Mr. Broughton, indefinitely, on motion of Mr. Burns.
Mr. Wagstaff, indefinitely, on motion of Mr. Taylor.

HOUSE BILLS ON FIRST READING.

The following house bills, introduced today, were laid before the House, read severally first time, and referred to appropriate committees, as follows:

By Mr. Morris of Victoria:

H. B. No. 9. A bill to be entitled
"An Act to provide for the marketing or branding of cotton, the form of receipts to be issued on same, and providing a penalty for its violation."

Referred to Committee on Agriculture.

By Mr. Cope:

H. B. No. 10. A bill to be entitled
"An Act prohibiting the operation of a corporation for the dual purpose of owning, controlling or operating a cotton seed oil mill, and of owning, controlling, or operating a public cotton gin; also prohibiting a corporation chartered for the purpose of operating a cotton seed oil mill from owning, controlling or operating, directly or indirectly, a public cotton gin in this State, providing suitable penalties, forfeiture and procedure for enforcing this act, prohibiting any interference with, or restrictions of, competition in the sale, handling, or marketing of cotton seed, giving all corporations engaged in the business of operating cotton seed oil mills, that now own, control or operate public cotton gins nine months from the taking effect of this act, to sell or otherwise dispose of their gin properties and interests, punishing domestic and foreign corporations having no legal authority or permit to do a ginning or cotton seed oil mill business to be in any manner engaged in or in any manner interested therein in this State, or to own stock or any interest in any corporation, foreign or domestic, or joint stock association, or partnership, so engaged, providing penalties, punishments, and procedure for all corporations and persons violating this act."

Referred to Committee on Judiciary.

MESSAGE FROM THE GOVERNOR.

Mr. J. T. Bowman, Private Secretary to the Governor, appeared at the bar of the House, and, being duly announced, presented a message from the Governor, which was read to the House, as follows:
Governor's Office, Austin, Texas, September 1, 1914.

To the Senate and House of Representatives:

In harmony with my proclamation convening the Second Extra Session of the Thirty-third Legislature, and as provided for by Section 40, Article 3, of the Constitution of Texas, I hereby submit the following additional subject for legislation, viz:

An act prohibiting the operation of a corporation for the main purpose of owning, controlling, or operating a cotton seed oil mill, and of owning, controlling or operating a public cotton gin; also prohibiting a corporation chartered for the purpose of operating a cotton seed oil mill, from owning, controlling, or operating, directly or indirectly, a public cotton gin in this State, providing suitable penalties, forfeitures, and procedure for enforcing this act, prohibiting any interference with or restrictions of competition in the sale, handling, or marketing of cotton seed, giving all corporations engaged in the business of operating cotton seed oil mills, that now own, control or operate public cotton gins nine months from the taking effect of this act to sell or otherwise dispose of their gin properties and interests, punishing domestic and foreign corporations having no legal authority or permit to do a ginning or cotton seed oil mill business to be in any manner engaged in or in any manner interested therein in this State, or to own stock or any interest in any corporation, foreign or domestic, or joint stock association or partnership, so engaged, providing penalties, punishments, and procedure for all corporations and persons violating this act.

Respectfully submitted,

O. B. COQUITT,
Governor of Texas.

COMMUNICATION FROM FARMERS' UNION.

Mr. Burmeister submitted the following communication from the Farmers' Union of Atascosa county, and obtained unanimous consent to have the same read and printed in the Journal:

Pleasanton, Texas.

Whereas, in consideration of the depressing financial condition growing out of the European war, we, the Farmers' Union of Atascosa county, duly assembled in special called session, at Pleasanton, Texas, do most respectfully petition you of the Legislature to work in the interest of a stay law, staying the execution of all mortgages, liens, notes and all debts for at least six months in order to avert the crisis growing out of the forced collections under the present forced conditions of the producer, incident to the depression of forced prices caused principally by the European war.

C. JENKINS, President,
GEO. DAVIS, Secretary.

ADJOURNMENT.

On motion of Mr. Tarver, the House, at 2:20 o'clock p.m., adjourned until 2:30 o'clock p.m. tomorrow.

ELEVENTH DAY.

(Friday, September 4, 1914.)

The House met at 2:30 o'clock p.m., pursuant to adjournment.

(Speaker Terrell in the chair.)

The roll was called, and the following members were present:

Allison. Hagins.
Bagby. Harp.
Baker. Harris.
Barrett of Jones. Henry of Bowie.
Bartley. Hornby.
Bierschwale. Hughes.
Blalock. Humphreys.
Bruce. Jordan.
Burges. King.
Burmeister. Kirby.
Burns. Lane.
Buder. Lewelling.
Byrne. Low.
Calvin. Long.
Campbell. McAshill.
Chrestman. Mangum.
Colquitt. Mendell.
Cooper. Morris of Coryell.
Cope. Morris of Victoria.
Cox of Delta. Mulcahy.
Cox of Ellis. Nabours.
Craven. Neely.
Crisp. Olander.
Cunningham. Oliver.
Dickson. Parker.
Diffie. Patton.
Dodson. Powell.
Dove. Rairden.
Dunn. Reddy.
Fountain. Reeves.
Fuller. Rich.
Griggs. Rickerson.
Grundstaff. Ridgell.
Webb.
 Williams
 of Hopkins.
 Williams
 of McLennan.

