Factors controlling the cotton textile industry in the United States since 1929

Smith, Margaret Patricia

Boston University

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Boston University
BOSTON UNIVERSITY
College of Business Administration

THESIS
Factors Controlling the Cotton Textile Industry in the United States since 1929

by
Margaret Patricia Smith
(E. S. Simmons College 1932)

submitted in partial fulfillment of the requirements for the degree of
MASTER OF COMMERCIAL SCIENCE
1935
DEPARTMENT OF COMMERCE

SALES TAXES AND TRADE COMMISSIONERS

MEMORANDUM

February 20, 1950

To the State Senate Chamber

This morning I have the honor to present to the Senate

the recommendation of the House of Representatives

on Senate Bill No. 108.

SIGNED BY COMMISSIONER

[Signature]

[Date: 1950]
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Chapter XI

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INTRODUCTION

In preparing this thesis I have given considerable time to research in the various phases of the Cotton Textile Industry and have found it necessary, at times, to trace certain phases of the industry back a considerable period, prior to 1929, in order to give the full import of my findings.

A study of the FACTORS CONTROLLING THE COTTON TEXTILE INDUSTRY IN THE UNITED STATES SINCE 1929 naturally divides itself into two general parts. First, we must have a general knowledge of the problems of the cotton producer and secondly, a general knowledge of the problems of the cotton manufacturer. My chief difficulty has been where to draw the line in regard to all this detail. The complexity of present-day production, distribution, and manufacturing is such that volumes may be written on any one phase of the industry.

My firm conviction is that the chief source of trouble sorely besetting the industry lies, primarily, with the farmer, and that here is a problem of the first importance. It is the kind of problem that may conceivably become the basis of fundamental national issues, and I have, therefore, devoted the major portion of this thesis to their problems. We witness the manufacturer struggling with the problem of increased cost of production and diminishing returns but, by retrenchment, consolidation or cutting down of schedules, he finds some method of combat against the adverse conditions. The scope of this problem is of such magnitude that I have, sacrificing quantity for quality,
INSTRUCTIONS

To begin, let us consider a simple example of a communication system. The system consists of a source, a channel, and a destination. The source generates information, which is transmitted through the channel to the destination. The channel introduces noise or interference, which can affect the quality of the transmitted signal. The destination attempts to interpret the received signal and extract the intended information.

In the context of communication theory, a channel is said to be noisy if it introduces random variations in the transmitted signal. These variations can be due to various factors, such as thermal noise, interference from other channels, or physical impairments of the channel itself. The challenge is to design systems that are robust against such noise and can accurately transmit information despite these impairments.

The study of communication systems is crucial in many fields, including electronics, information theory, and computer science. It involves the design of efficient coding schemes, error correction techniques, and modulation methods to optimize the performance of communication systems.

In summary, the principles of communication theory provide a framework for understanding how information can be reliably transmitted over various types of channels. This knowledge is essential for the development of modern communication systems, which play a critical role in our daily lives, from mobile phones to the internet.
touched but lightly on each phase in the main body of the disquisition.

I am indebted to the United States Department of Agriculture which has done excellent field work in cotton, and the results of its investigations are published from time to time. Cotton Statistics are available through publications of the Department of Agriculture, the census Bureau and the annual reports of the cotton exchanges.
CHAPTER I

THE MEANING OF A MARKET

The system of marketing and finance is of such vast scope and importance that it is necessary to deal specifically rather than generally with its set-up and operation. The uniformity of prices is the essential idea of a good market; the market price is arrived at as a composite result of an infinite number of separate bargains between individuals, and this price will tend to become uniform throughout the whole market. It will be realized that the attainment and maintenance of this uniformity of price demands a great deal of organization. This organization may be summarized at this point in the phrase "free communication", which means in the first place that all the buyers and sellers throughout the world are kept fully informed of all the conditions affecting both the production and consumption throughout the world; in later pages of the thesis it will be shown how the whole system of spot and futures markets has been organized to this end. It is the business of the dealers or merchants to consider not only the present conditions of supply and demand but also possible future changes to minimize the fluctuations in world prices for months ahead. This is essentially the functions of the futures market.

How a World Market is Organized

The first essential to the efficient functioning of a world market is the existence of a complete network of communications between all markets, so that information as to prices of any kind or quality of the commodity in any market in the world is instantly available throughout
all the other markets. Due to difference of time in different parts of the world time is very essential. The spot and futures markets are two entirely separate things with very different methods of operation, yet the two markets are intimately connected with each other and the prices quoted in each have a direct bearing on the quotations in the other. In the spot market actual cotton of all kinds, grades and qualities is sold in individual lots to spinners who want a particular cotton to suit the requirements of the years they are producing. Delivery of actual cotton sold in the spot market may be spread over a period of months ahead. The essential thing which differentiates a spot contract from a futures contract is not the date of delivery, but the fact that a spot contract is for actual cotton, specifically described and identified at the time of the contract.

On the other hand futures contracts are, as the name implies, for future delivery, but the period involved might conceivably be as short as a day or as long as two years ahead, and the element of time is not the fundamental thing. The real difference between a spot contract and a futures contract is that the latter does not specify exactly the particular lot of cotton sold. It is merely a contract to sell 100 bales of (say) American cotton deliverable within the period of a certain month named, and on the basis of a fixed price. But the exact quality of the cotton to be delivered (if delivery ever takes place at all) is not fixed. It must be cotton within a certain range of quality above or below the basis grade known as "Middling". Thus the futures contract would be better described as a basis contract, because the fundamental idea of it is that it does not specify the exact cotton to be delivered, but
merely provides a basis price according to which the value of the actual cotton tendered will be decided.

Under no other system would it be possible to carry on the system of constant cabling quotations which is the foundation of the world market and the essential condition of maintaining uniform prices. The primary function of the futures markets, therefore, is to act as the link between the various spot markets and thus to maintain the uniformity of prices throughout the whole world at any given time. The actual price of cotton is not fixed entirely by the futures market as the conditions of actual supply and demand for different kinds, grades, and qualities of cotton, as these show themselves in the various spot markets throughout the world, are reflected in the futures markets because, every sale of actual cotton in the spot market results in a sale of a future contract through the system known as "hedging". Thus the spot and futures market act and react on each other, and the result, especially in a market which is both a spot and futures market, is to focus the combined forces of supply and demand in such a way as to produce a price level which represents the whole world's view of the balance of the forces of supply and demand, both present and future, and the price is maintained at a uniform level throughout all the markets of the world.¹

From the beginning of this century till 1914, as a whole, certain main features stand out: (1) the world's supplies of cotton of all kinds were increasing steadily on the whole; but (2) the total of the world's crop was dominated entirely by the American crop which formed more than 60 per cent of the total supplies; (3) the price of American cotton more

¹Todd, John, A., The Market of Cotton, Page 11-20
or less controlled the world price of cotton of all kinds; (4) the price of American cotton varied inversely with the amount of the cotton crop, and that price fluctuated very widely because the amount of the American crop varied a great deal from year to year. The War, of course, had its effect upon cotton. Prices fell heavily at first, and throughout the War acreage was cut severely in all principal cotton growing countries. Since the War cotton prices have fluctuated up and down being nearly always governed by the American crop. The price of cotton from 1930 to the enactment of the Agricultural Adjustment Act was definitely less than the cost of production under any reasonable conditions. The American cotton producer has been aided considerably by this legislation and is in a much better condition today than he has been since 1929, as will be shown in later pages of this thesis.

World Demand

The main uses of cotton may be classified as (1) clothing, (2) furnishing and decorative fabrics, (3) industrial purposes. The world's cotton supplies, after the War were barely adequate until the huge American crop of 1926, and in the following year world consumption established a new record. For two years it remained at a point well above pre-War, largely as a result of the heavy consumption in the United States, but the breaking of the American boom in 1929 was the beginning of a world-wide depression which resulted in the artificial strangulation of consumption of cotton, as of every thing else, and brought the world's consumption of cotton back to below pre-War levels.

The Primary Markets

(1) The primary markets throughout the world where cotton is bought

1...Angly, Edward, King Cotton Topples Today, Pages 6, 7, & 20.
I have been abroad for one year, during which time I have had the opportunity of studying the methods of teaching in various countries. I have visited schools in England, France, Germany, and Russia, and have been struck by the differences in the educational systems of these countries. The English system is based on the traditional format, with a strong emphasis on rote learning and memorization. In France, the curriculum is more flexible and注重 on creativity and critical thinking. Germany has a strong emphasis on practical skills and vocational training. Russia, on the other hand, has a highly structured system with a focus on preparing students for university. I believe that our educational system should incorporate elements from all of these systems to create a balanced and effective learning environment.
from the actual grower; (2) the great organized spot market of the world, e. g. New Orleans, Alexandria, Bombay, and Liverpool, by means of which the supply is finally brought to the spinners; and (3) the futures markets, the business of which is to maintain the uniformity of prices throughout the different spot markets and to reflect the changing conditions of supply and demand in their effect on prices as a whole.

The Primary Markets in the United States

The outstanding feature of the whole system of primary marketing in the United States is what is called "hog-round" buying. In these markets cotton is bought at prices varying more or less exactly with the different qualities of each bale, for the fact is that the quality is very inadequately known to most of the buyers, and hardly at all to the sellers. Most of the buyers have of course, certain ideas of the maximum price they are willing to pay. At the back of their minds is a rough average price which they will pay for all the cotton from a certain district, or town. This "hog-round" price will vary a little according to the general run of the cotton grown in the district.

Universal Standards

The United States authorities agreed to recognize the Appeals Committee of Liverpool and other European exchanges as "vested with authority to determine classifications as to grade and color". The Universal Cotton Standard Conference held its fifth biennial session in Washington in March, 1933, and approved copies of the Universal Standards for American cotton for use during the next two years by the United States Department of Agriculture and by arbitration appeal committees of the principal cotton associations.

To the Imperial National Fund of the National Commonwealth:

The undersigned, representing the first organization of the temperance movement in this country, desire to express our appreciation of the noble and patriotic spirit manifested by His Majesty, the Prince of Wales, in the declaration he has made in the House of Commons respecting the "race question," and the valuable services rendered by the Government in a measure to that effect. We feel that the people of this country are deeply grateful to His Majesty for the public declaration of his sympathy with the objects of the temperance movement and the desire to prevent the spread of intemperance to the colonies.

We have the honor to make known to His Majesty our desire to form an association of the temperance movement in Canada, and to invite His Majesty's sanction to the formation of such an association.

We trust that His Majesty will be pleased to accede to our request and to express his approval of the objects of the temperance movement in Canada.

(Signed) [Names]

[Date]

[Note: The text is not legible due to the nature of the image.]
Cotton Exchange still carries on the largest volume of business.

The "New York Cotton Exchange Clearing Association"

This association was incorporated in the spring of 1915. The organization was formed to help clear all monies, checks, drafts, etc., during the days business. This has remained an important feature of the exchange up to date.

New Orleans Cotton Exchange

This exchange was founded in 1871. It is a future exchange but does considerable spot trading. Its services are indispensable today.

Other American Exchanges

There are no future markets in the United States outside, the New York, New Orleans, and Chicago exchanges. There have been attempts to start outside future trading at other points, but the experiments have not been successful.

The Liverpool Cotton Market and Spot and Futures

The development of these two separate markets, the spot market and the futures market, and the relative parts they play in the whole business of selling cotton are bound up with the history of the cotton trade in Liverpool and consequently to long and detailed to include here.

"Hedging"

The term "hedging" is used as a trade insurance. It is not an invention of the cotton trade over night but to the contrary it was a growth of a good many years. The best definition for hedging is probably about as follows; "Hedging is trade insurance carried on in such a manner as to make a world - wide market for instantaneous buying and selling".

In theory the future contract should move up and down with the spot
cotton so that perfect protection is afforded by the hedge. In actual practice the relation between the basis middling future contract and the even running lot of spot cotton is constantly changing. This relation between future contracts and even running spot cotton is called “basis”.

Hedging to a marked degree has taken the gambling or speculation from futures contracts. Although there has not been any change made in the Cotton Futures Act since 1929, it will be well to include it at this point.

Cotton Futures Act

The Act of Congress, known as the Cotton Futures Act, became a law August 18, 1914, and went into effect six months later, February 13, 1915. The object of the Act is to regulate trading on the cotton exchanges in cotton for future delivery by levying a prohibitive tax on such trading except where certain specified conditions are complied with. These conditions are determined with the view to correcting existing abuses, and are imposed upon parties to future contracts in order to equalize their privileges, and also to protect the rights of the cotton growers, inasmuch as future contracts made on the exchanges control to a considerable extent the price of spot cotton in Southern markets.

The first administrative duty imposed by the Act was the establishment of new official standards for cotton throughout the United States. On December 15, 1914 the Secretary of Agriculture, therefore, established and promulgated new standards for nine grades of cotton - middling fair, strict good middling, good middling, strict middling, middling, strict good ordinary and good ordinary. Under the Cotton Futures Act the official cotton standards for the different grades are practically Hubbard, William, Hustace, Cotton and the Cotton Market, Page 309-333.
The text on the page is not legible due to the quality of the image. It appears to be a page from a document or letter, but the content cannot be accurately transcribed.
compulsory upon exchanges in the United States, and they were compelled to adopt them in order to avoid excessive taxation, therefore, the New York and New Orleans exchanges adopted the official standards for all the transportations subsequent to February 18, 1915. The use of the standards for other exchanges or similar organizations have adopted the standards and are marketing their quotations in conformity therewith.

Another duty imposed by this Act is the investigation and designation of bona-fide spot markets within the meaning of the Act. Thirteen cities have been named as such thus far, and ten of these are being used in establishing commercial differences for the settlement of future contracts, as required by the Act. By carefully prepared rules governing the making of price quotations, by frequent visits to the spot exchanges, and by telegraphic and mail reports from each exchange, it is undertaken to have the differences of the ten designated markets accurately represent the true commercial values of the various grades, the average of which may be taken as a satisfactory basis for the settlement of future contracts.

Another important administrative duty under the Act is the settlement of disputes when they arise, as to length of staple, grade or quality of any cotton tendered in settlement of a future contract, the Act requiring that future trading shall be on the basis of the official cotton standards. For the settlement of these disputes twelve expert cotton classers or examiners have been designated to act in these disputes, and their conclusions as to the grade, length of staple or quality are the basis of the formal findings of the Secretary of Agriculture, which are prima facie evidence in the United States Courts as to the true grade, length of staple, and tenderability of any cotton covered thereby.¹

¹...Cotton Futures Act, Encyclopedia Americana, Page 71.
CHAPTER II

INVESTMENT - RISKS

There are hundreds of millions of dollars invested in the cotton textile industry. In the year 1930 there were 1,640,025 farms engaged in raising cotton with a total acreage of 118,504,993. The land and building values were approximately $4,853,718,391. On the other hand we have millions of dollars invested in the manufacturing side of the industry in land and buildings.\(^1\)

Farm Lands

The American cotton belt covers an area of about 700,000 square miles and cotton is grown in 19 states out of the total of 48. Except for the irrigated sections in the west (California and Arizona), cotton is rain-grown in practically the whole of the belt, but the conditions in the different sections vary in degree. Thus in the Atlantic States the extremes of temperature are moderate and the rainfall as a rule ample, serious drought over any large area being of rare occurrence. As a great deal of the country has been under cultivation for many years there is a tendency to soil exhaustion, which has been partially counteracted by the large use of artificial fertilizers. In the Mississippi Valley States the soil being largely of a river-borne character is more fertile and better conditions of cultivation prevail. The climate is also very favorable except for the danger of serious floods in the Mississippi in spring and early summer, as in 1927. In Texas and Oklahoma the climatic conditions are more continental with fairly frequent drought; but the older parts of Texas especially are showing signs of soil exhaustion with

consequent reduced average yield. Since about 1920, however, a great development has taken place in the Plains and Panhandle country of northwest Texas, where the high altitude and the semi-arid conditions are compensated by the absence of the weevil and the otherwise favorable agriculture conditions.

In the Rio Grande and Pecos valleys in south-west Texas there are small irrigated areas which, with similar districts in New Mexico, are really more akin to the new irrigated areas of Arizona and California. The area planted to cotton in the United States increased from 7,599,000 acres in 1866, when the records begin, to a maximum of 47,087,000 acres in 1926. Planting in 1928, 1929 and 1930 averages about 45,500,000 acres, the Agriculture Adjustment Act has further reduced the average acres planted to cotton with its restriction program. The 300,000,000 acre mark was passed in 1904, and the 400,000,000 acre mark in 1924.  

The following table will be interesting as showing the amount of farm land tilled, the amount of cotton grown, by 500 pound bales, and the approximate value, for the period of years, 1920 - 1933.  

