

much put into the pockets of speculators, and your constituents get no benefit from it. And thereby you help unconsciously, you men from Pennsylvania and all these other splendid Commonwealths, by your silence to pauperize the masses of the people in my State.

Mr. FOCHT. Will the gentleman yield?

Mr. EAGLE. I will.

Mr. FOCHT. It has been long known and commented on that Liverpool controlled the price of grain throughout the world. You say the price of cotton is controlled by Great Britain just as on leather. Now, how can Pennsylvania help you break that up?

Mr. EAGLE. My friend has referred to something I did not say. I said the English cotton spinner is operating through the New York Cotton Exchange and the New Orleans Stock Exchange by furnishing money to these gamblers in selling future deliveries, but it is impossible to deliver at continually lowering prices and at the same time declining to purchase even at the market. They are unitedly so doing it, and just how you can help it I wish was clear. But I say that the unlimited and indiscriminate selling of cotton futures which they can not meet with the cotton itself is having the effect of pauperizing my people.

Mr. BAER. Will the gentleman yield?

Mr. EAGLE. I will.

Mr. BAER. The gentleman spoke about the North and that they are buying your cotton. I wish to say that a suit of overalls up in my State costs \$5 a pair, and I looked it up the other day and weighed a suit of overalls and I find that at the present price your cotton producer gets 47½ cents for the cotton in that suit.

Mr. EAGLE. I have finished the observation I wanted to make, gentlemen. [Applause.]

Mr. PADGETT. Mr. Chairman, for the purpose of permitting the gentleman from Alabama [Mr. DENT] to submit a conference report, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 15539, the naval appropriation bill, and had come to no resolution thereon.

#### VALIDATION OF CERTAIN WAR CONTRACTS.

Mr. DENT. Mr. Speaker, I desire to submit a conference report on the bill H. R. 13274, on which the conferees have come to no agreement, for printing under the rules.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

Conference report on the bill (H. R. 13274) to provide relief where formal contracts have not been made in the manner required by law.

The SPEAKER. The report is ordered printed under the rules.

The following is the conference report:

#### CONFERENCE REPORT (NO. 1032).

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13274) to provide relief where formal contracts have not been made in the manner required by law, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

On the amendment of the Senate to the bill and to the title of the bill the conferees have been unable to agree.

S. H. DENT, JR.,

W. J. FIELDS,

JULIUS KAHN,

*Managers on the part of the House.*

GEORGE E. CHAMBERLAIN,

DUNCAN U. FLETCHER,

C. S. THOMAS,

F. E. WARREN,

P. C. KNOX,

*Managers on the part of the Senate.*

#### THE NAVY.

Mr. PADGETT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 15539, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 15539) making appropriations for the naval service for the fiscal year ending June 30, 1920, and for other purposes.

The CHAIRMAN. The gentleman from Alabama [Mr. HEFLIN] is recognized.

Mr. HEFLIN. Mr. Chairman and gentlemen of the committee, I am in hearty sympathy with the resolution offered by my friend, Judge CARAWAY, of Arkansas. It represents the general desire of the people of the cotton-growing States. It is plain to us who live in the cotton belt that there is a conspiracy on between certain foreign spinners and certain American spinners, and they are using the speculators upon the cotton exchanges of the United States to beat down the price far below that warranted by the law of supply and demand. To make it plain to you that there is a conspiracy, let me say that when the exchanges are honestly conducted the price of cotton futures is always above the price of cotton in the local market. Now, the situation is reversed. The future price is \$35 a bale below the spot price. This is inexcusable and indefensible and is proof positive to any man who understands the cotton business that there is a gambling deal on and operating right here in the United States to the detriment and great injury of the cotton producers of our country.

Gentlemen, here are the cotton producers of the United States, whose boys with your boys fought and fell upon the fields of France, and they are holding their cotton for a price that will yield a profit. And here are these men on the exchange, with no cotton to sell and with no intention of ever delivering a bale of real cotton on a contract, by putting up a margin of \$15 a bale are able to beat down the value of a bale of cotton that the farmer is holding, worth \$150 a bale under the law of supply and demand. Is it right? Is that fair? Is it fair to permit these men, with \$15 a bale, to go upon an exchange and, regardless of the law of supply and demand, beat down the price of a product worth \$150 that you are holding in order to obtain a legitimate profit? That is what is going on in the United States to-day. I charge that there is a conspiracy and that its agents are operating on the New York Cotton Exchange, and I think that the evil effects of this conspiracy, if not the conspiracy itself, are seen in the operations of the New Orleans exchange.