Woods of Fisher.
Woods of Navarro.
Yarbrough.

Absent.
Bagby.
Boehmer.
Diffee.

Lane.
Paddock.
Tillotson.

Absent—Excused.
Barrett of Titus.
Collins.
Cooper.
Cox of Ellis.
Dodson.
Flourney.
Glasscoek.
Harp.
Householder.
Jordan.
Margill.
McKamy.
Owley.
Parker.
Ridgell.
Ritchie.
Ross.
Smith.
Templeton.
Tynon.
Ussery.

A quorum was announced present.
Prayer was offered by Rev. E. P. Shuler, pastor of the University Metho-
dist Church, of Austin.

LEAVES OF ABSENCE GRANTED.
Mr. Tyson was granted leave of ab-
sence indefinitely, on account of sickness,
on motion of Mr. Oliver.
Mr. Jordan was granted leave of ab-
sence indefinitely, on account of im-
portant business, on motion of Mr. Tarver.

MESSAGE FROM THE SENATE.
Senate Chamber.
Austin, Texas, September 11, 1914.

Hon. Chester H. Terrell, Speaker of the
House of Representatives.
Sirs: I am directed by the Senate to
inform the House that the Senate ac-
cedes to the request of the House for a
Free Conference Committee on House
bill No. 1, and the following have been
elected on the part of the Senate:
Senators Warren, Willacy, Collins,
Rudspeth and Carter.
Respectfully,
JOHN D. McCALL,
Assistant Secretary of the Senate.

RELATING TO REPORTS ON HOUSE
BILLS NOS. 10 AND 11.

Mr. Rowell offered the following res-
olution:
Resolved, That the Judiciary Com-
mittee be instructed to report to the
House on House bills Nos. 10 and 11
not later than today at 5 p. m.
The resolution was read second time.

Question—Shall the resolution be
adopted?
(Mr. Calvin in the chair.)
Mr. Humphrey moved to table the res-
olution, and the motion to table was
lost.

Question recurring on the resolution,
it was adopted.

MESSAGE FROM THE GOVERNOR.
Mr. J. T. Bowman, private secretary
to the Governor, appeared at the ba-
of the House, and, being duly announced,
presented a message from the Governor,
which was read to the House, as follows:

Governor's Office,
Austin, Texas, September 10, 1914.

To the Senate and House of Representa-
tives:
Pursuant to Section 46, Article 3, of
the Constitution of Texas, and in har-
mony with paragraph 2 of the procla-
mation convening the Second Called Ses-
sion of the Thirty-third Legislature, I
present for your consideration the fol-
lowing additional subject, to wit:

An act further regulating banks and
bank and trust companies incorporated
under the laws of Texas by granting
authority to all such corporations to
become members of Federal reserve
banks; defining demand deposits and
time deposits within the meaning of the
act; prescribing the amount of reserve
for all such banking corporations char-
tered under the laws of Texas which
do not become members of a Federal
reserve bank and stating where such
reserve shall be kept and maintained;
defining the amount of reserve to be
maintained by all banking corporations
chartered under the laws of Texas which
become members of a Federal reserve
bank and stating how and in what man-
ner and where such reserve shall be
maintained; prescribing that State
banks becoming members of a Federal
reserve bank shall have all rights per-
mitted them under the Federal Reserve
Act as to reserve deposits with State
banks and trust companies; conferring
authority on State banking corporations
which become members of a Federal re-
serve bank to conform to the Federal
law as now or hereafter enacted and
t rules and regulations promulgated
relative thereto by lawful authority;
and providing that such banks shall be
subject to all limitations of law and
such rules and regulations as are now
or may be hereafter enacted or pro-
mulgated; defining the kind and char-
acter of money which may be held as reserve by banking corporations incorporated under the laws of Texas which become members of a Federal reserve bank; prescribing that State banks becoming members of a Federal reserve bank shall be required to conform to the provisions of law imposed upon national banks respecting limitations of liability and prohibitions against making purchases of or loans on stocks of such banks and, to withdrawal or impairment of capital, the payment of unearned dividends and to such rules as may be prescribed by the Federal Reserve Board in pursuance of the Federal Reserve Act; setting forth the terms and conditions under which State banks may pledge or hypothecate collateral security for money borrowed upon bills payable, certificates of deposit or otherwise; conferring authority upon State banks which become members of a Federal reserve bank to discount to such Federal reserve bank notes, drafts, and bills of exchange arising out of actual commercial transactions and defining the terms of such discount; prescribing that the lien and rights obtained by a Federal reserve bank upon the discount of such paper shall be a first and preference lien; prescribing certain rules and regulations with reference to State banks which are declared insolvent and a receiver or other liquidating agency appointed; prescribing a limitation on loans which may be made to any individual, corporation, company, or firm by a banking corporation chartered under the laws of this State; prescribing certain duties and conferring certain rights upon the Commissioner of Insurance and Banking with reference to banking corporations chartered under the laws of this State; prescribing the amount of indebtedness which may be created by a banking corporation chartered under the laws of this State, and declaring an emergency.

