

Circling The World With a New

By ELLEN CLAYTON GARWOOD

help his family, had been fulfilled in Uncle Lamar.

When Lamar Fleming, Jr., left us in 1914 to take up an important position for the firm in Europe, it was, for a while, as if part of the life stream of the family had been drained off. While he was with us, he had served as a link between us children (my two sisters and me) and our genius-driven father, whose dignity and rectitude had been sharpened almost into an armor to shut out the rowdy spirit of the town. In relieving the rigid, puritanical atmosphere of the house which my father imposed on Sundays—no loud games or amusements—my mother, who was gayer, found an ally in Uncle Lamar. With him, on Sunday nights—when we all gathered in the kitchen to help Mother serve out her delicious scrambled eggs, bacon, corn muffins, and homemade wild grape jelly, and re-gathered afterwards to do the dishes—supper became a kind of jolly, cooperative lark. With Uncle Lamar as our confederate, we made up songs and sang them, with Dad joining in, while we worked. Heeding Uncle Lamar's judgment and his pleas for us, Dad even consented to devote Saturday evenings to taking us to the picture show, Uncle Lamar having assured him that Mary Pickford and Marguerite Clark would not corrupt us. More than that, he supplied us with good children's books, among which I remember *Lorna Doone* and some of Stevenson and Hawthorne.

About his walks to the office with my father during these days, Uncle Lamar has written me:

He liked to walk and he walked fast. Trying to keep up with him walking to and from the office, I developed a leg-stretching, semi-trot that kept my heels worn down on the outer edges for years thereafter. These walks were a great thing for me. He would talk seriously about all kinds of subjects, including business. He had the rare quality of talking with a younger person as if both were of the same age and mental maturity; and of course this helped greatly to stimu-

late serious thought in the young men around him.

At the office, we did not notice that he made any particular didactic effort; but it was very noticeable that he did not conceal anything or try to keep anything to himself. For instance, when he calculated prices or made other business calculations, he would leave them on his desk or pin them to papers to which they referred, so that any of us who wanted to could see and study them.

He was glad to see any of us take initiative.

Once Uncle Lamar found out that my father thought some Liverpool future contracts he had sold were already too low compared to New York prices, and that he had done the wrong thing. But, wrote Uncle Lamar:

... his comment was that he was glad I had done something, even if wrong; and that it was a good thing for anyone to make mistakes in the beginning of business life in order to have no illusions about his capacities for making mistakes.

The long business hours the two men kept, and the returns to the office after dinner during a part of the year become understandable in the next section of Lamar Fleming's reminiscences. In them he tells why it was necessary to spend part of almost every evening in the office during the busy season—for all cotton merchants—from late summer to mid-winter. This was the time when ginners and local dealers would be buying from farmers during the day, and when most of the purchases by the firm would occur late in the day or after supper.

A vivid memory of my childhood, in this connection, is the constant interruption of our dinner—during the "busy season"—by long-distance calls for my father. Usually these calls would have to do with buying cotton from a ginner or dealer in a small country town where the long-distance connection was so poor that my father had to shout to be heard, making his voice so loud that it was deafening.

In most cases the firm would not



Will Clayton and his late wife

THE THIRST for culture in the Clayton family was partially satisfied by the arrival of Lamar Fleming, Jr., then in his junior year at Harvard. "Uncle" Lamar—who said he was tired of riding around in other people's automobiles—left college to come to work for my father in 1911, and lived for three years in our house. The eighteen-year-old boy was so quiet, studious, and gentle, that as I recall him now walking along beside the taller man every morning and, many times, after dinner in the evening, to the office, he was the projection of a hidden side of my father. The balanced cast of the "apprentice's" features and the middle part in his hair, indeed, seemed to echo the older man; whereas the scholar's bent, which Dad had been unable to satisfy because of his need to

Cotton Business

know where it stood in its transactions until after supper, Uncle Lamar explained, and that became the natural time to decide upon and send its offers to Europe. Also, the crop moved very fast in those days, within a few months, because the center of capital and credit was Europe; American dealers had to sell the cotton they bought and turn it into money as quickly as possible in order to have the means of continuing to buy. As a result, lots of classing and of paper work connected with buying, shipping, selling, and invoicing had to be done within as short a time as possible. The reason was that no dealer could afford to carry a twelve-month organization capable of handling the peak load in a short working day; what had to be done was for everybody to stay late enough at night to get rid of the day's load during the peak period.