Even at that the New Orleans exchange is nearly always 100 points above the New York exchange. If the New Orleans exchange will not put its house in order, then it must not expect to survive. It is whispered around that certain foreign powers are trying to beat down the price so that they can buy this cotton at a low price and then bull the exchange market and run it up to 40 cents a pound, at which time they intend to supply the demands in Europe after they have robbed, through an American exchange, the cotton producers of the United States. [Applause.] Will we Members of the American Congress permit this to be done?

Mr. BAER. Mr. Chairman, will the gentleman yield?

Mr. HEFLIN. I would like to, but I have only four or five minutes, and in that time I want to touch on a few other points that I had in mind: Gentlemen, at the beginning of this war the farmers in the cotton belt of the United States lost \$600,000,000 on the cotton crop of 1914. It was an awful blow to our people and caused great financial distress, and in order to help us in that financial embarrassment and hour of distress you heard—and many of you responded—the cry of “buy a bale of cotton.” Now, when the war is over, are we going to permit the same cotton producers, merchants, and bankers of the United States who suffered such heavy losses in 1914, the first year of the war, to be driven into bankruptcy now, when the war has ended in victory and the world is demanding 6,000,000 bales of cotton more than America can supply? [Applause.]

It is unfair, gentlemen, and the Congress of the United States owes it to those men who supported the Government in every way possible with their money, buying war-saving stamps and liberty bonds, who aided the Red Cross and the Y. M. C. A. during all the stress and strain of war, and, better still, who gave their brave boys to fight and die on the fields of France—I say we owe it to them to prevent the existence of an institution that denies to them a fair deal in the markets of the world. [Applause.] All that we ask is the price warranted by the law of supply and demand, and unless the exchange reflects that price there is no just excuse for its existence. [Applause.] I am willing to include an investigation of the grain dealers' exchange. I want to say here that I do not believe that there is any such supply of wheat in the world as has been floating around in newspaper reports. [Applause.] I think that is a part of the bear propaganda.

Let us join hands and go together and investigate all exchanges that speculate in farm products. You will find conditions, gentlemen, that will shock the sensibilities of an honest, justice-loving people. I for one do not believe that it is necessary to have an exchange selling in unlimited quantities mere names of "wheat" and "corn" and "cotton" in order for the farmer to have a market for his product.

The American crop of cotton, wheat, and corn is consumed every year, and yet these crooks and gamblers tell us that it is necessary for them to sit in the exchanges and bet each day that the price of the farmer's produce will go up or down in order that the producer may have a market. If Congress is to permit the existence of an exchange that deals in farm products, Congress must compel that exchange to reflect prices justified by the supply and demand. Do you know what the situation is? This year the American cotton crop is about 7,000,000 bales of cotton short of the world's demand for American cotton. Now, what would the price be under the law of supply and demand? It would be around 35 or 40 cents, and in spite of the gambling exchanges we are going to hold cotton until the price goes above the cost of production and yields a fair profit to the American producer. The cotton gamblers are selling the market short. I understand that one foreign power has sold 800,000 bales short. This is not cotton except in name. Please bear that in mind. I am told that they are passing this gambler's bogus check down the line, continuing it from month to month. My God, will the American Congress, composed of men who come from districts where the boys have died for the Republic that claims to be just to its own people—will we, I ask you, permit an institution to remain in existence here when it is being used by rival commercial interests of a foreign country to the ruin of a great industry of the United States? [Applause.] Let us pass this resolution at the earliest day possible and go to New York and New Orleans and make a thorough investigation into the conduct of these exchanges and find out the exact situation, and while we are in the reconstruction period following the war let us determine whether or not we are going to permit gambling in farm products. The Louisiana State lottery is dead. The whisky traffic is doomed. Now let us say to the gamblers in farm products, "Your days are numbered." [Applause.]

This Congress owes it to itself, to its own sense of justice, it owes it to the cotton producers of the United States, to see to it that those who produce this great staple that brings to America the balance of trade shall at least have a fair deal in the markets of America. [Applause.] Mr. Chairman, it costs \$30 a bale now to gather from the field a bale of cotton and gin it and put bagging and ties on it and put it on the market, and this does not touch the cost of production. It cost 25 cents a pound to produce the crop of 1918. Think of it. A bale of cotton sold for \$30 in 1914, and it now costs \$30 after it is produced to pick it out, gin it, and put bagging and ties on it and get it ready for market, and yet regardless of the cost of production, and regardless of the great demand for American cotton, the gamblers with no cotton to sell still sell a paper contract with the name of cotton in it, and by so doing run counter to the law of supply and demand and try to deprive the producer of a fair price for his cotton.

