COTTON, WHEAT, AND THE WORLD WAR,

1914-1918: THE CASE OF OKLAHOMA

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PREFACE

This work is a study of the cotton and wheat markets of the World War One era. Subjects including acreage, production, prices, and value of crops were studied. The relationship between the commodities producers and the government was also an area taken into consideration. The lobbying efforts of the cotton and wheat producers also were subjects for analysis. The study utilized figures on both national and state commodities production although the main subject of study was the impact of the World War upon the cotton and wheat markets of Oklahoma.

I wish to express my sincere gratitude to all those associated with this study. In particular, I am especially indebted to my committee chairman, Dr. Roger Biles, who went above and beyond the call of duty in his assistance. I am also grateful for the help provided by my other committee members, Dr. John Sylvester and Dr. Etta Perkins.

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CHAPTER I

INTRODUCTION

In the opening days of World War One the responses of America's cotton and wheat markets to the conflict were in stark contrast. One contemporary author was particularly incisive in his analysis of the situation surrounding the commodities markets following the outbreak of war in Europe in 1914. James A. Scherer offered a simple and acceptable explanation for the chaos in the commodity exchanges in 1914 in his Cotton as a World Power (1916).[1] Scherer argued that at the outbreak of the war, most individuals, including those in the commodity exchanges and in the government, at first were more concerned with food supplies, and only later began to take notice of cotton supplies.[2] This initial gut response is an apt description of how the cotton and wheat markets responded to the news of war in Europe.

When news of war in Europe first reached the United States, the first responses of the cotton and wheat markets were completely different. The initial response of the cotton market was that the commodity's price plummeted fifty percent. To prevent a complete collapse of cotton prices the cotton exchanges in New York, New Orleans, and Liverpool closed while the nervous traders met to analyze the situation and to hammer out solutions.[3] In sharp contrast to the maladies affecting the cotton markets, the price of wheat doubled as speculators moved to cash in on the nervousness sweeping the world. How did the government respond to these rapidly changing conditions?

The United States government faced in August 1914 a situation that had never occurred before, war amongst the leading industrial powers of the twentieth century. As cotton slumped and wheat skyrocketed, the government modified its policies concerning these commodities. The question is whether these policies were balanced, or did they favor one commodity or the other? Were the programs the government offered effective cures or just band-aids for ills that required more comprehensive solutions? Did the government see the need to maintain stable prices or did the government help the wheat farmers and speculators make huge profits at the expense of war-torn Europe? Was the government ready to provide innovative leadership or was it still in the grips of laissez-faire doctrine? Did the government fall to the same short-sightedness as the general public and think more of food supplies than of how to keep the cotton markets open and viable? This researcher's opinion is that the government did not approach the problems of the cotton and wheat markets with anything that can be considered even-handedness.

It is this researcher's opinion that the government did succumb to the same pressures affecting the world and that it moved to maintain and protect the wheat markets more than the cotton markets. While this conclusion is hardly earth-stopping, the process of the policy being implemented is quite interesting. Another question that arises is how did the cotton and wheat producers react to the situation.

How did the cotton and wheat farmers respond to the war's effect upon their markets? How did they feel as markets evaporated and prices dwindled? How did they respond to expanding markets? What programs did they develop as a response to the crisis? Were their responses economically sound or the result of frantic hastily-made decisions? What was the relationship between the commodities producers and the government? Symbiotic or parasitic? Why were the cotton producers unable to engage in more effective damage-control as their export markets disappeared and prices plunged?

At the other extreme, why were not the wheat farmers more effective in preventing the fixing of the price of wheat when wheat prices experienced a second sharp increase when the United States entered the war in 1917? Another factor to study was the varying effectiveness of the cotton and wheat producers' lobbies, and their wildly contrasting responses to cotton and wheat market conditions following the outbreak of war in Europe. Who was better at presenting their case, the cotton producers or the wheat farmers? Who was better represented in the government, the sharecropping tenant farmer or the heavily capitalized wheat producer?

Elaborating on the subject, what other factors were involved in the cotton and wheat markets? How did the cost of labor fit in? Did the way in which markets operate influence their susceptibility to political upheavals? How did the availability of maritime shipping affect the cotton and wheat markets? What sources are available for a study of the cotton and wheat markets of World War One?

One of the most important sources for this study was the collected papers of Robert L. Williams, Governor of Oklahoma from 1914 to 1918. Williams kept a sizeable number of letters from his constituents and critics, as well as many penned by his own hand. The Governor's papers are of vital importance, because they are an excellent source for establishing linkages between the commodities producers and the state level of government, and then on to the national level of government. Several recommendations of the commodities producers can be traced through the state level of government and on through the channels of government with a few eventually reaching President Wilson's desk.

Other sources on the state level include the papers of several members of the state legislature. These individuals, close to the public, were especially sensitive to the outcries of the commodities producers. Any legislation on the state level regarding commodities would pass under the guise of these individuals.

Tracing the linkage to the national level this study also has utilized the papers of Oklahoma Senator Thomas P. Gore. Any legislation dealing with the commodities markets was of vital importance for Gore, the chairman of the Senate Committee on Agriculture. Unfortunately, Gore's reputation as a legislative maverick prevented him from having as large an impact on commodities legislation as one would infer from Gore's position in the Senate. Still, Gore's name was prominent in the many debates that centered upon the cotton and wheat markets.

Oklahoma also had several individuals in the United States House of Representatives involved in commodities legislation. Richard T. Morgan was a strong supporter of Oklahoma's wheat farmers, and Scott Ferris showed a keen interest in any legislation that dealt with the commodities markets. One of the more colorful representatives from Oklahoma was William "Alfalfa Bill" Murray. Murray gave many speeches concerning cotton- and wheat-related subjects. Murray was also one of those in Congress who advocated the need to expand the merchant marine. His papers are littered with references to the need to increase the amount of shipping tonnage available to the commodities export trade.

The various publications dealing with commodities trading also provide an excellent source of information on the cotton and wheat markets of World War One. While seldom totally objective, the various periodicals, journals, and newspapers that covered commodities trading during the war offer additional insight into the period. The proposals and suggestions that the market analysts came up with were varied. Depending on whose interests the publication served, each journal and newspaper had a solution to the complex and bewildering circumstances surrounding the cotton and wheat exchanges. Programs to help cotton growers, ways to keep markets open, and how the government should respond all fell within the ideas espoused by the various publications.

While many of the publications' ideas were impractical, several were the result of sound analysis, uninhibited by the frantic helplessness displayed by the cotton growers. Also, the publications of the era provide the researcher an opportunity to study a chronological record of the cotton and wheat markets, as well as the editorial responses to them. But best of all, the literature of the era provides the historian with a better understanding of the attitudes and feelings of the nation as it reacted to this unprecedented situation. The Commercial and Financial Chronicle was most helpful on both the national and state level, while the Oklahoma Farmer-Stockman was one of several excellent sources for information regarding conditions in Oklahoma. To fill the gaps between these sources, various secondary sources have been utilized in order to provide the reader with a more complete understanding of the cotton and wheat markets of the World War One era. But why study Oklahoma, and why study cotton and wheat only?

As for Oklahoma, it is an excellent subject for an analysis of cotton and wheat trading on the state level. This is true because of the uniqueness of Oklahoma in respect to cotton and wheat production. Oklahoma is situated geographically on the northwestern fringe of the cotton producing section of the United States. In regards to wheat, Oklahoma lies near the southern fringe of the wheat belt. This overlapping of the cotton and wheat belts in Oklahoma provides the opportunity to study the interrelation and contrasts of these important commodities on the state level that few if any other states can provide. But then another question arises, why study the cotton and wheat markets of World War One?

It was from the major works covering World War One that this researcher received the inspiration and direction needed for a study of cotton and wheat-related aspects of the war. The study began with an interest in foreign policy and especially the economic aspects and influences that shaped United States foreign policy during World War One. Works such as Charles Beard's The Devil Theory of War, and Wayne S. Cole's Senator Gerald P. Nye and American Foreign Relations were influential for this researcher. These works emphasized the role that the financiers and munition makers had in increasing United States involvement in the war. These are now well-worn areas of research, with little prospect of new ground being broken. But to take the research one step further, one must study the primary raw materials that war is ultimately waged with. All finished goods begin with raw materials, and in cotton and wheat there are two of the most vital raw materials for waging war. Wheat eventually becomes bread, providing subsistence for those at the front. As for cotton, besides clothing and sheltering the soldier, it is a vital component in gunpowder, and warfare consumes it in huge quantities. One author noted that a company of three hundred soldiers carried the equivalent of three bales of cotton in the form of ammunition. An even more impressive figure is that a twelve-inch naval gun consumed a half-bale of cotton per shot and that a battleship at full firing capacity used ten to twelve bales of cotton per minute.[4]

With this information in mind it quickly becomes apparent how vitally important these commodities are in war, and how belligerents will do anything to curtail the enemies' supply of both. A nation deprived of either would soon succumb to the victor. Thus, it is easier to understand by Britain and Germany went to such lengths to prevent each other from controlling the supply of these commodities. Germany's submarine warfare campaign was a policy with a simple goal in mind - to deprive Britain of the food and materials needed to continue the struggle. Brutally effective, the strategy and the possibility of success had it not eventually led to United States entry into the conflict. Even after the United States had entered the war Britain was precariously close to starvation by 1918, and the situation on the continent was even worse.

Britain's minefields and naval blockade had a devastating effect on Germany's ability to feed herself. With Russian and French sources cut off, Germany found herself short of wheat. Poor harvests and the continuing British blockade only aggravated the situation. Strict state control of grain production and the milling process stretched the dwindling supply, but these measures failed to overcome the huge obstacles involved in feeding the German population.[5]

The British blockade also severely affected Germany's supply of cotton. In August 1913 the United States exported 72,928 bales of cotton to Germany. Immediately after the outbreak of the war in Europe the United States exports to Germany shrank to 52 bales of cotton. In January 1914 the United States exported $308,116 worth of cotton to Germany. In January 1915 this figure had shrunk to $99,919. By March 1915, United States cotton exports to Germany were down to a trickle, only $6,112 for that month.[6] In the following months United States exports of cotton to Germany stopped completely. Although Germany began the war with a substantial stockpile of cotton, its supplies soon dwindled.[7] But as cotton exports to Germany disappeared new markets opened up in the United Kingdom.

In January 1914 the United States exported $437,231 worth of raw cotton to Britain. This figure grew to $585,534 in January 1915. In February 1915 cotton exports to Britain mushroomed to a value of $2,414,619. This can be compared to the $88,508 worth exported to Germany in the same month.[8] While new British demand more than made up for lost markets in Germany, one would expect cotton prices to at least hold steady or more likely rise after the outbreak of war in Europe. But initially this was far from what happened.

Cotton had been selling for 13 1/4 cents per pound in July 1914. Because of hot dry weather in Oklahoma and Texas, prices were rising, and the prospects for a strong market were good.[9] When news of war in Europe reached the United States at the end of July, 1914, the mood in the cotton markets was generally optimistic. Most traders considered news of war a "bearish factor", and combined with the dry weather in Oklahoma and Texas, they expected the price of cotton rise sharply.[10] But with the foreign exchanges in turmoil, the opposite resulted.