The purpose of submitting this subject for your consideration at this time is to conform the State banking laws to the Federal Reserve Act so that eligible State banks may be admitted to membership in the Federal Reserve Bank, and enable them to become members of the currency associations, organized as provided in the emergency currency acts passed by the Congress of the United States. The present State banking law has been gone over carefully by the Commissioner of Insurance and Banking, and with the assistance of the Attorney General's Department a bill has been carefully prepared which it is believed will accomplish the purposes desired at this time. I attach a copy of the bill referred to, together with a letter addressed to me and signed by office assistants of the Attorney General, with an explanation of the changes made. These are submitted as a part of my message herewith for convenience and ready reference of the members of the Legislature.

Respectfully submitted,
O. B. COLQUITT,
Governor of Texas.

September 5, 1914.

Hon. O. B. Colquitt, Governor, Capitol,

Dear Sir: In connection with Mr. Collier, the Commissioner of Insurance and Banking, and several members of the House and Senate, the undersigned have prepared a bill for the purpose of conforming our State bank laws to the Federal Reserve Act, so that eligible State banks may be admitted to membership in the Federal Reserve Bank with as little explanation and trouble as possible, as well as for other purposes which will be named as we proceed in this explanation.

We will take up the bill, a copy of which we herewith transmit to you, and make an explanation of it in this communication section by section, as follows:

Sec. 1. This section merely confers authority upon State banks and State bank and trust companies incorporated under the laws of this State to become members of a Federal Reserve Bank. It does not require that they do so, but merely confers authority upon them so to do should they desire to take such action. This Department has hitherto held that they now have that authority, but since the matter is now before the Legislature it has been thought best to confer this authority by an express provision of law.

Sec. 2. This section is a preliminary section for the purpose of explaining the meaning of Sections 3 and 4, and defines what are "demand" and what are "time deposits" in the language of Section 19 of the Federal Reserve Act.

Sec. 3. This section amends in effect Article 377, Revised Statutes, or what is Section 8 of Collier's Digest of State Banking Laws. Under the present law on the subject a State banking corporation must maintain at least a 25 per cent reserve of its demand deposits.
The Speaker laid the resolution before the House and the Senate amendments were read as follows:

(1)

Amend the resolution by striking out the word "exported," in the second paragraph and substitute therefor the words: "Shipped and used beyond the limits of the State."

(2)

Amend the resolution by substituting the word "regional" for the word "federal" wherever it appears in qualifying the word bank or banks.

Question—Shall the House concur in the Senate amendments?

On motion of Mr. Tillotson, the House concurred in the Senate amendments.

(Speaker in the chair.)

OATHS OF OFFICE ADMINISTERED.

Mr. Savage offered the following resolution:

Whereas, The Hon. Edgar P. Haney, the duly elected successor to the Hon. Patrick Henry, resigned; from the One Hundred and First Representative District, is now at the bar of the House, therefore be it

Resolved, That the Speaker appoint a committee of two to escort him to the Speaker's stand for the purpose of taking the oath of office, and that he be seated as a member of the House from the aforesaid district.

The resolution was read second time and was adopted.

In accordance with the above action the Speaker appointed Mr. Bagby and Mr. Hoetzhausen as a committee to escort Mr. Haney to the Speaker's stand.

The committee having performed their duty, Mr. Haney took the oath of office, which was administered by the Speaker.

(Mr. Calvin in the chair.)

MESSAGE FROM THE GOVERNOR.

Mr. J. T. Bowman, Private Secretary to the Governor, appeared at the bar of the House, and, being duly announced, presented a message from the Governor, which was read to the House, as follows:

Governor's Office,

Austin, Texas, September 12, 1914.

To the Senate and House of Representatives.

In harmony with Clause 2 of the Governor's proclamation convening the second extra session of the Thirty-third Legislature, and as provided in Section 40, Article 3, of the Constitution of Texas, I present to you the following additional subjects for legislation, to wit:

"An Act to amend Chapter 1 of Title 14 of the Revised Penal Code of 1911 of the State of Texas, by adding thereto Articles 924a, 924b, and 924c; further defining the offenses of forgery, passing and attempting to pass as true and having in possession with the intent to pass as true forged instruments and prohibiting the making, altering, forging or counterfeiting of any bond, certificate, obligation or instrument in writing having a value or purporting to be of value, issued by, or purporting to be issued by or under the authority or direction of any foreign government or de facto foreign government or any officer or agent of any foreign government or de facto foreign government, or any person or persons claiming to act by or under the authority of any foreign government or de facto foreign government, or claiming by right of any office, military or civil, to have a right in any foreign country by virtue of such office to issue money, bills of exchange, notes or any paper circulating as money or mediums of exchange in any foreign country or portion thereof, or purporting to be redeemable in money or other thing of value, and fixing a penalty therefor; also prohibiting the passing or attempting to pass as true or having in possession with intent to pass as true, any such instrument or instruments so falsely made, providing penalties therefor, and declaring an emergency."

