A NEW DEAL FOR THE COTTON FARMER

J. Sidney Cates in Country Gentleman

A vast and sweeping Southern agricultural movement is now under way. History records none greater than it bids fair to become. It is a movement having nothing to do with achieving legislative enactment, or in any way tending to cause politicians to flatten their ears to the earth; it does not depend for its successful culmination on the signing of a bill by the President, surrounded by a proud group of leaders who carry away the golden pen as a souvenir. Happily, the movement of which I write has to do with men fighting their own battles alone and in their own way. They are the growers of that stormy petrel of all crops—cotton.

Back of the movement for pooling cotton and selling it cooperatively—which is the new deal designated in the title of this story—lies a decade during which cotton growers have had the most violent churnings, now up to unwonted heights, now cast down again to still lower depths of despair Drought, pest, war and a world of buyers gone mad—mad at one time with a wild orgy of spending, and more mad again with poverty and penny-squeezing fright.

What is Going on Today

Add to the picture a host of parasitic speculators, taking normally an unnecessary toll from every bale of cotton, buying wildly on a rising market and going bankrupt on the slump which followed, leaving price unsupported while fading away to the ow point determined by the quantity of distress coming into sight—add all this, str well and remember it has been brewing for ten years, and you have the back-ground of what is going on today.

Two and a half years ago I wrote for The Country Gentleman the story of the American Cotton Association. It was a story of a spontaneous movement of a group of leaders from every section starting in earnest a fight for a permanent higher standard of living for the American cotton grower. In the main the outcome of this initial engagement was a clearing of the air. The American Cotton Association was concerned in the abstract—speaking broadly—with bettering Southern conditions.

Through the various state and the Federal governments enacting warehouse legislation, facilities for housing cotton are becoming more and more adequate each year. The problem is on th way towards being entirely solved, and with the crop stored and insured credit becomes a more simple matter.

Now the same general fight for betterment is sweeping on in the more concrete form of cooperative cotton marketing associations springing up in every cotton state of importance, and the American Cotton Growers' Exchange, headed by Carl Williams, of Oklahoma, binding the whole together in a single unit.

"J. Scottowe Wannamaker," remarked a leading man in the South, "taught the farmers to think in terms of the industry instead of in terms of the cotton bale. Cotton was put on the front pages of the big dailies." And from this beginning has sprung the biggest development which has ever come into agricultural history.

Today twe have four states—Oklahoma, Mississippi, Texas and Arizona—handling cooperatively a goodly part of the 1921 crop. In Arkanasas and in North Carolina approximately half the prospective crop for the next five years has been signed up by the growers. Organization is going forward rapidly in Alabama, Georgia and South Carolina. Soon the new plan will have covered every cotton-producing tsate.

Picture in your mind the old condition, with every cotton producer his own sales manager. Every village of the South was a market place; a score of buyers, keen judges of cotton grades, hour by hour informed of price changes, matching wits with hundreds of small nfarmers standing by the curb with one or two or three bales of cotton on a wagon. What chance had the farmer of justice and fair dealing?

Then let me picture to you the plan I found in operation in Oklahoma. Each farmer as he receives the bale from the gin turns it over to the local representative of the association and, through his local band, draws on the association for 0 per cent of the spot price for middling for the day. A sample of the bale of cotton is sent to the grading room at headquarters at Oklahoma City. Each bale is so tagged as to maintain its identity, and a similar tag goes along with the sample. There, in a single room, I found over 100,000 samples of cotton, each representing a bale. The Oklahoma crop this year has been divided into thirty-seven lots of like grade and staple. A strict record is kept of the number and weights of bales of each member of the association.

From this central headquarters the crop is being sold. Exporter, manufacturer, jobber, speculator or anyone else may be the purchaser. The high dollar rules. But one thing else stands out in this scheme of selling. The man who is making the sale knows what he is offering and he knows what it should be worth. If a grower has a cotton with a longer staple than ormal, he gets paid for it. When a pool has been closed out the money received is prorated and distributed to the growers. This, in brief, is the simple working plan.

The Plan Is Working

A year ago the faint-hearted could give you many reasons why the plan would not work. I could recount them to you here. And they seem logical enough. But patience and careful planning have swept all these reasons aside and an incontrovertible proof remains: The plan is working.

The total crop handled cooperatively has fallen far below the number of bales contracted. But this is not to be taken as a bad omen. There was a light crop, and on top of the light crop there was more cotton than ever before covered by crop mortgages. These reasons resulted in the Oklahoma association handling only a little more than a quarte rof the cotton contracted.

Normally the man making the mortgage will sign over his interest to the cotton exchange, where provisions are made to safeguard fully the indebteaness. In many cases the holders of the mortgages needed the money desperately, so desperately that they, in many cases, had to insist on immediate spot sales. And the crop mortgage takes precedence over the contract between the grower and the exchange. So of the 400,000 bales normal crop production covered into the association by growers' contract, there was a shinkage, first through the total crop dropping from a normal one of 1,200,000 to less than 500,000 bales. Only 175,000 bales actually were producea by the grower members. And when holders of crop liens insisted on the immediate marketing of approximately 60,00 bales, there were less than 120,000 bales to be handled cooperatively.

Pretty much the same train of circumstances developed in Texas. The sign-up there was approximately 640,000 bales, normal crop. This normal production was cut heavily through crop shortage, insistence of holders of crop mortgages that the cotton be sold at once, and through the further fact that the Texas organization was unable to get into actual sales operation until the fifteen of September, by which time nearly half the cotton of Texas had been picked and taken to market. Texas, therefore, had to release the cotton coming in prior to the time their organization was able to function. For these reasons the cotton handled by the Texas Exchange this season was only about 125,000 bales of the 640,000 sign-up.

The Mississippi association had 220,000 bales signed up, on the basis of a normal crop. There was no crop-mortgage trouble, very little shrinkage in yield, and the association has handled practically the entire crop signed up. In the main the Mississippi association s composed of very large growers. Only 1,800 members furnish the more than 200,000 bales, and I could pick thirty men of the number who produce 90 per cent of that total.

Mississippi's Flying Start

Then the Staple Cotton Cooperative Association of Mississippi got off to a flying start on another very important count. Its members did not attempt to build their selling organization from the ground. They did not attempt this because they deemed such a move impossible with staple cotton. The trade has long been developed with the Mississippi product, which centers around one and three-sixteenths inches in length, by dealers who sell under trademark names instead of usual grade designations. The Mississippi growers, therefore took over the business of one of the largest and best established cotton merchants—William Garrard, of Greenville, Mississippi—paying him personally twenty-five cents a bale for every bale handled, at a guaranty of $50,000 for the year. The whole chain of circumstances, therefore, seems to have worked out to make the Mississippi business run along the most smoothly, on the initial spurt, of any of the state cooperative selling organizations.

Arizona, where long-staple cotton is also produced, is in much the same shape as the Mississippi association. Of the 30,000 bale produced in association territory in 1921, 20,000 will be handled cooperatively. Arizona, when the boom was on, had jumped up to some seventy or eighty thousand bales a year, but made a drastic acreage cut last season.

This makes a total of some 450,000 bales of cotton handled cooperatively—a goodly total for a beginning—and fully enough for new organizations, considering they had to build from the ground up.