As noted before, the cotton exchanges closed as prices plummeted, 50 points or one-half cent, with the initial news of the war.[11] The reason for closing the exchanges was that it was necessary due to the "panicky condition in the United States."[12] By August 4, all United States cotton exports to Europe ceased as the price continued to drop throughout the month, bottoming out at six to seven cents per pound.[13] Within a month cotton prices slumped to only one-half their value of only a few weeks before. This figure becomes even more significant when it is noted that at this time a rise or fall of one cent in the price of cotton represented $100,000,000 in lost or gained income to the cotton growers.[14] While the United States cotton crop for 1914 had a value of $519,616,000, it could have been worth over one billion 1914 dollars had the war in Europe not so drastically affected United States cotton prices.[15] With two-thirds of America's cotton crop exported, it is not surprising to see cotton values drop as European markets vanished.[16]

Another contributing factor in the massive drop in price was that 1914 was a bumper crop for cotton. The cotton belt's production reached nearly sixteen and one-half million bales, a record crop.[17] This super abundance was sure to have lowered the price of cotton on its own, but in combination with the European war, prices dropped to record lows when World War One broke out in 1914.[18] Plans and programs were quickly devised as the cotton growers sought to salvage what they could from their 1914 crop. Left with a huge surplus, no European markets, and a depressed domestic market, their prospects for the future were bleak. Later chapters of this study will develop more fully the cotton growers and government's responses to the cotton crisis. But for the moment it is more beneficial to study how the wheat market responded to the news of the war in Europe in the summer of 1914.

The wheat market reacted to news of war in Europe in a markedly different fashion than the cotton market did. While market analysts were speaking in optimistic terms about cotton in July, 1914, their assessment of the wheat market was quite the opposite. The Commercial and Financial Chronicle reported on July 18, 1914 that the wheat "market certainly lacks snap and interest."[19] Most market analysts expected lower prices as a record wheat crop was beginning to be harvested.[20] But circumstances quickly changed as The Commercial and Financial Chronicle noted that the war in Europe had led to sharp increases in grain prices.[21]

Indeed, the price of wheat did go up nine cents on Tuesday, July 28 alone. Increasing European demand was driving the price of wheat upward. But while prices rose, traders remained nervous. Most were uncertain of what was to come. The Commercial and Financial Chronicle commented that the wheat market was "active, excited, and irregular, but on the whole decidedly higher."[22] But many were fearful of a cutoff of the European market as the cotton growers had experienced. The Commercial and Financial Chronicle captured a sense of the times with its statement that precedents were of little use as the world had never seen "such a gigantic war as now appals (sic) the civilized world."[23]

Wheat was selling for less than a dollar a bushel when war erupted in Europe in 1914. But within a week it was already ranging as high as 105 1/4 cents per bushel. Accusations of speculation then began to fill the air of the wheat markets. The Commercial and Financial Chronicle remarked that "if the banks did not finance those back of speculation, it could never be maintained".[25] On August 15, 1914, President Wilson, commenting on the rising price of wheat, stated that "the country ought to be defended, if possible, against men who would take advantage of such circumstances to increase the price of food and the difficulties of living."[26] But it would not be until 1917 and United States entry into the war that the federal government would move to impose price controls upon wheat and other goods important to the war effort. In this uninhibited market visions of huge profits filled the heads of many wheat farmers and traders.

The Commercial and Financial Chronicle noted that western farmers were looking forward to $1.50 per bushel wheat in the future.[27] The Oklahoma

Farmer was even more optimistic. It predicted on August 10th that "there can be no question but that the price will soon go to $2 a bushel, and possibly still higher."[28] The Oklahoma Farmer went on to comment that "farmers who held their wheat for better prices will be rewarded for their trouble."[29]

As prices rose most individuals associated with the wheat markets immediately noted the influence the war in Europe was having on grain prices. Wheat that had been selling in July 1914 for 83 to 97 cents in Chicago, and as low as 70 cents in Oklahoma, was selling for $1.32 per bushel within a few weeks.[30] With no end in sight for rising prices the Oklahoma Farmer-Stockman suggested that the wheat farmers hold their product off the market. Waiting, not selling, was the best option for the wheat farmer according to Carl Williams, editor of the Oklahoma Farmer-Stockman.[31] His assessment that Europe could not fight and grow wheat at the same time held true for the most part throughout the war. Generally everyone involved in the wheat markets realized that the prosperity was war-based, but few felt remorse. The Commercial and Financial Chronicle reported cynically that "Europe must get from us - notably our wheat."[33]

In the opening weeks of the war in Europe The Commercial and Financial Chronicle remarked that in regards to wheat prices there was a "general belief in the trade that if the war continued there is nothing for it but higher prices."[34] While the government recognized that speculation was permeating the wheat markets, it was reluctant to limit wheat prices. On the other end of the spectrum, the government was just as slow to move to shore up cotton prices as it was to limit wheat prices. But certain changes were in the air. While The Commercial and Financial Chronicle could claim that there was no antagonism between government and business, it still remarked that the prevalent attitude of business was "to save itself from being throttled."[35] Only slowly would the government move to moderate both markets.

CHAPTER I ENDNOTES

1. James A. Scherer, Cotton as a World Power. (New York: Frederick A. Stokes, 1916), p. 359.
2. Ibid, p. 359.
3. Ibid, p. 360.
4. Ibid, p. 366.
5. Oklahoma Farmer-Stockman, July 10, 1916.
6. Scherer, Cotton as a World Power, p. 361.
7. The Commerican and Financial Chronicle, December 26, 1914.
8. Scherer, Cotton as a World Power, p. 361.
9. The Commercial and Financial Chronicle, July 18, 1914.
10. Ibid., August 1, 1914.
11. Ibid.
12. Ibid.
13. Scherer, Cotton as a World Power, p. 360.
14. Ibid, p. 361.
15. Ibid, p. 360.
16. Oklahoma Farmer-Stockman, August 25, 1914.
17. The Commerical and Financial Chronicle, December 5, 1914.
18. Scherer, Cotton as a World Power, p. 364.
19. The Commercial and Financial Chronicle, July 18, 1914.

20. Ibid, July 18, 1914.

21. Ibid, August 1, 1914.

22. Ibid, August 8, 1914.

23. Ibid.

24. Ibid.

25. Ibid, August 15, 1914.

26. Ibid.

27. Ibid, September 5, 1914.

28. Oklahoma Farmer, August 10, 1914.

29. Ibid.

30. The Commercial and Financial Chronicle, September 5, 1914.

31. Oklahoma Farmer-Stockman, August 10, 1914.

32. The Commercial and Financial Chronicle, August 1, 1914.

33. Ibid, August 1, 1914.

34. Ibid, August 15, 1914.

35. Ibid.

36. William Beatly to William H. Murray, October 10, 1914, Box #1, Folder #1, William H. Murray Collection, Oklahoma Historical Society, Oklahoma City, Oklahoma.

CHAPTER II

COTTON, WHEAT, AND AMERICAN NEUTRALITY, 1914-1917

There were stark differences in the government's policies toward the cotton and wheat farmers during the period of American neutrality in World War One. When the cotton exchanges closed, the government moved with little urgency in its efforts to restore the cotton grower's markets. The plans it did offer the cotton growers were limited. While the government did little to restore slumping prices, it formulated its policies so that the wheat farmers could take full advantage of rising wheat prices. Concern about food supplies, more than any other reason, kept the government's attention firmly fixed in the wheat farmer's direction. At the same time, the cotton growers faced a gamut of problems, all related to the outbreak of war in Europe.

As the impact of the war in Europe became fully understood, the cotton growers of the South found themselves in a position that was far from enviable. European markets had vanished almost overnight, huge surpluses existed, as did a depressed domestic market. Many were uncertain of the times that lay ahead. The United States had been exporting about 10,000,000 bales annually in the years preceding 1914, but the World War had closed Europe's markets to American cotton. The immediate effects were quickly assessed by all those concerned, and all agreed the loss of European markets was having a devastating effect on United States cotton producers. The press was able to convey a sense of the situation that the cotton producers were experiencing.

The Oklahoma Farmer-Stockman noted on August 10, 1914 that with the loss of the European markets the "bottom is due to fall out of (the) cotton market, in consequence."[1] The Oklahoma Farmer expressed a general perception when it remarked that the "cotton men have no market". Cotton prices in southern Oklahoma were down from 13 1/4 cents per pound to seven to eight cents per pound, with cotton lint selling for as low as two to three cents per pound.[2] Harlow's Weekly acknowledged the differing responses of cotton and wheat prices to the war when it concluded that while Oklahoma would lose on the cotton market, it was hoping that high grain prices might compensate for losses encountered on the cotton markets.[3] Harlow's Weekly went on to comment that Oklahoma had been "badly hurt by (the) war." Cotton markets, according to Harlow's Weekly, were "very disturbed."[4] This was the general sentiment, and it kept the cotton exchanges closed until November 1914. Many feared that a reopening of the exchanges would instigate a further drop of cotton prices as Southerners dumped their 1914 crop on a shrunken market.[5] Cotton growers who had expected the war to increase demand for their product were experiencing just the opposite. Only a few spokesmen commented that it had been an error to expect the war to increase demand.

George Bishop, a contributor to both the Oklahoma Farmer-Stockman and the Oklahoma Farm Journal, contended in an editorial dated September 15, 1914 that the war would decrease demand for cotton. Bishop argued that in the initial stages of the war demand for cotton was likely to be reduced, and that a surplus was to be expected. This was what did occur in 1914. Bishop also predicted that Europe's immediate demands would be for food. This would reduce demand for cotton even further, as would the deaths of millions of combatants. But, as Bishop noted, "There is a possibility for this fight to continue to the point of almost extermination before it is over," and that the need to provide tents for millions of soldiers was sure to have an impact on cotton demand.[6] With the European markets closed, the cotton growers of the United States and Oklahoma began to search for solution to the predicament that they faced in the fall of 1914.

In the fall of 1914 the Oklahoma cotton crop for that year was estimated to be somewhere around 1,250,000 bales. What were they to do with all of it? Many agreed with the Oklahoma Farmer-Stockman's comments that an anarchist's bullet had "killed the hopes and blasted the prosperity of many southwestern cotton farmers."[7] But what responses were to be formulated as a reaction to the crisis? One of the first goals was to somehow reduce the glut of cotton on the market.

Proposals on how to reduce the cotton surplus came in several forms. Some were well conceived, rational programs, while others were the result of frantic thinking. Others sought ways to exploit the sagging cotton market to their own benefit. The growers themselves, the bankers, the press, and the government all had their own solutions to the problem.

Three of the more popular proposals made in the effort to alleviate the cotton grower's woes were a moratorium on debts: the "Buy a Bale" program; and some sort of program where cotton could be warehoused, and then the warehouse receipt could be used as a form of currency until cotton prices rebounded.[8] But major problems were inherent in all of the programs. Few were willing to accept a moratorium on debts, especially the bankers who held these debts. A price had to be settled upon by which the "Buy a Bale" program could operate. But the most important of these programs was the emergency warehouse credits program.

In the emergency warehouse credits program cotton growers hoped to accomplish several goals. First, it would keep cotton off the market and prevent further decline of prices. Second, it would allow the cotton grower to hold his cotton until prices rebounded. Third, it would put cash into the cotton grower's hands. Without some sort of aid the cotton farmers were likely to be unable to pay off the loans they had contracted throughout 1914.

In early August, 1914, the plans designed to help the cotton grower began to take shape. The August 8, 1914 issue of The Commercial and Financial Chronicle reported that the President of the Southern Congress was appealing for government aid to help prevent the continuation of slumping oil prices.[10] The cry from the cotton growers for a warehouse credits program reached to all levels of government. Because cotton growers, bankers, and retailers all had an interest in the bill, the debates concerning the program were long and lively. The warehouse credits program passed, but only after considerable discussion and deliberation.