I am advised that counterfeiters of Mexican money are operating along the Texas border and in El Paso, Brownsville and other cities and towns large sums of this counterfeit money has been put into circulation. The present criminal statutes of Texas are inadequate, and it is feared that these counterfeiters and the circulators of this spurious currency can not be properly punished under existing criminal laws of this State. There is an emergency, therefore, justifying the submission of this question to you at this time. I have been assure by interested members of the Legislature that the passage or a suitable law on this subject will probably not occupy much of the time of the Legislature.

I also present the following subject for legislation, to wit:

"An Act to prohibit any person, firm
or association of persons, operating a cotton seed oil mill in this State, or any member, agent or employe of such corporation operating a cotton seed oil mill in this State, from owning, operating or holding any character of interest in a public cotton gin in this State; and to prohibit any officer, director, agent or employee of any corporation operating a cotton seed oil mill in this State from owning, operating or holding any character of interest in a public cotton gin in this State, providing the time the act shall become effective and fixing penalties.

I have already submitted to you the general subject of legislation prohibiting associations of persons or corporations owning cotton seed oil mills from owning cotton gins, but it is believed by some that the general subject already submitted to you does not embrace the particular subject above submitted to you, and it is hereewith presented for your consideration at the request of members of the House of Representatives.

Respectfully submitted,
O. B. COLQUITT,
Governor of Texas.

REQUEST TO TAKE UP HOUSE BILL NO. 10.

Mr. Humphrey asked unanimous consent of the House that the regular order of business be suspended to take up House bill No. 10, on its second reading and passage to engrossment, to which request the Speaker stated that there was objection.

HOUSE BILL NO. 4 ON ENGROSSMENT.

(Unfinished Business)

The Speaker laid before the House, as unfinished business, on its passage to engrossment,

H. B. No. 4, A bill to be entitled "An Act to create a State bonded warehouse system and afford a method of co-operative marketing for those engaged in the production of farm and ranch products and for the purpose of effectuating this and creating the office of State Warehouse Commissioner, to be appointed by the Governor, with the advice of the Senate; defining the authority of the Commissioner and giving his powers of visitation over the corporations, chartered under this act; as a part of the system authorizing the formation of State bonded warehouse corporations on the mutual plan, to be under the supervision and control of the State Warehouse Commissioner; defining the purpose, power and authority of such corporation and regulating the chartering, management and business of same; defining and prescribing the receipts to be issued by State bonded warehouses and the rights of the respective parties thereunder, and providing the law, rules and regulations governing the same; stating the business which may be conducted by State bonded warehouses as incident to their warehouse and marketing business; declaring gins to be subject to a public use and requiring that all grainers in the State shall after July 31, 1916, obtain a license from the State Warehouse Commissioner and give bond so to do, and prescribing certain rules and regulations relative to the grading and salting of cotton and sampling the same; authorizing the State Warehouse Commissioner to employ the services of a chief clerk, defining his duties, and also the necessary clerical help, office force of State warehouse examiners, defining their authority, duties and compensation; prescribing the salary of the State Warehouse Commissioner and his chief clerk; vesting the authority now vested by law in the Commissioner of Insurance and Banking with reference to public warehouses in the State Warehouse Commissioner, and transferring the archives in the office of the Commissioner of Insurance and Banking with reference to warehouse corporations to the office of the State Warehouse Commissioner, but providing that this section does not apply to the law passed by the present session of the Legislature with reference to the establishment of State warehouses as an emergency measure by the Commissioner of Insurance and Banking; creating and defining offenses in violation of the act, and prescribing penalties therefor; making appropriation for carrying the act into effect, and declaring an emergency.

With (committee) amendment by Mr. Calvin and others pending, the House considering the amendment section by section, and Section 1 of the amendment being under consideration, the bill having been read second time on Thursday, September 10.

Mr. Burgas offered the following amendment to Section 1 of the (committee) amendment:

Amend Section 1 by striking out all after the word "office" in line 12, down to the end of line 16, and insert in lieu thereof, the following: "for a term
Whereas, The Hon. R. A. Calhoun, the duly elected and accredited successor to the Hon. T. L. Foster, resigned, from the Tenth Representative District, is now at the bar of the House; therefore, be it

Resolved, That the Speaker appoint a committee of two to escort him to the Speaker's stand for the purpose of taking the oath of office, and that he be seated as a member of the House from the aforesaid district.

Signed—Russell, Fuller.

The resolution was read second time and was adopted.

In accordance with the above action, the Speaker announced the appointment of Mr. Russell and Mr. Fuller as a committee to escort Mr. Calhoun to the Speaker's stand.

Mr. Burges offered the following resolution:

Whereas, The Hon. W. W. McCrory, duly elected Representative of the Seventy-third Representative District, is now at the bar of the House; therefore, be it

Resolved, That the Speaker appoint a committee to escort the member-elect to the Speaker's desk, that the constitutional oath be administered to him, and that he be admitted to his seat as a member of the House.

Signed—Burges, Kennedy.

The resolution was read second time and was adopted.

In accordance with the above action the Speaker appointed Mr. Burges and Mr. Roach as a committee to escort Mr. McCrory to the Speaker's stand.