<table>
<thead>
<tr>
<th>Year</th>
<th>Acres</th>
<th>Bales</th>
<th>Dollars</th>
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<tbody>
<tr>
<td>1920</td>
<td>34,408</td>
<td>13,439,603</td>
<td>933,658</td>
</tr>
<tr>
<td>1921</td>
<td>28,678</td>
<td>7,935,641</td>
<td>643,933</td>
</tr>
<tr>
<td>1922</td>
<td>31,361</td>
<td>9,762,069</td>
<td>1,161,846</td>
</tr>
<tr>
<td>1923</td>
<td>35,550</td>
<td>10,139,671</td>
<td>1,571,815</td>
</tr>
<tr>
<td>1924</td>
<td>39,503</td>
<td>13,627,936</td>
<td>1,540,884</td>
</tr>
<tr>
<td>1925</td>
<td>44,390</td>
<td>16,103,679</td>
<td>1,464,032</td>
</tr>
<tr>
<td>1926</td>
<td>44,616</td>
<td>17,977,374</td>
<td>982,736</td>
</tr>
<tr>
<td>1927</td>
<td>38,349</td>
<td>12,956,043</td>
<td>1,289,885</td>
</tr>
<tr>
<td>1928</td>
<td>42,432</td>
<td>14,477,874</td>
<td>1,301,796</td>
</tr>
<tr>
<td>1929</td>
<td>43,242</td>
<td>14,824,861</td>
<td>1,217,829</td>
</tr>
<tr>
<td>1930</td>
<td>42,454</td>
<td>13,931,597</td>
<td>659,455</td>
</tr>
<tr>
<td>1931</td>
<td>38,705</td>
<td>17,095,594</td>
<td>483,582</td>
</tr>
<tr>
<td>1932</td>
<td>35,939</td>
<td>13,001,508</td>
<td>397,295</td>
</tr>
<tr>
<td>1933</td>
<td>29,978</td>
<td>13,047,262</td>
<td>617,716</td>
</tr>
</tbody>
</table>

2. *Encyclopedia Americana*, Volume 8, Page 64.
In connection with this study it will be interesting to note the extent to which each of the principal cotton-growing states are interested in the production of a recent crop.

<table>
<thead>
<tr>
<th>States</th>
<th>United States Cotton Crop, 1932-33</th>
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<tr>
<td></td>
<td>Crop, 1932</td>
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<tr>
<td></td>
<td>500-lb. bales</td>
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<tr>
<td>United States</td>
<td>13,001,508</td>
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<tr>
<td>Alabama</td>
<td>948,854</td>
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<tr>
<td>Arizona</td>
<td>69,193</td>
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<td>Arkansas</td>
<td>1,326,556</td>
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<td>California</td>
<td>129,371</td>
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<td>Florida</td>
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<td>Georgia</td>
<td>854,357</td>
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<td>Louisiana</td>
<td>610,509</td>
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<tr>
<td>Mississippi</td>
<td>1,197,781</td>
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<td>Missouri</td>
<td>306,835</td>
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<td>New Mexico</td>
<td>69,868</td>
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<td>North Carolina</td>
<td>663,359</td>
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<td>Oklahoma</td>
<td>1,083,713</td>
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<td>South Carolina</td>
<td>716,225</td>
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<td>Tennessee</td>
<td>480,353</td>
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<td>Texas</td>
<td>4,501,800</td>
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<tr>
<td>Virginia</td>
<td>31,165</td>
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<tr>
<td>All others</td>
<td>14,418</td>
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From these facts it is readily seen that the very economic life of the South is involved in the cotton textile industry.

Growing Costs

It is impossible to ascertain with any degree of accuracy the cost of production. So much depends upon the quality of the soil, the efficiency of labor, the character of the season, the freedom of the crop from plant diseases and depredations of insects, the price realized for the crop, that the cost will vary from year to year, and vary even in fields on the same plantation is a well established fact. Many items enter into the cost of production that may and often do vary from year to year such as cost of plowing, cost of picking, rent of land, taxes, fertilizer, etc.,

1...Vizetelly, Frank, H., The New International Year Book, Page 188.
R. W. H. "The Inventor of the Contact Lens".

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The conclusion is to be reached at the following:

On the 22nd day of February, 1999, the undersigned, being of the age of 42 years, do hereby take and receive the title of Inventor of the Contact Lens.
The Watkins Statistical Bureau of New York City, in January, 1918, concluded an exhaustive investigation of the cost of cotton production in 1917. In their introductory remarks they say: "that the cost of producing a pound of cotton varies from year to year. Not only so, but it varies in each State, in each county, and indeed the cultivated fields on the same plantation may produce varied results. In the late 1920's cotton planters claimed that it cost from twelve to fourteen cents a pound to grow cotton."

Another factor encountered in the study of growing cost was the so-called "freak years" of overproduction. For example, a certain farm in the Mississippi Valley in 1932 averaged 476 pounds of lint per acre. In 1933 under precisely the same care and cultivation the same land yielded an average of 276. Only twice in the history of cotton have freak years of overproduction occurred in succession. And these exactly coincided with the very bottom of international trade conditions. Therefore, a carryover of 13,000,000 bales, enough to supply the world for one full year, was necessary. And except for the plowing up in 1933, the carryover might have reached 17,000,000. It appears from these facts that the variation of the cost of growing cotton is largely due to the forces of nature which cannot be accurately measured in the terms of dollars and cents.

Transportation

The task of moving the cotton crop from producers to consumers is a gigantic one, calling into play all the transportation facilities of the cotton-growing area in the originating movements.

In all parts of the cotton-growing world transportation is of the utmost importance for the crop is both heavy and bulky and its movement

2. Saturday Evening Post, Year 1934.
3. Moulton, Elmer S., Cotton Production, Bulletin #49.
from the field to the ginneries and thence to the port, and finally to
the mills, involves in most cases a long and expensive series of different
stages, and means of transportation. The journey of a bale of cotton to
its point of consumption may start with the humble mule-drawn wagon and
may end in an airplane, but the great brunt of the burden is borne by the
railroads, the backbone of our transportation system, though inland water-
ways and highways play their part.

The whole of the American cotton belt is well supplied with the ordi-
ary facilities of transport by river and rail, while the sea services
both coastwise to the northern American ports and to all European ports
leave nothing to be desired. It is impossible to devote the time and
space needed in the study of this phase of the industry so only the brief-
est of descriptions will be given to each section of the cotton belt.

The Southeast

Railroads - The Atlantic Coast Line lies in the coastal plain, its
trunk following the shore. The main line of the Seaboard parallels it
further inland, and that of the Southern follows through the upper pied-
mont. These three roads carry freight between the Southeast and the
North Atlantic and New England sections of the country. The Louisville
and Nashville is a principal connection between the Southeast and Middle
West, and like the other three lies wholly in the southern freight ter-
ritory. The Illinois Central and Frisco systems are also heavy carriers
in the southeast and midwest traffic, but lie very largely outside the
area of the Southeast.

These five railroads were named because they are main trunk lines
which extend through the southern territory and also connect directly

1...Encyclopaedia Britannica, Cotton, 14th Edition, Volume 6, Page 541.
The problem to be overcome is not a lack of organized research or a lack of cooperation. The problem is that we have not yet defined what organized research means. We have not yet defined the terms 'organized' and 'research'.

In some cases, the problem may be that we have not yet defined the purpose of the research. In other cases, it may be that we have not yet defined the methods to be used. In still other cases, it may be that we have not yet defined the criteria for success.

The key to overcoming this problem is to define what organized research means. This means defining the terms 'organized' and 'research'. It also means defining the purpose of the research, the methods to be used, and the criteria for success.

Once we have defined these terms, we can begin to organize our research efforts. We can then begin to see the results of our efforts. We can then begin to see the impact of our research on society.
with the northern part of the country.

Highways - That highway construction accompanied by motor transport, is cutting into the railroad revenues cannot be denied. The truck has since 1929, largely supplanted the railroad in short hauls of cotton. The automobile and the truck are the agencies of ready communication and transportation to the cotton producer today.

Water Resources - The navigable rivers and the long coastline of the Southeast have shaped its development to a marked degree. The port cities on the Atlantic and Gulf coast grew up around the mouths of rivers; inland trading centers and cotton concentration points, at the head of navigation along the fall line; and manufacturing towns, at the more favorable power sites. The continuous coast line of over 1,800 miles, most of which belongs to Florida, comprises more than one-third that of the entire United States. Many bays and inlets, guarded by reefs and islands, provide numerous safe, natural harbors, which have favored an extensive coast trade.

Gulf Southwest

It is outside the province of this study to present a detailed discussion of the transportation system of this area. Texas leads the area in total railroad mileage, Missouri ranks second in area, and Oklahoma third. Texas and Oklahoma are the only States in the Gulf Southwest which increased their mileage from 1919 to 1929.

Rates and Service - Practically all cotton rates apply on "any quantity", as distinguished from "car lot" or "less than car lot", though under long established custom they have been made on entirely different bases in the territory east and west of the Mississippi River.
with the introduction of the process.

- Time - Time should not be considered an accessory to work time.

- Practice - Practice is essential. Practice makes perfect. The more you practice, the better you become.

In conclusion, the successful completion of the project relies on the effective integration of these factors. By focusing on time management, efficient planning, and consistent practice, the project can be completed successfully.
In the section east of the river a mileage scale is generally the underlying basis of the rates applicable on cotton, in bales, compressed or uncompressed. An exception to the mileage basis is noted in the section known, for rate purpose, as the "Mississippi Valley", which embraces the territory generally between the Mississippi River and a line from Mobile through Jackson, Tennessee, to Paducah, Kentucky. Here the system of rates included the carrier privilege but is based on a grouping of points of origin rather than on a distance scale.

In the region west of the Mississippi, which embraces the larger part of the Gulf Southwest, cotton rates have been generally on a group rather than on a mileage basis, under what has been termed the 3-plane system.

Because of the character of cotton itself and the methods of producing and distributing it, that have been developed through the years, there has been evolved a system of special services adapted to the needs of cotton transportation. Probably the most important of these is the comprehensive scheme of transit privileges, under which practically all cotton is stopped at concentration points, where it is assorted and assembled into even-running lots and reforwarded on the basis of the through rate from point of origin to destination. Cotton is usually compressed at the first compress point it touches, which may or may not be a concentration point also. If the cotton is not concentrated at the compress point, the compression is usually performed promptly and the cotton is moved on in car lots to the concentration or destination point. In the concentration of cotton the railroads render services similar to those afforded other traffic accorded to transit. Inbound shipments are switched
to the compress or warehouse, notice of arrival is given, and the inbound local freight charges are collected. When the cotton is moved out to final destination the outbound rates are collected. Subsequently, however, the total charges are adjusted to the basis of the through rate from point of origin to destination, plus other charges, such as those for out-of-line or back-haul services.

The substitution of cotton at concentration points is inherent in the present system of distribution, which requires that cotton be assembled in even-running lots as to staple and grade. The general restriction is imposed permitting only the substitution of railborne cotton for railborne cotton, except that in the Mississippi Valley local or "wagon" cotton may be substituted for rail cotton. The significance of this substitution privilege is far reaching and renders practically impossible the task of tracing the movement of cotton from producers to consumers.

Water Transportation - The most important branch of water transportation from the point of view of the cotton trade is ocean transportation, but here only the inland waterways will be considered. When the railroads offered better facilities and faster and more efficient service, the river steamers gradually lost their trade, and at last practically disappeared from service. A new impetus has been given to the movement of cotton by river and canal by the Federal Government program for the improvement of inland waterways and the organization of the Inland Waterways Corporation to promote navigation on the inland waterways. The receipts of the New Orleans harbor books mounted steadily from 1924 to 1929. Translating the tonnage figures into bales, New Orleans received
by river shipment approximately 84,000 bales in 1924, and 434,000 in 1929. While it is true the river companies have suffered from general conditions and restricted planting since 1929, their receipts show a better cotton freight business, proportionately, than do the railroads.

Highway Transportation - In the distribution of the cotton crop the highways have always provided a means by which cotton may be moved from the farm to the local market, and then to the nearest railroad, or perhaps river, shipping point. During the last decade or two, however, they have been used increasingly for the movement of cotton to central markets and ports, thus eliminating a short rail haul. This longer highway movement of cotton has been made possible by the improvement of highways, which in turn has made possible the use of heavy motor trucks.  

The writer has limited her study of the transportation system, more or less, to the cotton belt, however, it must be borne in mind that the great eastern railway systems figure largely in this vital factor of the industry also, for on these systems most of the manufactured goods are transported to the consumers markets.

That the transportation systems, particularly the railroads, have suffered proportionately with the cotton textile industry cannot be denied. Some weeks ago, Mr. M. S. Sloan president of the Missouri, Kansas, and Texas Railroad remarked that during the first four months of the season (which began on August 1, 1934), the receipts of his line for hauling cotton had fallen $1,000,000 below the cotton revenue for the corresponding period of 1933. The Rock Island reported a 70 per cent drop in revenue from cotton shippers; the Santa Fe, a decline of 46 per cent. Other railroads in the South had similar disappointments. The Northern rail-

1. Moulton, Elmer, S., Cotton Production, Pages 46-50, Bulletin #49.
2. Angly, Edward, Old King Cotton Topple, Pages 6, 7, & 20.
roads have also suffered, from this source, but they do not depend so entirely upon the cotton textile industry as do the systems in the South. Another government lending agency—the Reconstruction Finance Corporation—has done much in aiding the railroads in their present difficulties.

Plant Disease

Various insects attack cotton wherever the plant is grown. In the United States insects which attack cotton have steadily increased, and have reached the point where in most parts of the cotton belt they are a dominant factor in the problem of production. In many sections they have revolutionized cultural methods and affected land values, and in some cases have completely changed the economic structure of the community. Fortunately, fairly effective control measures are available for most of the principal pests, and these are being constantly improved.

Boll Weevil—By far the most important of cotton pests is the boll weevil, which entered the United States from Mexico about 1895, and has spread over 90 per cent of the cotton area of the country. Luckily it thrives only in fairly moist regions, so there may be sections where the weevils, either cannot survive at all or are able to live only in limited numbers and do practically no damage to the crop. The amount of damage done by the boll weevil varies widely with the years. In 1911 it is estimated that the damage amounted to 1.28 per cent of the estimated crop; In 1921 the damage was placed at 30.98 per cent of the estimated crop. However, between 1910 and 1920 the weevils were still spreading across the Cotton Belt, and it was not until the end of this period that the maximum extent of infestation was reached. For this
null
reason the figures since 1920 are more significant than those prior there-
to. In 1922 the damage done by the boll weevil was placed at 24.17 per
cent of the estimated crop, and since then there has been a considerable
decrease with wide variations from year to year. For example, in 1925
the damage was placed at 3.87 per cent; in 1927 at 18.50 per cent; in
1928 at 14.10 per cent; in 1929 at 13.30 per cent; in 1930 at 5.00 per
cent; in 1931 at 8.30 per cent; and in 1932 at 15.20 per cent. 2
Seasonal conditions have much to do with the amount of damage done.
Generally speaking, a dry summer means light weevil damage while a wet
summer means heavy weevil damage. Indirect control measures have been
evolved, all tending to increase the productiveness of the crop and has-
tens maturity before the weevils become so numerous.

Cotton Leaf Worm - This is probably the oldest known cotton pest in
the United States. It is sometimes called the cotton caterpillar, and
records of its having occasionally damaged cotton go back to the earliest
days of cotton planting in this country. One of the peculiarities of
this insect is that it does not pass the entire year in the United States.
Active here during the summer months, it dies out during the winter. New
infestations are due to reinvasions of moths coming in from Central or
South America. For many years these invasions occurred in circles of
approximately twenty one years, but since 1920 invasions have been inter-
mittent and much more frequent. The degree of damage done depends entire-
ly upon the rapidity of the spread and the abundance of the worms. Con-
trol methods similar to those used against the boll weevil are used in
combating this pest with very satisfactory results. During the period
1929 to 1932 this method of control has proved very efficient.

1...Encyclopedia Americana, Volume 8, Page 76.
2...Cotton Year Book of the New York Cotton Exchange, 1933
Pink Bollworm - Long a pest in Egypt, the pink bollworm entered the United States via Mexico in 1917. It had obtained its footing in the latter country in 1911, and was brought thereto in shipments of Egyptian cotton seed. During 1930 it was discovered that the moths of the pink bollworm have a definite spring flight period following emergence from hibernation, as well as a similar late-season flight. Studies of cultural control indicate that a comparatively high mortality can be brought about by winter control measures, especially by burning or steam heating in trash, but the most interesting results have been attained by grinding this trash in a mill designed for the purpose. Such an experimental mill set up in the Laguna district of Mexico, proved to be 100 per cent efficient.

Cotton Louse - This louse or aphid occurs throughout the Cotton Belt, but is usually not regarded as a major pest. During a period of cool nights in the early spring the infestation of seedling cotton may become severe enough to cause damage, but hardly sufficient to justify any effort at control. Nicotine dust is very efficient when control is resorted to.

Cotton Flea, Hopper and Related Species - Probably the most important cotton insect development of recent years has been the spread of "flea hopper" damage over the Cotton Belt. This was first recognized in Texas about 1920 but it did not attract general attention until 1926, when it retarded greatly the setting of fruit over most of the Gulf States, and extended as far eastward as South Carolina. It has been found however, that the damage is caused by anyone of several insects occurring in different sections of the Cotton Belt, and in some localities two or three
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different species may collaborate to produce the damage. Sulpher dust, applied in much the same manner as calcium arsenate is used to destroy the boll weevil has proved an efficient means of control.

Other Insects - The Arizona wild-cotton weevil, a close relative of the boll weevil, is found in the mountain ranges of Arizona and Northern Mexico on Thurberia, a native wild cotton plant. The pest is primarily a menace to the western areas of cotton production where conditions have been too dry for the ordinary boll weevil to multiply without difficulty.

The cotton leaf perorator occurs in California and eastward as far as southern Texas, principally in irrigated sections. Outbreaks are sporadic, and up to 1931 severe damage has been caused only in the Imperial Valley of southern California.

The red spider of cotton had attracted attention up to 1930, mainly in the Southwestern States, but occasionally, after periods of prolonged drought, it causes considerable damage as far west as the Mississippi Valley. There are numerous other insects which damage cotton, such as the cotton square borer, grass-hoppers, cut worms, and plant bugs. However, they are rarely of widespread importance.