The cotton crisis was troublesome for a large section of the United States. Because of similar interests, the cotton growers and state governments of the South combined together in an effort to stabilize cotton prices. A letter from

Governor O.B. Colquitt of Texas to Governor Robert L. Williams of Oklahoma emphasized that both Texas and Oklahoma exported all their cotton, and that Oklahoma was soon to "feel the pinch" of the cotton crisis. Colquitt went on to ask Williams to use all his "influence with Senator Robert L. Owen of Oklahoma to amend the emergency warehouse bill to allow issuance of emergency currency on warehouse receipts guaranteed by the state. The Governor of Texas also ordered the Attorney General of Texas to send Governor Williams a copy of the cotton warehouse bill.[11] Other lobbying from south of the Red River included a letter from the Director of the Extension Department of Texas A&M commenting on the difficulty of marketing the 1914 cotton crop, and asking Governor Williams to do whatever he could do to aid the embattled cotton farmer.[12]

Because uncertainty surrounded the cotton warehouse credits program, some politicians favored going slowly until the situation became more stable. But conditions were severe enough that Oklahoma Congressman William H. Murray wrote to one state legislator to chastise him for recommending that the government "go a little slow" on relief for the cotton growers. Murray took the exact opposite viewpoint. He advised that the best way to deal with the cotton situation was that "we had better go a little fast." Murray went on to state that if aid were not immediately forthcoming, bankruptcy was in the future for the cotton growers.[13]

One of the main goals of the cotton warehouse credits program was to remove enough cotton from the market to halt the skid of prices and then to keep the price at least even with the cost of production which was 9 1/2 to 10 cents per pound.[14] In a letter to Congressman Murray a Wanette, Oklahoma lawyer argued that 10 cents was a "fair price."[15] Murray himself recommended in a letter to J.W. Hundley that it was important to hold the price of cotton at no less than 10 cents per pound. Murray contended this was necessary so that the "Wall Street speculators" would not profit from depressed cotton prices. But Murray went on to comment that representatives from the cotton producing states numbered less than one-fourth of the members of the Congress and that the plight of the cotton growing states was of little interest to the rest of the nation. Murray perfectly assessed the mood in Washington toward the cotton growers when he stated that "the federal government has never done anything directly for the cotton producer and I fear it never will."[16]

Murray's pessimistic comment clearly highlights the difficulties the cotton grower faced in Washington and across the nation. One constituent wrote to Murray voicing his support of the cotton warehouse credits program, but in the very next paragraph he proclaimed his opposition to taxing cotton to raise its price. Merchants were especially virulent in their opposition to taxing cotton. A Boswell, Oklahoma merchant complained in a letter to Governor Williams that it was not fair to tax cotton held by merchants while the cotton held by farmers was exempt from taxation.[17] His recommendation was typical of the laissez-faire attitudes that dominated the opposition of aid to the cotton growers.

Governor Williams made substantial efforts to pass on comments on the cotton grower's plight to Oklahoma's representatives in Washington. Williams argued in a letter to Congressman Joseph B. Thompson of Oklahoma that government aid to the cotton growers was needed to overcome the "depression brought about by the war in Europe." Williams emphasized that the cotton grower's situation could be helped "by governmental aid and governmental influence . . ."[18] Thompson's return letter acknowledged the anxiety that many cotton producers were feeling, and he expressed his hope that the warehouse credits legislation would restore cotton prices to 10 cents per pound. Thompson also warned that low cotton prices were driving the cotton farmers of southern Oklahoma into the socialist camp, and conditions in Pottowatomie County were such, Thompson mentioned, that "socialism is a little bit rampant" there.[19]

Not all those in government were as inclined to aid the cotton growers as the politicians hailing from the cotton producing states. Many felt that such aid violated laissez-faire doctrine. Others feared the precedent of aiding the producers of any particular commodity. Individuals who early on in the crisis had rallied to the side of the cotton grower soon backed off from their initial support. W.P.G. Harding, then a member of the Federal Reserve Board, stated on August 15, 1914 that emergency notes "can be put to excellent use in saving the cotton crop from the sort of disaster which must come if the export trade is blockaded and if the cotton belt is forced to pay off its loans."[20] By early October, Harding had changed his tune. At a meeting with the National Association of Cotton Manufacturers, Harding advised the South to pay more attention to the production of foodstuffs. Harding emphasized that cotton was not "as supremely and immediately necessary as foodstuffs," and the cotton grower's best option was to switch to these products.[21]

Secretary of Agriculture David F. Houston also expressed the federal government's opposition to aiding the cotton growers. On September 27, 1914, Houston stated that "the Government has done all it can do. The Government cannot play favorites, even at a time like this. It cannot decree that the price of cotton shall be 12 cents a pound, because the growers of the staple think that it is worth that much."[22] Houston also believed that the cotton growers best bet was to diversify their crops and "to increase their products of foodstuffs so far as possible."[23]

Secretary of the Treasury William G. McAdoo was no more sympathetic to the cotton grower than was the Secretary of Agriculture. When a group of Southern Congressmen proposed the valorization of the cotton crop and mentioned a figure of $500,000,000, the Secretary of the Treasury was quick to speak out against this plan. McAdoo argued that if the government valorized cotton it "would have to valorize everything - canned salmon, wheat, corn - but it is a perfectly wild and ridiculous expedient, and should not be resorted to in any circumstances."[24] A few days later McAdoo continued his crusade against cotton relief when he commented that "I am firmly convinced that neither additional nor unlimited issues of paper money will help the cotton planter. It is impossible by legislation to create a market for cotton or to establish a price for it."[25] But governmental opposition to aid for the cotton growers did not stop at the cabinet level; it also existed in the White House.

Woodrow Wilson may have been innovative and willing to try new ideas when it came to international politics, but he comes out looking more like a conservative if one examines his attitudes toward the cotton growers in the fall of 1914. When the President of the National Farmers' Union, C.S. Barett, wrote Wilson and appealed for government loans directly to cotton growers, the

President expressed his reluctance to aid the distressed farmers. Wilson said it would be a mistake to "make some radical departure from sound economic practice." Wilson went on to comment that "we have got to make sacrifices, not fundamental mistakes."[26] Wilson put this philosophy into practice when he rejected the cotton valorization proposal.[27]

So while Wilson was opposed to direct aid to the cotton growers, he did agree with Postmaster General Burleson's opinion that it was important to somehow keep three to four million bales of cotton off the market, because the alternative was "to thrust this on the market would break cotton prices to the detriment of all, for on the cotton crop we depend for our credit balance of gold."[28] Confronted with arguments like this, Wilson agreed to allow McAdoo and the Treasury Department to issue emergency currency to the banks at 75 percent of cash value of warehouse receipts. Incidentally the figure of 75 percent was the same percentage that the Southern Cotton Congress had endorsed two weeks earlier.[29] During the month of August, 1914, $141,171,959 worth of emergency currency was issued under the Aldrich-Vreeland Act. This was out of a total of $203,000,000 issued to the banks, so nearly 75 percent of the monies in the program were distributed in the first month of the program's existence.[30]

Although governmental opposition to aid for the cotton growers was vocal, the business press was more vicious in its attacks on relief for the cotton growers. The Commercial and Financial Chronicle opposed the warehouse credits program from its beginning and only grudgingly gave the program support once it was enacted. Late in August, 1914, Chronicle editorials began to complain about the program. Speaking of the cotton growers the Chronicle argued "but why should he not be obliged to accept the situation instead of (the) extraordinary measures being devised to enable him to realize on the cotton before it is actually sold, and thus get him deeper into debt?" In other editorials the Chronicle went on to state that "producers always have extravagant ideas as to what they ought to get for their output, and that has been particularly true in the case of cotton producers."[32] Considering that cotton prices were well below the cost of production and there were not even any markets at that price, the Chronicle's criticisms seem unwarranted. But the criticisms continued on in the same fashion.

Only a week later the Chronicle was declaring that "no human power can control, regulate, or modify price tendencies until the law of supply and demand is repealed,"[33] - a statement that would have warmed Adam Smith's heart. But the Chronicle saved its best rhetoric for the warehouse program. Its editorials argued that the plan was a "fictitious arrangement for financing the crop."[34] Despite a harshness of its criticism, the Chronicle did appreciate the cotton man's plight in Washington when it remarked that "all sorts of panaceas have been suggested by Southern Governors and Congressmen, but they are receiving no encouragement at Washington."[35]

But why did the please of the cotton farmers fall upon deaf ears? Were foodstuffs so important that little was done to alleviate the cotton man's woes? Had cotton been "King Cotton" for so long that the government did not consider the problems of the cotton grower serious enough to warrant a helping hand from the government? The $203,000,000 emergency warehouse credits program did little to solve the cotton producer's problems. It did nothing to address the major issue which was the lack of foreign markets due to the war in Europe. Because the warehouse credits loans were made on the basis of six cents per pound, the cotton growers were not even able to cover their production costs. It was apparent that the federal government was not going to offer the cotton growers any sort of comprehensive program. The merchant classes also had little sympathy for the cotton farmers.

The owner of a hardware company in Forth Worth commented that the "farmer has (the) right to hold his cotton until doomsday if he does not owe anything, but no right to hold it if he owes debts."[36] With this attitude one can easily surmise the opinion of the merchant classes when one cotton grower, R.L. Thompson, suggested that the manufacturers should help because they were the only "class" that could help the cotton planters. Thompson recommended that the textile mills buy a five year supply of cotton to reduce the glut.[37] With the federal government and the manufacturers reluctant to aid the cotton growers, the producers of that staple came to the conclusion that they had to devise their own remedies for the cotton crisis. These actions were what ultimately restored the cotton market in 1915 and 1916.

The impact of the cutoff of cotton exports to Europe cannot be exaggerated. The Commercial And Financial Chronicle remarked that because of the cessation of demand from Europe, cotton had become "for the time being, a more or less unmarketable staple."[38] Out of the 15 million bale crop of 1914 from five to six million bales were surplus.[39] What was to be done with the excess?

One solution was the "Buy a Bale" program. In the program those who could afford it purchased cotton at 10 cents per pound and then were to hold it off the market until the glut diminished. Both corporations and individuals participated in the program. The American Tobacco Company offered to purchase the equivalent of two months' sales of all its competitors combined.[40] But while large companies could engage in a sort of playful competition regarding the "Buy a Bale" program, others had far more at stake than two months' sales. The "Buy a Bale" program was fairly successful in temporarily removing excess cotton from the market, but it was more successful at drawing attention to the cotton grower's plight than it was at restoring cotton prices to their pre-war levels.

A letter to outgoing Oklahoma Governor Lee Cruce in 1914 dramatizes the situation the small cotton farmer faced. In a pathetic handwritten note a cotton grower who described himself as a "criple" (sic) appealed to Cruce to buy a bale of cotton from him. Complaining that current prices would not cover his production costs the cotton planter continued his plea with "(the) Bible says to ask and you shall receive. So I have ask and I am hoping to receive."[41] The Governor, claiming personal financial hardship, declined to buy the cotton, and then told the cotton planter that the real problem was a "lack of cotton market"[42] - as if a cotton producer had to be told that. The cotton growers were coming to the realization that they were not going to be saved by the government. It was then that the cotton growers began to formulate their own response to the crisis.