Uncle Lamar writes:

. . . Your father did not spare himself in this respect, and he seemed to enjoy it; and this had a lot to do with his employees' enjoying it.

I said your father was not ostensibly didactic. However, he knew every operation that took place in the business, because at one time or another, he had performed each of them personally; and this gave him the faculty of perceiving the cause of anything that went wrong and of pointing out to us how to correct it.

The faculty described here finds an echo in the following words of Mr. Winthrop Brown, assistant to Will Clayton in the State Department, years later:

Clayton's outstanding gift was that of the terms in which he developed support within the U.S. for the ideas he believed in. He was particularly good with Congressmen, because they could not laugh him off as a theoretic idealist. The reason was that before going to Congress he got himself thoroughly briefed.

He would first sit down with his staff and take shorthand notes on the details of the matter under discussion. Then, when he went before Congress, he read a prepared statement. The minute questions were asked

on this statement, he was ready with answers concerning the slightest detail. In his proposals, he dug below the surface always. If a Congressman came up with an impossible alternative to his proposal, Clayton, instead of saying "that's a stupid idea," would say something like this, "Yes, it's true there are two or three ways to deal with the situation. As a matter of fact, we've considered your solution for some time, and, after mature consideration, we have believed that the way we propose is the better one." Sometimes, when the alternative put forward by a Congressman was too absurd, he threw back his head and laughed—that wonderful, genial laugh of his. He never made them mad.

Lamar Fleming's reminiscences continue :

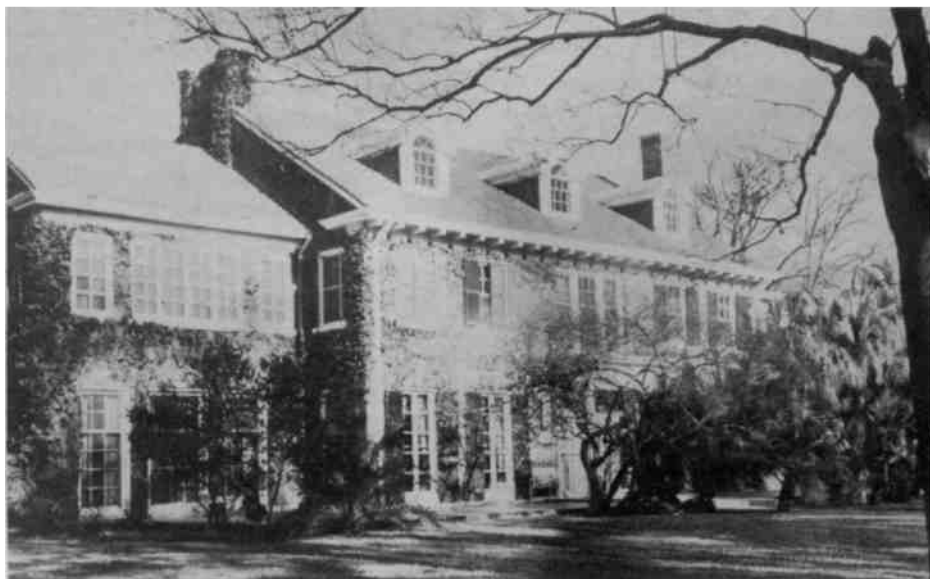
He knew and accepted more completely than most others that every phenomenon has a cause and that the sequence of the one from the other is governed by a natural law. His mind looked for the sequences and laws explaining phenomena of the present, and forecasting phenomena of the future. He has been a fundamental student all his life. He also has been a voracious reader and accumulator of the factual knowledge of the present, which is the springboard to future sequences.

This kind of study and attitude have given him a recognition of and submission to the inexorability of evolution, both on a grand scale and in its minor aspects. Through it he overcame, almost more than anyone I know, the static viewpoint and aversion to change that is hereditary.