The committees to escort the member-elect having performed their duties, Mr. Calhoun and Mr. McCrory took the oath of office, which was administered by the Speaker.

MESSAGE FROM THE GOVERNOR.

Mr. J. T. Bowman, private secretary to the Governor, appeared at the bar of the House, and being duly announced, presented a message from the Governor, which was read to the House, as follows:

Governor's Office,
Austin, Texas, September 15, 1914.

To the Senate and House of Represent-atives:

In harmony with clause 2 of the proclamations convening the Thirty-third Legislature in extra session, and with Section 49, Article 8, of the Constitution of Texas, I hereby present to you for consideration the following additional subject, to wit:

The passage of an act providing for the incorporation and organization of "The Bank of Texas" for the purpose of providing a fiscal agency for the State, its counties, municipal corporations and all districts heretofore or hereafter created, with the power to levy and collect taxes and issue bonds or to expend the public funds, to the end that the fiscal officers of the State and its various governmental agencies may administer their affairs on a sound financial basis, maintain all warrants at par, find a ready and sufficient market for bonds and other obligations, obtain cash against unmatured and uncollected tax levies, and generally to furnish an agency of sufficient capital and authority to maintain the financial affairs of the State and its various governmental agencies in a sound and efficient manner. To furnish a safe and lucrative investment for the permanent school fund of the State with a definite and certain return and to provide for the increase of said funds. To enable the holders of all school warrants drawn against the available school fund, uncollected at the time of their issuance, to obtain cash thereon without discount thereof. To provide a reserve bank in aid of the general banking system of the State; to assist in maintaining the solvency of the banks chartered in the State of Texas and to preserve intact the depositors' guaranty fund; to prevent the sacrifice of a large part of the products of the industry now impending and due to calamities and exigencies of war; to maintain the integrity of the actual values of the products of industry during the present period of financial disturbances, to the end that taxes may be collected and taxable values be maintained; to enable the people of the State generally to obtain their ratable and proper distribution of currency issued or authorized to be issued by the national government or other relief in the issuance of money or currency made by the national government or authorized to be made by it; to preserve the normal business conditions of the State against the present disturbances brought about by the wars on the continent of Europe and to guard against the repetition of like disturbances due to that or any other cause; and generally, to preserve the credit and industrial and financial integrity of the State.

I attach to this message copy of a bill which has been prepared by the
Attorney General's Department at my request, having for its purpose the carrying into effect of the proposition above submitted. The banking acts of all the principal commercial countries, including that of the United States, have been carefully examined, and the bill hereto attached is very largely based upon the act of Congress creating the regional national bank system, with such variations or changes as are needed to make it adaptable to the creation and government of The Bank of Texas, harmonizing the same with national and state banking laws. I can assure the Legislature, therefore, that for the purposes of the State the suggestions in the bill are as safe and sound as the regional banking system of the United States.

In presenting to you this subject of legislation, I am not unmindful of the objections which will be urged against it, nor do I underestimate the influence of the forces that will oppose its passage. Nevertheless, it is a question which calls for action at this time, and the very earnestness which gives rise to its presentation shows the necessity for the measure.

The coinage of money and emitting bills of credit is a function of the Federal government. In the exercise of its powers, Congress has provided for the issuance of emergency currency by national banks to meet such situations as are now menacing our prosperity and threatening our agricultural classes with ruin. The national bank is an agency of the national government. These agencies of the national government in Texas, under the rulings of the Secretary of the Treasury, can issue more than seventy-five million dollars of currency to meet present emergencies, but they are not doing it. The Secretary of the Treasury has issued a circular offering to accept warehouse receipts on cotton and tobacco when accompanied by the note of the bank as a basis of issuing currency at a rate of seventy-five per cent of the face value of such notes. The banks will not accept his offer because it involves upon their part the guarantee of the difference in the face value of their note attached to the warehouse receipts deposited with the Secretary of the Treasury, and the amount of the currency which they would issue under this ruling. The result is that banks are disposed to make advances on cotton in excess of forty or fifty per cent of its actual value.

The Legislature fully understands that the great European war now in progress has made the exportation of cotton impractical, and taken away from our cotton farmers the European market as bidders for the product of their labor. These conditions make it necessary to provide for advancing on cotton to enable the owners thereof to obtain ready money to meet their pressing obligations. The Legislature has patriotically responded to public sentiment and demands, and passed a public warehouse law giving the State's guarantee of the warehouse receipt, thus making cotton unusually attractive collateral and basis for credit.

The plan which I am submitting to you has long been in my mind. I suggested it as a relief for the bankers' panic in 1897, when, notwithstanding there was a plentifulness of money, the banks of this State had their balances tied up in New York, and were compelled to suffer on account of the New York bankers' panic. The measure which I am offering you will enable the State of Texas in the future to meet such emergencies without harm, injury or injustice to the business interests of this State. I suggested in letters to members of Congress last year when the currency legislation was pending, an amendment to the national banking law which would permit the incorporation of such banks as I am now recommending under the national banking act, with power to issue bank notes, and subject to the regulations of a national bank, but without authority to accept deposits.