Faced with warehouses already bulging with surplus cotton and the government advocating the increased production of foodstuffs, the cotton growers of Oklahoma were not slow to heed the message. But Oklahoma farmers were indecisive about what crop they would plant instead of cotton. The Oklahoma Farm Journal recommended that because of the over-supply of cotton and the resulting low prices that "wheat or oats for the cotton farmer are undoubtedly his next best bet." Many Oklahoma cotton growers accepted this advice as well as the prevailing market conditions and planted nearly one million fewer acres of cotton in 1915 than they did in 1914. This represented a crop of one-third in acreage dedicated to cotton production.[43] At the same time acres planted in wheat increased by 500,000 in Oklahoma. The Oklahoma Farmer-Stockman remarked that virtually all of the increase in wheat acreage was "from land usually planted in cotton."[44]

The Oklahoma Farmer-Stockman also advocated that Oklahoma farmers switch from low priced cotton to high priced wheat.[45] The Oklahoma Farmer-Stockman advertising even reflected the switch from cotton. One seed salesman recommended that cotton growers "plant Sudan grass instead of cotton."[46] Others remarked that because of a lack of markets and low prices, cotton was a poor choice for 1915 and recommended Kafir, arguing it was more profitable and much easier to sell.[47]

The Oklahoma cotton grower's efforts to cut cotton production and the surplus by reducing acreage were largely successful. 1915 production fell to only half that of 1914. Carried out on a national scale, this practice restored prices to their pre-war levels by the fall of 1915. While the price of cotton in Oklahoma in 1914 had bottomed out at 6.85 cents per pound, it was up to 11.12 cents per pound in 1915.[48] But reduced acreage did not completely solve the cotton grower's woes. What he needed was his European markets, and that meant government assistance.

The disruption of maritime insurance and lack of a large merchant marine were major obstacles in the efforts to restore cotton exports to Europe. Because private firms refused to underwrite maritime insurance after the opening hostilities of the conflict, United States maritime shipping virtually halted in the fall of 1914. E.N. Hurley of the Foreign Trade Council advocated that the United States government assume war risk insurance or "if this is not done the price of commodities will be absolutely controlled by that government which hauls our cargos."[49] The Harris-Irby Cotton Company of Oklahoma City recommended to Senator Thomas P. Gore that he press the issue of having the Government Risk Bureau underwrite insurance on cotton shipments to neutrals so trade could continue.[50]

Besides the lack of insurance, cotton exporters also lost cotton markets because of a lack of United States merchant shipping. Congressman Murray identified the lack of United States merchant shipping as a problem for the cotton growers in letters to his friends and associates back in Oklahoma. In one letter Murray mentioned that when the war broke out the belligerents refused to carry cotton "contraband," and United States shipping could not make up the difference.[51] The Louisiana Railway and Navigation Company complained in a letter to Governor Lee Cruce that because of the shipping shortages related to the European war the cotton exporting states had lost $10 million dollars. The note continued with a plea for the state and federal governments to "take action" on the matter.[52]

The cotton growers certainly needed action on the matter, since the cotton market had virtually come to a standstill. The Hugo, Oklahoma cotton market is a good example of the situation. Only 1540 bales were bought and sold there from January 1, 1914 through October 2, 1914. This was less than one-third of the 4906 bales traded up to that date in 1913.[53]

There were willing buyers in Europe, but because of a lack of shipping the cotton growers of the South were unable to market their product. Germany desperately wanted to resume the purchase of United States cotton. Stockpiles at Bremen had dwindled from 443,000 bales in 1913 to 85,000 bales in 1914. Textile mills became idle as raw cotton became scarce in Germany.[54] Governor Williams assessed the market accurately when he stated that the war was "destroying" our cotton market.[55] Eventually the federal government did assume the responsibility of underwriting maritime insurance. Congressman Murray estimated that the policy saved the farmers of the United States $400,000,000.[56] Only slowly did the government move to underwrite maritime insurance; it followed the same pace on the issue of the cotton loan fund.

Administered by the newly created Federal Reserve Board, the $135,000,000 cotton loan fund was designed to tide the cotton grower over until better times. To do so, the Federal Reserve Board, in close consultation with the Treasury Department, arranged loans to cotton growers that were secured by cotton on the basis of six cents per pound.[57] But became banks and corporations would be providing the funding, President Wilson was cautious in his support for the program. Wilson expressed his hope that the loan fund would not violate anti-trust laws, but to protect his position Wilson wrote his Attorney

General for an opinion on the subject.[58] Attorney General T.W. Gregory wrote back to Wilson, assuring him that the cotton loan fund did not violate any anti-trust laws.[59] After this final legal okay the plan was implemented, but the program did not solve the cotton grower's main problem, the loss of European markets.

Nor is it clear whom the program aided the most. While the program did provide the cotton growers with dearly needed funds, it did so at the expense of under-valuing their cotton since money was loaned on the basis of 6 cents per pound. The Sapulpa, Oklahoma chapter of the Socialist Party considered the program a farce. In a letter to Congressman Murray, the Sapulpa Socialists ranted against the loan fund, arguing that "when the cotton farmer sent up a wail of distress what did the government do? Why it held conferences, shed crocodile tears, and finally . . . solved the problem by raising a fund of one hundred and thirty five million dollars and loaned it at a low interest to bankers of the cotton belt to use in buying up the cotton at from 3 to 4 cents less per pound than it cost to raise it."[60] <u>The Commercial and Financial Chronicle</u> agreed with this assessment. It remarked that the price of cotton was still two cents below production costs. In a final swipe at the loan program <u>The Commercial and Financial Chronicle</u> argued that loans did not consume cotton, only demand did this.[61] Unable to restore demand for cotton, the federal government largely stuck to its pre-war cotton policy. One part of this policy was the Smith-Lever Act, also known as the Cotton Futures and Grain Standards Acts.

The Smith-Lever Act's purpose was to regulate dealings in cotton futures and to compel the use of government grading standards for cotton and grains.

The Secretary of Agriculture recommended adoption of the program, arguing it would aid in the marketing of commodities.[62] The main attraction of the act was its advocation of grading standardization. This would protect the naive cotton grower from unscrupulous cotton buyers. The agricultural press of the era cited many examples of this unjust practice.

The Oklahoma Farm Journal cited one infraction at Erick, Oklahoma where "a range of six dollars was found between the high and low paid for four bales of middling cotton, all bought on the same day."[63] G.A. Smith, of the G.A. Smith Company, responded to this information by commenting that "farmers lose ten dollars in cotton country on unfair grading to every one they lose on unfair weighing." Smith ended his argument with the statement that in an unregulated market "the cotton buyer has too much inducement to act dishonestly."[64] Because of reports like this the Smith-Lever bill swept through Congress, and was made law by Wilson's signature on August 19, 1914.[65] The State Board of Agriculture commented that the act meant $121,000 for Oklahoma over a ten year period. It would not be until 1917 that actual grading standards for cotton were established and only after continuing complaints about inaccurate grading.[66] This was another problem that the cotton grower faced which the government only reluctantly addressed, another program by which the government offered a partial fix instead of a comprehensive solution. But this was generally the government's attitude toward the cotton growers throughout the period.

While the sheer number of government programs designed to aid the cotton grower seems impressive enough, the end result was of only limited benefit to the cotton growers; they were mainly only band-aids, temporary solutions that allowed the cotton grower to survive, not prosper. While the government's underwriting of maritime insurance did reopen some markets, it was only of limited value. A large percentage of Europe's markets remained unavailable to the cotton growers. The Smith-Lever Act was needed and useful, but it was more successful at preventing unscrupulous market practices than at providing the cotton growers with what they needed, markets.

After the disaster of 1914 the cotton growers were fairly successful at restoring cotton prices in 1915. Reduced acreage and output pushed the price back to the 10 to 12 cent range.[67] Increasing trade with Britain and France certainly helped; trade with them increased dramatically in the latter half of 1915.[68] By the fall of 1916 the Oklahoma Farmer-Stockman was reporting that "demand is tremendous" for cotton. This paper's editor predicted cotton would reach twenty cents per pound, a bit optimistic.[69] Oklahoma cotton prices did rise to 17.03 cents per pound.[70] So while the cotton men did weather the crisis, it was not due to any help from the government. The situation was completely different for the wheat farmers.

The wheat farmers were in far better shape than the cotton growers; prices for their product had risen throughout the entire war. For the average Oklahoma wheat farmer August, 1914 was a watershed event. When the war in Europe began the United States owed Europe $250,000,000.[71] Here was America's chance to turn the tables. It became apparent almost immediately that wheat was to play an important role in this turnaround. Harlow's Weekly reported on August 1, 1914 that wheat prices rose 4 cents following the news of war in

Europe.[72] As wheat prices continued to rise the federal government concluded that with wheat exports the United States could pay its debts to Europe. A joint-statement by Secretary of the Treasury McAdoo and financier J.P. Morgan underscores the government's commitment to this policy. McAdoo and Morgan proclaimed that "the policy of the Administration . . . is to expedite as rapidly as possible the shipment of our grain to Europe and to thus pay maturing debts with wheat."[73] With statements like this wheat farmers saw only rosy times ahead.

In September, 1914, wheat farmers were predicting that prices would reach $1.50 soon. With the price already at $1.32 per bushel on September 4, these predictions quickly became true. Unlike the cotton growers, the wheat farmers did not lose their export trade in the fall of 1914. Instead, market analysts were commenting that "demand for wheat exported to Europe and prices much of the time have been strong." Leaving no doubt regarding who was responsible for the upswing in prices, analysts stated that "foreign governments have been buying in this country."[74] The Oklahoma Farm Journal reported that Europe's "ships came to our ports for our wheat and the price is far higher than last year." Nor was the Oklahoma Farm Journal affected by pangs of guilt about the situation. Its editors proclaimed that "we are glad that wheat can be sold at a good price for we need the money so badly."[75] Even the advertising of the period reflected the changing times. The Yellow Pine Manufacturers' Association advocated that wheat farmers build granaries - of course, using Yellow Pine lumber - because "Europe is going to bid for your grain this winter. When prices go up, YOU should reap the profit - not the speculator."[76]

Throughout the fall of 1914 wheat market analysts had to stretch their vocabularies to the limit to properly describe the wheat market. Comments such as "recent exports of wheat have been so large as to excite remark" only began to express market conditions. When exports increased to 400,000 bushels a day, one analyst remarked "What next?" The Commercial and Financial Chronicle's comment that "foreign demand is considered unprecedented" seems an understatement. Wheat exports in September 1913 had been 17,957,000 bushels; in September, 1914 exports increased to a record 31,269,000 bushels. Exports by October, 1914 were running from 550,000 to 1,000,000 bushels a day. Commodities brokers deadpanned: "Europe acts as if it was badly in need of wheat."[77] Grain shipments from Galveston, where most Oklahoma wheat was shipped from, also reflect the great increase in wheat exports. In October, 1913, grain shipments from Galveston totaled 239,022 bushels. In October, 1914, this figure swelled to 4,853,330 bushels, an increase of twenty-fold.[78]

Despite such comments as "wheat has advanced, partly owing to big export demand" and "wheat reached a new high level", not all were happy profiting from only one side in the European war.[79] Many believed that as neutrals United States citizens had the right to trade with other neutrals. The fact that their products were being trans-shipped on to the belligerents did not bother those who supported this position. When the British pressed the Dutch government into taking over the Netherlands grain trade, thus preventing shipments on to Germany, the Millers' National Federation howled in protest. They argued, probably with hyperbole, that their business was "practically at a standstill because of these hindrances."[80] Except for those whose urge for profits never would have been satisfied, most individuals associated with the wheat markets in the fall of 1914 must have been overjoyed. Because of record prices the value of the Oklahoma wheat crop in 1914 amounted to $39,890,000. This was more than three times the $12,532,000 value for the 1913 Oklahoma wheat crop.[81] Greatly increased demand from Europe was driving wheat to record highs. When 1915 began The Commercial and Financial Chronicle argued that the situation was likely to continue because "Europe is evidently nervous over the question of future supplies" of wheat.[82]

The year 1915 began with wheat prices continuing to soar. Wheat reached $1.45 in Chicago and $1.25 in Oklahoma City during January. When the millers and bakers, major consumers of wheat, accused the President of the Chicago Board of Trade of creating high flour prices, he accused the wheat farmers of holding back their product. This accusation seems false. Records indicate that United States exports of wheat peaked in December, 1914 with 37,000,000 bushels being sent overseas. Throughout 1915 exports ran high, ranging from 12,000,000 to 32,000,000 bushels per month, but nowhere near the 37,000,000 bushels of December, 1914.[83]

With such bright prospects, wheat acreage and production increased greatly nationally in 1915. In 1915 United States wheat farmers produced 1,026,000,000 bushels of wheat, an increase of 135,000,000 bushels over the 891,000,000 bushels produced in 1914.[84] In Oklahoma 500,000 more acres were planted in wheat in 1915 than in 1914.[85] The President of the Oklahoma State Board of Agriculture predicted in July 1915 that the state would harvest a record 46,649,000 bushels that year.[86] Drought reduced this figure to 37,015,681 bushels.[87] But because wheat prices were up 34 percent the Oklahoma wheat crop for 1915 was worth only $2,545,000 less than the 1914 crop.[88] This pattern was prevalent throughout the war years with regard to the value of the Oklahoma wheat crop. Acreage and production decreased throughout the war due to drought, but total crop value increased annually.[89] Rising prices protected the wheat farmer from loss of income due to drought.

