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On Sept. 19, 1887, a building that cost \$30,000 and was designed by Boston's W.G. Preston was ready for business. It was the Cotton Exchange in Savannah, Ga. By 1912, 200 members traded a record 200,390,866 bales, but by 1952 the Exchange was operated by only a skeletal staff. Once the grandest of all cotton kings, shipping to every port in the world, it became obsolete well within a century. This gives us a window into the ever-changing globe of agriculture.

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## The Savannah Cotton Exchange:

### 12 From Need to Greed

by:  
Randy Allen

#### Cultivating History

In 1764, 12 years before the first Independence Day, eight bales of cotton were shipped from Savannah to Liverpool, England. The cotton was seized by Customs because they couldn't believe it was from the American Colonies. Later in history (1860s), Southern cotton production consolidated at a rapid because of the Civil War. Cotton prices were bringing around 8 cents per pound. Union blockades confiscated as much cotton as possible, making the export business a cat and mouse game.

By the 1920s Savannah's cotton crown was moving toward Texas. Better reliability in production and access to Galveston's Gulf port drew the cotton industry away from the Southeast. On Nov. 2, 1953, according to the *Savannah Evening Press*, "Directors of the Exchange voted to terminate market activities because of lack of interest." In the early 1900s Savannah bargained from 8 million to 12 million bales per month, but in the last month of operation, the Exchange was trading only 1,000 bales per day. At the close, stocks on hand

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were 13,418 bales with the Georgia Port Authority warehousing 140,000 bales on the government loan program.

From 1954 to 1973, the Cotton Exchange building was occupied by the Savannah Chamber of Commerce. Since 1976, it has been occupied by the Freemasons and Solomon's Lodge organizations.

### Harvesting History

You don't have to be around agriculture very long to find that it changes at light speed. As witnessed by Savannah's citizens, it took only one generation to go from Cotton King to cotton peasant. Some thought it was World War I and the Depression. Others attributed the loss to the boll weevil. Surprisingly, many believed it to be the loss of the middleman. Here's how it really happened:

- Textile mills started relocating from New England to the Southern states in the 1920s. With these new distribution routes, cotton producers didn't need to ship their cotton to Savannah. They could go straight to the mill, and the farmers' money no longer was handled at the Exchange. In a strange way, this came with good news. World demand flowered as mills were being built everywhere to process America's raw cotton crop.

- Farmers were their own worst enemy. Cotton producers began to pool their cotton, seeking higher prices as a last straw effort. The

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season-end issue of the *Cotton Trade Journal* (1905) stated: "It's not difficult to persuade the farmer that cotton is too low; in fact, he nearly always thinks that it is too low, no matter what the price may be." Here again, the spirit of greed created a negative force, assisting the demise of the cotton industry at large.

- World War I changed the world market, increasing global competition and reducing prices. Cotton was quickly becoming highly industrialized.

- Soil depletion caused lower cotton yields.

Then came the boll weevil and drought in 1920, lasting three years and causing complete devastation of the crop. As a result, producers migrated to Florida and other cities for better work and higher pay.

- Alternative distribution channels, technology, industrialization, greed, low prices, high production expenses, weather, war and depleted natural resources all had a hand in Savannah's Cotton Exchange abalienation. From a bird's-eye view, this all looks too familiar.

### A New Crop Vision

Commodity industrialization today continues to resemble yesterday's Savannah. Currently, processors and middlemen alike are competing head on. What would seem to be good for the market actually has a negative



effect. The producer's money is no longer distributed equally with just a few companies controlling the feedgrains, oilseed and livestock decks. This hampers the United States' image abroad, causing export customers to be leery of future dealings — and perception *is* everything. Therefore, due to population increases, costs and increasing technologies, other nations have increased their various production needs. Higher supplies and even lower prices are the result.

In turn, the U.S. producer attempts to gain more control over his plight. Better efficiencies and higher yields are thought to be his economic salvation. Of course, this only fuels the trend. The spirit of the producer is affected by all of this confusion and change. Soon, he feels cornered and his frightened reactions begin to influence others around him, such as his family and friends. But the truth is he feels a false sense of failure. Clearly, his emotions really stem from his inability to control all the other forces related to his business operation.

There certainly isn't any question why America has turned evangelistic for environmental improvements. With industrialization comes waste and lots of it. Drinking water, for instance, has caused a revolution in the consumption of bottled water. City councils all through the Midwest are clamoring for tighter controls over livestock waste and slaughtering. The environmentalists have tragically turned against the hand that feeds them.

Cap that thought with most city dwellers having a low opinion of the hard-working, risk-taking husbandman. Today's children think milk, chicken and vegetables are made at the grocery store, not on the farm. Even more amazing is the fact that prescriptions, cleansers and paper products have all become part of the family food bill.

What's the answer? We certainly can't lease agriculture's problems to Savannah's Chamber of Commerce; nor, can we move the corn and soybean belts to Texas. Like most



problems — the answer is usually within us. Companies and small businesses come and go with the forces of change. We could probably learn a lot from a number of industries. Take the typewriter business: Smith Corona filed for bankruptcy nearly a decade ago due to the computer age. Imagine the decline of the king typewriter company with machines in every kind of office, affecting the manufacturers who supplied parts, the labor force who constructed them at factories and the mechanic shops that repaired them.

Obviously, this can't happen in agriculture because people have to eat. But look around. How we eat today is very different from yesterday. Four bucks for a cup of coffee? Every town corner has a fast-food franchise. Monsanto works vigorously on genes for simple nourishment and health. Oscar Mayer has Lunchables®, a meal all in one little shrink-wrapped package. Some people eat pizza for dinner every night. Tofu?

Agriculture's customers have changed. Unfortunately, the heart of agriculture has not — bending and breaking the farmers involved. Herein lies the answer... "The more things change, the more they remain the same." In agriculture, however, this adage comes at the expense of the producer, the investment of the processor and the ever-changing eating habits of the consumer. Whether it was yesteryear or if the Lord tarries until the next century, this vicious circle in the commodity industry will remain. Such was the life span of Savannah's Cotton Exchange and such is the trend for today's modern agriculture.

If you happen to wander into Savannah, make sure you visit the Cotton Exchange. It's well worth your time to see it. By the way, the circular, wrought iron stairway leading to the director's office, is now located in St. John's Episcopal Church. God still provides.

I would like to thank the Georgia Historical Society for all their research and mailings.

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