have been formed, concentration of business has continued, industrial corporations have enlarged their capital, increased their output, extended their business, perfected their machinery, equipment, facilities, and organizations, and persisted in acquiring those things which added to their arbitrary control and domination of the prices at which they sell their products. Competition has been losing ground. The sphere of its influence has been lessened. The field wherein its power is dominant and supreme has constantly diminished. Competition has fought its great decisive battle, and met its Waterloo.

or doubt my chief proposition, namely: That a long-time land-credit institution can be made absolutely safe and sound financially, notwithstanding the fact it makes loans in amounts equal to 100 per cent of the appraised value of the mortgaged property.

.SECOND CALCULATION. (See Table No. 3)

$100,000,000 CAPITAL WITH ONE PER CENT GUARANTY FUND.

In calculation Number one as shown in table No. 2, we assumed that the corporation started with $100,000,000 endowment capital and the borrowers were required to pay on the face of their loans annaully one-half of one per cent into the guaranty fund. In the computation made in table No. 3, it is assumed that the corporation starts with $100,000,000 capital and that borrowers are required to pay annually into the guaranty fund 1 per cent of the face on their loans. In calculation No. 1, table No. 2, we assumed that only 5 per cent of the loans made would be forclosed and that the losses in forclosures would equal 30 per cent on each loan foreclosed. In calculation number 3 which we are now explaning, we assume that 10 per cent of all the loans made would be forclosed and that the e would be a loss of 30 per cent of the amount due on each foreclosure proceeding. We assume that the corporation would make 100,000 loans of $4,000 each the first year and a like number of new loans each subsequent year. To make the $400,000,000 in loans the first year, the cor oration used its $100,000,000 capital and issued and sold $300,000,000 in bonds. Ten per cent of these loans would be foreclosed, aggregating $40,000,000. The annual payment due on these loans (5 per cent) would amount to $2,000,000, making a total of $42,000,000 due on loans foreclosed. We assume that 30 per cent of this amount or

SUPPLEMENTAL STATEMENT.

In my discussion before the Committee, I attempted to demonstrate the financial soundness of my plan by assuming that the corporation with $100,000,000 endowment capital, and with one-half of one per cent paid by each borrower into a guaranty fund, would make 100,000 loans annually of $4,000 each, for a period of 20 years, that each year the corporation would lose 10 per cent of the amount due it from borrowers on their annual payments including the interest, the annual payment due on the principal, and the annual payment due on the guaranty fund. I asserted that this was equivalent to assuming that 10 per cent of the borrowers would never pay any part of the principal or interest due on their loans, or that 20 per cent of the borrowers would pay only 50 per cent of the amount due on the principal and interest of their loans, or that 40 per cent of the borrowers would pay only 75 per cent of the amount due on the principal of their loans; and that at the end of 20 years the corporation, after charging off total losses of $288,000,000, would still have increased its capital from $100,000,000 to $274,000,000. I further showed that the corporation with $200,000,000 endowment capital, and three-fourths of one per cent guaranty fund could make a like amount of loans, lose 17 per cent annucally on the amounts due in payments from borrowers, and close business at the end of 20 years with its capital incressed from $200,000,000 to $375,000,000. Further, that with an endowment capital of

TABLE NO. 2

In the table below, the calculation is made on the assumption that the corporation will start with ______________________ endowment capital.

It is assumed that the annual charge on loans will be ~~XXXX~~ ________ per cent on the face of the loans, which includes ____ per cent interest on the balance due each year, ~~XXXXXX~~ _____ per cent amortization payment and ____ per cent guaranty fund.

The bonds bear 3½ per cent interest; annual payment one half of one per cent, making a total annual charge on the bonds of 4 per cent.

The net annual earnings and the amount recovered in foreclosures is treated as part of the capital.

It is assumed that 100,000 loans of $4,000 each will be made the first year, and a like number each subsequent year.

It is assumed that the entire capital will be kept invested in loans.

