much put into the pockets of speculators, and your constituents get no benefit from it. And therefore you help unconsciously, you men from Pennsylvania and all these other splintered Common-wealths, 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 those 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 cannot 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 posit 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 4½ cents for the cotton in that suit.

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

The SPEAKER. The Clerk will report it.

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. 13274, 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 report is ordered printed under the rules.

The following is the conference report:

CONFERENCE REPORT (NO. 1022).

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, have 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 KANN,
MANAGERS ON THE PART OF THE HOUSE.

GEORGE E. CHAMBERLAIN,
DUNCAN U. FLETCHER,
C. S. THOMAS,
F. E. WARREN,
C. 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. 13274, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

H. R. 13274, to provide for appropriations for the naval service for the fiscal year ending June 30, 1920, and for other purposes.

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

Mr. HEFFIN. 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 the part of these 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. The present price of cotton 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 the country.

Gentlemen, here are the cotton producers of the United States who sent their boys to fight 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 the intention of ever delivering a bale of real cotton on a contract, by putting up a margin of $15 a bale 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 today. 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 therewith, 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. HEFFIN. I would like to, but I have only four or five minutes, and in that time I want to say to you what I know that I had in mind: Gentlemen, at the beginning of this war the farmers in the cotton belt of the United States lost $25,000,000 on the cotton they could not sell after they delivered it 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 that 300 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 a lack of supply, and there would be no trouble if there were not a constant fluctuation around in newspaper reports. [Applause.] I think that is a part of the bear propaganda.
I would like to ask the gentleman from Alabama if he means to insult and outrage and interfere with and defeat the law of the land by permitting an exchange in unlimited quantities merely to get cotton to market, and yet regardless of the cost of production, and regardless of the demand for cotton, and regardless of the great demand for American cotton, and regardless of the supply and demand. Does the gentleman from Alabama think, in his wisdom, 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 supply and demand and yield a fair profit to the American producer. The cotton gamblers are selling the market short. I understand that one foreign power has sold 900,000 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 cotton down the line, continuing it from Mexico to market. My God, will the American Congress, composed of men who come from districts where the boys have died for the Republican that claim 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 this 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 whiskey 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 $23,000,000,000 a year, and yet these crooks and gamblers tell us that it is a bad time to market and sell their cotton. It is the first time in 300 years of history that the financial center of the earth has been taken. New York is not 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. Now, what would the price be under the law of supply and demand? 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 war was at its height? Mr. Chairman, it costs $30 a bale now to gather it, it is a difficult city to protect. It cannot be made impregnable. The great guns of the earth could not take Constantinople if it is provided with a great Navy. New York is not one of these cities. There is one city in the whole 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 the rest. These are deposited with us as collateral for loans advanced. They统统 pay us approximately a million dollars a day as interest. No nation in history ever had due to 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 has been taken. New York is the city located exactly where all geographers, scientists, and strategists say that a great city should be built, and that is in the center of Constantinople, the ancient city and 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 Byzantine Empire. Now we have taken the city and made it the capital of the great Byzantine Empire. It is located in the center of Constantinople. It is the middle capital of Constantinople. It is the middle of the best location of the Byzantine Empire. It could not be more perfectly situated for the defense of it. 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 a city as such is a difficult city to protect. It has no natural features of strength. It can not be made impregnable. The great guns of