One way in which Will Clayton showed his adaptability to change, early

in his business, concerned the round bale. As Beverly Smith had pointed out in his article in *The American Magazine*, Clayton had already had experience with this new type of bale in the American Cotton Co. Although the bale had met opposition in the South, he knew that its compactness and the complete burlap covering—far superior to that of the square bale which gave only partial protection—made it more economical, cleaner, and more acceptable to the European mills. The round bale, for instance, was a gin-compressed package and had a density of about thirty pounds per cubic foot, whereas the square bale, as it came from the gin, had a density of only twelve to thirteen pounds per cubic foot and was transported in this form by rail, sometimes one hundred miles or more, to a compress, where it was pressed to a density of twenty-two to twenty-four pounds per cubic foot, and was then ready for export or shipment to American mills. Obviously, the railroads performed much more transportation service for the square bale than for the round bale, but they successfully refused to recognize this in their rates—the two bales paid the same rates. The steamship lines, on the other hand, gave lower rates on round bales than on the square. Anderson, Clayton & Co., handling both types of bale, decided to invest more heavily in the better packaged round bale. They acquired patents for a very efficient round-bale press, and leased several hundred of them to gins

The Clayton home in Houston has been offered as a gift to the Houston Public Library



throughout Texas and Oklahoma.

As "competition in the life of trade," the square-bale people were stimulated to find some way to overcome the advantage enjoyed by the round bale in ocean freight. Nearly all square-bale compresses were "Webb" presses, named after the inventor and manufacturer, a Dr. Webb, of Minden, Louisiana. In due time he invented "side doors" to be attached to his presses, so that the square bale could be pressed on four sides instead of two, and by this means a density of thirty-two to thirty-four pounds was obtained. Such presses were called "high-density" compresses. In the beginning, they were established only at ports. Except in areas close to the ports, the cotton still had to be compressed twice, for it was sent, from the gins, first to the compress at the interior junction point for standard pressing, and then to the ports to be re-compressed if it went overseas. The round bale still retained its rail-way transportation advantage, but the railroads succeeded in resisting all attempts by Anderson, Clayton & Co. to obtain recognition of this in rates.

In time the high-density presses were established in the interior, and the round bale, in which Anderson, Clayton & Co. had invested so heavily, lost its advantage. The firm wrote off its one-million-dollar investment in the round bale to one dollar on its books and sold most of the presses for scrap. Thus Will Clayton and his partners followed the trend as soon as they saw that the round bale no longer held any substantial advantage. This quality of facing facts realistically was put to use by Clayton, later, in the service of his government as Undersecretary of State for Economic Affairs. "Once I came in to see Mr. Clayton because I was very worried about not being able to get something through the Senate," one of his subordinates remembers. "Mr. Clayton said to me, 'Never wrestle with the facts. It isn't your fault that the facts can't be changed. Wrestle with what you can do about them!'"

Although the firm weathered the panics and stayed abreast of the changes in cotton handling and compression, it found itself in a very difficult position at the beginning of World War I. It had sold a large amount of cotton to Russia, for shipment to Riga and Reval, but delivery to these ports became impossible because of the heavy German blockade

of the North Sea. In the end the cotton was sent across the Pacific to Vladivostok. Clayton has described vividly the serious straits his firm would have been in if it had not managed to deliver and receive payment for this cotton—much of which he, himself, had sold on a trip to Russia that spring.

We had bought futures at around 12J/2 cents to hedge our sales to Russia, and just before the war broke these futures slid to 9^2 cents a pound. That meant we had to put up \$15 a bale. It took about all our available cash and it meant a dead loss if we couldn't eventually deliver the cotton to the Russians at the [earlier and higher] price at which we had sold it and get paid.

Fortunately Mr. Clason, our agent in Moscow—although a German—was so loved by the Russians and so trusted that they allowed him to stay on without harm and do business. He remained in Moscow until November. And it was he who arranged with the spinners to take delivery in Vladivostok, whence the cotton would be shipped about 5000 miles by rail to the area around Moscow where most of the mills were located.

In fact, once this way was established, American cotton was shipped by this route to Russia all during the war.

A Commercial Romance

The story of what happened to the cotton which Anderson, Clayton & Co. and other American merchants sent to Vladivostok during the war reads like a commercial romance. A great deal of this cotton was stored out in the open, on the hill above the harbor at Vladivostok. In fact, because there were no available warehouses there and because the single-track Trans-Siberian Railway was operating far beyond its capacity, tarpaulins to cover the bales for protection from the weather accompanied each cargo of cotton to Vladivostok. At the end of the war approximately 100,000 bales—covered by these tarpaulins—were still there.