Shall we permit these exchanges to defy the law and defeat the operation of the law of supply and demand?

Can you tell me why it was that cotton sold for 37 cents a pound when the sea was full of submarines and it was a hard matter and an uncertain undertaking to get cotton to a foreign port at all, and then when the war had ended and submarines had gone from the sea and foreign countries were calling for American cotton, and the President declared that all cotton needed could now go freely to allied and neutral countries, and the demand had been increased about 4,000,000 bales over the time when cotton sold for 37 cents—can you tell me, I say, why it is that a cotton exchange can be manipulated so as to insult and outrage and interfere with and defeat the law of supply and demand in such a fashion? [Applause.]

Mr. Chairman, I ask permission to revise and extend my remarks.

The CHAIRMAN (Mr. WINGO). The gentleman from Alabama asks unanimous consent to revise and extend his remarks. Is there objection?

Mr. WALSH. Reserving the right to object, Mr. Chairman, I would like to ask the gentleman from Alabama if he means to revise and extend the remarks he has just been making?

Mr. HEFLIN. Yes.

The CHAIRMAN. Is there objection?  
There was no objection.

## MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. IGOE having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Tulley, one of its clerks, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13274) to provide relief where formal contracts have not been made in the manner required by law, had further insisted upon its amendments to the said bill, and had asked a further conference with the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. CHAMBERLAIN, Mr. FLETCHER, Mr. THOMAS, Mr. WARREN, and Mr. KNOX as the conferees on the part of the Senate.

The message also announced that the Vice President had appointed Mr. WEEKS and Mr. HOLLIS members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the Interior Department. →

## NAVAL APPROPRIATION BILL.

The committee resumed its session.

Mr. FOCHT. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BUTLER. Mr. Chairman, I yield 15 minutes to the gentleman from Washington [Mr. MILLER].

The CHAIRMAN. The gentleman from Washington is recognized for 15 minutes.

Mr. MILLER of Washington. Mr. Chairman and gentlemen of the committee, I am in favor of this bill, the naval appropriation bill. In the absence of any expressions from the peace commission overseas as to an international agreement for a reduction in armament, there is, in my judgment, just one policy ahead of this Nation in respect to its naval program.

I want to address myself for a few minutes to the higher aspect of the case. This war has brought many changes in this world. The world turns around every 24 hours, and it has turned around a good many times since \$23,000,000 was the basis of a naval appropriation bill. One of the results of this war is the transfer of the financial center of the earth from the Old World to the New. New York City to-day, by reason of being the chief financial city of America, is the center of distribution and the center of deposit of the world's supply of gold, monetary and commercial. It is the financial center of the earth. America is to-day the banker nation of the world. We hold to-day approximately \$10,000,000,000 of the bonds, securities, and notes of Great Britain, France, Italy, Russia, Belgium, and Roumania. These are deposited with us as collateral for loans advanced. They unitedly pay us approximately a million dollars a day as interest. No nation in history ever had due it such a stupendous sum of money. It is simply a prudential act to do something tending to protect and guard it.

By the very geography and topography of the surrounding country, this can be done only by the presence of a great Navy. New York should be the great naval base of America.

It is the first time in 300 years of history that the financial center of the earth is in a city capable of being reached directly from the high and open sea. Before this war there were four great financial centers—London, New York, Paris, and Berlin. The three great European cities were none of them on the seaboard, but far in the interior, where no naval fleet could reach them. Between those cities and the coast would be the battle fields. But here we have the spectacle of the financial center of the earth in a city directly upon the open sea.

There are a few places in this world where great cities are builded where God Almighty intended that they should be builded. New York is not one of them. There is one city on earth located exactly where all geographers, scientists, and strategists say that a great city should be builded, and that is the city of Constantinople, the ancient city Byzantium, the early capital of the Byzantine Empire. Mankind early discovered the strategic value of the location of that city and made it the capital of the great Byzantine nation, where now is located the modern city of Constantinople. All the armies and navies of the earth could not take Constantinople if it is properly defended. It demonstrated its natural strength of position in this very war. The great English Army and Navy failed to take it. But New York is not one of these cities. New York is a difficult city to protect. It has no natural features of strength. It can not be made impregnable. The great guns of