National figures also highlight the huge increase in wheat prices from 1914 to 1915. Exports of wheat in the fiscal year ending June 30, 1914 were worth $87,900,000. In 1915 this figure rose to $333,500,000, more than a three-fold increase. The $245,600,000 increase in wheat exports can be contrasted with the $234,200,000 decrease in the value of cotton exports for the same period.[90]

Because of the continuing drought wheat production in 1916 dropped off from the record production of 1915. This held true for both national and Oklahoma production. While in 1915 the United States produced over one billion bushels, 1916 production amounted to only 639,886,000 bushels. Oklahoma wheat production fell from 37,000,000 bushels in 1915 to only 27,000,000 in 1916.[91] But while lower production reduced exports to Europe, price increases continued throughout 1916.

Despite rising prices wheat exports to Europe increased in 1916.[92] The Oklahoma Farmer-Stockman commented that "demand is tremendous" for wheat.[93] Its editor remarked that "there does not seem to be any limit to the possible price of wheat." Certainly, the $1.38 per bushel that Oklahoma farmers received for their wheat was the best price they had ever seen.[94] But the drought, high European demand, and the resulting high prices were creating new problems, shortages, and speculation.

A letter from the United Bakers of Greater New York and Vicinity to Governor Williams highlights the wheat shortage that was developing. The bakers noted that the United States wheat crop for 1916 "was just sufficient to cover the wants of the United States," and because 200,000,000 bushels of that crop had already been exported to Europe, a shortage was sure to arise. The bakers also remarked that "the wheat situation is not so much a question of prices as of adequate supply." The bakers closed their argument for protecting food supplies with the comment, "we believe in feeding America first at the old standard price."[95] But shortages and high demand created conditions conducive to speculation.

As speculation helped fuel price increases in 1916, measures were proposed to limit its effect on commodity prices. After Congressman Murray introduced legislation that would have abolished futures in agricultural products, individuals began to rally to his side. While some authors argued that futures were necessary for both speculative and protective purposes, others disagreed strongly with this viewpoint.[96] While some called wheat futures necessary, others called it "wheat gambling." Those who supported this position argued that the only cure for high food prices was "to destroy speculation."[97] But for the moment this argument fell upon deaf ears. Only after United States entry into the war and the resulting wave of price increases did the government move to moderate the price of wheat.

Overall, government policy was beneficial to the wheat producers in the 1914-1916 period. Government aid certainly was not needed, but on the other hand, the government made no real effort to limit the rising price of wheat during the period. But things would change in the coming months. The federal government would soon be actively intervening in the wheat farmers' lives, both helping and hindering.

Throughout the years of World War One in which the United States was a neutral, the United States government's policies toward the cotton and wheat growers were in sharp contrast. The federal government felt no great urge to aid the cotton growers in their plight. Congressman Murray's aforementioned comments on this subject clearly highlighted his attitude - as did the remarks of Wilson, Houston, and McAdoo. The editorials of the press also tend to support this conclusion. The programs that the government did come up with benefited the bankers and the merchants as much as, if not more than, the cotton growers. One could characterize the government's concern for the cotton growers as lukewarm at best.

Its attitudes toward the wheat producers was completely different. Instead of the lackadaisical attitudes it displayed toward the cotton growers, the government was much more responsive to the wheat producers' needs. When fantastic opportunities developed for the wheat exporters, the government quickly moved "to expedite as rapidly as possible the shipment of our grain to Europe." No such concern was shown toward the cotton growers and the huge surplus they held in 1914. Only sharp reductions in acreage and increasing demand from the Allies would eliminate the cotton surplus. In wheat the government saw an opportunity to erase the United States debt to Europe. It was in wheat that the government put its trust. When drought conditions threatened wheat production, the government would be there to aid the wheat producers. But throughout the period laissez-faire doctrine and complacency shaped the government's attitude toward the cotton growers, while dollar signs and concerns about food supplies marked government policy toward the wheat producers.

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CHAPTER III

COTTON, WHEAT, AND THE AMERICAN WAR EFFORT, 1917-1918

Well before United States entry into World War One economists were commenting that whatever the outcome, "we shall in any event have reaped great commercial advantages from this war."[1] This was the prevailing attitude of America from 1914 to 1916 as business leaders kept to a strictly dollars and cents philosophy. As long as the United States' interests were not gravely threatened, neutrality was the most profitable stance for American business interests. But this idyllic situation came to an abrupt end with Germany's announcement of their resumption of unrestricted submarine warfare. It was only with this dramatic shift in German policy that American business accepted that profits could no longer be their paramount concern.[2] But what is important for the purposes of this study was the varying reactions of the cotton and wheat markets to Germany's announcement, and to United States entry into the conflict. While cotton was no longer the forgotten commodity, its significance still paled in comparison to the importance given to wheat.

The cotton market's response to the news of Germany's resumption of unrestricted submarine warfare was not unlike its response to the beginning of the European war. Although the cotton exchanges did not close this time, prices slumped in a fashion similar to what had happened in 1914. The Daily

Oklahoman reported that the cotton markets "staggered today under the heaviest blow it ever received."[3] The Commercial and Financial Chronicle argued that "nothing like it perhaps has ever been seen by the cotton trade of the present generation if, indeed, ever in the history of the New York market."[4]

Germany's announcement initially caused the price of cotton to drop thirty percent. Whereas cotton had been at 17 1/2 cents per pound, it lost 5 cents per pound following Germany's announcement.[5] Fearing that they would be unable to fulfill their obligations, traders rushed to sell long contracts, and prices fell as a result. After the initial slump cotton prices did rebound to their original levels and even began to advance, but only on a limited basis.

Throughout February and March, 1917 the cotton markets remained volatile as traders reacted to events occurring on the high seas and in the world's capitals. No firm pattern was established as prices rose and fell according to events on the international scene. But one clear assertion can be made from a study of the interim between Germany's announcement and Wilson's call for a declaration of war. Cotton prices did not rise in a rapid fashion. After a modest rise of 2 points, or .02 cents on February 8, The Daily Oklahoman remarked that the cotton "market bulges once more, but it is small and tame affair."[6] This pattern continued as the price of cotton rose each time news came of another ship sunk and fell with a rumor that British ships would transport grain before cotton.[7] This seems to be the pattern for the period as the market was pulled in opposite directions by war jitters on one hand and concerns about shipping on the other. These conditions continued after United States entry into the war.

The cotton market's response to Wilson's appeal to Congress for a declaration of war was a price increase to a record high of 19 cents per pound.[8] This was up 7.75 cents since February 1.[9] In Oklahoma the price of cotton rose from 12 to 18 cents at the same time.[10] But fears about shipping shortages kept prices from rising further at that time. The Daily Oklahoman reported on April 5 that the liquidation of long contracts was pushing the price of cotton downward.[11] This constant fear of being unable to fulfill long-term contracts plagued the cotton markets throughout the war; export figures clearly illustrate the problem.

Cotton exports to Europe from January 1, 1917 through mid-April 1917 show a decline of 1,165,348 bales from the same period in 1916, 3,045,496 bales short of 1915 exports, and 1,201,465 bales less than the disastrous year of 1914.[12] These figures indicate that even with increased Allied demand, the cotton exporters had been hurt, not helped by the European war. Even with Allied demand increasing, The Commercial and Financial Chronicle reported in late April that "exports are now very small" and the result was a "big fall of prices."[13] The problem of lack of shipping was the key factor responsible for the decline in both exports and price.

Just how sensitive the cotton markets were to shipping requirements is remarkably clear. After the government announced the loss of 400,000 tons of shipping the price of cotton fell. The Commercial and Financial Chronicle remarked that "people here are apprehensive as to (the) future of cotton exports."[14] There was no doubt who was last in line at the loading docks. The Commercial and Financial Chronicle addressed this question when it stated that "many believe that now that the United States is in the war shipping will be largely monopolized by this government for the transportation of food, munitions, and troops, so that exports of cotton, apart from the submarine menace are, in their opinion, bound to suffer."[15] Exports certainly were suffering, but the price increases throughout the summer of 1917 helped soften the impact of low export volume.

By mid-June the price of cotton passed the 25 and 34 cent levels in Liverpool.[16] Nearing the end of the month the price was up to 27.40 cents per pound. The Commercial and Financial Chronicle attributed the price rise to increased demand by the cotton mills. Being under contract to the government, it was a must that the mills remain supplied, and they accordingly bid up the price in their haste to obtain cotton stocks. It was uncertain just how high the price of cotton would go.

The Commercial and Financial Chronicle suggested that "cotton will go just as high as trade interests can afford to pay." But many cotton growers feared that the price would drop once the 1917 crop came on the market and that they would be "unable to take advantage of the price levels now prevailing."[17] But for the first time since the opening hostilities of the war a prediction of dire straits for the cotton growers did not materialize.

The fall of 1917 was a time of great expectations for cotton growers. Harlow's Weekly reported that cotton farmers were demanding 30 cents a pound for their product and getting it.[18] The Commercial and Financial Chronicle contended that a "few farmers" were even demanding 35 to 40 cents per pound. Others began to think of more than just profits. The Oklahoma Farmer-Stockman mentioned that with 30 cent cotton costing only 8 1/2 to 10 cents per pound to produce, Oklahoma's cotton growers were going to make a healthy profit - healthy enough that tenants could become landowners with the profits from their 1917 crop. This statement must have struck fear into the heart of wealthy landowners like Governor Williams who saw the owner-tenant relationship as an integral part of the social order.[19] With reports that the South Sea variety, a superior strain of cotton grown in the southern United States, was selling for the unheard of price of 50 cents per pound, Oklahoma cotton growers were on track for a record year.[20]

Although 1917 was not a record year for cotton production, high prices made it the most profitable year ever for Oklahoma's cotton growers. The 959,000 bales produced was a significant increase over the 824,000 bales produced in 1916, but still far short of the 1,262,000 bales produced in 1914. But because of the average price of 25.85 cents per pound received in 1917 the value of the crop was a record $123,961,000. This figure represented a near doubling of the $70,123,000 value for the 1916 crop and three times that of the 1914 crop that was worth $43,230,000.[21] With cotton at record highs and wheat subject to government price-fixing, cotton was more profitable to grow than wheat. George Bishop of the Oklahoma Farmer-Stockman published statistics showing that cotton produced a return of $47.77 per acre, while wheat produced a return of only $25.50 per acre.[22] Perhaps cotton was "King Cotton" after all. But with prices for all products rising as fast as cotton, if not faster, those associated with cotton were not entirely satisfied with the situation. When efforts were made to include cotton in the Food Control bill and with it a fixed price for cotton, they sought to turn this to their advantage by lobbying for a minimum price for cotton.

