Minute of Silence Marks Demise Of Historic N. O. Cotton Exchange

NEW ORLEANS (UPI)- The historic New Orleans Cotton Exchange ends 81 years of trading today with a minute of silence on exchange floors around the country, the sharp rap of a clerk's gavel, and a blast at the federal government.

To other times, generations will hardly have seemed possible. But the exchange, already shrunk by outside economic forces, says its function has been entirely taken over by government programs.

We cede our role in the market place to the secretary of agriculture, the comptroller, the Federal Reserve and history," said exchange President C. Layton Merritt. C o m m o n l y known throughout the country will observe a minute of silence at noon to mark the passing of the cotton exchange. When that minute is over, the exchange clerk will strike his gavel, ending trading.

The exchange will remain in being in hopes that government controls on cotton prices, blamed for destroying the market, will be relaxed.

Merritt said the minute of silence is intended to focus national attention on the destruction of our exchange by those who never have understood the problem they seek to correct.

Ad Placed

An advertisement by the exchange asking "Where are we headed now, Mr. President?" was to appear today in leading newspapers throughout the nation.

Under your administration's unique substitute for the free enterprise system, cotton is the first to fall." The ad addresses itself to President Lyndon Johnson. "Will the cotton manufacturing industry follow next, or will it be wheat, corn, beans and all the rest?"

Here is a scene in the New Orleans cotton exchange, photographed in happier days in the 1920's when cotton was king. At that time the big "futures" markets of New Orleans, New York, Liverpool and Bombay were for most of the world's cotton. The New Orleans exchange closed its doors today.

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The once-proud exchange operated from reduced quarters for a few years after its trading floor was taken over by a building and loan company.

Merritt recalled starting at the exchange as a messenger boy. In 1914, he watched the G e n e r a l government's announcement of unrestricted submarine warfare tear the bottom out of the cotton market.

"Everybody was busted, but we traded back and everybody survived," he said.

Busy Days

There followed days when as many as 250,000 bales were traded. It was a roaring inferno. Merritt said. "They were at it from the tap of the gong at the opening until the tap of the gong at the closing—hundreds and thousands of bales a day."

Merritt recalled that tourists crowded the galleries in those days to watch the activity below on the trading floor "ring."

Brokers sat around the ring on stools while board markers posted quotations and clerks recorded them.

By 1962, the hundreds of thousands of bales daily had shrunk to 2,000. Today, the ring was no more, and the last cleanup transactions were handled in a suite of offices rented in the building that had once been the exchange.

Merritt blamed it on a new government cotton plan under which the government will pay 65 cents per pound subsidy on domestically consumed cotton. Merritt said the farmer can get a federal loan on his crop which he does not have to repay if he sells at a loss.

Merritt admitted this sort of government financing ruined futures trading in the cotton business. He termed the plan the "coup de grace" to the exchange.

He said the plan makes the cotton exchange unnecessary. Its business was taking the risk out of buying and selling by futures marketing.

Merritt said a straight cotton subsidy paid by the government might give the exchange a chance for survival. But he concluded that the plan in the cotton business is now in the hands of the co-operatives, which "have so much money they will keep it going this way."

Merritt said direct subsidies would be "bad politics. They won't do it because 75 per cent of the crop is produced by not over 25 per cent of the farmers and the taxpayers won't stand it for these farmers."

He said an administrative decision by Secretary of Agriculture Orville Freeman will allow "tax favored co-operatives to borrow government money at rates not available to private cotton industry." He said it also provides for "the building of gins, warehouses, elevators and world-wide sales forces to merchandise farm production out of government stockpiles."
King Cotton

Soft and regal, this cotton boll is ripe for picking. See more pictures and read about “King Cotton,” page 8.