

Mr. PALMER. The shippers sell to the spinners, and they sell through brokers. We also find others who do a merchandising business who buy their cotton from shippers and who sell to the spinners. And we also find shippers who are large enough to maintain offices of their own in those cities.

Senator CAPPER. Are there any producers who sell direct to the spinners' market?

Mr. PALMER. Well, Senator, it is rare, that a producer does that. I could not say that in no case it is done, because I think there may be a few rare instances. The producers, through their cooperative associations, sell on the spinners' markets, but it is not the producer himself; it is his association.

Senator CAPPER. Well, I had in mind the cooperative associations, as well as the producers. I wanted to know to what extent it was followed.

Mr. PALMER. I think the cooperative sales agencies, through their own salaried employees, do sell to them in most of the markets, either directly or through brokers.

Senator SMITH. I want to ask of the subcommittee the privilege of permitting Congressman Rankin, who has introduced a measure something along this same line and who has been interested in the progress of this work, to sit in with this committee and ask questions from time to time as he may see fit to ask.

Senator HEFLIN. I think it would be very helpful, Mr. Chairman.

Senator RANSDALL. Yes.

Senator SMITH. Mr. Rankin has given a great deal of study to this question and is well informed on it.

All right, Mr. Palmer; you may continue.

Representative BRAND. Will you grant the same privilege to Congressman Vinson of Georgia?

Senator RANSDALL. I think that should be done.

Senator SMITH. Yes; if the committee is agreeable.

Senator FRAZIER. Yes; that is agreeable to me.

Mr. PALMER. In the primary markets we find almost no organization; that is to say, it is a market where naturally the buyer and seller come together and the business is transacted, shall I say informally—that is, without restriction or without rules or regulations of any kind.

As we go into the central markets we usually find some organization of the market is made by the persons in that market, those who are interested in this market, for the conduct of the business and the regulation of payments and the fixing of tare rules and rules of settlement, and things of that kind.

That is a picture, roughly, of the spot organization of the country.

When we come to future markets we find a very different type of market. There are three markets in this country where futures are bought and sold—New York, New Orleans, and Chicago. These future markets are of necessity very much more highly organized. The rules governing the transaction of business are made by these markets themselves, all of which, I believe, are chartered corporations. So the rules are made by the markets themselves, or they are made by the institutions, the corporations, subject, of course, to the laws of the State which has chartered them and, also to such Federal legislation as may have been enacted.