One effort in this vein was a letter from the Louisiana Department of Agriculture and Immigration to Governor Williams. Complaining that "the price of cotton is entirely out of line with other commodities", a state official recommended that plans be devised that would guarantee the cotton growers a price for their product that was in line with the price increases of other products.[23] Statistics tend to lend support to this argument. Prices for cotton peaked at less than 190 percent of a 1910-1914 average for all commodities, while all commodities rose nearly 230 percent over the 1910-1914 average.[24] One cotton grower complained that wool prices were up 500 percent, with no rise in production costs, while the price of cotton only doubled as production costs tripled.[25] But the Governor, a self-made man, was more inclined to place his faith in the free market system than in a fixed minimum price.

Williams' preference for the open market is revealed in his correspondence. When an Ardmore cotton grower wrote to the Governor asking for his help at fixing the price of cotton at no less than 25 cents per pound, the Governor's return letter noted that there was "a very determined effort on the part of practically all the representatives of the South to oppose such action."[26] One author noted that only the shoe manufacturers were more stubborn than the cotton growers in their resistance to government price-fixing.[27] Another who agreed with this viewpoint was the Governor of Alabama, Charles Henderson, who wrote to Williams arguing against price controls, maintaining that "cotton has never advanced to such a price as in any way to jeopardize a fair return to the textile industries."[28] But despite his support of the free market, the Governor's actions often did not seem to follow this philosophy, nor did they lend support to the cotton growers of Oklahoma.

When part of the 1918 wheat crop failed due to drought, many Oklahoma farmers replanted in cotton instead of wheat.[29] With cotton more profitable this seemed a wise financial decision. The Governor's response was to write to the Secretary of Agriculture to urge that he release a statement "emphasizing (the) necessity (of) increased production (of) food in such sections and that (the) statement should be sufficiencly (sic) drastic (enough) to arouse farmers in such sections to the danger of failing to produce their own food stuff."[30] This letter is an indicator of Williams' lack of support for the Oklahoma cotton grower. Even when it was certain that the price of cotton was to be fixed, Williams' support was no greater.

After Oklahoma cotton growers lobbied Williams to support their demand for 35-cent cotton, the Governor relayed the information to President Wilson. But Williams attached a qualifier to the statement, claiming that regardless of Wilson's decision, Williams would give "my hearty cooperation and support" to whatever price the President chose.[31] This was not exactly going overboard in support of the cotton growers. But generally this was a predicament that the cotton growers faced throughout the war, lack of representation.

A letter from the editor of The Cotton Grower to Governor Williams clearly highlights this problem. Its editor complained that despite the importance of cotton to the war effort, the cotton growers suffered from a "lack of representation at Washington." The editor further remarked that after the War Industries Board was created the cotton growers had "no representation on any of the governmental boards." He went on to remark that "because of the fact of RAW COTTON having no representation on the War Boards at Washington," the cotton grower had become the "vassal-victim" of the manufacturers.[32] The Chairman of Georgia's Council of Defense also wrote to Williams emphasizing the need for the cotton growers to be represented on the National War Industries Board.[33] Cotton's lack of representation in Washington certainly was a factor in its trouble in 1914 and again in 1917 and 1918. perhaps the formation of the Cotton Producers Association in 1933 was twenty years too late for the cotton growers.[34] If it had been in place during the war, it is possible that the cotton producers could have been more successful in marketing their crop than they were.

The 1918 Oklahoma cotton crop was extremely small. Boll weevils and drought had a dramatic and severe impact on cotton that year. The government's call for switching to foodstuffs had gone largely unheeded. While Oklahoma farmers planted 3,081,847 acres in 1917, they planted 3,074,628 acres in 1918, a reduction of only 7,219 acres. Only slightly reduced acreage had little impact, but the boll weevil and drought did. Cotton production in Oklahoma in 1918 was only half of what it had been in 1917. Oklahoma cotton growers produced 951,121 bales in 1917, and only 473, 215 in 1918.[35] Production per acre fell from 959 bales in 1917 to only 577 bales in 1918.[36]

While cotton may have been selling for 35 cents at the major trading centers, the prices Oklahomans received for their 1918 crop were up only slightly from 1917. In 1917 their crop was worth 25.85 cents per pound and in

1918, 27.35 cents per pound, an increase of only one and one-half cents per pound. Because of relatively stable prices, and a crop diminished by boll weevil and drought, the value of the 1918 Oklahoma cotton crop was significantly reduced. While it had been worth $123,961,000 in 1917, the 1918 cotton crop brought in only $78,889,000, a decrease in value of $45,072,000.[37] Considering that this was in a time of great inflation, the high price of cotton prevented what could have been a disastrous situation for the cotton growers.

One can only speculate how high the price of cotton would have gone in 1918 if the cotton growers had had better representation in the government. The Cotton Grower charged that if raw cotton prices had risen at the same rate as finished cotton products, the raw staple would have been selling for 50 to 75 cents per pound. The Cotton Grower claimed that the main culprits in the crime were the "cotton exchange bandits." It argued that the "cotton robbers'" efforts had meant a loss of over a half-billion dollars to the nations cotton producers.[38] Others took a similar tack in their criticisms of the cotton exchanges.

Complaints about the cotton exchanges had been persistent throughout the war. Congressman J. Thomas Heflin complained that "bear operators" on the New York cotton exchange were conspiring to hold down the price of cotton. Heflin stated that "I am convinced that such a conspiracy exists."[39] An aide to Governor Williams also pointed a finger in a similar direction. Highlighting the fact that the 1918 cotton crop was the smallest in four years, the aide accused the "bear interests" of "using their power to beat down the price."[40] Although the evidence is fragmentary, it seems that the cotton exchanges were another roadblock on the cotton grower's road to fiscal security. One of many.

The Oklahoma cotton farmer faced many obstacles in 1918. Natural calamities such as the boll weevil and drought took their toll, but so did the "cotton exchange bandits" and a government unresponsive to the cotton growers' needs. Certainly, 1917 and 1918 were significantly better than 1914. At least in the latter years of the war cotton growers had a market and a good price for their product. While foreign markets never recovered to pre-war levels during the war, the growth of the United States market helped lessen the impact. High prices were nice, but inflation and skyrocketing labor costs cut into profits already shrunken by drought and pestilence. Had the government served the cotton growers' interests better, it is possible that the collapse of cotton prices in 1920 could have been prevented, or at least the impact of it lessened. But one must remember it was not the cotton growers' plight that the government was most interested in. Its attention was focused more on victory and food supplies, and that meant wheat.

When news of Germany's resumption of unrestricted submarine warfare broke in the wheat markets, the reaction of the wheat exchanges initially was not unlike that of the cotton markets. At first the price of wheat fell 15 cents, down from $1.80 per bushel.[41] But this was the one similarity between the two markets. After recovering from the initial slump, the wheat market went on a rampage. On February 4, 1917 The Daily Oklahoman reported that "wheat shot skyward today" and that the 167 7/8 cents per bushel that Oklahoma farmers were receiving at the local markets for their wheat was "the greatest change that values have shown in a single day since the beginning of the European war."[42] This comment was only a small harbinger of things to come. Prices rose steadily through February and March, 1917. By March 31, 1917, The Commercial and Financial Chronicle could comment that "wheat advanced to a new plane. It is the highest since 1864." Only the day before wheat was selling for $2.22 per bushel in Chicago.[43] After Wilson's call for war, The Daily Oklahoman remarked that "this was a day of record-making in the grain trade as record prices were set." Even in Oklahoma's local markets wheat was "in sight of $2 figure."[44] For a while there seemed to be no limit to how high wheat prices would soar.

In April and May 1917 wheat prices continued to zoom upward. When wheat in the local Oklahoma markets rose to $2.02 The Daily Oklahoman reported that the "price of wheat smashes records."[45] In New York wheat was selling for $2.47 a bushel in early April.[46] In late April The Commercial and Financial Chronicle reported that wheat was selling for prices "much higher than recently" as #1 spring wheat reached $2.61 a bushel. May 1917 ushered in $3.00 per bushel wheat. When it was announced that 31 percent of the 1917 winter wheat crop was abandoned because of drought, high winds, and winter-kill, the price rose even more.[47] Psychological factors were beginning to influence the wheat markets. Rampant speculation and war jitters were taking control.

Initial attempts to moderate the wheat market were largely unsuccessful. On May 15, 1917 the Chicago Board of Trade set a maximum price of $2.75 for July wheat, and $2.45 for September wheat contracts. Their reasoning in this move was to "remove the element of speculation from the grain markets." President Griffin of the Chicago Board of Trade made a personal appeal to the wheat traders, arguing that even with crop failures and large exports to Europe there was plenty of grain available. Griffin went on to comment that hysteria was the cause of the huge price increases in wheat.[48] These actions did little to thwart the rising wheat market. The very next week wheat rose to $3.50 for #2 Red in New York.[49] With prices doubling in only four months, complaints about the situation began to reach a fever pitch.

As bread prices soared the American public and its government were not slow to criticize the profits wheat speculators were making. Harlow's Weekly commented that the public was annoyed by "war profits."[50] Secretary of the Navy Josephus Daniels stated in a speech at a meeting of the editors of communications journals that the war profiteer was "little less than a traitor." Speaking to a meeting of coal producers, Daniels remarked that it was a crime to make more than normal profits.[51] Perhaps Assistant Secretary of Agriculture Carl Vrooman put it best when he characterized food speculators as "vicious, recalcitrant Americans, vultures and cormorants, who will be clubbed into submission by Congress."[52] Both the speculators' actions and the government's response show the importance of food and the need for governmental controls over it during wartime.

Bradfor Knapp, a writer for the Oklahoma Farmer-Stockman, put it succinctly when he stated that "the war in Europe today is mainly a contest for a supply of food."[53] Carl Williams, editor of the Oklahoma Farmer-Stockman, contended that "the most important question before the world is apparently that of grub."[54] Others had tried unsuccessfully a few months earlier to end the war by advocating that the government prohibit the shipping of any food to any

European nation at war.[55] With the importance of food supplies well established, the government began to move toward controlling the nation's food supplies.

One of the government's first moves to regulate food supplies was the naming of Herbert Hoover to head a committee on food supply and prices. Hoover's effort connected with Belgian relief were well-known, and many believed his managerial skills made him well suited for the task at hand. The first of Hoover's duties was to "advise as to proper methods of preventing recurrence, so far as practical, of the evils arising out of speculative prices, and to stimulate production of all food supplies."[56] A longer-range plan for Hoover and the government was the adoption of a plan that included regulation of food supplies "to insure a satisfactory conclusion of the war with Germany."[57] This policy took shape in the form of the Lever Food bill, also known as the Food Production and Food Control bill.