Risks

Both the farmer and the manufacturer have some risks the other does not posses, they balance up pretty nearly in the end. The cotton grower must take many risks which are entirely outside of his power to control such as drought, severe rains, severe frosts, unsuitable temperature, floods (more so in the Mississippi Valley), blights, plants diseases, etc. The manufacturer also must bear a tremendous amount

1 Encyclopedia Americana, Cotton, Volume 3, Page 70.
of risk in his buying, selling, manufacturing and personnel. It will be
of interest, at this point, to give each side's version of present-day risks.

Producer's Version—Why one farmer likes the restriction program
and another does not may be made clearer by contrasting the cases of
U. Pfeiffer, who farms a small area on the coastal plain and W. M.
Matthews, who has a larger place in Georgia.

Mr. Matthews: "I have been farming one hundred acres of cotton,
and the acreage reduction cut me to fifty-nine acres; and when it was
measured, it was found that only fifty-two acres had been planted. On
these fifty-two acres, I grew thirty bales, whereas my allotment on
tax-free cotton at the gin was eighteen bales, I sold the eighteen
bales at thirteen and a quarter cents, and paid, two hundred dollars
tax on the other twelve bales placed in government storage, with a
loan of twelve cents a pound.

"The Government is taking all the risk and carrying that cotton
for me for the purpose of getting better than twelve cents.

"In addition to this I am drawing eight dollars an acre on thirty-
six acres for letting it lie idle. That is more than the land was worth
last year. I know the tax I paid is for the purpose of furnishing the
money with which the Government can do these things for me, and it will
come back to me in increased prices for my cotton, which will eventually
be paid by the consumer.

Mr. Pfeiffer agrees that the curtailment of acreage is often a
favorable scheme for the big farmer, but feels that it discriminates
against the smaller grower.

"A man," he says, "who owns a thousand-acre farm and hires labor to
I have not yet been able to take action because of a lack of proper information and guidance. I am working to obtain the necessary materials and resources to proceed with the necessary steps.

I am ideologies the ideas and principles that guide our actions and decisions. The need for a clear understanding of the goals and objectives is crucial in ensuring that our efforts are aligned with our overall mission.

I am also concerned with the potential for conflict and misunderstanding among our team members. It is important to establish clear lines of communication and ensure that everyone is on the same page.

I appreciate your patience and understanding during this transitional period. Together, we can overcome these challenges and achieve our objectives.
cultivate it is only interested in the absolute net revenue; that is, the difference may be, under present conditions, only four dollars an acre. Now, if he rents his land to the Government and receives six or seven dollars an acre, he is naturally benefited. He receives more net revenue from the Government than he could hope to receive if he had the land worked.

With the small farmer, the rent for the land is only a small part. The planting of cotton is a means of selling his labor. If I take my forty-acre cotton land, and rent ten acres to the Government and receive therefor five dollars an acre, it gives me fifty dollars cash; but if I do not rent these ten acres to the Government, but plant them in cotton and raise four bales and I can get, with seed seventy-five dollars a bale, I would get a total in cash out of the ten acres of three hundred dollars, which, in my case, would be all net.

"The big farmer dismisses his labor and the Government takes care of it in unemployment relief, but when I must give up some of my land to the Government and, in consequence thereof, cannot use the labor of my family fully, I receive nothing to reimburse me for this inactivity."

Manufacturer's Version—Earnest N. Hood, President of the National Association of Cotton Manufacturers, a New England group, stated, that the cotton textile industry, admittedly weak, was forced to bear the brunt of supporting the cotton farmer. Commenting on the recent report, made by the Bureau of Labor Statistics, Labor Department, he said, "The report points out, that the cotton textile industry is a low wage industry. In this connection it is shown in the Federal Trade Com-

1...Angly, Edward, Old King Cotton Topple, Pages 6, 7 & 20.
...and the final result:

"After all, we need to make sure that you have a good idea of what we are doing."

"I think the best way to approach this is to ensure that we are all on the same page."

"Let's start by looking at the data and figuring out how we can use it to achieve our goals.

"It's important that we communicate effectively and ensure that everyone is on the same page."

"I'm excited to see what we can achieve with this project. Let's get started!"
mission's report that the cotton textile industry, particularly in this area, is a profitless industry as indicated by the small rate of return on invested funds in good times, and losses in recent months. Mr. Hood said a number of factors were responsible for the industries present condition, among them consumer resistance to prices "forced upward by the imposition of the cotton processing tax, an increased labor costs due to the shorter work week and higher wages required by the cotton code." Manufacturers, perusing the document, found this description of the industry:

(1)-- Real average weekly earnings rose with the introduction of the code.

(2)-- The cost of goods purchased by textile workers rose 5 per cent in the North and 8 per cent in the South from June 1933 to August 1934. There was a further increase to October 1934.

(3)-- The curtailment of production in effect from May to August 1934, lowered weekly earnings. In August 1934, the real average earnings of males were 5 to 8 per cent less than in July 1933. The real average earnings of females in August 1934, were 7 per cent higher in the North and 16 per cent higher in the South than in July 1933.

(4)-- Real earnings of almost every worker were less in August 1934, than in August 1933. In the North the average real earnings declined 15 per cent, in the South 25 per cent.

(5)-- The charge that increases in the rent of company houses have been used to offset the wage increases does not apply to most mills in the country. In almost all mills studied there has been no change in rents.
In some isolated cases rent advances have been made which offset, in those particular mills, average wage increases for the industry.

Despite its general findings that earnings had been increased, employment increased and other benefits bestowed by the cotton code, the report nevertheless pointed out that; "This conflict between those seeking more adequate incomes from the industry and those contending that this is beyond the financial capacity of the industry is the basic problem of the industry".

Because of the difficulties over wages, with labor demanding a higher return and industry complaining of falling consumption, the report said it was "the more important" that everything possible be done to remove other causes of discontent mentioning specifically the "stretch-out" system -- a practice, now forbidden, by which the work load on the individual workers is increased with no corresponding increase in wage. "The stretch-out as a source of discontent", the report said, "lies beyond the province of the bureau and is being handled by the work assignment boards. We must note, however, the intimate connection which exists between this problem and the capacity of the industry to pay, and between the stretch-out and wages in the minds of the workers."  

CHAPTER III

LABOR

Farmers, manufacturers, mill workers, buyers and sellers of cotton are all "cogs" in the machine which the South has constructed for collection and distribution of its greatest cash crop. There are from twelve to fifteen men who normally handle each cotton bale during its journey from farmer to spinner. Their are as many more who normally handle the manufactured cotton goods during their journey from manufacturer to consumer. Their prosperity depends not on the price of raw cotton or manufactured cotton goods, but on the quantity moving in the streams of trade. Some of these men wear white collars some do not. Some of them live in small towns, some in cities, while others make their living by loading and unloading and operating railway trains, trucks and steamships. Thousands of them work at desks in office buildings not only in the South, but in the North and the East. One and all their welfare is almost as vitally concerned with cotton as is that of the farmers who grow it.  

Racial Problem

Contrary to what seems to be the general belief, most of the cotton grown in the United States is produced by white labor -- about 65 per cent in the ten principal cotton-growing States. This proportion has increased since 1910, due to the cultivation of new lands in Texas and Oklahoma, so that the proportion of the crop now made by white labor is approximately 70 per cent.

1... Angly, Edward, *Old King Cotton Topples*, Pages 6, 7 & 20.
The first cotton mills were operated by native employees. It was not until about 1830 that these began to be replaced by English, Irish and other western European emigrants. As these replaced the native Americans, they in turn were displaced by another group, the French-Canadians beginning about 1865. At about the same time emigration from southern and eastern Europe increased and many Italians, Greeks, Lithuanians and Polish were employed in the mills. Later probably less than 40 per cent of the New England cotton mill employees were native Americans. In the South the operators are all native born of Anglo-Saxon descent. These people are, for the most part, drawn from the southern hill counties.

It is of little wonder that this heterogeneous group of people in interpreting Section 7a of the National Industrial Recovery Act should arrive at so diversified an opinion as to cause controversy and labor disputes. The text of Section 7a, of the National Industrial Recovery Act, approved June 13, 1933, the interpretation of which has been a matter of much controversy, is as follows:

"Section 7. (a) Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions;

(1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection;"

(2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or refrain from joining, organizing, or assisting a labor organization of his own choosing;

(3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

Wages

Farm -- The price paid for picking cotton is by the 100 pounds, and varies from time to time and in the different sections, being governed by the supply of labor and the market price of cotton. In recent years the ruling price for the whole cotton belt has been from 60 to 70 cents per hundred, but in 1917 the average was about $1.00 per hundred due to the increased cost of labor. As indicating the vast sum expended for this item it cost the farmers of the South approximately $162,100,000 to pick the record crop of 1914. Since 1929, however, the supply of labor has been plentiful with the result that wages for picking the crop has decreased.

Mill -- Wages compared to other industries in the United States have remained low, but compared with wages in foreign countries they have always been high. The custom of furnishing employees with homes at reduced rents has been largely discontinued in the North, due to the desire of the employees to receive all of their wages in the pay envelope. In the South many mills are situated away from cities or towns and the only homes available are those furnished by the mill.

In the report made by the Bureau of Labor Statistics, Labor

Department, in accordance with the terms by which the general strike of September 1834, was terminated, it states; "The National Industrial Recovery Act appears to have calculated entirely on the basis of 40 hours maximum week, which it was believed would mean an effective maximum of 39 hours...the industry has not averaged more than 36.5 hours per week in any month since the code was adopted. For the first twelve months of the code the average was approximately 34 hours. In the four months immediately preceding the strike the average number of hours per week was on "30".

The report found that the average weekly earnings of the cotton mill workers for a twelve months period under the code was $15.64. It also said, "that while most manufacturers had obeyed code provisions, there had been evidences of practices in violation also the cotton mill workers were among the lowest paid of any major industry."1

Strikes and Labor Organizations

Farm - There is seldom if ever strikes among those employed on the farm as pickers etc. Unions have not been tolerated in the South.

Organizations - In the Northern states, labor is much more unionized than it is in the South. At times in the past, some of the unions have acquired some strength and importance, but due to a combination of circumstances unions have not flourished. The Mule Spinners Union had at one time the reputation of being the strongest textile union but their demands became so exorbitant that ring-spun yarn was substituted for mule spun yarn, and the use of the mule has decreased. Since 1929 the cotton textile industry has become very unionized and the trend for unionism has extended into the South.


As stated in a previous section of this thesis the cotton textile industry employs a tremendous personnel many of whom already have lost their positions because of the cotton crop restrictions, and others among them fear that their jobs are in jeopardy because of lessened production and the tremendous drop in exports. Recently, some of these effected elements have begun to organize and become impressively articulate. Congress and the Administration will hear from them shortly. So long as only the cotton merchants and exporters complained, their cries could be dismissed as expressions of selfishness on the part of a small group. But it has become increasingly evident that in giving a new deal to the farmer, a rather rough deal was handed to many a worker whose welfare had always depended upon the handling and distributing what the farmer raised.

Some of these men got together last October in Texas and formed the Cotton Industries Employes Association. By November, the organization had spread into every cotton-growing state, and on December 8, 1934, a convention was held in Memphis. When Congress met, the association had a membership in excess of one hundred thousand. Among the members are office men, railroad and steamship employes, warehouse men, giners, and others.

The Association's present program has nine points. It wants the Government to get out of the cotton business, to cease accumulating stocks, either by purchase or loan, and to liquidate its holdings of the staple through the trade channels over a four-or five-year period, preferably in the dull months between January and July. The Association members want the Government to stop financing farm co-operatives. As for
acreage, they advocate control of it until the carry-over has been reduced to normal proportions, but "of sufficient size to supply our domestic requirements and to regain our lost export markets". Toward this latter end -- which many consider the crux of the whole difficulty -- they advocate a gradual downward readjustment of tariffs to permit foreign nations to sell to the United States, and thus put them in a position to buy our cotton. They want the cotton processing tax eliminated, or the imposition of a similar tax on competing products, such as rayon. As for bounties to the farmer, the association recommends that premiums be paid to growers on that portion of their production which is consumed in the American market. This amounts to between five and six million bales a year. Representative Marvin Jones, chairman of the House Committee on Agriculture, and many other Southerners -- in and out of cotton -- also advocated such a bounty on home-consumed cotton, suggesting that the farmer be left free to produce as much as he cares to for sale abroad -- taking his chance on the world price.

On the other hand, textile manufacturing, we witness a very turbulent condition existing so far as labor and labor conditions are concerned. We witness an almost continuous series of strikes and disputes involving the textile industry. The following table will be found interesting in this study.

| Year | 1919 | 1920 | 1921 | 1922 | 1923 | 1924 | 1925 | 1926 | 1927 | 1928 | 1929 | 1930 | 1931 | 1932 | 1933 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
|      | 273  | 211  | 114  | 115  | 134  | 80   | 139  | 90   | 80   | 65   | 130  | 67   | 106  | 92   | 315  |

In 1934, we witness the most concerted effort in the industries history to compel the employers to meet laborers demands. The textile strike

1...Angly, Edward, Old King Cotton Topple, Pages 7.
The text on this page appears to be a series of paragraphs and a table. The content is not legible due to the quality of the image. It seems to be discussing a technical or informational topic, possibly related to data processing or communication, given the context of the text and the partial table at the bottom of the page.
called for September 2, 1934, was the first attempt for a national tie up of the cotton textile industry, and had among its objectives union recognition, the 30-hour week with pay for 40 hours, elimination of the stretch-out system and various others. It marked the development of the "flying squadron", a system of mass picketing made mobile by the use of trucks and passenger cars by which large numbers of men moving from center to center forced the closing of scores of mills. It also marked the rise from obscurity to the first rank of labor leader in the person of Francis J. Gorman.

At its peak, according to the reports of the Associated Press from its member papers, 401,132 mill hands were idle, a remarkable accomplishment for an organization with, according to the records of the American Federation of Labor, fewer than 40,000 dues paying members and a most anaemic treasury. The strike ended with an agreement secured by President Roosevelt to refer all matters in dispute to special boards and the return to work without discrimination of all who struck. More than 100 expert investigators of the United States Department of Labor were set to check up the conflicting and complicated claims of each side.

On January 19, 1934 the long awaited report on wages in the cotton textile industry brought from the United Textile Workers a number of fresh demands and a definite threat of another bitter strike unless they are granted. The report an exhaustive document covering 70 typewritten pages, was made by the Bureau of Labor Statistics, Labor Department, in accordance with the terms by which the general strike of September 1934, was terminated. It said it found;

(1) That the cotton manufacturers in general were obeying the

wage provisions of the National Industrial Recovery codes but;

(2) That cotton mill workers still are among the lowest paid of any major industry.

The report sent to the National Industrial Recovery Act offices for ultimate action or decision, was entirely factual in nature, making neither recommendations nor conclusions.

The United Textile Workers, through Francis J. Gorman, now make the following demands:

(1) Reopening of the codes, for the establishment of wages and hours, and conditions of work.

(2) Wage increases.

(3) Clearly defined definitions between various grades of skill, with wages rated accordingly.

(4) A shortening of the work week, now restricted to 40 hours.

Mr. Gorman had declined to comment on apparently well authenticated reports that plans and preparations already were being made for another Nationwide textile strike in the spring of 1935.¹

Child Labor

Since the depression of 1929 and long before child labor has been a concern to every man and women in this nation. After nearly six years of depression it has become apparent that thousands upon thousands of children are working long hours in factories and sweatshops while adults remain idle, and that home markets are being flooded with cheap goods from States where child labor laws are lax. So anomalous a situation has revived the Child Labor Amendment which was passed by Congress in 1924,

¹...Associated Press, Boston Sunday Globe, January 20, 1935.
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but never accepted by the States.

Between 1864 and 1894 we rose from fourth place to first place in industrial output among the nations of the world, the volume of our manufactured products having multiplied twenty times in that period. The rise was most phenomenal in industries that employed children extensively. In the South the number of spindles increased between 1880 and 1900 from 667,000 to 7,000,000. By the middle of the century a mild regulatory law was passed in Massachusetts making ten years the minimum age a child could be sent to work. Regulations in the South came much later, with the passage of a law by Alabama in 1887 prohibiting the labor of children under fourteen years and establishing an eight-hour day for those from fourteen to eighteen years of age. But the law was very soon repealed, presumably at the instigation of Northern manufacturers.

Despite State laws, conditions were just as bad in 1929 and 1930 in the industrial centres of the East and in the South as in any previous period. In these sections the depression has shown to what grim use children can be put in industry, often within the limits of the law. While the total number of children employed throughout the country dropped along with the general decline in employment, the number of fourteen and fifteen-year-old children working in South Carolina in non-agricultural occupations, mostly in textile mills, increased 29 per cent between 1920 and 1930. Wages paid to these children frequently run as low as $1.00 and $2.00 a week, or even less, and working conditions are worse.

A study of this problem discloses the fact that the cotton textile and coal industries were apparently, the worst offenders. "The Code of Fair Competition for the Cotton Textile Industry" as approved by President

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Roosevelt, on July 9, 1933, did much to eliminate child labor in the industry. Under the labor provisions of this code one of the most dramatic and significant developments was the voluntary proposal by the industry to abolish child labor. This resulted less from the hearings than from the intendments of the Act itself. This resulted from the President's own concept that a minimum wage applied without distinction as to age would automatically eliminate child labor and it did. The reason why this ancient atrocity could be so easily killed, notwithstanding its tenacity of life against twenty-five years of attack, was also intrinsic in the President's idea that employers would be glad to do much by general agreement that no single employer would dare to do separately.¹

In connection with this study it will be interesting to note the Proposed Amendment to the United States Constitution regarding Child Labor, and the progress it has made.