Then it was that the 30,000 Czech prisoners of the Russians arrived in Vladivostok for repatriation. Because the counterrevolution in the Ukraine had made the shorter route home impossible for them, their transportation had been provided for in the Versailles Treaty negotiations, and a number of ships were sent to Vladivostok for transport of the prisoners. Before the soldiers left there, however, they managed to load most of that piled-up cotton onto their ships. Thus it was quite some time before Anderson,

Clayton & Co. could sell any more cotton to Czechoslovakia — the "legionnaires' cotton" (as it was called) had to be used first. In fact, soon after the prisoners' arrival home, the Anderson, Clayton & Co. agent in Czechoslovakia sent the firm a number of their Acco tags taken from those Vladivostok bales.

Meanwhile wartime risks and the inability of some European importers to secure sufficient bank credit was hurting the export business of several American cotton firms. The opposite was true of Anderson, Clayton & Co. As World War I progressed, Will Clayton and his partners foresaw that capital and credit would expand in this country in proportion to their wartime decline in Europe, and that the Far East—Japan, China, and India—would increase their consumption of American cotton. Therefore Anderson, Clayton & Co. decided to extend their services still further to the mill door abroad. In the words of John Chamberlain (in the May 19, 1947, issue of *Life*):

The rich business of ACCO was built up by Will Clayton's fanatical application; his wife says he worked until midnight for 12 years of his life. Quite early in his career he fixed upon the idea of the "economic line of transit," and it was in pursuing this line, that he revolutionized the cotton merchandising business.

To affect "the economic line of transit" the company constructed compresses and warehouses at the ports in this country, where the bales could be given a final compact form and could be stored, insured, and financed until both the American mills and the European spinner wanted to buy. It was in order to establish the headquarters of the company in the port of Houston that Will Clayton moved his family there in 1916.

Before we left Oklahoma an incident occurred which brought me closer to my father, and which I was to remember years later, even after another intervening period of feeling rejected by him. It happened when I was about ten years old that Mother had to go away on a trip to see my grandmother in Kentucky. She left word with Dad that he must move Susan's bed and mine into his room, so that, if we needed anything in the night, he would know.

One night, before an arithmetic examination, I was so worried lest I should fail that I could not sleep. Finally I crept

out of bed and started pacing the floor, repeating to myself the rule for decimals. Dad heard me and asked what was the matter. When I told him, he took me into his bed, put his arm around me and said, "Darling, it doesn't matter if you fail, but you won't. I know how you feel. I'm the same way. I worry about things all the time that, in the end, turn out all right."

Then he told me one of his "serious jokes."

"Once there was a man who said, 'I'm old and grey, and I've had many

troubles, most of which never happened!'"



The Will Claytons inspecting a slum district in Houston

He laughed. "That's the way you and I are, Ellen!"

Shortly after the move to Houston, Anderson, Clayton & Co. began the expansion of their business on a worldwide basis. Already in 1916 they had opened an office in Le Havre, France. Immediately after the war, the firm set up in England and in Germany arrangements which gave them practically the status of domestic merchants in those countries. Later, they opened offices in Japan and China.

If my father had seemed distant before, occasionally, he seemed even more so, now. We were living in a house which he and Mother had designed themselves—a red brick, Georgian house, with white columns on either side of the door, and

a whole block of land, which provided ample space for a tennis court and stables for two riding horses. Houston, besides, was less headlong and less crude than Oklahoma, and much more Southern and "genteel"—an atmosphere that Mother liked. But I missed my Oklahoma friends, and, in spite of our bettered fortunes, was acutely miserable.

There were four children by this time, all girls: besides Susan and me, there were Burdine, born in Oklahoma City, and Julia, born shortly after our arrival in Houston. Although Dad was

only through the surface layer of his mind, while, underneath, he was absorbed in something too complicated for us to reach, or for him to explain—like Poe, who composed poetry while working out problems in mathematics.

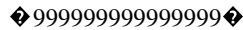
This abstraction of his worried me more than the others. Since I was the first child, I had received more concentrated attention in the early years. And I wanted nothing diluted. Even the punishments I'd once been subjected to were better than this. When Dad, sensing for a moment my resentment, would put his arms around me, I felt that his sudden move was hypocritical and I always drew away.

My sisters, more gregarious than I, did not seem to notice our father's absorption. Susan's complete assurance that he would be interested in her school or social problems always made him throw himself, momentarily, into another gear. "Daddy," she would sometimes say, with a roguish challenge, much like Mother's, in her eyes, "I want you to practice up on those dumbbells and Indian clubs in the attic. Maurice" (her childhood sweetheart whom she later married) "hasn't been treating me right, and he's awfully good at boxing; so I want you to practice up, in case you have to take him on!" This was the kind of make-believe my father loved. From then on a sort of conspiracy grew up between him and Susan, who used to ask his advice about every note Maurice or any other boy passed to her in school. Susan even persuaded my father to make a fourth at tennis, now and then, when two of her friends came over to play on our new court.