The original food control bill was a wide-sweeping act that would have given enormous power to the president and to the food administrator (Herbert Hoover). At its inception the bill gave the chief executive broad powers concerning food production, distribution, and regulation. Because this policy was to be implemented through the food administrator's office, it gave that administrator considerable power also. A later version of the bill included a provision to prohibit use of foodstuffs in the production of alcohol.[59] But before any sort of food control bill could be passed, full deliberation of its content was necessary.

The food control bill was fiercely debated. It is difficult to characterize those who favored and opposed such legislation. Some in business favored it; others were adamant in their criticism of it. The farmers were no different. Some saw a food control bill as protecting their profits, while others saw it as limiting their gain. The Oklahoma Farmer-Stockman argued that a food control law was necessary to control speculation in grain futures, but feared that the speculators were strong enough to block any sort of legislation that would hobbled their efforts.[60] The Commercial and Financial Chronicle took an opposite view. In an editorial entitled "The Latest Dictatorship Bill", the Chronicle argued that "we are contending now against absolutism abroad; let us beware how we unthinkingly set that up at home." The editorial closed with the comment that the food control bill was "un-limited and un-American dictatorship."[61] But The Commercial and Financial Chronicle was not alone; many farmers, and a few in government, held the same opinion.

Most of the opposition to the food control bill came from the true believers in laissez-faire doctrine. Oklahoma farmers argued that it was wrong to impose a price on wheat that was at least a dollar below market prices.[62] Others put it more simply: price-fixing went against the law of supply and demand.[63] Still others argued that the world grain shortage was great because it insured high grain prices, and that only a fool would want price-fixing under such circumstances.[64] One market analyst commented that without regulation wheat might have gone as high as $4.00 per bushel.[65] One of the strongest opponents in the government to the food control bill was Oklahoma's own Thomas P. Gore. Whether it was out of his belief in free enterprise or out of spite he held for President Wilson, Gore refused to endorse any sort of regulation concerning food products. After voting in opposition to the food control bill, Gore argued that the legislation cost Oklahoma's wheat farmers $25,000,000.[66] But these voices of opposition were a distinct minority. Representatives from non-food producing states favored the bill and formed a majority.

The food control bill was passed and put into effect in August, 1917. Its section #14 empowered the president to fix the price of wheat. Wilson set the price at $2.00 per bushel for #1 northern spring wheat sold in Chicago. Oklahoma wheat farmers complained that $2.00 per bushel was a dollar less than they had been demanding and getting only a week before.[67] Harlow's Weekly went on to comment that Oklahoma's wheat farmers were lucky to have a fixed price for their product with a large Australian wheat crop coming on the market.[69] Despite their grumbling, the wheat farmers slowly accepted the food control bill. As drought continued in Oklahoma, the Food Control Act was a stepping stone toward aid for the wheat farmers as their crop wilted in the scorching Oklahoma sun.

The Emergency Food Production Act was the government's response to the drought affecting the wheat farmers of the midwest. Designed to stimulate agricultural production, the act included measures for furnishing "seeds for cash to farmers in restricted areas where emergency conditions prevailed."[70] Oklahoma was certainly an area where "emergency conditions prevailed." Because of the severe drought that was affecting western Oklahoma, much of that region's wheat crop failed. This created a shortage of seed for sowing in the fall of 1917. The main drawback of the emergency plan was that it did not offer seed on credit or in a give-away program, but strictly on a cash basis.[71] Congressman Scott Ferris of Oklahoma may have thought the bill "would be of much aid to the farmers," but it was not.[72] To offer to sell seed to someone who has just experienced total crop failure is hardly help at all. But it was more than the state government could offer.

After it was brought to Governor Williams' attention that the 1917 wheat crop was reduced by drought, the Governor's response was more vocal than substantive. While Williams did appeal to the Secretary of Agriculture for assistance and did notify all of Oklahoma's representatives in Washington of the predicament back home, he did not offer any state aid to the wheat farmers.[73] The most the Governor could offer was a referral to the State Council of Defense, which was "trying to work out some plan of aiding the farmers."[74] The group that gave the most help to the wheat farmers was a group that had its own interests in mind, the bankers.

With federal aid limited and state aid nearly non-existent, it was the bankers of Oklahoma who offered the most to the wheat farmers in 1917. Through an organization known as the Tulsa Clearing House, over $225,000 was loaned to the wheat farmers of western Oklahoma.[75] The sad note is that because of the continuing drought, most of the seed planted with the borrowed funds also failed. Because the drought's effects were localized, the year 1917 was a bumper year for most Oklahoma wheat farmers.

The value of the 1917 Oklahoma wheat crop was nearly double that of the 1916 crop. Whereas the 1916 crop was worth $37,626,000, the 1917 crop brought in a record $71,610,000. Planted acreage was also up significantly from 1916, spurred on by both high prices and government inducements. In 1916 just over three million acres were planted in wheat; in 1917, 3,735,000 acres, an increase of 649,000 acres. Drought reduced the actual acres harvested to an increase of 230,000 over 1916. The key factor in the greatly increased value of the crop was, of course, its price. While Oklahoma wheat farmers received $1.38 for their 1916 crop, they received a whopping $2.10 for every bushel of the 1917 crop.[76]

As the wheat farmers of Oklahoma surveyed the results of their efforts in 1917, they began their planning for 1918. Eventually, several plans were developed. Oklahoma wheat farmers sought to protect their interests in 1918 in three ways. First, they increased their acreage. Second. they lobbied those in Oklahoma City and Washington who were sympathetic to their cause for an increase in the fixed price for wheat. Finally, the wheat farmers of Oklahoma pushed to be represented on the national food commission.

The most concrete results of this plan were in the area of increased acreage. Oklahoma wheat farmers planted a record crop in 1918. Over 4,000,000 acres were planted in that year. This was an increase of 265,000 acres over 1917. Drought restricted harvested acres to only 100,000 acres more than in 1917, from 3,100,000 to 3,200,000 acres.[77]

Early in the spring the wheat farmers began their push for an increase in the fixed price of wheat. Their efforts were a combination of pleas for fairness and thinly-veiled threats. In a letter to Governor Williams, the chairman of an organization of wheat farmers argued that in comparison to other commodities wheat's value was over $3.50 per bushel. But the wheat farmers stated they were willing to settle for "no less than three dollars" per bushel. In closing their argument the wheat farmers hinted that "wheat by far cheapest feed for stock, and is being so used." With Europe in desperate need for wheat the threat to use it for fodder must have been an effective coercive tool. Moreover, in Senator Thomas P. Gore the wheat farmers of Oklahoma had a friend in Washington.

Gore was a legislative maverick throughout the World War One era. He had opposed Wilson's strict interpretation of neutral rights in the early years of the conflict. Once the United States entered the war Gore was adamant in his opposition to legislation relating to food control and price fixing. Arguing that wheat was worth $3.75 on the open market, Gore introduced legislation in the spring of 1918 that would have raised the fixed price of wheat to $2.50 per bushel.[79]

Some favored and others opposed Gore's move to raise the price of wheat. Secretary of the Navy Josephus Daniels noted in his diary that "Houston vigorous in criticizing Gore for bill to increase price of wheat."[80] But others believed that Gore had not gone far enough. Congressman Richard Morgan of Oklahoma stated that he agreed with Gore that wheat was under-priced and advocated that wheat not be raised to Gore's suggestion of $2.50 per bushel, but to $2.65. Morgan's argument was that wheat was cheaper than corn, rye, oats, or barley because of the fixed price imposed on wheat.[81] Morgan's contentions were not accepted readily. It was clear that $2.65, or even $2.50, were unacceptable figures for the Wilson administration.

Realizing the administration's opposition to a large increase in wheat prices, Gore compromised. His next plan was to push through an increase to

$2.40 per bushel for #2 wheat sold at the principal interior markets. But Wilson vetoed the bill, arguing that it went "against the public interest."[82] Later Wilson did raise the price of wheat to $2.20 for #1 wheat, and also added Oklahoma City, Fort Worth, and Wichita to the list of "basic terminal points."[83] This increase was evidently not sufficient for Gore. He maintained a steady barrage of criticism concerning the price of wheat throughout 1918.[84]

Others were even more livid in their criticisms. Perhaps the harshest criticism of the Farmers National Grain Corporation, the federal agency through which the grain trade was regulated, came from J.W. Brinton in his Wheat and Politics (1931). Brinton argued that the agency was "a leviathan parasite engrafted upon - and grafting upon - the producers and taxpayers." In another statement Brinton maintained that the agency was a "veritable political vampire sucking the life blood of the cooperative movement."[85] Other works offer a much more praising assessment of the National Grain Corporation.[86]

One area the agency oversaw was grain exports to Europe. With Europe's grain-producing regions in shambles, United States wheat exports were in high demand. Between its entry into the war and January 1, 1918, the United States exported 60,000,000 bushels of wheat to Europe. The Oklahoma Farmer-Stockman reported that when Europe asked for another 75,000,000 bushels, America's reply was: "We will export every grain that the American people save from their normal consumption."[87] To do this American's resorted to "Wheatless Mondays" and war-bread (bread utilizing a higher percentage of the wheat berry than in white bread, a forerunner of today's whole wheat bread). John A. Simpson, President of the Oklahoma Farmers' Union, advocated a plan where all restaurants would serve free potatoes and charge for bread. Simpson argued that in this way millions of bushels of wheat would be freed up for export to Europe.[88] The plan was hardly applicable, but it certainly was innovative. But all of these actions only partially ameliorated the shortage of wheat due to the drought.

Even with all the calls for increased wheat production the United States wheat crop for 1918 was less than it had been in 1914. While the 1918 crop was estimated at 572,000,000 bushels, it fell over 100,000,000 bushels shy of the 1914 crop. In 1914, 685,000,000 bushels had been produced - in 1918, only 572,000,000. The main reason was the drought. Although Oklahoma acreage increased by 265,000 acres over 1917, and an unbelievable 1,299,000 acres over 1914, Oklahoma farmers harvested only 36,800,000 in 1918, 9,050,000 bushels less than in 1914.[89] It was clear that drought was affecting wheat production in the United States and in Oklahoma. So again in 1918 the wheat farmers pleaded for governmental relief.

Like the cotton growers in 1914, the wheat-producing states banded together in 1918 to lobby the federal government for aid. A letter from Kansas Governor Arthur Capper to Governor Williams highlights this. Capper argued that Kansas and Oklahoma were in a similar predicament and that they should join together "to secure this needed help from the federal government through the passage of an act by Congress."[90] By late summer such an act was law.

President Wilson announced on July 29, 1918 the creation of a $5,000,000 fund to make seed loans to wheat farmers stricken by drought. The specifics of the program called for seed loans "to farmers whose credit is exhausted by reason of two successive droughts."[91] It certainly was not for all wheat farmers. An aide to Governor Williams stated that it was for "the man who is absolutely without credit."[92] It was this sort of prerequisite that led to the program being criticized as inadequate and humiliating.

Oklahoma state senator Thomas J. O'Neill was counted among those who were critics of the program. Calling the situation "desperate", O'Neill argued that a special session of the state legislature was needed because of the shortcomings of the federal plan. Speaking of the Department of Agriculture, O'Neill stated "we are not going to get help from that source." In criticizing the Department's plan for seed loans, O'Neill noted that the plan was "so cumbersome, and humiliating, that the farmers of our state will not touch it."[93] Even with its limitations and drawbacks, the program did help to increase production.