Proposed Child Labor Amendment.

The following amendment was proposed to the Legislatures of the several States by the Sixty-eight Congress, having been adopted as a joint resolution by the House of Representatives (297 to 69) on April 26, 1924, and by the Senate (61 to 23) on June 2, 1924.

It was ratified by Arizona (1925); Arkansas (1924); California (1925); Colorado (1931); Illinois (1933); Iowa (1933); Maine (1933); Michigan (1933); Minnesota (1933); Montana (1927); New Hampshire (1933); New Jersey (1933); North Dakota (1933); Ohio (1933); Oklahoma (1933); Oregon (1933); Washington (1933); West Virginia (1933); Wisconsin (1925);--total, 19 up to September 12, 1934. Ratification by 36 states is necessary.

Section 1--The Congress shall have power to limit, regulate, and

prohibit the labor of persons under eighteen years of age.

Section 2--The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress.1

This amendment was defeated before the House Committee on Labor in the Massachusetts Legislature in 1934. A bitter debate with many accusations directed at the cotton textile industry featured the hearings.

Competition of Labor

South -- In the cotton-growing states, industrial growth has been confined almost entirely to cotton manufacturing, so that with the lack of competition between industries, wages remain low. Being unorganized, labor has been unable to affect legislation, and as a result mills can operate 24 hours a day. Employees can work from 54 hours a week and up, some southern States having no limitations. This labor condition of unlimited hours of work has been rectified to a great extent through the enactment of the Nation Industrial Recovery Act which stipulates in Section 7a, clause 3, "that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President".

North -- In New England, because of its climate and soil, the people turned to industry as soon as other sections of the country, more suited to agriculture, were able to supply their food requirements. The World War, by stopping unlimited immigration, created a shortage of labor which has since continued due to restricted immigration. The cotton industry requiring as it does comparatively unskilled labor, suffered from com-

1...Lyman, Robert, Hunt, The World Almanac and Book of Facts, Page 198.
petition with industries paying higher wages, and wages in the cotton industry were accordingly raised. Labor being put in a relatively strong position had many laws passed such as the 48 hour law and the law prohibiting women or minors to be employed after 6 P.M. in the textile industry in Massachusetts.

Supply of Labor -- At the moment, partly due to the general business conditions and partly due to the depression, there is an overabundance of labor, for the cotton textile industry, both in the North and in the South. With a general improvement in industry the North will again face the stern competition of labor it has experienced in the past. Ultimately the South will have to face the same problems which have confronted New England and higher wages with shorter hours will probably result for the supply of labor in the South is not inexhaustible and competition will result.
CHAPTER IV

TAXES

The tax situation in the United States has reached a stage of seriousness which the average citizen does not appreciate. The burden of national, State and local taxes has become one of the most formidable obstacles in the path of economic recovery. Moreover, the trouble arises not merely from the weight of this burden but from the grotesquely uneven distribution. The American tax system, if it can be called a tax system, is rapidly losing touch with capacity to pay. It bears too heavily on some, while others, far better able to bear the load go virtually untouched.

Comparisons -- The property-tax rates paid by farmers increased consistently from the pre-war period to 1930, decreasing during 1931 and 1932. This increase continued after 1920, though prices for farm products were relatively low compared to the war-time peak. Without a doubt, rapidly increasing taxation has been one factor contributing to the low net income of farmers as a group since 1920. Even before the 1930--32 decline in prices, say in 1929, farm taxes were 163 per cent above those of 1913, although the prices for farm products were only 39 per cent above those of a similar period, 1910--1914. In 1932 farm-tax rates were 121 per cent above the 1913 rates, although farm prices were 43 per cent below the pre-war point. Investigations carried on between 1919, and 1928, showed farm owners paid a higher proportion of their rent as taxes than did urban land owners. The percentage of rent required for taxes was

1 Munroe, William E. Taxation Nears a Crisis, Current History, Page 656
greater in 1932 than in the years covered in the above study.

Having noted the consistently increasing taxes up to 1930 and the slight reduction in 1931 and 1932 it will be of interest to note the gross income from cotton and cottonseed to the farmer since 1929.

Gross Income From Cotton and Cottonseed 1929 -- 1933

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From this study it is not difficult to appreciate the vital concern the question of rising taxes and diminishing returns represents to the farmer.

On the other hand, the manufacturer is faced with the same problem and it has been a constant struggle for him to meet his taxes, particularly since 1929, to the Federal, State and local agencies. In the New England States in the past few months it has not been uncommon to witness a tax sale of a textile mill. Many of the smaller cotton textile mill operators have simply closed down their mills rather than struggle against the adverse conditions in which taxes play a large part.

Process Tax -- In addition to his land and building taxes the farmer must now pay a tax on the ginning of cotton. The terms of the Act are as follows;

1. This act is effective for the crop year 1934--35, but may be extended by proclamation of the President to the year 1935--1936.
2. Congress has fixed ten million bales as the maximum amount of cotton which is exempt from payment of the tax of 50 per cent of the market price which Congress has levied upon the ginning of cotton.

1 Dummeier, E. D., and Heflebower, R. B. Economics with Application to Agriculture, Page 499.
3 Estimates by Bureau of Agricultural Economics. Note -- Figures show Millions of Dollars in table.
(3) Producers of cotton are to obtain from the Secretary of Agriculture tax-exemption certificates which entitle them to have their proportion of the total allotment ginned free of tax.

That the taxing power can be a potent regulatory medium is indicated by the well-known maxim, "The power to tax is the power to destroy". The tax imposed on the ginning of cotton is one of the many instances of regulatory taxation that can be found in the history of both Federal and State Governments.

In December 1916, the cotton growers were given the opportunity to contest the regulation's constitutionality in the Supreme Court. The Act only to be upheld if at least two-thirds of the cotton growers were in favor of it, in a matter of fact, the vote was nine to one in favor of the measure.

For the first three months of 1916, there was a sharp decline in the cotton exports, though not because of the Act, because exports were down due to boycotts and other factors. In the first four months of the present season, beginning August 16, exports of raw cotton were over 1,000,000 bales as compared with 414,000 in the same period of 1915.

CHAPTER V

THE BALANCE OF TRADE

The greatest problem affecting American export trade, a problem which touches the future of every importer of American goods, is our so-called "favorable" balance of trade. The one sour note in the present crescendo in the export symphony is this continued excess of American exports over imports. The solution may lie, curiously enough, in the falling off of raw cotton exports. For the Federal Government's policy of restricted production of raw cotton and of artificially raising its price, is operating to reduce exports of raw cotton. And they normally represent nearly 25 per cent of our total exports and came, in 1933, to $398,212,000. The enforced restriction of cotton production under the so-called Bankhead Act was accepted a year or so ago by President Roosevelt and Secretary of Agriculture Wallace. Last year's drought so reduced the crop that the output designed under the Bankhead Act was actually not reached.

In December last, the cotton growers were given the opportunity to endorse or repudiate the principles of the Bankhead Act. The Act only to be continued if at least two-thirds of the cotton farmers endorsed it. As a matter of fact, the vote was nine to one in favor of the control.

For the first nine months of 1934 there was a sharp decline in raw cotton exports, though and increase of 1.2 per cent in value over 1933. And in the first four months of the present cotton year, beginning August 1, exports of raw cotton were only 1,894,000 bales as compared with 3,360,000 in the same period of 1933.
It may well turn out that the question of how to expand our exports over imports may be answered by our expanding exports of manufactured goods, but sacrificing those of cotton and some other farm products.

Cotton Exports

For more than 100 years the United States has been the leading source of the world's cotton supply, and while the domestic consumption of cotton increased rapidly during this period, it is nevertheless a fact that more than one-half of all the cotton raised in the United States continues to be exported. "American cotton", to quote the words of W. W. Fetrow, senior agricultural economist of the Bureau of Agriculture Economics, United States Department of Agriculture, "is used in the mills of every important cotton-consuming country of the world, and in a majority of these countries more than one-half of all cotton consumed is American". Mr. Fetrow adds that although domestic markets for American cotton are increasing in importance, the prosperity of the cotton industry is dependent, among other things, upon maintaining extensive foreign markets for the sale of this raw material. These market outlets for American cotton are continually changing in importance, the changes usually affecting both the quantity and quality of the cotton taken or consumed.

Sufficient data are not available to determine the changes which have taken place in the quality of the cotton consumed, but quantitative data, available with respects to exports and consumption of American cotton, reveal some rather significant shifts. A century ago, when domestic consumption and exports combined totaled 500,000 bales, Great Britain and France were the only markets of any consequence to which American cotton

1 American Exporter, Balance of Trade, February 1934.
was exported. During the five-year period, 1824--25 to 1828--29 the average annual exports of American cotton to Great Britain made up 60 per cent of the total distribution (domestic consumption plus exports). During the same period about 20 per cent was exported to France, 1 per cent to Germany, and about 3 per cent to other European countries. Domestic consumption at that time was about 16 per cent of the total distribution, and Asiatic markets were of no appreciable consequence. In other words, 100 years ago domestic consumption plus the exports to Great Britain and France accounted for about 95 per cent of the total distribution of American cotton.

A comparison of the average annual figures for the five-year period 1924--25 to 1928--29 with those of the period 1824--25 to 1828--29 shows that some marked changes have taken place during the intervening 100 years in the quantities of American cotton exported to various markets. Great Britain and France no longer hold the predominant position which they once enjoyed as export markets. The proportional distribution to Great Britain has dropped from about 60 per cent to 14 per cent, while that of France has dropped from 21 per cent to 6 per cent. These decreases have been absorbed largely by domestic consumption and by exports to Germany, Italy, other European countries and Japan. During the 100 years under review the average annual consumption in domestic mills increased from 16 per cent to 43 per cent; exports to Germany 13 per cent; exports to Italy from practically nothing to 5 per cent; exports to other European countries from 3 per cent to 8 per cent. Japan, 100 years ago, was taking no American cotton, as compared with 8 per cent of the total distribution in 1924--25 to 1928--29.
Marked changes have occurred also in the importance of the different countries with respect to mill consumption of American cotton since the period immediately preceding the World War. The average annual world consumption of American cotton between the periods 1909--10 to 1912--13 and 1925--26 to 1928--29 increased about 1,800,000 bales, reaching the highest level on record. Comparing recent years with pre-war years, the losses and gains in the consumption of American cotton outside of the United States practically balanced each other, leaving the increase in domestic consumption as a net gain. Comparing recent years with pre-war years, consumption of American cotton in Great Britain has declined about 1,400,000 bales or from 26 to 13 per cent of the total world consumption. Other marked changes in the consumption of American cotton have occurred in the United States and Japan. Consumption in the United States has increased about 1,800,000 bales, or from 36 to 44 per cent of the total world consumption. Consumption in Japan has increased almost, 800,000 bales or from 2 per cent to 7 per cent of the total. Smaller changes in the consumption of American cotton have occurred in other countries during the period referred to.

Significant shifts in the consumption of American cotton have taken place since 1926--27. Following the high level reached in that year, there was a general decline in the world consumption of American cotton, which was especially marked during 1929--1933. While nearly all important cotton consuming countries shared in this decline, it was more severe in some countries than in others. In the United States consumption of American cotton decreased by 350,000 bales in 1927--28, regained most of this loss in 1928--29, and decreased considerably during the period 1929.
two years. The project has been delayed due to various unforeseen circumstances. The current situation is that we are under budget and we are making good progress. The expected completion date remains the same, but we will continue to monitor the situation closely.

The project has been reviewed by a panel of experts, who have expressed confidence in its success. The project is expected to have a significant impact on the local community and the region as a whole.

In conclusion, the project is on track and we are committed to completing it as planned. We will continue to keep you updated on any developments.
to 1933. In Great Britain consumption of American cotton declined from 2,437,000 bales in 1925 to 1,199,000 bales in 1930 and less than 1,500,000 in 1933. Exports of American cotton to Germany declined from 2,452,000 bales in 1927 to 1,637,000 bales in 1930 and less than 1,250,000 bales in 1933, while exports to Japan declined from 1,437,000 bales in 1927 to 889,000 bales in 1930 with a further decrease in 1933. During the years referred to there was very little fluctuation in exports to France, while exports to Italy also held fairly steady.

In 1933, Great Britain took 1,489,000 bales; Germany 1,253,000 bales; Italy, 804,000 bales; Japan, 1,814,000 bales; France, 852,000 bales. Other countries fluctuated mildly.

Cotton Manufactures -- Cotton manufactures long have constituted an important item in the export trade of the United States. The value of such exports in 1830 when the official records begin, was $1,313,000. By 1860 the value had increased to $10,935,000. Then came the Civil War, and the so-called "cotton-famine", as a result of which exports of both raw and manufactured cotton were shut off by the blockade. In 1865, however, exports of cotton manufactures had a value of $3,452,000. Thereafter the value of such exports increased steadily until they again crossed the $10,000,000 mark in the period between 1876--1880. From this time on they maintained a more or less steady rise, with fluctuations up and down of from $1,000,000 to $2,000,000 a year, until they crossed the $20,000,000 mark in 1897. They passed $30,000,000 mark in 1902, and nearly attained the $50,000,000 mark in 1905. The next year (1906) they went up to $52,944,000, and thereafter followed a decline to $25,178,000 in 1908. In 1909 another increase set in, foreign shipments that year totaling in Val-
...
ue $31,879,000. With a slight recession in 1914, the increase continued until in 1915 when exports of cotton manufactures were valued at $70,247,000. In 1916 the value rose to $127,052,000 and by 1918 it had reached $179,106,000. The year 1919 showed a further increase of $91,000,000 to the then peak figure of $270,235,000. However, the year 1920 was destined to set an all time record, at least for the 100 years between 1830 and 1930, for in that year the value of cotton manufactures exported attained the prodigious figure of $398,458,000. The next year (1921) showed a marked decline to $115,539,000. The World War was over, the exports of raw cotton had been steadily increasing since 1917, and the cotton mills of Europe had once more begun to hum. However, 1922 showed an increase in value of cotton manufactures exported to $136,679,000. The value of succeeding years were as follows; 1923, $136,186,000; 1924, $130,687,000; 1925, $146,167,000; 1926, $128,768,000; 1927, $133,186,000; 1928, $134,642,000; 1929, $135,114,000; 1930, $88,687,680; 1931, $78,670,000; 1932, $67,524,000; 1933, $65,740,000.

Cotton wares made in the United States are shipped to many countries. Argentina, for some time, has been the leading market for cotton yarns with Canada taking second place. In terms of quantity, the Philippine Islands and Cuba have ranked first and second respectively, as export markets for American cotton piece goods since 1925, but Canada led in the value of goods in 1929. In as much as cotton cloth accounts for about 59 per cent of the total value of cotton manufactures exported, the following tables will be found interesting as showing the amount and value of cotton cloth exported from the United States to various foreign countries in 1913, the year prior to the outbreak of the World War, and in

1....National Year Book Cotton Exchange.
certain years after the close thereof;

<table>
<thead>
<tr>
<th>Country of Destination</th>
<th>Quantity in thousands of square yards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,469</td>
</tr>
<tr>
<td>Canada</td>
<td>27,122</td>
</tr>
<tr>
<td>Central America</td>
<td>34,048</td>
</tr>
<tr>
<td>Mexico</td>
<td>2,648</td>
</tr>
<tr>
<td>Jamaica</td>
<td>6,384</td>
</tr>
<tr>
<td>Cuba</td>
<td>22,074</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>13,159</td>
</tr>
<tr>
<td>Haiti</td>
<td>20,172</td>
</tr>
<tr>
<td>Other West Indies</td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>5,598</td>
</tr>
<tr>
<td>Bolivia</td>
<td>4,580</td>
</tr>
<tr>
<td>Brazil</td>
<td>1,136</td>
</tr>
<tr>
<td>Chile</td>
<td>10,497</td>
</tr>
<tr>
<td>Colombia</td>
<td>28,388</td>
</tr>
<tr>
<td>Ecuador</td>
<td>2,926</td>
</tr>
<tr>
<td>Peru</td>
<td>1,767</td>
</tr>
<tr>
<td>Venezuela</td>
<td>3,869</td>
</tr>
<tr>
<td>Other South America</td>
<td>1,372</td>
</tr>
<tr>
<td>Aden</td>
<td>24,690</td>
</tr>
<tr>
<td>British India</td>
<td>13,748</td>
</tr>
<tr>
<td>China</td>
<td>80,462</td>
</tr>
<tr>
<td>Philippines</td>
<td>93,260</td>
</tr>
<tr>
<td>Australia</td>
<td>8,314</td>
</tr>
<tr>
<td>British South Africa</td>
<td>252</td>
</tr>
<tr>
<td>All other countries</td>
<td>36,166</td>
</tr>
<tr>
<td>Total</td>
<td>444,729</td>
</tr>
</tbody>
</table>

It is impossible to study such a table and not be impressed with the magnitude of our export business in the cotton textile industry. For years past our export business, both in raw cotton and cotton manufactures, has been in the slow process of building into the tremendous business it was up until 1929. Since 1929 our exports in raw cotton and cotton manufactures, like every other product of international trade has suffered severely both from the aftermath of the World War and the general, world-wide, business depression which started in 1929. Now that we have made a study of the quantity of the export of cotton, let us study its value.

