Federal Intermediate Credit Banks. Such officers were given authority to create the necessary machinery and employ the necessary officers for conducting the business of the Bank as a separate organization from the Federal Land Bank. These Banks were given authority to act as fiscal agents for the United States Government and to perform such duties as the Secretary of the Treasury may prescribe. Accordingly, acting under the authority of the charter, twelve separate institutions were founded in the summer of 1923.

Capital Stock

In order that capital might be provided for the business of these Banks, the United States Government was authorized to subscribe capital stock to the extent of $5,000,000 for each bank and the Secretary of the Treasury was given authority to take up such portion of this stock as might be deemed necessary at any given time. This gave a possible capitalization of $60,000,000 subscribed by the Treasury. On the organization of the banks, the Treasury took up one million dollars capital stock of each of the banks, holding the balance of $4,000,000 in reserve to be taken as needed.

The Federal Farm Loan Board was authorized to apportion the joint expenses incurred in behalf of the Federal Land Banks, the Joint Stock Land Banks and the Federal Intermediate Credit Banks, all under their jurisdiction, among the three institutions. After all the necessary expenses are paid, it is provided that the net earnings shall be divided in equal parts, one-half to be paid into the United States treasury and the balance into the surplus fund until the amount of such surplus shall be equal to the subscribed capital stock of the bank. After this has been accomplished, ten per cent only of the earnings is paid into this surplus, the balance being paid to the United States as a franchise tax. The monies paid from earnings into the United States treasury are to be used at the discretion of the Secretary of the Treasury, either to supplement the gold reserve held against outstanding United States notes, or to be applied to the reduction of the outstanding bonded indebtedness of the United States. Should a bank be dissolved, its whole assets become the property of the United States.

Debentures

Under the Act, each Federal Intermediate Credit Bank is allowed to issue debentures up to ten times the original paid up capital and the surplus of the bank. As the original capitalization of the twelve banks was $60,000,000, when fully in operation, they could issue debentures for $600,000,000, making a total available capitalization when the stock is fully paid up of $660,000,000. It is provided, however, that the issue of debentures shall be subject to the approval of the Federal Farm Loan Board and no debenture is to be issued for a period of longer than five years and only as against cash or discounted paper held by the Bank. The rate of interest on debentures was fixed, at most not exceeding six per cent.

No Government Liability

It is specially provided that the United States Government shall assume no liability, direct or indirect, for any debentures or other obligations issued under the authority of the Act. To make this absolutely clear, provision is made that all debentures or other obligations shall contain in " conspicuous and appropriate language" a definite statement that there is no liability upon the treasury of the United States.

Rate of Interest

With regard to the rate of interest charged, definite restrictions are placed upon it. The maximum rate at which debentures may be issued is fixed at six