With the help of the seed loan program Oklahoma wheat production increased. Because the plan aided in the fall sowing, its results were not seen until 1919. Wheat acreage increased from 4,000,000 acres in 1918, to 4,723,000 acres in 1919. Production increased substantially from 36,800,000 bushels in 1918 to 66,052,000 bushels in 1919.[94]

Exports also reflected the change. United States wheat exports rose significantly from 1918 to 1919. Whereas 207,000,000 bushels were exported in 1918, 265,000,000 bushels were sent abroad in 1919, an increase of 58,000,000 bushels.[95] After considering these figures, one must admit that the program succeeded in its goal to increase production.

In reviewing the 1917-1918 era one can make several conclusions about the wheat and cotton markets. Both were strongly influenced by the United States entry into World War One - but in differing ways. Events that caused the price of wheat to jump cause the price of cotton to slump. It is obvious that the wheat and cotton markets were not operating under the same rules. While it was possible to allow cotton to rise and fall according to market conditions, the same did not occur in the wheat markets. The importance of food supplies meant much closer governmental supervision of the wheat market. After considering the public's cries over high food prices, governmental intervention in the wheat market via the Food Control Act was a necessity. Besides limiting speculation, the Food Control Act allowed for an orderly distribution of the reduced supplies of wheat that were available. But the spirit of laissez-faire prevented a large-scale plan to assist the wheat farmers when drought struck in 1917 and 1918. Had this mood not been so prevalent the blow from the massive drop in commodity prices in 1919 might have been cushioned somewhat.

CHAPTER III ENDNOTES

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CHAPTER IV

CONCLUSION AND AN OVERVIEW OF THE COTTON AND WHEAT MARKETS, 1914-1918

The attitude of the government toward the cotton and wheat producers remained consistent throughout World War One. Its policies, more often than not, gave preference to the wheat farmers over the cotton growers. The tendency of being concerned with food supplies, while neglecting the cotton producers, was an affliction that affected more than just those in government. The belligerents, the commodities exchanges, and the American public all were affected in the same manner, but the federal government, being responsible for the welfare of all those it governed, should not have been so susceptible to such a primordial knee-jerk reaction. Had the government provided words of support to the cotton market, the unfortunate closing of the cotton exchanges for four months in 1914 might have been avoided.

Besides failing to prevent the closing of the exchanges, the government erred in several of its policies toward the cotton producers. The delay in underwriting maritime insurance and the failure to allocate sufficient shipping to the cotton exporters drastically reduced cotton prices in 1914. Wheat exporters had no such problem in sending their product abroad. This was only one area where the government neglected the cotton growers.

The limited nature of the Emergency Warehouse Credits program was another example of the shortcomings of the government's policy toward the cotton producers. Instead of attempting to reopen the cotton grower's markets, the government made loans to the cotton growers, accepting their warehoused cotton as collateral. The main problem with the program was that its loans were made on the basis of a six cents per pound price. This figure was well below the production cost of ten cents per pound. Also, the six cents figure was less than half of the 13 cents per pound that the cotton growers were getting for their product just before the outbreak of the war. A final criticism of the Emergency Warehouse Credits program is that the total funding of the program $235,000,000, was only one-fourth of the value of the 1914 cotton crop if prices had held to pre-war levels. Clearly, the program was a stop-gap measure, not a comprehensive solution to the cotton grower's plight. Considering the limited value of such a program, it is of little surprise that the cotton growers developed their own responses to the crisis.

The cotton growers were at least as effective, if not more so, than the government at restoring the price of cotton to a profitable level. The Emergency Warehouse Credits program did little to restore prices to their pre-war levels. The "Buy a Bale" program also was limited in nature, but it helped reduce the surplus of cotton. Probably the most effective action in this regard was the cotton growers' reduction of cotton acreage in 1915. Oklahoma cotton growers planted one-third fewer acres in 1915 than 1914. This effort made room for the 5,000,000 bale surplus left over from 1914.

The statements of President Wilson and Secretaries Houston and McAdoo show the federal government's lukewarm reception to the cotton growers' please for assistance. Wilson's unwillingness to try new approaches to a unique problem effectively limited the role the government would play in the cotton crisis. Secretary Houston's statement that "the Government had done all it can do" indicates the self-imposed limitations the government placed on itself in 1914.[1] McAdoo's opposition to aiding the cotton growers was made clear in his remark that "it is impossible by legislation to create a market for cotton or to establish a price for it."[2] If these leaders had pushed for, instead of opposed relief for the cotton growers, the hardships that the growers faced in 1914 might have been lessened substantially. Fortunately for the cotton growers, 1915 and 1916 represented a period of recovery.

Even after United States entry into the war, the government still considered cotton a low-priority commodity. The government never advocated increased production of cotton; its emphasis was on increased production of foodstuffs. When cotton became more profitable on a per acre basis than wheat, the government moved to stop cotton growers who were increasing their acreage. Governor Williams' telegram to Secretary Houston in the spring of 1918 calling the latter's attention to this situation articulated this policy. One can assume that the policy was based on two grounds. One, the government wanted more food produced, not cotton. Two, with men, munitions, and foodstuffs ahead in line at the loading docks, the availability of additional shipping for transport of an increased cotton crop seems non-existent. But any solutions for the shipping shortage that the cotton growers faced was prevented by another problem. The cotton growers' lack of representation in the government.

The cotton growers' lack of representation in the government may have kept them from receiving the aid they needed. This was true on both the state and federal levels. More often than not, Governor Williams sided with the wheat farmers - for both political and personal reasons. On the national level it was much the same. Only one-fourth of the members of Congress came from cotton producing states. This certainly limited congressional aid to the cotton growers. Nor were the cotton producers represented on the War Industries Board. This condition was what led cotton growers to grumble that they had become the "vassal-victim" of the manufacturers.[3] But before too bleak a picture is drawn of the cotton grower's plight, one must take into consideration the increasing price of that commodity after 1914.

The rising price of cotton after 1914 kept conditions tolerable for cotton producers. Even with the boll weevil, drought, and increasing labor costs, the cotton grower was better off in 1918 than in 1914.[4] The wheat farmers had benefited more, but the cotton growers weathered the crisis of 1914. While most cotton growers were better off after 1914, most wheat farmers had their condition improve throughout the entire war.

Wheat farmers never experienced the ups and downs that the cotton growers faced. The price of wheat began to rise with the first news of war in Europe in 1914, and continued to rise until its price was fixed in the fall of 1917. If the public's complaints about high food prices had not led to the fixing of the price of wheat, it is hard to speculate how high it would have gone. Even with the price of wheat fixed, the value of the 1918 Oklahoma wheat crop was five and one-half times larger than the last pre-war year, 1913.[5] The government put a cap on wheat profits in 1917, but this was one of the few times when the government and the wheat farmers were on opposite sides of a dispute.

From the beginning of the war the government was in the wheat farmer's corner. The joint-statement by Secretary of the Treasury McAdoo and financier J.P. Morgan in August 1914 that "the policy of the Administration, . . ., is to expedite as rapidly as possible the shipment of our grain to Europe" indicates that from the onset of the war the government favored the wheat farmers. While cotton exports dwindled to almost nothing, wheat exports mushroomed. By October 1914 wheat exports were as high as 1,000,000 bushels a day.[6] Throughout the war wheat received preferential treatment in regard to shipping. This policy allowed wheat to be exported in large volume throughout the war. While a fixed price limited profits on wheat, large volume exports helped wheat farmers pile up profits. Drought, more than anything else, was the main adversary of the wheat farmers.

The drought that affected western Oklahoma in 1917 and 1918 did more to upset the wheat farmers' idyllic state than government price fixing. Government price fixing only limited profits; the drought wiped out profit, crop, and credit in a single blow. The wheat farmers may have successfully withstood government price fixing, German submarines, and the creditors up to 1917, but drought was more than a match for the small-time agrarian. In some counties no rain fell at all for over a year, and the result was two successive crop failures. Even with greatly increased acreage Oklahoma's wheat production was less in 1917 and

1918 than it had been in 1914. When the wheat farmers increased their acreage by 649,000 acres in 1917 over the 1916 crop, two-thirds of the new acreage produced nothing.[7]

Despite its preoccupation with increased food production, the government's response to the drought-affected wheat farmers was limited. The reasons for this are two-fold. First, the drought-stricken regions were localized. On a national scale the wheat farmers were producing record crops. The drought affected only a region centered over western Oklahoma. With most of the wheat-producing areas in find shape it is not surprising that this one region did not receive more attention. Second, laissez-faire attitudes permeating government limited change.

The government may have desired increased food production, but there were limits to how far this policy could go. Any sort of blanket aid was considered untenable by the administration. In 1918 the most the government could do was to offer to sell seed to wheat farmers who had lost their crop. This was hardly an acceptable proposal for the wheat farmers. Their money had been invested in that year's crop, and they had little money for a second planting without a harvest in between. With the state government unwilling to pick up the slack left by the federal government, it was left up to the bankers to finance the 1918 crop.

It was only when the drought stretched into its second year that the government moved to aid the wheat farmers. The $5,000,000 fund established by President Wilson in July 1918 did prevent total fiscal collapse for some wheat farmers, but because the plan was only for "the man who is absolutely without credit" the number of farmers who were helped by the program was limited. The program did benefit those who needed the help the most, but did little for those who were only on the verge of bankruptcy. It was this shortcoming in the federal government's plan that led Oklahoma state senator Thomas J. O'Neill to call for a special session of the state legislature. With most wheat farmers prospering this call went unheeded.

The year 1914-1918 were very beneficial to most wheat farmers. Even at fixed prices, wheat in 1918 was 250 percent higher than it had been in 1914. There are several reasons for this. First, news of war sent everyone into a frenzy to accumulate food supplies, and the result was speculation and higher food prices. Second, the high demand for wheat in Europe also pushed the price up. Because shipping was available for wheat exports, it allowed demand for that crop to be more elastic than demand for cotton.[8] Wheat also had an advantage over other food products in regard to export to Europe. Because corn does not store nearly as well as wheat, the latter was a much more preferred export product. Corn producers were never able to benefit from European demand for American foodstuffs as the wheat farmers were. The prosperity that the wheat farmers experienced from 1914 to 1918 was only part of a trend that lasted the entire decade.

Wheat increased in value nearly three times more than cotton in the decade 1910-1920. In 1909 the United States wheat crop had a value of $13,854,322; by 1919 the nation's wheat crop brought in $140,730,350. This was an increase in value of 915.8 percent for the decade. The value of cotton increased by 360 percent in the same years. The value of the United States cotton crop in 1909 was $35,399,356; in 1919, $163,011,204. Because the price of wheat rose faster than that of cotton, production of wheat in the decade also out-distanced increases in cotton production; wheat production for the decade increased by 369 percent, while cotton production increased by 81 percent.[9] These figures indicate that demand for wheat was much more elastic than cotton, and the result was that wheat prices rose faster than cotton. This was a trend that held true throughout the decade, not just the 1914-1918 period.

In a final comparison of the cotton and wheat markets, it is possible to state that it was the wheat farmers who were more successful in the 1914-1918 period. In the early phases of the war the wheat farmers enjoyed rapidly escalating prices for their product while the price that cotton growers received for their product slumped. Throughout the remainder of the period that the United States was a neutral the price of wheat continued to climb while cotton only regained what it had lost in 1914. Both commodities experienced a steep rise in their price after February 1917, but once again it was wheat which went up the most. If the public's complaints had not led to the price of wheat being fixed, wheat would have left cotton even further behind. But the public's actions are only more proof that wheat was more important than cotton to nearly everyone in the 1914-1918 period.

CHAPTER IV ENDNOTES

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