the same organizations—were both selected because of their recognized experience and ability as cotton merchants.

Mr. STONE. Mr. Safford was recommended to us by the best cotton merchants in the country.

Mr. TAYLOR. What do those gentlemen say about this situation?

Mr. LEGGE. They rather ridicule the proposition that there is anybody being hurt.

The absurdity of all this is shown in the fact that those commodities in which there are no exchange grades, agricultural commodities, are relatively better off than those where there are.

Mr. TAYLOR. I think there is too much machinery about it.

TUESDAY, DECEMBER 16, 1930.

COTTON MARKETING CONDITIONS

STATEMENTS OF WALTER PARKER, NEW ORLEANS, LA.; THOMAS HOGAN, NORFOLK, VA.; AND D. H. WILLIAMS, GASTONIA, N. C., REPRESENTING THE AMERICAN COTTON SHIPPERS' ASSOCIATION, OF MEMPHIS, TENN.

The CHAIRMAN. I understand that you gentlemen wish to say something to us with reference to the operations of the Federal Farm Board. How much time do you wish?

Mr. PARKER. Just a few minutes.

Mr. WILLIAMS. Mr. Parker is our spokesman and he wishes only a few minutes' time.

Mr. PARKER. Mr. Chairman, we appear here representing the American Cotton Shippers' Association.

In all the years past, the trade has absorbed our cotton, has financed it, carried it, and has ultimately sold it to the consumers. We have done that in good times as well as in bad times.

At the present time business conditions are not good, but, nevertheless, there is quite a large potential buying power for cotton which is not now functioning normally. The reason for that is that the Government experiment in the cotton market, for stabilizing the market, has brought into the market a new element that the trade does not fully understand and is not capable of discounting. Therefore there is a fear on their part as to what may happen. The presence of a large concentrated stock of cotton is looked upon by the trade as a menace to the normal market for cotton. The spinners say, "There is plenty of cotton and we need not worry; we do not have to buy until we are ready to buy." The effect on hedging is sometimes disastrous—that is, the effect on the ordinary hedging operations of the cotton trade. Consequently, the purchasing power, which has the facilities for handling the cotton crop, and which has handled the cotton crop heretofore in the United States, is not functioning properly. In 1926 and 1927, when we raised about 18,000,000 bales of cotton, these marketing facilities had the machinery with which to handle it; but, as I have said, that machinery is not now functioning properly.