At this time Julia (who, later, made him so proud by winning the *Order of the Coif* in law school, where she graduated second in her class) was too young for much of his attention. But with my sister, Burdine—golden haired, delicate, and angelic of countenance as well as temperament—he was gentle and wistfully responsive. When arguments broke out at the table between us, and Dad, after restoring order, sat silent, with a look of stern distaste on his features, Burdine could always bring back a light-hearted mood by leaning her head over to one side (pretending she needed to do so in order to look up into my father's dark, clouded eyes), and then saying with the silveriest tinkle to her voice:

busier, actually we saw as much of him as before. Most days he drove us to school, as in Oklahoma he had walked with Susan and me, giving out Susan's spelling on the way. He always had lunch at home on Saturdays, and he took us to Sunday school and, during the first year in Houston, before he became even busier, he read to us from the Bible and occasionally from Dickens or a Baroness Orczy mystery story on Sunday afternoons.

Yet in none of this did he completely participate, with all of himself, as he had seemed to do on winter evenings back in Oklahoma. Here, with the responsibilities of his business always creating more demands, things were different. When he told stories or read to us now, he seemed to be communicating with us



"I think I see a little sunshine coming!"

She would say it maybe two or three times, and then, my father, in spite of himself would un-freeze his features and break into a laugh. Soon the whole table was laughing with him.

Most of his absorption at this time may be traced to the fact that he was going through one of the greatest trials of his life, a trial of which I, wrapped up in my own teenage problems, was only barely conscious. This was his fight for southern delivery on the New York Cotton Exchange and his investigation by a Senate committee, which, in some respect out-McCarthyed even the McCarthy methods. The difference, here, was that the witness never thought of invoking the Fifth Amendment. Instead—showing some of the fire with which he used to punish me, but keeping it under control—he made the committee and his accusers wish *they* could invoke the amendment before he had finished.

In 1947, John Chamberlain, writing in *Life* an article called, "Will Clayton and His Problem," said:

Cotton is a risky commodity; there is so much of it that violent price swings are inevitable, and a merchant who buys, say, one million bales at \$60 a bale could lose \$10 million overnight by a mere \$10 drop in the price. To make themselves safe, Anderson, Clayton & Co. always hedged scrupulously; every time the firm bought a bale it sold a future hedge on the Cotton Exchange.

Nevertheless, Anderson, Clayton & Co. was accused of manipulating the cotton market of 1926. Although he had not been called, my father volunteered in the spring of 1928 to appear before the Senate subcommittee making these charges.

He began by saying, "We are 'spot cotton' merchants. The words 'spot cotton' are synonymous with 'actual cotton.' Our function is that of a middleman between producer and consumer."

Then he launched into an economics lesson in cotton merchandising. He explained how because the farmer wants to sell his crop when it is ready—between September and December—and the spinner normally doesn't wish to buy his whole year's requirements in that time, the merchant middleman must buy more in that period than he can sell, which creates a risk of loss if the market

declines before the spinners decide to buy. Also he must sell to the spinner before the producer has the cotton ready because the spinners have to sell yarn and goods when their customers wish to buy, and normally they will not risk the loss of an advance in price from the date of these sales until the crop is ready. So the "spot merchant" takes the market risk for both producer and spinner. And he uses the futures market as a means of passing on these risks to others who have opposite risks or to the speculative public. That is, he uses this machinery "to hedge his purchases and sales of actual cotton." As a general thing, no cotton is actually delivered on such futures contracts.

N. Y. Cotton Market Attacks ACCO

When the actual cotton is sold to the mills, the merchant buys his futures back in. But because of the fact that futures contracts entered into on the New York Cotton Exchange required delivery in New York—which had long since ceased to be a spot-cotton market, and was far removed from the economic path of travel from producer to the mill—the New York cotton contract become subject to manipulation. The "opposite number" of the merchant who had sold the futures and was trying to buy them back could refuse to sell at a reasonable price and could demand delivery of the cotton instead. Yet the freight costs from the cotton-growing centers to New York were so high that the merchant stood more to lose from shipping the cotton than from buying it back at the speculator's price. Thus the New York manipulator was able to operate a "squeeze" on the merchant, forcing him to buy in at an unnaturally high figure. Indeed, the New York market often moved one way when the market for spot cotton in the South moved another. Naturally, under such conditions, the New York futures contract was a very unreliable device for the hedging of merchants' risks. This had been noted in the reports of various committees appointed by the Exchange to study the matter since about 1900, and a recommendation—so far unheeded—had been made that delivery be permitted at Southern ports.

