

COTTON AGAIN KING

COTTON is the "maker of our foreign exchange," for it is exported cotton that rolls up for the United States tremendous credits in Europe. Cotton, grown in but one-fourth of our area, stands second in value among all our agricultural crops. Only corn has a higher total. And it is cotton that furnishes work and wealth to the South to such an extent that the South may be said to live by cotton. Last year the South raised 10,500,000 bales—the rest of the world only one-third as much—and Europe alone paid the South \$1,000,000 for every day in the year for the 7,000,000 bales exported.

During the war the South produced but one bale to every fifteen produced before the war. The decline stimulated cotton-growing abroad. Yet in thirteen years the South regained its supremacy. This year a wildly speculative market brought the price of cotton up as high as 17 cents a pound—the highest price in fifty years; and again the desire to compete was waked abroad. Now the Southern planters are endeavoring to produce this year a crop of 12,000,000 bales. Cotton from India does not reach Europe. Egyptian cotton is used only for high-priced goods. Our southern States produce the many quantities and qualities used throughout the world, and British, German, and French efforts to raise cotton in Africa and the West Indies have had but indifferent success. We shall keep our preëminence for many years to come, if not forever.

Cotton has entered into the very essence of southern life. Small trading has made cotton the equivalent of currency, a bale being as good as its value in money anywhere. Warehouse storage receipts pass from hand to hand in payment of obligations as readily as greenbacks.

The Negro problem has been a cotton problem. The South's preëminence in cotton was first based on the labor of Negro slaves. Negroes still do the work of growing the crops. They have become specialists in the labor of the cotton-field, and they are now indispensable, for the establishment of

southern cotton manufactories is throwing the work of raising the cotton more and more on the blacks.

The United States in 1902 had more than 1,500 cotton mills, consuming nearly half the crop, and about half of this manufacture was in the southern States.

In north Georgia and South Carolina the poorer people in the country (the poorer whites) have not handled much money, and often in the days of "five-cent cotton" they were in debt year after year, but they lived a life of careless independence. Now they work in cotton mills—even the children. Wherever a mill is established the surrounding country is drawn on for labor. Negroes as a rule are not employed on the machines, but many small tenant-farmers succumb to the temptation of handling a stated sum of money each week (beggarly sums, often) and give up their homes to live in factory dwellings. Yet the mills offer the young men chances for advancement they might otherwise have never had, as machinists, foremen, and so on, foreigners in many cases taking the places of natives on the farms.

The number of spindles in use throughout the country increased from 15,550,000 in 1892 to 22,000,000 in 1903. The great part of the new construction was in the southern States. And from \$13,789,810 in 1895 the exports went to \$16,837,396 in 1896, and at an astounding ratio of increase up to \$32,216,304 last year.

The gravest menace to the cotton planter in this country just now is the boll weevil, which has invaded 28 per cent. of the cotton acreage of the United States, and this season cost the Texas planters alone \$25,000,000. The total havoc wrought is about 50 per cent. of the crop. A Department of Agriculture report says: "It is wholly beyond possibility that the weevil will ever be exterminated." Early planting, however, and thorough cultivation will enable a farmer to grow cotton in infested districts, though with greatly diminished production. Congress has appropriated only \$50,000 to fight the pest.

The three great cotton markets of the

world are New Orleans, Liverpool, and New York. Five years ago, at $4\frac{3}{4}$ cents a pound, the South lost money on every bale of cotton marketed. But prices kept on increasing. A bale of cotton is now worth one-third more than a year ago. Three speculative campaigns led to the present high prices. Theodore H. Price was the first "bull leader." He pushed cotton up to $8\frac{1}{2}$ cents and retired from the market. Then Daniel J. Sully appeared. He had served for fourteen years in a Providence, Rhode Island, cotton house. Later, in the South, he had seen the cottonseed-oil mills springing up on every hand until this by-product was yielding nearly \$100,000,000 annually. An inferior quality of seed was being saved for the next year's planting. Mr. Sully thought that poor seed would mean a smaller future yield. Indeed, in 1902, with 3,000,000 more acres cultivated, the production fell off. Sully forced cotton to 9 cents, and then came into the open as a buyer. He had strong backing. In May he had raised the price to 11 cents and added \$130,000,000 to the value of the crop.

Then Sully stopped, whereupon W. P. Brown, of New Orleans, came to New York with a record of having made \$2,000,000 in a "squeeze" in the New Orleans market. He at once drove 11-cent cotton upward until he had contracted for 200,000 bales of the July delivery, and was ready with the cash when settling time came. Then one day he bid 13 cents for 1,000 bales of August cotton, and not a bale was offered. He had it all. He had bought four times as much cotton as was in the country. Then in September Sully returned to the market. His estimate of the government crop report was within 24,000 bales of the official figures, and prices went skyward. Finally cotton dropped and Sully failed.

The high prices strongly affected the social life of the South. There were ten southern girls in New York last winter to hear "Parsifal" and visit the theatres where one would have been had not cotton fetched a good price.

Here is a paragraph from a letter written two months ago:

"If Sully and Brown keep on boosting prices [cotton understood], some of us fellows are going to build them a Hall of Fame. Mrs. — and the girls have been pestering me for a long time to

take them out to the Mediterranean, and I suppose this is the accepted time. We'll be in New York about two weeks to give them a chance to do some shopping, so look out for us."

Southern merchants buy their stocks of goods, housekeepers provide their tables and furnish their houses, men and women take their pleasures according to the cotton market. Except in the cities, the fiscal year in the South dates from the time of marketing one cotton crop to the next. Every financial obligation is made dependent upon the outcome of the crop.

Moreover, 3,000,000 people in Great Britain depend directly upon cotton manufactures. This season the high price of the staple has closed some mills and caused others to cut down the number of employees. The cut to forty hours a week in the Lancashire mills was followed by the stopping of 85 per cent. of the cotton spindles of Normandy for one day a week, to continue until the end of March. In New England 100,000 operatives in the cotton mills have suffered a 10 per cent. cut in wages.

Cotton goods that sold a year ago at \$7.50 a dozen, with cotton at 9 cents, are now quoted at \$8.50 to \$9.50. It is in indirect ways like this that cotton enters into the daily expenditures of men who would not know the plant if they saw it.

But the high prices help the South. The estimated values of the last eight commercial cotton crops were: 1896-97, \$321,924,834; 1897-98, \$320,552,606; 1898-99, \$282,722,987; 1899-1900, \$363,784,820; 1900-01, \$494,567,549; 1901-02, \$438,014,687; 1902-03, \$450,000,000 to \$500,000,000; 1903-04, \$600,000,000 to \$650,000,000. In 1902, the world's gold output was estimated at \$304,589,862.

The future must be left to decide many questions: Does the enormous present crop movement from plantation to shipper mean that the spinners are scrambling for the staple, fearing even higher prices, or does it mean that the crop is larger than the Government and other bullish estimates? Will the high prices restrict our manufactured exports, especially to China? Will the same prices restrict American consumption, especially that of the poorer people? Will high prices successfully stimulate competition at home and abroad? These and many other questions are warmly debated, each side having its strenuous partisans.