There are now, in round figures, $17,800,000 of gold bonds in the State Treasury belonging to the public school fund. These securities are dormant. The measure and plan herewith submitted will vitalize these securities and make them serve a double purpose, to wit: furnishing ready circulating medium on a sound banking basis to relieve paupered conditions; and at the same time increase the income to the available public school fund.

It will be urged against this measure that to do as is proposed will divert the public school fund, contrary to the Constitution. The measure has no such purpose. On the contrary, while it will enlarge the scope of investment, it will increase the income of the available school fund, thereby aiding in lengthening the sessions of the public schools of this State, and inure to the benefit of every child in Texas. Opponents of the proposition are already citing Section 5
of Article 7 of the Constitution, from which the following excerpt is taken:

"No law shall ever be enacted appropriating any part of the permanent or available school fund to any other purpose whatever; nor shall the same or any part thereof ever be appropriated to or used for the support of any sectarian school."

The foregoing provision of the Constitution in no way refers to the investment of the public school fund. The purpose of the provision quoted was to prevent the Legislature from diverting the school fund to the support of sectarian schools or to meet the general expenses of the State government. The purpose of the measure herewith submitted for the consideration of the Legislature is to enlarge the field of investment for the school fund and employ the Bank of Texas as a means and agency of the State to increase the revenue and income from the permanent school fund for use in the education of the children of the State, and at the same time utilize the securities belonging to the school fund to protect the credit of the State and to meet emergencies like that which we are now confronting, to preserve normal business conditions and prevent bankruptcy and ruin of our agricultural classes, by supplying currency and credit to the banks of Texas and to the people themselves on their agricultural collateral.

Section 4 of Article 7 of the Constitution contains the following provision:

"The Comptroller shall invest the proceeds of such sales, and of those hereafter made, as may be directed by the Board of Education herein provided for, in the bonds of the United States, the State of Texas, or counties in said State, or in such other securities, and under such restrictions as may be prescribed by law, and the State shall be responsible for all investments."

The Constitution of 1876 limited the investment of the permanent school fund in the bonds of the United States or of the State. In 1883 the people of Texas adopted an amendment to the Constitution enacting the list of securities in which the public school fund could be invested. That amendment authorized the Legislature to prescribe any additional securities, besides bonds of the United States and of the State which the Legislature may deem secure. In pursuance of such latitude the Legislature has authorized the investment of said permanent school fund in the bonds of cities and towns and school districts of the State. But it cannot be consistently urged that the investment of the school fund in these bonds is a permanent investment. It is in the nature of a loan, for governments issue their bonds for the purpose of borrowing money. The State of Texas in this case becomes the endorser of all purchases for the benefit of the public school fund which the Legislature may authorize the Boards of Education to invest the school fund in.

I remember very well that the first vote I ever cast was for the amendment to Section 4 of Article 7 of the Constitution, as above referred to. My employer at the time vehemently opposed the enlargement of the list of securities in which the school fund could be invested. Notwithstanding this fact, I believed the amendment for the relief of Texas, and for her financial emancipation, will in the future see the unwise opposition of their opposition to this measure. The proposition is as sound and stable as the State itself.

We are now confronting a condition which neither corporations nor individuals can cope with. National banks are authorized to issue emergency currency to meet such a condition. Congress has provided for the establishment of regional banks to furnish currency and credit, but these regional banks have not been organized. Banks in Texas with a surplus of money are loath to let it go until the regional banks are organized and are in a position to help them replenish their supply. For the State of Texas to take steps to utilize the dormant securities for which the State is responsible and make them do the work of a great financial artery is but the part of wisdom and business prudence.

I shall not worry the Legislature by discussing these constitutional phases of the matter, however, for it must be apparent to all persons with open minds seeking the best remedy for existing evils that the Legislature clearly has the authority to enlarge the field of investment for the permanent school fund. There is no doubt whatever but that the State Board of Education has the authority, for it has often exercised it, to sell or permit to be redeemed bonds which have been purchased by it that were not due, and reinvest the money derived from their sale in other securities prescribed by law. The State Board
of Education, if it desired to do so, could sell all of the bonds now in the State Treasury, and if the Legislature authorized it could reinvest the proceeds from the sale thereof in warehouse receipts for cotton guaranteed by the State.

There is no sort of question but that the bill which the Legislature has just passed, guaranteeing warehouse receipts, has inspired confidence, and caused the price of cotton to materially advance. In my humble opinion, if the subject herewith submitted to you is promptly enacted into law, thus further stimulating confidence and giving guarantees by the State of its good faith and intention to help protect the reasonable values of the field and farm, there will be, even under distressed conditions, a still further very substantial advance in the price of cotton.

I know it will be urged that we are endangering the sacred school fund. The bank, which it is proposed to establish and capitalize in part with the securities belonging to the school fund, with the guarantees of State bank deposits and the guarantees of the State of warehouse receipts, makes the institution safe and sound for the public permanent school fund. It is beyond human wisdom to establish or maintain an institution where 'neither moth nor rust does corrupt, nor thieves break in and steal.' I shall therefore make no contention that such perfection is possible. But, so far as practical, the measure proposed gives security to the sacred school fund, and gives greater promise for an increased income by way of interest for annual expenditures for public education.