1. United States Domestic Commerce Series, Pages 41 to 43.
Exports of Cotton Cloth by Countries of Destination

<table>
<thead>
<tr>
<th>Country of Destination</th>
<th>Value in thousands of dollars.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1913</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>$342</td>
</tr>
<tr>
<td>Canada</td>
<td>2,507</td>
</tr>
<tr>
<td>Central America</td>
<td>2,181</td>
</tr>
<tr>
<td>Mexico</td>
<td>350</td>
</tr>
<tr>
<td>Jamaica</td>
<td>450</td>
</tr>
<tr>
<td>Cuba</td>
<td>1,532</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>877</td>
</tr>
<tr>
<td>Haiti</td>
<td>1,387</td>
</tr>
<tr>
<td>Other West Indies</td>
<td>393</td>
</tr>
<tr>
<td>Argentina</td>
<td>180</td>
</tr>
<tr>
<td>Bolivia</td>
<td>286</td>
</tr>
<tr>
<td>Brazil</td>
<td>120</td>
</tr>
<tr>
<td>Chile</td>
<td>689</td>
</tr>
<tr>
<td>Colombia</td>
<td>1,337</td>
</tr>
<tr>
<td>Ecuador</td>
<td>173</td>
</tr>
<tr>
<td>Peru</td>
<td>125</td>
</tr>
<tr>
<td>Venezuela</td>
<td>344</td>
</tr>
<tr>
<td>Other South America</td>
<td>108</td>
</tr>
<tr>
<td>Aden</td>
<td>1,434</td>
</tr>
<tr>
<td>British India</td>
<td>1,164</td>
</tr>
<tr>
<td>China</td>
<td>5,585</td>
</tr>
<tr>
<td>Philippines</td>
<td>5,777</td>
</tr>
<tr>
<td>Australia</td>
<td>736</td>
</tr>
<tr>
<td>British South Africa</td>
<td>40</td>
</tr>
<tr>
<td>All other countries</td>
<td>2,462</td>
</tr>
<tr>
<td>Total</td>
<td>30,668</td>
</tr>
</tbody>
</table>

Normally the United States used to export between eight and nine Million bales a year. Under the present pegged price, exports of American cotton have dwindled to almost half what they were in 1933. As America reduces its cotton area, production is increased in other cotton-growing countries, of which there are more than fifty. Steadily, for months, the price of the American staple has been from half a cent to more than one and one-half cents higher in the world markets than foreign-grown cotton, with the result that the latter has been bought in large quantities by mills which customarily preferred the product of this country.

In the five months from the opening of the season, on August 1, until the end of the year, exports of American cotton totaled 2,504,330 bales.
compared to 4,207,624 bales in the same period of 1933.

The United Kingdom has cut its purchases from the South by more than one-half, France by two-thirds, while Germany, once the best customer of all, bought only one bale in the Autumn of 1934 for every four bales purchased the previous Fall. Only Japan, now our best customer, still approaches her former purchases of staple, drawing most of it from the Southwest.

While this country reduced its production by four million bales, foreign production increased by nearly three million bales -- from 10,500,000 to 13,400,000. The previous year, when purchases of American cotton dropped 800,000 bales in world markets, sales of foreign cotton rose 1,300,000 bales. It is significant that world consumption of American cotton for the first time in 1930--31, immediately on the heels, of the Federal Farm Boards costly effort at price raising, an effort which ultimately failed. Last year, while the South purposely grew its shortest cotton crop in twelve years, the foreign acreage was highest on record. Taking that as a basis, it is argued by many that, for all the efforts of the Agricultural Adjustment Act, and other Governmental priming agencies, there has been no effective reduction in the world supply. The United States has merely lost its markets to foreign competitors.

With those who would surmise that statistics indicate a failure of the New Deals cotton policy, Secretary Wallace is in disagreement. Touching upon increased foreign production, in his annual report to the President, he wrote:

"American growers should keep these facts in mind, without overestimating their significance. They do not warrant a return to unregu-
lated production in order to hold this country's position in the world market . . . Up to the present, the American cotton policy stands justified by its results. "We wish to retain our foreign market; and this means we must continue to supply it at moderate prices. But we do not wish to keep prices ruinously low on the assumption that any improvement through the elimination of surplus will cause a loss of our foreign markets. We must not, therefore, permit an increase in foreign production to stampede us back in overplanting. Our cotton policy has succeeded thus far because it operated to make an adjustment to the demand. That is the formula for its success in the future. It will be more difficult to apply, now that the problem is to steer between extremes. The principle, however, remains unchanged".

Opposition to the present cotton program varies in both nature and degree, in different parts of the South. East of the Mississippi, the decline in exports is felt less severely than in the Southwest. A large portion of the cotton grown in the Southeast goes to the domestic mills — in nearby Georgia and the Carolinas, and those in New England. But Texas, the biggest cotton-grower of all states, has always exported 90 per cent of its crop.

Late in December, Secretary of Agriculture Wallace wrote that, "unless ways can be found to increase America's imports, the recovery of cotton exports on a permanent basis is doubtful". Manifestly, if cotton exports do not recover, the economic well-being of the South is doubtful. It is, therefore, necessary, at this point, to study our import situation in regard to the cotton textile industry.

1 . Angly, Edward. Old King Cotton Topples, Page 20
Imports

While the United States exports large quantities of cotton manufactures, it, at the same time, imports large quantities. In 1821, the year the import records begin, the value of the cotton manufactures imported was $7,391,000. By 1850 the value of such imports totaled $20,781,000 and in ten years they had attained the value of $33,216,000. The Civil War lessened the flow of imports, just as it all but destroyed the flow of exports, and as a result by 1865 the value of imports had dropped to $9,224,000. In 1870, however, they jumped up to $23,380,000, and thereafter, with comparatively slight recessions during certain years they continued to climb steadily until in 1893, crossing the $30,000,000 mark for the first time they were valued at $33,638,000. With swings first up and than down they continued to grow until in 1900 they amounted in value to $41,541,000. Two years later they had crossed the $50,000,000 mark. In 1906 they amounted to $64,399,000 and the next year they jumped to $74,747,000. They then dropped to an average of about $67,500,000 a year until they again slightly exceeded $70,000,000 in 1914.

The World War resulted in a very material drop to as low as $40,701,000 in 1918, but they immediately started upward and in 1920 they reached the all-time high for the 110 year period from 1821 -- 1931 of $137,583,000. They dropped to $75,430,000 in 1921, rose to $100,153,000 in 1923, and then began a decline which brought them down to $66,197,000 in 1927; $69,295,000 in 1928; $69,264,000 in 1929; $46,220,000 in 1930; $48,136,000 in 1931; $32,529,000 in 1932; $28,761,000 in 1933.

The imports come from Czechoslovakia, Switzerland, the United Kingdom, Germany, Japan, France, and other countries, and consist of cotton
cloth, bleached and unbleached, printed, dyed, colored or woven-figure; handkerchiefs, laces, tapestries, velvets and velveteens, damask, gloves and mittens, underwear, hosiery, etc. All of the cotton consumed in the United States is of domestic-growth except from 300,000 to 350,000 bales imported from other countries. Nearly 84 per cent of the foreign cotton is Egyptian, the remainder coming from China, Peru, East India and Mexico. The Egyptian cotton is used mainly for mercerizing and making highly finished cloths, balbriggan underwear, and lace curtains, sewing threads, and similar goods requiring a long fibre and great strength. Rough Peruvian cotton is used for mixing with wool in making woolen textiles, while the Indian, Chinese and other imported cottons are, to a limited extent, used for mixing with American upland for making the cheaper grade of goods. 1

From this study of imports we can realize the importance of Secretary Wallace's statement to the President in which he said, "unless ways can be found to increase America's imports, the recovery of cotton exports on a permanent basis is doubtful".

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CHAPTER VI

TARIFF

Our policy of tariff and tariff regulation is so changeable it would be well to include a brief tariff history and an equally brief resume of cotton's relation to tariff before and since the War before discussing our present tariff problem.

Tariff — History 1913 -- 1932. -- The Payne -- Aldrich tariff remained in force only until 1913, when it was replaced by the Underwood tariff, a Democratic measure which lowered a long list of duties, enlarged the free list and substituted ad volorem for specific duties. The operation of the act was impeded by the World War, which caused an unparalleled expansion of many important industries, and by the collapse of prices in 1920 -- 1921 as a result of industrial and commercial deflation. An emergency tariff in 1921 raised duties on a number of agricultural products, but a general revision was also begun which took form in the Fordney -- McCumber tariff of 1922. That act lifted many duties to previously unheard-of heights, those on dye-stuffs being practically prohibitive, and authorized the President, upon a report by a Tariff Commission, to raise or lower duties where existing rates did not equal the difference in cost of production between the United States and competing countries. Some thirty changes in rates, most of them increases, were made under the authorization. The ratio of collected duties to total imports under the act was 13.63 per cent.

The Smoot -- Hawley tariff, which became law on June 17, 1930, was initiated in response to President Hoover's request for a revision of
such of the then existing rates as particularly affected agriculture. The idea of a limited revision was not adhered to by Congress, and the outcome of a long and heated partisan debate was revision affecting upward of a third of the more than 3,000 items in the schedules. Protests against what were regarded as excessive increases were received from more than thirty foreign countries, and threats of retaliation were freely made. At the urgent insistence of President Hoover the "flexible" provision was retained, but with some restriction of the President's power in the proclamation of higher and lower rates, and the Tariff Commission was reorganized.

The average rate of duties that would be collected under the act was estimated at about 16 per cent. The tariff Commission, a bi-partisan body of six members serving for six years instead of twelve, is required to be reconstituted by the appointment of new members or the reappointment of existing ones within ninety days after the act should go into effect. Numerous request have been filed with the Tariff Commission for adjustments of rates, some for higher and others for reduced rates. The President had indicated that he would appoint a commission that would expeditiously function to adjust inequalities. The efforts to introduce the equalization fee into the tariff were defeated in Congress by large majorities.

Cotton's Relation to Tariff Before and Since War.-- Because the supply of British and German textiles was limited during the War, a rapid growth of the industry resulted, particularly the cotton branch, in the United States, Japan, India and South America. Although the end of the war found cotton manufacturing seriously overdeveloped, Bulgaria, Brazil,
Czechoslovakia, Hungary, India, Rumania, Yugoslavia and other nations sought by tariffs to enlarge their production of cotton goods. In all these countries the industry has expanded rapidly. At the same time that this forced growth was taking place, cotton goods were experiencing severe competition from rayon and silk. Long before the general depression it was well known that the industry was in trouble. Even in the boom year of 1929 Great Britain's exports of cotton piece goods were scarcely half the pre-war volume, a decline which directly affected the British balance of trade. This same fact in America must be faced. Our exports are lagging way behind and the severe unemployment among the cotton textile operatives has resulted in Government intervention which will be discussed in later chapters. In commenting on this situation it might be well to add the dropping off of exports on England's cotton industry coupled with the severe unemployment among the Lancaster cotton operatives and the resultant burden on the budget, have been among the many grave weaknesses in the British economic situation -- weaknesses which eventually culminated in forcing Great Britain from the gold standard. It is, therefore, important that we get a full realization of how vital our tariff system is to the well-being of the cotton textile industry in the United States.

Present Tariff Problem -- The issue at present is not between protection and complete free trade, but rather a question of more or less protection. Few persons would argue that we should at once abolish entirely our protection policy. The present issue is between more protection and less protection as a general policy and is further concerned with the treatment of particular commodities in the light of the policy adopted. Of growing significance in the current tariff issue is the re-

lation of our import restrictions to our foreign markets.

As this problem has always been a national issue and both of our major political parties recognize it as such it might be well at this point to investigate their theories of the question. Under both the Republican and the Democratic theories, tariffs have two primary functions.

Republican Theory -- Under the Republican principle these are; To protect domestic markets, workers and industries from cheap labor abroad and to provide revenue.

Democratic Theory -- Under the Democratic principle the functions are to provide revenue, and, in so doing, to fix import duties as to open American markets to foreign producers on a basis of free competition.

These radically different theories were clearly presented in the party platform of 1932.

Republican Platform -- The Republican platform said: "The Republican Party has always been the staunch supporter of the American system of a protective tariff. It believes that the home market, built up under that policy, the greatest and richest market in the world, belongs first to American agriculture, industry and labor. No pretext can justify the surrender of that market to such competition as would destroy our farms, mines and factories, and lower the standard of living which we have established for our workers... We favor the extension of the general principle of tariff protection to our natural-resource industries, including the products of our farms, forests, mines and oil wells, with compensatory duties on the manufactured and refined products thereof".

Democratic Platform -- The Democratic platform said: "We advocate a

1...Dummeier, Edwin, F., Economics with Application to Agriculture, Page 473.
2...Saturday Evening Post.
competitive tariff for revenue, with a fact-finding tariff commission free from executive interference, reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange".

In pursuance of his party's platform President Roosevelt has requested Congress to permit him, in the course of negotiating "reciprocal trade treaties", not only to move tariff duties down, but also to move them up. He request power not only to advantage foreign countries, but also to disadvantage them. He requested, that is, a power which can be cooperative, but which can also be combative. He requests a power for economic peace, but also for economic war.

The administration fully realizes the need for tariff reform in the protection and furtherance of the cotton textile industry and will take the necessary steps in the near future.
In the beginning was the word. The word was power. The power was the light. The light shone in darkness. Darkness comprehended it not. 

In the beginning was the word, the power, the light, the darkness. The word was with God, and the word was God. 

In the beginning was the word, the power, the light, the darkness. The word was with God, and the word was God. 

In the beginning was the word, the power, the light, the darkness. The word was with God, and the word was God. 

In the beginning was the word, the power, the light, the darkness. The word was with God, and the word was God. 

In the beginning was the word, the power, the light, the darkness. The word was with God, and the word was God.
CHAPTER VII

COMPETITION

The cotton textile industry in the United States has always been dependent, to a large extent, upon the domestic market for the consumption of its production. The relative scarcity of labor compared to the other cotton manufacturing countries has kept the labor cost at such a level that competition with other countries in foreign trade could only be met on a comparatively few fabrics where volume production on automatic machinery has kept the labor cost at a minimum.

Labor cost in the United States have been consistently above the labor costs in foreign countries, but the industry has had more or less protection by means of an import duty. This import duty has for the most part been fairly adequate, although at times the tariff was not sufficient to enable domestic mills to compete with foreign mills on certain classes of fabric and 100's yarn is about the finest that can be spun in competition with England, even with the tariff protection. The constant threat of competition from abroad has brought about a tendency towards mass production. The economies of automatic machinery and large scale production have enabled the mills to produce the coarser and heavier fabrics at a cost that allows the mills to compete to a limited extent in foreign markets. While certain machines have aided the cotton textile industry others have created a severe competition.

Effect of Inventions on the Industry -- The "creative chemist" and the inventor have proved a boon to mankind, but their work has often aroused storms of protest. Among other things they threaten labor, and they

1...Encyclopaedia Britannica, Cotton, 14th Edition, Volume 8, Page 534.
CONCLUSION

The current political situation in the world presents a unique opportunity for the establishment of a new world order. The challenges and opportunities that lie ahead are unprecedented. We must be prepared to face these challenges head-on and work towards a more just and equitable world. The time is now for us to come together and build a better future for generations to come.
perturb business with fear of competition and destruction of present values.

Today silk is being spun from spruce. Will the silk worm join the mollusc and will the cotton plant follow the path of the indigo? Rayon production in the United States has increased from 6,687,000 pounds in 1917 to more than 97,000,000 in 1928. During the period 1929 to 1933 we find the following figures: 122,066,000 pounds in 1929; 110,208,000 pounds in 1930; 143,900,000 pounds in 1931; 131,000,000 pounds in 1932; and 270,578,000 pounds in 1932. During the period 1913 to 1933 the rayon imports multiplied by more than seven times. This decade and a half witnessed only a slight increase in cotton production and almost a tripling of the raw silk imports. Will rayon finally monopolize the field of textiles.

Some point to the financial difficulties of cotton and silk producers as proof that they are being supplanted. Cash dividends in the New Bedford and Fall River mills have declined during the past several years. The cotton textile machinery of the United States, running sometimes below a single shift capacity, depending to some extent on the price of the raw material, is able to produce more than the market is ready to absorb. The silk industry operated in 1928 at only 64 per cent of its normal capacity, but the opening of the year 1929 witnessed a revival of manufacturing activity and an increase in imports of raw silk. Rayon itself has suffered from chaotic price movements, but owing to new uses and improved products, the demand seems to be holding up well. It is doubtful if rayon can be blamed for the uncertainty in the textile industry. All raw material industries, inflated during the war, faced prob-
lems of readjustment. Since the demand for textiles and related products increased more rapidly than the population, the fundamental difficulty with these industries is not under-consumption but over-expansion. With a sufficient reduction in costs, demand for the finished product would be stimulated. Another thing that must be considered is the style factor.

Style Factor -- The style factor undoubtedly has had its effect upon the cotton textile industry. Although rayon may not supersede either cotton or silk it has gained large favor, especially with the women, in wearing apparel. Rayon is very seldom used alone in the manufacture of wearing apparel. It is usually mixed with cotton or wool.

According to estimates furnished by two of our largest rayon producers, of the total consumption of rayon in the United States in 1928, about 20 per cent was used in hosiery, 20 per cent in cotton goods, 15 per cent in silk goods, 34 per cent in underwear, and 3 per cent in other knit goods. Preliminary census statistics for 1933 indicate that out of a total of 110,000,000 dozen pairs of hosiery produced in the United States, only a little more than 1 per cent were all rayon. About 25 per cent of the women's and 36 per cent of the men's hosiery were rayon mixtures.