In the computations in table No. ____, it is assumed that ~~XXXX~~ ____ per cent of the loans made each year will be foreclosed and that ~~XXXX~~ on each foreclosure ~~xxxxx~~ there will be a loss of ____ per cent upon the amount due in principal and interest on the loan.

The amount of bonds issued each year will equal the amount of loans made each year, less the net earnings and the amount recovered on foreclosures the preceding year.

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TABLE NO. 3.

1\. In the table below, the calculation is made on the assumption that the corporation will start with $100,000,000 endowment capital.

It is assumed that the annual charge on loans will be ~~XXXX~~ 5 per cent on the face of the loans, which includes 3½ per cent interest on the balance due each year, ~~XXXXXX~~ one-half of one ~~½~~ per cent amortization payment and 1 per cent guaranty fund.

The bonds bear 3½ per cent interest; annual payment on principal one half of one per cent, making a total annual charge on the bonds of 4 per cent.

The net annual earnings and the amount recovered in foreclosures ~~to~~ are treated as part of the capital.

It is assumed that 100,000 loans of $4,000 each will be made the first year, and a like number each subsequent year.

It is assumed that the entire capital will be kept invested in loans.

In the computations in table No. 3, it is assumed that ~~XXXX~~ 10 per cent of the loans made each year will be foreclosed and that ~~XXXX~~ on each foreclosure ~~xxxxx~~ there will be a loss of 30 per cent upon the amount due in principal and interest on the loan.

The amount of bonds issued each year will equal the amount of loans made each year, less the net earnings and the amount recovered on foreclosures the preceding year.

year.

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TABLE NO. 4

In the table below, the calculation is made on the assumption that the corporation will start with $200,000,000 endowment capital.

It is assumed that the annual charge on loans will be ~~XXXX~~ 5 per cent on the face of the loans, which includes 3½ per cent interest on the balance due each year, ~~XXXXXX~~ one-half of one ~~1~~ per centamortization payment and 1 per cent guaranty fund.

The bonds bear 3½ per cent interest annual payment on principal one half of one per cent, making a total annual charge on the bonds of 4 per cent.

The net annual earnings and the amount recovered in foreclosures ~~are~~ and treated as part of the capital.

It is assumed that 100,000 loans of $4,000 each will be made the first year, and a like number each subsequent year.

It is assumed that the entire capital will be kept invested in loans.

In the computations in table No. 4, it is assumed that ~~XXXX~~ 15 per cent of the loans made each year will be foreclosed and that ~~XXXX~~ on each foreclosure ~~xxxxx~~ there will be a loss of 30 per cent upon the amount due in principal and interest on the loan.

The amount of bonds issued each year will equal the amount of loans made each year, less the net earnings and the amount recovered on foreclosures the preceding year.

THIRD CALCULATION (SEE TABLE No. 4.)

$200,000,000 CAPITAL, WITH 1 PER CENT GUARANTY FUND.

In the third calculation, I have assumed that the corporation will be given $200,000,000 in endowment capital, and that the borrowers will pay annually into the guaranty fund 1 per cent per annum on the face of their loans. I have assumed that there would be 15 per cent of the loans made each year foreclosed and that on each foreclosure, there would be a total loss of 30 per cent on the amount involved in the foreclosure. I am making this calculation for the purpose of illustrating to the Committee on Ways and Means that any long-time land-credit institution may be made perfectly solvent by the use of an endowment capital and a guaranty fund, contributed by borrowers. The computation in table number 4 shows the business of the corporation for the first 20 years, assuming that it would make 100,000 loans each year, of $4,000 each, and that 15 per cent of the loans would be foreclosed, and that in the foreclosure proceedings, there would be a loss of 30 per cent of the amount due in principal and interest on the loans foreclosed. Making allowance, therefore, for such foreclosures, and such losses, the corporation would close its business at the end of the 20th year with a total capital in cash and invested in collectable loans in the amount of $825,305,526. This shows a net increase in capital in the 20 years of $625,305,526.

I feel that I have demonstrated beyond question