It may be contended that the collaterals in the shape of bonds now lying dormant in the State Treasury of Texas ought not to be disturbed, nor used as a basis for currency and credit for use under normal conditions, or to meet emergencies. No prudent man whose business and prosperity was in jeopardy, who had such securities locked up in a vault, would hesitate to utilize them to protect his property in reasonable value. The argument of those who take this position reminds me of the parable of the slothful servant. You will remember that he took the talent of his Master and buried it in the ground in order to be sure that, when his Master returned, he might come and bring the very talent which he received from his Master's hand. The Master condemned, you will remember, this lack of thrift, and commended the other servant who had increased his talent three-fold.

Utilizing the dormant collaterals belonging to the public school fund and bringing all of the State banks together in interest with The Bank of Texas, would make a tower of strength for the protection of the people, because it will bring the banking system and the control of large sums of money closer to them. In addition, it would be the means, in my opinion, of more than doubling the amount of money which we are now receiving from that part of the permanent school fund so used for the maintenance of public schools. It is proposed to capitalize the bank at $20,000,000, $17,500,000 to be taken by the State Board of Education for the school fund with the bonds now owned by it. The State banks are required to become subscribers to the capital stock in the sum of $2,500,000. Provision is made for national banks likewise to become interested in The Bank of Texas if the laws under which they are chartered will permit, and they care to do so. The income from the school fund's interest is to be added to the available school fund for the support of public education.

I have already submitted to you the subject of amending the present State banking laws so as to bring them in touch and harmony with the Federal system in so far as is necessary for State banks to join currency associations and become stockholders in the regional bank; also harmonizing the requirements as to reserve of State banks with that required for national banks. I suppose it will not be denied, however, that the small State banks in the small towns or country communities, furnish more money direct to the farmers to aid in the production of a crop than the city banks do. The Commissioner of Insurance and Banking tells me that there are over four hundred State banks with capital less than is required to join the Federal Reserve Association. He has cited me to a bank in a small village in the midst of a prosperous farming community with a paid up capital stock of $15,000, which is carrying loans to farmers amounting to over $37,000. In times of emergency like the present The Bank of Texas, a great, strong institution as it is proposed to establish, could strengthen and help banks in such communities which are perfectly solvent, to carry on their business and aid the producers in the development of the country.
In fact, I do not believe that there are but few valid objections that can be offered to the measure herein proposed. The substantial benefits to be derived from the measure by the school fund, by the State, by the banks themselves, to the farmers and the whole people, are so great that they make the objections that can be offered appear as naught.

I will not in this message go into a detailed explanation of the different provisions of the bill, for I am taking the liberty to attach the bill, which explains itself, as a part of this communication. The measure is simple in its construction, and, as already pointed out, is in harmony with Federal statutes on the same question. The bill as drawn has been thoroughly considered and worked out, and I take this occasion to make acknowledgments to the Attorney General's Department for their faithful co-operation in preparing the measure, which I submit to you as a suggestion and a basis to work upon, with due apologies to the Legislature for imposing upon them the detailed ideas set out in the bill. I believe its passage will mean the dawn of a new era in Texas and the State's financial emancipation. I respectfully solicit a broad-minded and patriotic consideration of this very important subject. Its prompt passage by this Legislature would be a monument to its wisdom and sagacity, and the people of Texas in future generations will bless the names of those who help to put this measure upon the statute books, and thereby organize a great financial institution which can take care of the needs of the people of Texas in cases of emergency.

In concluding this message, I give me genuine pleasure to congratulate the Legislature for the faithful and patriotic manner in which it has dealt with the important matter heretofore submitted to this special session. I know the people will applaud you for this faithful service. The passage of an act for the establishment of the Bank of Texas will be the crowning glory of the session.

Respectfully submitted,

O. B. COLQUITT,
Governor of Texas.

(The proposed bill to establish "The Bank of Texas", referred to in the above message is printed in the House Journal, beginning on page 315.)
Nays—45.

Bagby. Kirby.
Bartley. Lane.
Bell. Low.
Brown. Macgill.
Bruce. Moore of Victoria.
Burgess. Mulcahy.
Chrestman. Murray.
Cooper. Neeley.
Crisp. Oliver.
Dunn. Owaley.
Fournier. Penry.
Fountain. Bidgell.
Gates. Reach.
Goodner. Robbins.
Greenwood. Robertson.
Harp. Rowell.
Harris. Schwegman.
Hart. Stone.
Henry. Tarver.
Householder. Tiltonson.
Humphrey. Woods of Navarro.
Jordan. Wortham.
King. Present—Not Voting.

Mills. Absent.

Barrett of Titus. Shander.
Boehmer. Feddock.
Byrne. Patton.
Cox of Ellis. Ritchie.
Furth. Sackett.
Glasscock. Spann.
Haney. Spradley.
Hughes. Usery.
Mangum. Williams.
Mendell. of McLennan.

Absent—Excused.

Smith. Wahrmund.
Templeton. Webb.
Wagstaff.

Mr. Cope moved to reconsider the vote by which House bill No. 11 was passed to engrossment and to table the motion to reconsider.