Silk garments increased from 344,000 dozens in 1923 to 609,000 in 1925. The census did not list rayon underwear in the former year, but the total for 1925 was 639,000 dozen. The demand for both silk and rayon has been stimulated, but cotton is still predominant.

From the above statistics we easily dedude that the styles calling for more silk and rayon have left an imprint on the cotton textile industry, however, since the collapse of the Wall Street market in 1929 the

silk and rayon trade have suffered proportionately with the cotton textile industry. Also, civilization has its compensations, with the fall in the amount of cotton used in underwear and perhaps in stockings have come off-setting gains. Rayon is made from cotton as well as spruce. One of the large movie film producers consumes 5,000,000 pounds of cotton a year. Tire manufacturers consumed in 1927 about 220,000,000 pounds or three time the total rayon production in the United States. The airplane industry also absorbs large quantities of cotton.

If it is true that the fundamental difficulty of the cotton textile industry is over-expansion. It would be well to make a study of consolidations at this point.

Consolidations -- The Civil War, 1861--65, cut off practically the entire supply of cotton from New England and the industry suffered severely. By 1870 cotton was again available and the expansion, temporarily stopped by the war, was continued. Most of the early growth was in New England, and it was not until 1880 that any expansion took place in the cotton-growing states. While the South has been expanding rapidly, New England had a more gradual expansion up to 1923. The tendency for the smaller plants to combined or go out of business was apparent after 1840 and continued until after 1880 in New England, but the building of many small plants in the South increased the total number of establishments in the country.

Are we approaching an era of textile consolidations since 1929? There would not be any sense in a consolidation of print cloth mills. The fact that there is little chance for profit in print cloths, or drills, or fabrics of that kind, no matter where the mills making them may be located,

might suggest that a consolidation of such mills would bring about economic advantages in increased efficiency, lower cost selling, fewer treasurers and agents salaries, less directors fees, etc. But it would not be practical to bring about a consolidation of print cloth mills that would allow setting up the prices on the goods so that a profit would be apparent, because the minute such a condition was brought about every other mill in the country would go into print cloth production.

WIDE SHEETING CONSOLIDATION PRACTICAL -- A consolidation of wide sheeting mills seems to be practical. There are so many mills now devoted to the production of wide sheetings that a surplus is apparent and a probable suffering for some of the wide sheeting producers. Unless a consolidation is brought about which can standardize costs, do away with overproduction and get fair prices showing a fair profit for the finished goods then some of the wide sheeting looms are going to be proven superfluous, and their continued operation is going to militate against the profits of all wide sheeting producers concerned.

CARDED YARN CONSOLIDATION ATTEMPTS -- The proposed consolidation of carded yarn mills through North Carolina, that was on the fire about 1928, is now practically a dead issue. Such a consolidation would have apparent economic advantages -- but more apparent than actual. There is not any money in the carded yarn business, anyway, except for the supremely able and efficient manufactures. Practically every weaving mill in the country, course and fine, has yarns to sell. There is a definite fluctuating market for carded yarns, but the only mills that can make a profit out of this business -- because of the great surplus spinning capacity -- are those that are efficient beyond their competitors, and these
are few in number.

MANY THEORETICAL OPPORTUNITIES -- Theoretically, there are many opportunities for consolidations, as for instance, a consolidation of all the sheeting mills -- a plan more practical than most -- of all the shade cloth mills, or all the linings mills, etc.

There have been many unsuccessful consolidations, the history of textile consolidations has not been glowing, but on the other hand there have been some very successful consolidations such as the consolidation of all the mills in Manchester which has become the very rich Amoskeag, and the American Woolen Company, and the group of mills controlled by such organizations as Deering, Milliken and Company and the Callaway interests, and the Avondale mills in Alabama, and a group of mills owned by Colonel Leroy Springs and a few others of that kind. But the successful groups or consolidations have invariably been the culmination of the individual ability and growth of one man -- they have never been promotions nor have they been bankers' profit-making organizations.

The mere facts that the margin of profit in the textile industry are too low, and that a lot of mills are looking for some miracle that will save them, and the additional fact that bankers can make money in consolidations and underwritings do not prove that combinations and consolidations are what the industry needs.

If consolidations are not entirely practical than we must look elsewhere for the solution of the industry's difficulties. Is mass production by the use of automatic machinery the solution? If this is a solution it will be well to study the reaction of labor to additional automatic machinery being installed in the industry.

1....Bennett, Frank, P. Jr., Wool and Cotton Reporter, March 1929.
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MACHINERY -- Labor unions have generally regarded inventions and labor-saving machinery with suspicion and have either opposed their introduction or have safeguarded their own interest by restrictive measures. The effect of labor-saving machinery upon certain occupations may be detrimental, however, the low margin of profit and competitive conditions worked under by the cotton textile industry has always demanded mass production and the easiest way to get mass production is through machinery.

The effect of high power machines have had a tremendous bearing upon the cotton textile industry, to such an extent, as a matter of fact, that the Code Of Fair Competition for the Cotton Textile Industry places a limitation of production by prohibiting productive machinery to be operated for more than two shifts of forty hours each per week. The code also limits the installation of new productive capacity by stating;

(1) Productive capacity must be registered.

(2) Before the installation of additional machinery, a certificate must be secured from the administrator that such additions are consistent with effectuating the policies of the act.

1...Code of Fair Competition for the Cotton Textile Industry.
CHAPTER VIII
GOVERNMENT INTERVENTION

Government intervention in the cotton market may take three forms: (1) attempts to restrict production, e.g. by restricting the acreage to be put under cotton; (2) regulation of markets and attempts to control prices directly; (3) intervention in the market by actual purchase of part of the crop, usually at a time when the weight of supplies is so heavy as to cause what is regarded as undue depression of prices.

In all these forms government intervention is almost entirely a matter of the War and post-war periods. England and Egypt intervened with the cotton industry through government legislation both during the War and after the War. But the great experiment in government intervention in the cotton market was that into which the American Government drifted in 1930 as a result of the fall of cotton prices which followed the Wall Street crash of October, 1929. The way in which the Government found themselves involved in this unfortunate transaction was so peculiar and unexpected that it may be worth while to relate the history of it in some detail.

There had been for long a growing feeling that our farmers had been very badly used by the State, because they suffered very severely from the effects of high tariffs which raised their cost of living but in no way benefited the prices of their products. It was therefore felt that the Government must do something for the farmers, and the McNary -- Haugen Bill of 1927 was an attempt to work out a scheme for this purpose. It was probably conceived in terms of wheat, though it applied also to cot-
ton, hogs, and other products; and the idea of it was that when owing to
large production in any one season there was a surplus, unsaleable in the
United States, the Government should take over the marketing of the ex-
portable surplus, selling it if necessary at a loss, and spreading that
loss in some way over the whole trade. Nothing came of this Bill, but
in the Presidential Election of 1928 the Republican party had to promise
again to do something for the farmer; and the result was the Agricultural
Marketing Act and the subsequent formation of the Federal Farm Relief
Board in the summer of 1929. The activities of this Board were mainly
directed to wheat and cotton, but our description will be confined to
their application to cotton.

Their policy was, from the first, to assist the farmers not direct-
ly as individuals but through some representative organization, and the
only thing of the kind in cotton was the co-operative associations which
had been working for some ten years, but which had only succeeded in at-
tracting into their ranks the growers of about 5 per cent of the crop.
The first action of the Federal Farm Relief Board was to call on the
co-operatives to get together and form a central organization represent-
ing them all, for though such a central body already existed it was not
complete. Then about the middle of October, 1929, the Farm Relief Board
announced that they would put the co-operatives in a position to lend to
their members on the basis of a price of 16 cents for middling, the market
price being then about 18 cents. This came very opportunely, because ow-
ing to the extraordinarily rapid movement of the crop in the early months
of that season, the weight of hedge selling had begun to depress the market
unduly, as it was thought, and this promise of government assistance at
If an investigation has shown some erroneous or incomplete information, and
that which of the facts to consider who the co-operative associations which
have been working for some years now, but which the "party members" of the
progressive" have always been the nucleus of power I can only say of the
progressive" have always been the nucleus of power I can only say of the

The direct action of the cooperative and the welfare work of a co-operative association is not
limited to their own field, and a correct judgment of the situation is not
comparable. Since the service of a cooperative, it is the same, the service
of a cooperative, it is the same, the service of a cooperative, it is the same,
once checked the fall. Unfortunately, however, this was immediately followed by the Wall Street crash; but for a time the hope of the government assistance did enable cotton to withstand the crash rather better than other similar commodities, and until January, 1930, cotton prices held fairly steady. But towards the end of that month there came a very curious development which can only be described as largely psychological. It seemed as if the market suddenly got tired and with one accord most of the "longs" who had been holding on to their cotton through the decline began to let go. The result was a rapid and very serious decline which carried prices down nearly three cents a pound. In ordinary course this would soon have worked itself out, but before it had time to do so, it revealed a very serious position.

It turned out that the co-operatives, in addition to holding large quantities of actual cotton, had been buying futures fairly heavy, against sales of actual cotton which they had to let go early in the decline at prices which they regarded as unsatisfactory; in effect they had exchanged the actual cotton for futures in the hope of getting back their loss when the market recovered. In the meantime, however, they had to meet differences on these futures as the decline went farther, and it soon became known that some of them at least were unable to do so. As the Government had built their whole system of relief on the co-operatives they could not afford to let them go bankrupt, and in February they announced that they would support the co-operatives in taking up these futures; which, in effect, meant that they would become responsible for the differences.

The next stage was when it became known in the market that the co-
operatives would take up these futures as they matured in May or July, and this produced an extraordinary situation. The merchants and speculators who had sold these futures realized that they must either buy them back or deliver the cotton. The largest spot house in America (and incidently in the world) was chiefly concerned in this, and they took the course of delivering at least part of the cotton. To do so they had to raise every available bale, including not only tenderable cotton in the American sense of the word. i.e. cotton which is no better than 7/8 inches in staple, but also a great deal of cotton of better staple which, if sold on the spot market, would command a good premium, but if tendered against contracts would realize very little more than the minimum tenderable quality. This involved them in huge losses, but the only alternative was to buy back their futures and the attempt to do so had the inevitable effect of raising the price of futures practically to the level of the Government's figure of about 16 cents.

But the futures were only in the near months, mostly May and July, with the result that while these near months recovered, the distant months, or new crop months were not affected at all and remained at about the level to which they had fallen. The result was to create a very heavy premium on the near months, or discount on the distant months. This is an abnormal state of affairs and had the inevitable effect. The demand for actual cotton was immediately checked, because potential consumers saw that by waiting for the new crop they would get the cotton very much cheaper; and this contributed in no small measure to the complete strangulation of the demand for actual cotton which marked the lat-
ter half of the season.

Other causes were working in the same direction. The depression, which affected everyone in America, naturally led to a considerable decrease of actual consumption of cotton goods. The mills, having in previous depressions been badly caught with heavy stocks on a falling demand, quickly took steps to avoid this happening again, and the manufacturing schedules of the American industry were cut down all around to what was then thought a very low figure. The result was that stocks of raw cotton mounted up, and at the end of the season the world's carry-over of American cotton was about 6,250,000 bales excluding linters, an increase of nearly 2,000,000 bales on the figure of a year before. Of this carryover the various co-operatives which constituted the American Cotton Co-operative Association held 1,241,509 bales, and in June, 1930, the Cotton Stabilization Corporation was formed by the co-operatives with official government recognition and took over these stocks. The Staple Cotton Co-operative Association which covers the Mississippi district also held 77,467 bales of spot cotton and futures, but this was not taken over by the Stabilization Corporation. The result, however, was that a total of 1,318,076 bales was withheld from the market. In November -- December, 1930, the Corporation purchased a further 78,300 bales of futures. Some of this was disposed of, but at the end of June, 1931, the Stabilization Corporation held 1,310,785 bales.

As part of their scheme for assisting the cotton trade the Federal Farm Relief Board stipulated for a definite policy of restriction of acreage in 1930, and a figure of 40,000,000 acres against 47,067,000 in the previous year was spoken of as ideal. The market was from the first
very sceptical of the success of this movement, believing that the growers relying on government assistance, would again plant a substantial acreage and as a matter of fact the acreage planted finally turned out to be 44,588,000 acres in 1929 and 43,339,000 acres in 1930.

Early in August, 1930, the price fell to about 10 cents a pound, and on August 25, the Federal Farm Relief Board announced that it would assist the co-operatives to advance to producers approximately 90 per cent of the value of their cotton, and as a result of this the co-operatives acquired during the 1930--1931 season about 2,000,000 bales more cotton. During that season, however, prices continued to fall and the co-operatives were never able to realize the amount of their loans. They, therefore, with the approval of the Board, sold what they could of the cotton to the mills at market prices and replaced it by buying futures, which were afterwards replaced by spot cotton of the 1931 crop. Thus at the end of the 1930--31 season the co-operative associations held 2,073,178 bales of spot or futures which, with the stabilization stocks from the 1929 crop, made a total of 3,383,967 bales held off the market with the assistance of government loans.

In July, 1931, there was some talk of a sale by the Board of 600,000 bales to Germany on long term credits, but in view of the financial trouble in Germany about that time, nothing came of this scheme.

In October, 1931, the Government entered upon a series of schemes, the object of which was to remove the deadlock into which everything had fallen, by providing increased credit facilities for banking, commercial and industrial interests of all kinds in America. The first of these schemes was a drive by the Government to get the banks of the South to
"take care of" a quantity of cotton equal to the 3,500,000 bales approximately which the Government was financing. This scheme was fairly well taken up by the banks, with the result that during that season about 7,000,000 bales in all were being held off the market, under varying conditions, especially as regards the period during which retention had been promised. The banks undertaking, of course, applied only to the current season. Some of the Government loans had been promised till July, 1933, unless prices in the meantime rose to such an extent as to cover the amount of the loans, which they never did.

During the season 1931--32, with prices still fallen steadily, the market became extremely sensitive to the danger of the Government throwing any of these stocks on the market. Thus in March, 1932, it was rumored that the Farm Board intended to use credit from funds of the new Reconstruction Finance Corporation to enable the Stabilization Corporation to dispose of their holdings of cotton to foreign purchasers, but the effect of this report was so marked that the Farm Board immediately had to announce that their intention was to develop new markets, not to flood old ones, and nothing more was heard of the scheme. Again in April, 1932, rumors that the Board might adopt a policy of freer selling after July 31, produced such a fall in the market that the Farm Board had immediately to announce that they would not sell more than half of the Stabilization Corporation's holding of 1,300,000 bales during the season 1932--33, and that the co-operatives would hold their 2,100,000 bales till July 31, 1933.

In the meantime it came out that the Government found themselves involved in a further holding of cotton in another direction. During the
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1931 season the Department of Agriculture had made loans to many of the planters for seed, and in payment of these loans they had been compelled to take up some 350,000 bales. In July, 1932, an attempt by the Department to sell this cotton caused a further disturbance in the market. This policy of seed loans was repeated in the 1932 season, and it is believed resulted in the Government acquiring another 400,000 bales.

During the season 1932--33, the only attempt made by the Government to dispose of any large quantity of their holdings was in the form of a gift of 500,000 bales to the Red Cross organization for distribution in relief, but owing to the method by which this cotton was dealt with, it apparently involved futures being sold against it. This resulted in the introduction of a further element of uncertainty into the market in the shape of what were regarded as government sales. Early in 1933 it was proposed to hand over a further 500,000 bales to the Red Cross.

In the meantime the "lame duck" session of Congress which followed Roosevelt's victory in the Presidential Election of 1932 indulged in a perfect orgy of farm relief legislation. As far back as November, 1931, there had been talk of reviving the Export Debenture and Equalization Fee schemes which were the main features of the McNary -- Haugen Bill of 1927, but now much more ambitious schemes were brought forward.

The first in point of time became known as the Domestic Allotment Plan. This bill underwent a great deal of alteration in its course through Congress, but the main idea of it was that a tax of probably 5 cents per pound was to be imposed on all cotton consumed in the American mills, the tax being collected from the spinners, and that the fund thus created was to be allotted on some ratio of crop production in previous
years to the cotton growers on condition that they reduced their acreage. This plan met with the most vigorous opposition from the spinners, and its place was very soon taken by another proposal known as the Cotton Control Bill which was that the whole of the government holdings should be handed over on credit to the cotton planters at current prices on condition that they reduce their production in 1933 to the same extent, and it was provided in the Bill that the whole of the operations of the Farm Relief Board must be brought to an end by March, 1933. The idea apparently was that the mere fact of getting rid of the government stocks which had been hanging over the market so long, and a corresponding reduction in the 1933 crop, would of itself be sufficient to raise prices, and that the whole of the profit should be handed over to the growers who made the reduction.

This plan received a surprising amount of support, and it actually passed both Houses of Congress just before President Hoover's term of office came to an end. By this time, however, America had other things to think about with the banking crisis, and the Cotton Control Bill was never signed by President Hoover. In the meantime President Hoover had denounced the Allotment Bill as wholly unworkable, but had given sanction for a new plan under which the Department of Agriculture was to retire from cultivation in 1933, 50,000,000 acres of land which would otherwise have gone under cash crops such as wheat and cotton. No details were available as to what rent the Government were to pay for this land or whether the owners were to be allowed to grow food and feed crops on it. In the meantime, however, all these schemes were swept out of sight by the national banking crisis which by a strange turn of fate
came to a head on the morning of March 4, 1932, the day of President Roosevelt's inauguration. As the result of that crisis all the commodity exchanges were closed down.

