

with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

LOANS ON FARM LANDS

Sec. 24. Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding fifty per centum of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

FOREIGN BRANCHES

Sec. 25. Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on, and the amount of capital set aside for the conduct of its foreign business. The Federal Reserve Board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish foreign branches shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.

Sec. 26. All provisions of law inconsistent with or superseded by any of the provisions of this Act are to that extent and to that extent only hereby repealed: Provided, Nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United

States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds authorized by section two of the Act last referred to or for one-year gold notes bearing interest at a rate of not to exceed three per centum per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

Sec. 27. The provisions of the Act of May thirtieth, nineteen hundred and eight, authorizing national currency associations, the issue of additional national bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifteen, and sections fifty-one hundred and fifty-three, fifty-one hundred and seventy-two, fifty-one hundred and ninety one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May thirtieth, nineteen hundred and eight, are hereby reenacted to read as such sections read prior to May thirtieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act: Provided, however, That section nine of the Act first referred to in this section is hereby amended so as to change the tax rates fixed in said Act by making the portion applicable thereto read as follows:

National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum for each month until a tax of six per centum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes.

Sec. 28. Section fifty-one hundred and forty-three of the Revised Statutes is hereby amended and reenacted to read as follows: Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal Reserve Board, or by the organization committee pending the organization of the Federal Reserve Board.

Sec. 29. If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Sec. 30. The right to amend, alter or repeal this Act is hereby expressly reserved.

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The Administration Currency Bill Becomes a Law

The Owen-Glass currency measure, known as the administration currency bill, became a law on its approval and signing by President Wilson, December 23, 1913.

The final stage of its enactment was reached in the senate December 19, when it passed that body by a vote of 54 to 34. Every democrat present voted for it. Seven republicans and progressives—Senators Crawford and Sterling of South Dakota, Norris of Nebraska, Jones and Poindexter of Washington, Perkins of California, and Weeks of Massachusetts—voted for the bill.

Previous to the passage of the bill, Senator Hitchcock, the only democrat who stood out against the administration currency bill, offered the substitute measure drafted by the republican members of the banking and currency committee. The Hitchcock-republican substitute bill was defeated by a vote of 43 to 41.

The final moments of the bill's consideration were enlivened by the unexpected presentation of two amendments by Senator La Follette. His proposal forbidding interlocking directorates either with banks or insurance companies was rejected by a vote of 30 to 51. Another amendment by Senator La Follette, forbidding members of congress from becoming members of the federal reserve bank, directors of the regional reserve banks or officers or directors of member banks, was accepted without a roll call.

Vice President Marshall named the following conferees: Senators Owen of Oklahoma, O'Gorman of New York, Reed of Missouri, Pomerene of Ohio, Shafroth of Colorado, and Hollis of New Hampshire, democrats; Senators Nelson of Minnesota, Brant of Kansas and Crawford of South Dakota, republicans.

The house conferees were: Mr. Glass of Virginia, chairman of the committee on banking and currency, and Mr. Kerby of Indiana, democrats, and Mr. Hayes of California, republican.

The house of representatives, by a vote of 298 to 60, adopted the conference agreement shortly before 11 p. m., December 22. Only two democrats, Calloway of Texas, and Witherspoon of Mississippi, voted against the adoption of the conference agreement, while 49 republicans and progressives voted for it.

It was not until the small hours of the morning of December 22, that the democratic senators and representatives of the conference committee, after an all-night session, harmonized their differences and drafted the bill in its final shape. The conference report was submitted to the house at 6 p. m., and the time taken up until its final acceptance was devoted to the reading of the text of the conference form of the bill and a debate which lasted over two hours, and after the agreement of the conferees was confirmed it was hurried to the senate, which had previously agreed to merely receive it and then adjourned until December 23.

The senate approved the conference report December 23 by a vote of 43 to 25. The bill was then signed by the vice president and speaker of the house and sent to the president for his signature.

SIGNING OF THE BILL BY PRESIDENT WILSON

The Associated Press dispatches from Washington, dated December

23, contain the following story of the signing of the bill:

President Wilson signed the Glass-Owen currency bill at 6:01 o'clock tonight in the presence of members of his cabinet, the congressional committees on banking and currency and democratic leaders in congress generally. With a few strokes of the pen the president converted into law the measure to be known as the federal reserve act, reorganizing the nation's banking and currency system, and furnishing, in the words of the president, "the machinery for free and elastic and uncontrolled credits put at the disposal of the merchants and manufacturers of this country for the first time in fifty years."

An enthusiastic applause ran through the ceremony, not only as the president affixed his signature, but as he delivered an extemporaneous speech characterizing the desire of the administration to take common counsel with the business men of the country and the latter's efforts to meet the government's advances as "the constitution of peace."

The event came at the close of a day of rejoicing in the national capital, for congress had recessed for two weeks for the first time since it convened last April. The democratic leaders were jubilant because they had completed two big pieces of legislation—the tariff and the currency reform, in nine months—a performance which they consider unprecedented in the history of the country.

The scene at the signing of the measure was not unlike that which attended the completion of the tariff law. The conference report on the bill which passed the house last night by an overwhelming vote was likewise adopted by the senate this afternoon by a vote of 43 to 25, republicans voting again with the democrats. The engrossed bill, with the signatures of the vice president and the speaker of the house, was finally brought to the white house shortly before 5 o'clock.

By 6 o'clock, the hour set for the ceremony, Speaker Clark, Representative Underwood, Senator Owen and Representative Glass, Secretaries McAdoo, Garrison, Daniels, Lane and Wilson and Postmaster General Burleson were grouped around the president's desk, and in front of him crowded members of congress and many government officials. The group also included Mrs. Wilson and her daughters, Miss McAdoo and Mrs. Owen. There was an atmosphere of joyousness rather than solemnity apparent. The president inquired if Senator James had come. The husky form of the Kentucky senator appeared from behind the crowd and some one remarked:

"A majority of the senate has now arrived."

Four gold pens were used by the president in writing the bill into law. He wrote the words "23 December, 1913, approved," with one and used three pens in writing "Woodrow Wilson," splitting the first name into syllables. The last three pens he presented to Senator Owen, Representative Glass and Secretary McAdoo, co-authors of the measure. The president answered the curiosity of the crowd as to the disposition of the fourth with the laughing remark:

"This is the 40 per cent gold reserve."

Later it developed that Senator Chilton of West Virginia had sent up a gold pen of his own to be used in writing the date of the law. The