The motion to table prevailed.

COMMUNICATION FROM MR. OUSLEY.

Mr. Cope submitted the following communication from Mr. Ousley, which was read to the House and ordered to be printed in the Journal:

Austin, Texas, September 17, 1914.
Hon. W. D. Cope, House of Representatives.

Dear Sir: In reply to your inquiry concerning our conversation I beg to say that when Mr. Williams and I were in Alexandria, Egypt, in May, 1913, we found cotton seed selling at $34 ton f.o.b. Alexandria. American seed at the same time was selling to the oil mills at from $18 to $22 in Texas and from $20 to $25 east of the Mississippi river. Prices east of the river, I understand, were due in large part to the organization of farmers who sold their seed in bulk. However, that may be, Egyptian seed was selling at from $16 to $18 more than American seed, though the freight rate from Atlantic ports should not be materially greater than freight rates from Egyptian ports, certainly not to the extent of the disparity in prices.

Chemical tests show that American seed are equal in every respect and superior in many respects to Egyptian seed.

No American seed are exported to foreign countries though this country furnishes a larger part of the cotton seed oil used in foreign countries.

I should add that last season the disparity between prices of American and Egyptian seeds were not so great, and I assume that the improvement was due in some respect at least to the publicaion which Mr. Williams and I made on our return from Europe in August, 1913.

Respectfully,
CLARENCE OUSLEY.

MESSAGE FROM THE GOVERNOR.

Mr. Curtis Noblesdorf appeared at the bar of the House, and being duly announced, presented a message from the Governor, which was read to the House, as follows:

Governor's Office,
Austin, Texas, September 17, 1914.

To the Senate and House of Representatives:

In harmony with clause 2 of the Governor's proclamation convening the Thirty-third Legislature in special session, and in line with the provisions of Section 40 of Article 3 of the Constitution of Texas, I present to you the following further subject for legislation, to wit:

An Act to amend Article 5477 of the Revised Civil Statutes of the State of Texas relating to the landlord's lien, so as to provide that such lien as to agricultural products when stored in bonded and public warehouses, regulated and controlled by the laws of the State of Texas, shall continue so long as such products remain in such warehouses.

From an examination of the emer-
The following House bill, introduced today, was laid before the House, read first time, and referred to the Committee on Judiciary:

By Mr. Allison, Mr. Bagby and Mr. Rainey:

H. B. No. 18, A bill to be entitled "An Act to amend Article 3477 of the Revised Civil Statutes of the State of Texas relating to the landlord's lien as to agricultural products, when stored in bonded warehouses regulated and controlled by the laws of the State of Texas, shall continue so long as such products remain in such warehouses, and declaring an emergency."

SENATE BILL NO. 12 ON SECOND READING.

The Speaker laid before the House, on its second reading and passage to a third reading.

S. B. No. 12, A bill to be entitled "An Act further regulating banks and bank and trust companies, incorporated under the laws of Texas by granting authority to all such corporations to become members of Federal Reserve banks; defining demand deposits and time deposits within the meaning of the act; prescribing the amount of reserve for all such banking corporations chartered under the laws of Texas which do not become members of a Federal Reserve bank and stating where such reserve shall be kept and maintained; defining the amount of reserve to be maintained by all banking corporations chartered under the laws of Texas which become members of a Federal Reserve bank and stating how and in what manner and where such reserve shall be maintained; prescribing that State banks becoming members of a Federal Reserve bank shall have all rights permitted them under the Federal Reserve Act as to reserve deposits with State banks and trust companies; conferring authority on State banking corporations which become members of a Federal Reserve bank to conform to the Federal law as now or hereafter enacted and all rules and regulations promulgated relative thereto by lawful authority, and providing that such banks shall be subject to all limitations of law and such rules and regulations as are now or may be hereafter enacted or promulgated; defining the kind and character of money which may be held as reserve by banking corporations incorporated under the laws of Texas which become members of a Federal Reserve bank; prescribing that State banks becoming members of a Federal Reserve bank shall be required to conform to the provisions of law imposed upon national banks respecting limitations of liability and prohibitions against making purchases of or loans on stocks of such banks, and to withdrawal or impairment of capital, the payment of unearned dividends and to such rules as may be prescribed by the Federal Reserve Board in pursuance of the Federal Reserve Act; setting forth the terms and conditions under which State banks may pledge or hypothecate collateral security for money borrowed upon bills payable, certificates of deposit or otherwise; conferring authority upon State banks which become members of a Federal Reserve bank to discount to such Federal Reserve bank notes, drafts and bills of exchange arising out of actual commercial transactions and defining the terms of such discount; prescribing that the lien and rights obtained by a Federal Reserve bank upon the discount of such paper shall be a first and preference lien; prescribing certain rules and regulations with reference to State banks which are declared insolvent and a receiver or other liquidating agency appointed; prescribing a limitation on loans which may be made to any individual, corporation, company or firm by a banking corporation chartered under the laws of this State; prescribing certain duties and conferring certain rights upon the Commissioner of Insurance and Banking with reference to banking corporations chartered under the laws of this State; prescribing the amount of indebtedness which may be created by a banking corporation chartered under