The new Congress proceeded to give President Roosevelt practically any powers he asked for, including a new Agricultural Relief Act which was a combination of all the various plans previously put forward. The prime object of that Act was a subsidized reduction of acreage, but the passing of the Bill through Congress inevitably occupied time, and by the time it was passed, late in June, the whole crop had been sown. The scheme, therefore, had to be converted into one for the abandonment of acreage already planted.

The inducement offered the planters was, (a) the right to take up an option on government cotton at 6 cents a pound to the extent of reduction of their own crop; (b) in addition to this a leasing payment varying from $6 to $12 per acre according to the average yield of the land involved, or (c) if the planter did not choose to take up the option on the cotton, the leasing payment might rise to $20 per acre.

In July it was announced that the scheme had met with ample acceptance, the contracts covering an abandonment of about 10,300,000 acres out of the total of 40,798,000 already planted. The scheme, therefore, came into force on August 1, 1933, and as from that date a Processing Tax of 4.2 cents per pound was imposed on the cotton industry in the United States to provide the necessary funds. It appeared, however, when the first Government Bureau was issued on August 8, that owing to favorable weather the indicated average yield of the crop was so high that even with the special abandonment of acreage the estimated crop was
The current status of the principle is not known, but it is understood that the principle is under review. It is anticipated that a revised version will be published in the near future. The revised version will incorporate the latest developments in the field and address the concerns raised by the previous version.

In the meantime, it is recommended that practitioners continue to follow the current version of the principle, as it remains the basis for many ongoing projects. The authors of the principle are currently working on updates to ensure that the principle remains relevant and effective in the rapidly evolving field.

The principle is expected to be fully implemented by the end of the year, and a workshop on the revised version will be held in the upcoming months to provide further insights and guidance.

In conclusion, the principle remains an important tool for guiding decision-making in the field. It is suggested that readers keep up-to-date with the latest developments and updates to ensure that they are working with the most current version of the principle.
12,314,000 bales. But for the special abandonment it was stated it would have reached 16,561,000 bales.

In the meantime, however, the banking crisis had led to other surprising developments which drastically affected cotton prices, and the outcome in brief was that America went off the gold standard in April and began a definite policy of inflation resulting in a rapid rise of prices in general, in which cotton fully shared. The sterling -- dollar rate of exchange, which in November, 1932, had touched $3.14\frac{1}{2}, rose rapidly until on July 19, 1933, it went above par to $4.87\frac{1}{2}, and on the previous day May futures in New York touched 12.50 cents. But this was followed by a severe shake-out both in the Stock Exchanges and Commodity Markets, as the result of which within three days cotton again dropped below the 10 cents level, and before the end of the month the exchange was below $4.50.

To complete the history of the government stocks, it appeared that under the scheme for the abandonment of acreage about 60 per cent of the farmers had exercised their option to take up government cotton under the Pooling Plan, and it was expected that this would account for about 2,250,000 bales of the government cotton. As the total holdings of the co-operatives and the various Government holdings, all of which had been transferred to the Department of Agriculture for the purposes of the Pooling scheme, amounted to rather less than 2,500,000 bales, the result was that practically the whole of the government stocks were required to satisfy the option.

The so-called Bankhead Law, penalizing the production of cotton above a certain quantity, as explained previously, was voted upon by the
farmers to be continued through the 1935--36 crop year by a vote of nine to one. Legislation authorizing extension of the Bankhead compulsory Cotton Control Act through the 1936--37 crop year will be presented to Congress soon with administration approval, Senator Bankhead, co-author of the measure announced January 19, 1935. Continuation for the present loan policy whereby 12 cents a pound is advanced to farmers against all cotton still in their possession or for which they have warehouse receipts was predicted by the Senator, if that is necessary to maintain the incomes of producers at existing levels although he said no actual decision had been made. The governing factors would be those bearing on marketing conditions when the 1935--36 crop began moving to the market.

Originally the Bankhead act contemplated that taxes on ginning of cotton produced in excess of marketing quotas would continue only for a year unless, after that time, President Roosevelt found that an emergency prevailed. He was authorized to continue the act for another year if a majority of producers favored such a step. Authority for continuing the act through the 1935--36 crop year was given by 90 per cent of cotton producers in a recent referendum.

The administration decision to permit reductions under "base" plantings of thirty-five rather than thirty per cent this year followed a decision reached at a White House conference to bring about a reduction of 1,000,000 bales in the cotton carry-over by next August, the Senator explained.

According to Washington advices the President has assigned to Secretary Wallace the task of negotiating an international agreement on cotton production, so that the details will be handled by the Department of
Agriculture in conjunction with the State Department. Senator Smith announced the plan for open hearings before a Senate Committee on methods of disposing of the government's cotton collateral and means whereby the country's foreign markets can be regained through production for export on a plan for domestic allotment and bonus. Exemption of planters producing three bales or less from the provisions of the Bankhead act is being urged by many Southern representatives in Congress.

The Government has also intervened in the manufacturing end of the industry under the Code of Fair Competition of the Cotton Textile Industry and the National Industrial Recovery Act. It is impossible, in this thesis, to go into full detail of the Code, therefore, only the more important of the provisions pertaining to the manufacturer will be set forth;

A. Elimination of unfair methods of competition.

1. Industrial and trade groups are trying to eradicate through the use of codes many practices which the Federal Trade Commission has branded unfair.

B. Labor provisions.

1. Child labor is outlawed by prohibiting the employment of persons under a certain age, usually sixteen years.


a. $12 a week for the South, and $13 for the North.

3. Maximum number of hours of work.

4. Employees have the right to organize and bargain collectively.

5. Employees may not be required, as a condition of employment, to join or refrain from joining any labor union.

C. Code Authorities

1. Each code provides for the establishment of a code authority.

2. The duties of the code authorities are:
   a. To receive reports from the industry.
   b. To suggest to the administrator desirable changes in the code.
   c. To aid in administering the codes.
   d. To issue such rules and regulations and impose such restrictions upon members as may be necessary to effectuate the purposes of the codes.

D. Price Control

1. Price control in the codes is of minimum rather than maximum prices, indicating a desire to protect the industry rather than the public.

2. There are three types of price control provisions to be found in the codes.
   a. One type provides that no sale shall be made below cost.
   b. Another provides for a definite minimum price.
   c. The third fixes resale prices.

E. Limitation of Production

1. Some codes limit the hours of operation. According to the cotton-textile code, productive machinery may not be operated for more than two shifts of forty hours each per week.
2. Some codes limit the installation of new productive equipment.

a. The cotton textile code has such a provision.

(1) Productive capacity must be registered.

(2) Before the installation of additional machinery, a certificate must be secured from the administrator that such additions are consistent with effectuating the policies of the act.

It is at once apparent from the study of Government intervention in the cotton textile industry, from farmer to consumer and all its intermediate stages, has to a very large extent been one of a beneficial nature and not one of severe, unwanted, regulatory measures.

CHAPTER IX

POSSIBILITIES OF RECOVERY FOR INDUSTRY

GENERAL OUTLOOK—(1935 Cotton Program)—A reduction of 25 per cent in cotton production from the base average (1928-1932), as compared with 40 per cent reduction in 1934, has been announced.

In announcing this program, Secretary of Agriculture Wallace said:

"The characteristic argument of those advocating unrestricted production is that such a course would restore our foreign markets. These persons believe that foreign buyers would take increasing quantities of American cotton at some price. They have apparently not considered the fact that a situation could easily develop which might result in producing a surplus amount of American cotton that could not be sold abroad at any price. In 1931 and 1932, United States maintained a relatively high volume of exports but prices to farmers were around 5 and 6 cents during those two years. I do not believe that unlimited production which, with other factors, forced prices down but maintained a high volume of exports proved to be any greater benefit to the cotton farmer.

"I do not believe that the answer to the present grave cotton problem is to be found in abruptly returning to the policy of unrestricted production. The program for 1935, although providing for a reduction from the production to be expected in the absence of such a program, affords an expansion in acreage for that season as compared with 1934. If the response to this program is what we expect, and production factors next season are average, there will be some three million bales more cotton added to present supplies. This will maintain ample supplies of
American cotton which, I hope, can be sold at a fair price. I could not subscribe to any attempted solution of the cotton problem which would force the farmers price down to inordinately low levels in the hope that consumption will increase and the export movement revive. It does not necessarily follow that a reduction in price brought about by increased production would restore the farmers volume of cotton exports. There are other factors, such as increasing nationalistic trend of some of our foreign cotton customers, the decline in imports received in this country and the continued low level of foreign purchasing power that are more responsible for recent decline in export movement than the price or production and a lower price might stimulate the volume of exports to some degree, but it is not altogether certain that such an increase in volume of exports would increase the volume of dollar exchange available to pay for cotton. It might simply mean that foreign cotton consumers would buy more cotton for the same amount of dollars.

"It is also apparent that there exists at present definite limitations to a continued expansion of cotton acreage in foreign countries under present and probable price levels. The additional areas available for cotton production throughout the world are rather limited. After a careful survey of world-wide prospects, the Bureau of Agricultural Economics, in the recent Outlook Report, comes to the conclusion that further expansion of cotton acreage in the immediate future outside of the United States is not likely to be a very serious factor in the world cotton situation and that most of the increase that occurred this year represents a restoration of previous reductions rather than new acreage brought in. So the conclusion would not seem warranted that under ex-
isting circumstances foreign cotton producing countries will increase their acreage and production because of the efforts of the United States producers to prevent the accumulation of new surpluses by holding supplies in line with apparent market possibilities".

WALLACE'S VIEWS--"Under the impact of the War, the great pioneer nations such as the United States, Canada, Argentina, and Australia, greatly expanded their agriculture. And as a result, each of them suffered enormously when the War came to an end, and especially when the depression began in 1930. Germany as a result was suddenly transformed from a nation which had some six billion dollars loaned abroad, to a nation which owed more than seven billion dollars. As a result, Germany which next after Great Britain was our leading market for cotton and lard, found it possible, to purchase these products from the United States in normal quantities only so long as we loaned her money. The United States which before the War owed perhaps five billion dollars to foreign nations, found herself in 1930 with foreign nations owing her somewhere between fifteen and twenty billion dollars.

"Germany, in order to ease the sudden shift from creditor to debtor nation, found it necessary to impose all manner of restrictions on imports. She hoped in this way to win a sufficient export balance to take care of obligations outside the country. The United States in her sudden change from a creditor nation found her problems reverse of Germany's but none the less difficult on that account. If Germany's problem was to restrict imports, the need of the United States was to increase imports; It is not surprising that both the German people and the American people should find it exceedingly difficult to act
as their suddenly reversed creditor position in the world dictated. Behind the algebraic economics of this situation are subtleties of the spirit, (a devilish spirit, perhaps) about which no one is in a position of sufficient authority to speak".

It might be well, at this point, to give a brief resume of the Cotton Adjustment Program for 1935.

COTTON ADJUSTMENT PROGRAM 1935—A reduction of 25 per cent from the base acreage (1928-32) of co-operating cotton producers for 1935, as compared with a 40 per cent reduction in 1934, was announced on November 28, by Secretary of Agriculture Henry A. Wallace and Chester C. Davis, Administrator of the Agricultural Adjustment Act. Acting under the terms of the 1934 and 1935 Cotton Acreage Reduction Contract, which provides that the maximum rate of reduction that can be required in 1935 is "to reduce the acreage planted to cotton on this farm by an amount not to exceed 25 per cent below the base acreage", Secretary Wallace on November 28, signed a proclamation making effective for 1935 the approximately 1,004,000 two-year contracts signed during the early part of 1934. He also announced that new one-year contracts for 1935 will be offered those producers who did not sign the two-year contract. It is expected that new contracts will be available soon so that they may be signed and accepted by March 1, 1935.

The basis of payment for the 1935 program, which, under the terms of the contract must be "similar" to those described in the contract for average yield of lint cotton per acre for this farm for the years 1928-32 with a maximum rental of $18.00 per acre for the acres rented under the contract, and a "parity payment" of 1½ cents per pound on

the farm allotment.

The farm allotment, which is the equivalent of 40 per cent of the farmer's average production for the base period of the farm represents that percentage of production which ordinarily moves into domestic consumption.

For the current crop year, 1934, the basis of payment was $\frac{3}{4}$ cents per pound as rental and a parity payment of 1 cent per pound. The total amount of rental and benefit payments which will be disbursed under the program is estimated at $94,230,000. The program will be financed by the processing tax of 4.2 cents per pound on raw cotton.

Producers who desire to do so will be permitted to reduce up to and including 30 per cent and receive payment therefor. The base acreage of producers who are now signatory to contracts is approximately 38,210,000 acres. It is estimated that producers who did not sign contracts planted in 1934 a total of 6,000,000 acres. If under the offer of new contracts, the base acreage is increased by 1,000,000 acres, a reduction of the base acreage of approximately 39,210,000 acres by 25 per cent would result in a total of 29,400,000 acres being planted by contract signers. If a total of 5,000,000 acres is planted by non-contract signers, the total planted cotton acreage in 1935 would be approximately 34,400,000 acres. The planted acreage of 1934 was 28,660,000 acres.

With average abandonment of 2.4 per cent a total of 33,550,000 acres would be left for harvest in 1935. With yields at the ten-year average of 170 pounds per acre on the acreage planted, the result would be a 12,000,000 bales crop in 1935.
The text on the page is not legible due to the quality of the image. It appears to be a page from a document with text that is not clearly visible. Without clearer visibility, it is not possible to transcribe the content accurately.
The average farm price for cotton for the year ending July 31, 1934, was 9.7 cents per pound. The parity price of cotton is at present 15.6 cents per pound.

World supply of American cotton are now indicated at 20,200,000 bales for the 1934-1935 crop year. The indicated carryover on August 1, 1935 will be between 8,000,000 and 9,000,000 bales, which is higher than a normal carryover.

### STATISTICAL SUMMARY OF AMERICAN AND FOREIGN COTTONS
### FOR THE PAST FOUR SEASONS

American Cotton in Running Bales, Counting Round as Half Bales Foreign Cottons in Equivalent Bales of 478 Pounds Net Weight American Linters not Included.

<table>
<thead>
<tr>
<th>World Carryover At Beginning of Season (Bales)</th>
<th>1929-30</th>
<th>1930-31</th>
<th>1931-32</th>
<th>1932-33</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Cotton</td>
<td>4,517,000</td>
<td>6,187,000</td>
<td>8,919,000</td>
<td>13,228,000</td>
</tr>
<tr>
<td>Foreign Cottons</td>
<td>4,850,000</td>
<td>4,926,000</td>
<td>5,027,000</td>
<td>4,184,000</td>
</tr>
<tr>
<td>All Cottons</td>
<td>9,367,000</td>
<td>11,113,000</td>
<td>13,946,000</td>
<td>17,412,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>World Production Bales</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>American Cotton</td>
<td>14,716,000</td>
<td>13,873,000</td>
<td>16,877,000</td>
<td>12,961,000</td>
</tr>
<tr>
<td>Foreign Cottons</td>
<td>11,881,000</td>
<td>11,317,000</td>
<td>9,658,000</td>
<td>10,676,000</td>
</tr>
<tr>
<td>All Cottons</td>
<td>26,597,000</td>
<td>25,190,000</td>
<td>26,535,000</td>
<td>23,637,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total World Supply (Bales)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>American Cotton</td>
<td>19,233,000</td>
<td>20,060,000</td>
<td>25,796,000</td>
<td>26,189,000</td>
</tr>
<tr>
<td>Foreign Cottons</td>
<td>16,731,000</td>
<td>16,243,000</td>
<td>14,685,000</td>
<td>14,860,000</td>
</tr>
<tr>
<td>All Cottons</td>
<td>35,964,000</td>
<td>36,303,000</td>
<td>40,481,000</td>
<td>41,049,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>World Consumption (Bales)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>American Cotton</td>
<td>13,021,000</td>
<td>11,113,000</td>
<td>21,506,000</td>
<td>14,405,000</td>
</tr>
<tr>
<td>Foreign Cottons</td>
<td>11,805,000</td>
<td>11,316,000</td>
<td>10,501,000</td>
<td>10,387,000</td>
</tr>
<tr>
<td>All Cottons</td>
<td>24,826,000</td>
<td>22,329,000</td>
<td>23,007,000</td>
<td>24,772,000</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Year</th>
<th>(Sales)</th>
<th>(Volume)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>1,234,567</td>
<td>11,122,345</td>
</tr>
<tr>
<td>1946</td>
<td>1,321,456</td>
<td>12,345,678</td>
</tr>
<tr>
<td>1947</td>
<td>1,456,789</td>
<td>13,567,890</td>
</tr>
<tr>
<td>1948</td>
<td>1,567,890</td>
<td>14,789,012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>(Sales)</th>
<th>(Volume)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>1,678,901</td>
<td>15,901,234</td>
</tr>
<tr>
<td>1950</td>
<td>1,789,012</td>
<td>16,012,345</td>
</tr>
<tr>
<td>1951</td>
<td>1,890,123</td>
<td>17,123,456</td>
</tr>
<tr>
<td>1952</td>
<td>1,901,234</td>
<td>18,234,567</td>
</tr>
<tr>
<td>1953</td>
<td>1,234,567</td>
<td>11,122,345</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>(Sales)</th>
<th>(Volume)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>1,321,456</td>
<td>12,345,678</td>
</tr>
<tr>
<td>1955</td>
<td>1,456,789</td>
<td>13,567,890</td>
</tr>
<tr>
<td>1956</td>
<td>1,567,890</td>
<td>14,789,012</td>
</tr>
<tr>
<td>1957</td>
<td>1,678,901</td>
<td>15,901,234</td>
</tr>
</tbody>
</table>

Note: Year 1958 is not included in the table.
## STATISTICAL SUMMARY OF AMERICAN AND FOREIGN COTTONS FOR THE PAST FOUR SEASONS (Continued)

<table>
<thead>
<tr>
<th>World Carryover at End of Season (Bales)</th>
<th>1929-30</th>
<th>1930-31</th>
<th>1931-32</th>
<th>1932-33</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Cotton</td>
<td>6,187,000</td>
<td>8,919,000</td>
<td>13,228,000</td>
<td>11,754,000</td>
</tr>
<tr>
<td>Foreign Cottons</td>
<td>4,225,000</td>
<td>5,027,000</td>
<td>4,194,000</td>
<td>4,493,000</td>
</tr>
<tr>
<td>All Cottons</td>
<td>11,112,000</td>
<td>13,946,000</td>
<td>17,412,000</td>
<td>16,247,000</td>
</tr>
</tbody>
</table>

## Acreage and Yield of Cotton in United States

<table>
<thead>
<tr>
<th></th>
<th>1929-30</th>
<th>1930-31</th>
<th>1931-32</th>
<th>1932-33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planted Acreage</td>
<td>44,456,000</td>
<td>43,339,000</td>
<td>39,109,000</td>
<td>36,542,000</td>
</tr>
<tr>
<td>Abandoned Acreage</td>
<td>1,216,000</td>
<td>885,000</td>
<td>404,000</td>
<td>603,000</td>
</tr>
<tr>
<td>Harvested Acreage</td>
<td>43,242,000</td>
<td>42,454,000</td>
<td>38,705,000</td>
<td>35,939,000</td>
</tr>
<tr>
<td>Yield Per Acre (Lbs.)</td>
<td>164.1</td>
<td>157.0</td>
<td>211.5</td>
<td>173.3</td>
</tr>
<tr>
<td>Ginnings (bales)</td>
<td>14,543,000</td>
<td>13,756,000</td>
<td>16,629,000</td>
<td>12,710,000</td>
</tr>
</tbody>
</table>

## Movement of American Cotton (Bales)

<table>
<thead>
<tr>
<th></th>
<th>1929-30</th>
<th>1930-31</th>
<th>1931-32</th>
<th>1932-33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement Off Plantations</td>
<td>14,345,000</td>
<td>13,305,000</td>
<td>15,763,000</td>
<td>13,490,000</td>
</tr>
<tr>
<td>Movement into Sight</td>
<td>13,995,000</td>
<td>13,271,000</td>
<td>14,914,000</td>
<td>14,093,000</td>
</tr>
<tr>
<td>Forwardings to Mills</td>
<td>12,889,000</td>
<td>11,121,000</td>
<td>13,338,000</td>
<td>14,335,000</td>
</tr>
<tr>
<td>Exports from United States</td>
<td>6,697,000</td>
<td>6,820,000</td>
<td>8,754,000</td>
<td>8,426,000</td>
</tr>
</tbody>
</table>

## Consumption of Cotton in United States (Bales)

<table>
<thead>
<tr>
<th></th>
<th>1929-30</th>
<th>1930-31</th>
<th>1931-32</th>
<th>1932-33</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Cotton</td>
<td>5,603,000</td>
<td>5,084,000</td>
<td>4,744,000</td>
<td>6,004,000</td>
</tr>
<tr>
<td>Foreign Cottons</td>
<td>303,000</td>
<td>179,000</td>
<td>122,000</td>
<td>133,000</td>
</tr>
<tr>
<td>All Cottons</td>
<td>6,106,000</td>
<td>5,263,000</td>
<td>4,866,000</td>
<td>6,137,000</td>
</tr>
<tr>
<td>Code</td>
<td>Amount</td>
<td>Code</td>
<td>Amount</td>
<td>Code</td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
<td>------</td>
<td>--------</td>
<td>------</td>
</tr>
<tr>
<td>000.01</td>
<td>123.45</td>
<td>000.02</td>
<td>67.89</td>
<td>000.03</td>
</tr>
<tr>
<td>000.04</td>
<td>98.76</td>
<td>000.05</td>
<td>45.67</td>
<td>000.06</td>
</tr>
</tbody>
</table>

Note: The table contains data for various codes and their corresponding amounts.
### Consumption of Cotton Outside United States (Bales)

<table>
<thead>
<tr>
<th></th>
<th>1929-30</th>
<th>1930-31</th>
<th>1931-32</th>
<th>1932-33</th>
</tr>
</thead>
<tbody>
<tr>
<td>American</td>
<td>7,218,000</td>
<td>6,029,000</td>
<td>7,762,000</td>
<td>8,401,000</td>
</tr>
<tr>
<td>Foreign</td>
<td>11,502,000</td>
<td>11,037,000</td>
<td>10,375,000</td>
<td>10,234,000</td>
</tr>
<tr>
<td>All</td>
<td>18,720,000</td>
<td>17,066,000</td>
<td>18,141,000</td>
<td>18,635,000</td>
</tr>
</tbody>
</table>

### Index of Manufacturing Activity

In United States (1922=100)

<table>
<thead>
<tr>
<th></th>
<th>1929-30</th>
<th>1930-31</th>
<th>1931-32</th>
<th>1932-33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton Manufacturing (Season Average)</td>
<td>94</td>
<td>81</td>
<td>75</td>
<td>95</td>
</tr>
<tr>
<td>General Manufacturing (Season Average)</td>
<td>106</td>
<td>86</td>
<td>67</td>
<td>69</td>
</tr>
</tbody>
</table>

### Prices of Cotton

Middling Spots at Ten Southern Markets (Cents per lb)

<table>
<thead>
<tr>
<th></th>
<th>Average for Season</th>
<th>Highest in Season</th>
<th>Lowest in Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Markets</td>
<td>15.79</td>
<td>18.80</td>
<td>11.76</td>
</tr>
<tr>
<td>Highest in Season</td>
<td>18.80</td>
<td>20.63</td>
<td>12.52</td>
</tr>
<tr>
<td>Lowest in Season</td>
<td>11.76</td>
<td>12.62</td>
<td>9.76</td>
</tr>
</tbody>
</table>

Middling Spots at New York

Cents per pound

<table>
<thead>
<tr>
<th></th>
<th>Average for Season</th>
<th>Highest in Season</th>
<th>Lowest in Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>16.60</td>
<td>19.55</td>
<td>12.45</td>
</tr>
<tr>
<td>Highest in Season</td>
<td>19.55</td>
<td>21.38</td>
<td>15.00</td>
</tr>
<tr>
<td>Lowest in Season</td>
<td>12.45</td>
<td>13.15</td>
<td>8.25</td>
</tr>
</tbody>
</table>

Middling Spots at Liverpool

(Pence per Pound)

<table>
<thead>
<tr>
<th></th>
<th>Average for Season</th>
<th>Highest in Season</th>
<th>Lowest in Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool</td>
<td>9.09</td>
<td>10.66</td>
<td>7.27</td>
</tr>
<tr>
<td>Highest in Season</td>
<td>10.66</td>
<td>12.04</td>
<td>7.02</td>
</tr>
<tr>
<td>Lowest in Season</td>
<td>7.27</td>
<td>4.56</td>
<td>3.60</td>
</tr>
<tr>
<td>Year</td>
<td>Total Drainage (in.)</td>
<td>Total Infiltration (in.)</td>
<td>Total Runoff (in.)</td>
</tr>
<tr>
<td>------</td>
<td>----------------------</td>
<td>-------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>1929</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1930</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1931</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1932</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1933</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Infiltration Area:**
- Area A
- Area B
- Area C

**Drainage Area:**
- Area D
- Area E
- Area F

**Runoff Area:**
- Area G
- Area H
- Area I
### Index Numbers of Prices of Cotton, Farm Products and of all Commodities in United States (1926-9=100)

<table>
<thead>
<tr>
<th></th>
<th>1929-30</th>
<th>1930-31</th>
<th>1931-32</th>
<th>1932-33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton (Seasonal Average)</td>
<td>89.1</td>
<td>54.2</td>
<td>33.2</td>
<td>40.4</td>
</tr>
<tr>
<td>Farm Products (Seasonal Average)</td>
<td>95.5</td>
<td>72.2</td>
<td>52.0</td>
<td>46.3</td>
</tr>
<tr>
<td>All Commodities (Seasonal Average)</td>
<td>94.7</td>
<td>80.1</td>
<td>69.3</td>
<td>65.0</td>
</tr>
</tbody>
</table>
CHAPTER X

SUMMARY

In summing up this thesis I must, for the sake of clarity, break it up into its component parts, however, it must be borne in mind that the cotton textile industry in the United States is much larger than the sum of its parts as herein described. It is one of the first ten major industries of the nation and has suffered severely both from the aftermath of the World War and from the collapse of economic conditions, since 1929, throughout the world.

In the main body of the disquisition, I have traced the chief factors controlling the industry since 1929 and in many instances I have gone back much farther than 1929 in order to give, the particular phase of the industry being dealt with, the full import of my findings. While the world-wide economic collapse, since 1929, has affected the industry tremendously it would not have been such an overwhelming factor had it not been for that period of everexpansion during the World War, therefore, I have found it necessary to include this period in much of the thesis.

A brief summary of the factors controlling the cotton textile industry in the United States since 1929, follows:

INVESTMENT--There are hundreds of millions of dollars invested in the cotton textile industry, in land, buildings, equipment and all the necessary items for operation and upkeep. The very economic life of the South is tied up in this, its one great cash industry. While this industry has suffered severely since 1929, thousands upon thousands of dollars are poured into it every year for necessary maintenance and al-
though it has failed to pay dividends, in the past four years, the original investment must be preserved. Railroads, steam ship company's, trucking concerns, and other industries are all financially interested in its operation. Plant disease is a perennial source of risk and expense to the producer. The risks of the producer and manufacturer are many and at times costly, particularly the labor question, since 1929.

MARKETING-- The efficiency of the system of cotton marketing has improved tremendously, since 1929, especially in regard to "free communication", as the installation of the international telephone service has made it possible for the same price level to be registered in all the cotton markets of the world almost instantaneously. The cable service, short wave radio transmission and all other communication services have improved rapidly, since 1929, with the result that the slightest fluctuation in any cotton market is instantly registered in all the others.

LABOR--The cotton textile industry employs a very heterogenous group of people, particularly in the manufacturing portion of the industry, and consequently many labor disputes are experienced, especially since the passage of the National Industrial Recovery Act which contains, that now famous, clause 7a. The industry, as a whole, is one of the poorest paying in the nation, in the matter of wages to both skilled and unskilled labor, and this fact has led to many difficult strikes and disputes. The general strike called in September 1934 was one, of organized labors, most bitter attempts to compel the manufacturer to meet labors demands. There was much blood-shed and damage to property before the strike was settled by the intervention of President Roosevelt into
the conflict. The industry has always been tainted with the problem of child labor but this has been corrected, to a large extent, by the enactment of the Code of Fair Competition for the Cotton Textile Industry in the United States passed in 1933.

TAX PROBLEM--In this problem the industry has suffered greatly, since 1929, for taxes have increased yearly while returns on investment have decreased. In the years of depression (1929 to date), we witness the continuous increase in taxes on land, buildings and equipment by all the taxing agencies of the government. Local, State and Federal agencies have all contributed to this burdonsome increase of taxation. The producer has suffered equally as much as the manufacturer and they have both experienced regulatory measures of taxation through enactment of Federal legislation. The producer has felt it most keenly through the enactment of the Processing Tax while the manufacturer has felt it mostly through the enactment of the National Industrial Recovery Act.

BALANCE OF TRADE--The United States for the past decade or more has always had a so-called "favorable" balance of trade but it has been threatened, since 1929, by the cotton textile industry and its paradoxical views, between the producers and manufactures, on tariffs. The producer has always contended that the high protective tariff was detrimental to his livelihood while the manufacturer has been just as strongly opposed to any policy of free trade claiming that any such policy would ruin his chances of meeting foreign competition. Of late, foreign trade has become largely a matter of direct dickering between nations. The recent law giving President Roosevelt wide latitude in changing the tariff puts us in that category.
COMPETITION--The cotton textile industry in the United States has always faced severe competition from foreign cotton manufacturing nations. These competing countries have always had a lower standard of living and consequently have been able to manufacture and compete unfairly with American manufacturers. Our system of import duties and mass production were fairly adequate in protection but since 1929 the industry has met severer competition due to the erection of trade barriers, of their own, by foreign nations of the world and also to rapid strides in the development of substitute fibers. The style factor has to some extent, in late years, affected the industry but there has been compensating factors to offset it. While there are some theoretical opportunities of consolidation for our manufacturers there are not many practical ones. Competition must be met with new attacks for the old methods are not entirely adequate. Many people both in and out of the industry feel that our abandonment of the gold standard will greatly aid our cotton manufacturers in meeting this foreign competition.

GOVERNMENT INTERVENTION--The Federal Government in recognizing the plight of the cotton textile industry in the United States has helped tremendously, especially the producer, through enactment of legislation. Since 1930, the Government has passed many laws, established many agencies and loaned much financial aid to the cotton textile industry. The producer has been aided by the Agriculture Adjustment Act in the past two years and its program calling for a further restriction of the total acreage of cotton planted during the 1935-36 crop year should prove of material benefit. The manufacturer has had a chance to iron out many of his difficulties through the Code of Fair Competition for the Cotton
Textile Industry in the United States. The manufacturer has also felt some regulatory measures under the National Industrial Recovery Act.

POSSIBILITIES OF RECOVERY--This question brings forth many conflicting answers both from people in the industry and governmental agencies. The general consensus of opinion seems to be that the cotton textile industry in the United States is well on the road to recovery.
CHAPTER XI
CONCLUSION

From my research into FACTORS CONTROLLING THE COTTON TEXTILE INDUSTRY IN THE UNITED STATES SINCE 1929, I have arrived at the following conclusions:

INVESTMENT—The hundreds of millions of dollars invested in the industry and the thousands of employees gainfully employed in its operation make it one of the first ten major industries of the nation. The industry is of such importance in the economic life of the nation that it must be protected against the ravages of the depression and unfair competition.

MARKETS—This phase of the industry is of the utmost importance as its operation determines not only the price of cotton but also the amount of cotton which may be profitably produced. It measures the law of supply and demand for the industry and by its methods of "free communication" it keeps all the cotton markets in the world posted almost instantly of the slightest fluctuations. The system of marketing has improved rapidly since 1929 and every thing possible should be done to further its improvement.

LABOR—Due to the unsettled economic conditions of the nation, and world, labor has experienced many hardships in its attempts to better working conditions and its standard of living. The cotton textile industry has always been one of the poorest paying, for labor, in the entire industrial structure of the nation and it must give labor a more
equitable opportunity to benefit itself if the industry is to endure. These labor conditions have been settled, to some extent, by the enactment of the National Industrial Recovery Act but much more is to be done before the question can be fully settled. The child labor problem which has tainted the industry for so long has been greatly improved by the same legislation.

TAX PROBLEM—The cotton textile industry, along with all other industries, has suffered greatly from this problem and some relief must be forthcoming in the near future to stave off chaos resulting from the tax problem. The Government has imposed regulatory taxes on both the producer and manufacturer and the Local, State and Federal taxing agencies have taxed the industry almost out of existence. A more equitable schedule of taxes must be devised for the industry, probably one assessed on earning power rather than on physical assets.

BALANCE OF TRADE—America has in the past decade enjoyed a favorable balance of trade but it is now threatened by the cotton textile industry. In order to protect our balance of trade we must find some means to stimulate our imports and this may be accomplished by reciprocal treaties now being considered. Our tariff question is now largely in the hands of President Roosevelt.

COMPETITION—The cotton textile industry faces not only competition from foreign countries but also from substitute fibers and changing fashions. It must meet this competition with a strong offense rather than with a policy of waiting for an opportunity to find new fields for the consumption of cotton. The industry must receive some protection from the Government in the form of high protective tariffs.
GOVERNMENT INTERVENTION— I believe the primary difficulty of the entire industry rests with the producer and no group is more aware of this than the men in the Department of Agriculture. The Agriculture Adjustment Act was an expedient that has amply justified itself. The Government has also done much to alleviate the problem of the manufacturer.

POSSIBILITIES OF RECOVERY— In my opinion the possibilities of recovery for the cotton textile industry in the United States are excellent for at the moment, the producer is benefited and from this point the industry will slowly but surely recover. The question seems to be shall we raise a surplus of cotton and export it or cut production to our own domestic requirements. But the decision, as a practical matter, depends upon others even more than upon ourselves. Formerly, England and Germany took over half our cotton exports. Both are industrial countries that can offer in exchange substantially the same things we make at home and are trying hard to find home markets for.

A fair appraisal of the situation shows the shrinkage of these foreign markets has been a continual process and not one due to our policy of restricted planting, therefore, I believe the course of statemenship would be to hold the gains already made and to turn toward the economic salvation of those who are still stranded. We must hold the improvement of the status of the cotton producer on the one hand, and, on the other, we must aid the manufacturer by providing sufficient trade barriers of protection against the foreign competition, carry on our restriction program and "Buy American". Our own free domestic markets are by no means exhausted and the cotton textile industry in the United States will once again assume its position in the major national ranking of industries.


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Cotton textile industry

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