One of the complaints against Clayton's company, made by certain firms trading on the New York Exchange, was that Anderson, Clayton & Co. had stored in New York in 1926 an unduly

large amount of cotton—200,000 bales—■—at a loss to themselves, and, thus, that the storage must have been for the sinister purpose of depressing the cotton market.

Will Clayton, in answering the charges, explained that the crop of 1926-1927 was the largest on record, and that there was almost a panic on the part of producers to rush it to market. The mills, expecting lower prices, were not free buyers. By October 1, the price had dropped to about 13 cents per pound. A meeting of bankers and cotton exchange representatives convened in New Orleans to consider the situation, and agreed that merchants should recommend to the producer to stop selling at such ruinous prices and should urge their spinner connections to buy cotton for an investment, since it was selling below the cost of production.

Three days before this meeting, Anderson, Clayton & Co. had cabled their selling agencies in Europe and Asia to transmit to their spinner buyer's advice to buy at once a substantial part of their season's requirements as an investment. They also offered, through their interior buying connections, financial and storage facilities to farmers who wished to hold their cotton. Clayton testified:

We had to find storage room for over 1,000,000 bales of cotton. Our own warehouses in Houston and New Orleans had a capacity of 500,000 bales, . . . but one of these was under engagement to the Farmers' Cooperative Association, which immediately filled it, so that our own available space would accommodate only 350,000 bales . . . But even this [and warehouses rented elsewhere] were insufficient, so that we had to ship large quantities abroad for storage. If we had not shipped to New York . . . that cotton, too, would have gone abroad . . . or else we could not have bought it . . . In shipping this cotton to New York we did not consider that it was delivered against our hedge contracts futures any more than the much greater quantities we held in the South, and indeed we still own much of the cotton shipped to New York, and buyers of our hedge contracts having preferred to let us carry it, rather than assume that burden themselves . . . If at any time the gentlemen in New York who claim New York is a great spot market for actual delivery of cotton had wished to demonstrate that it is, they might have done so by taking this cotton on their contract and merchandising it in the consuming markets of the world.

Without the shipment of this cotton to New York for the protection of our short hedges in that market we could never have risked our capital and our credit in the merchandising of anything like 2,600,000 bales . . . during that season.

This, by the way, is the biggest percentage we have ever bought of any crop; it is 15% of the 1926-27 crops . . . which certainly does not place us in the category of monopolists.

After exhibiting tables and figures representing the total U. S. cotton shipments from various ports and the amount received in European ports for 1926-1927, Clayton went ahead to disprove the allegation that his firm had transported at a loss the bales which it stored in New York. In all his statements he hammered home the fact that New York was not a natural spot-cotton market, for, at this time, he was trying to bring about that radical change in the New York contract which—for lack of anyone with the courage and the fight to defy the manipulators—had been as long overlooked as it had been recommended. This change would allow delivery of cotton on futures contracts in ports other than New York—such as New Orleans, Houston, and Galveston, cities closer to where the cotton was grown and in its natural line of transit, thus preventing the disastrous squeezes which had become a part of transactions on the New York Exchange. This innovation was called "Southern delivery"—delivery in Southern ports.

The Senate investigation, often conducted in an insolent manner, continued, probing into the firm's records for as far as three years back. This exacted a tremendous toll from Will Clayton, for he was not content to give anything but complete and minutely accurate facts. Nevertheless, he emerged the winner, and his arguments in the Senate and elsewhere brought about, at last, the reforms he'd hoped for in a system of "Southern delivery." Thus one of the old goals he had set himself—establishment of a principle whereby the South's chief product could be marketed with greater certitude—had been achieved.

On May 1, 1928, the Knife and Fork Club in Houston gave a dinner to honor him and celebrate his "victory" for Houston and the South. As he had explained early in his appearance before the Senate, the contract dealt in on the

New York Cotton Exchange was obsolete, and had to be altered to meet modern conditions. He had argued:

A future market close to the markets where the great supplies of actual cotton are, reacts most quickly to the conditions that determine the prices of actual cotton, and reduces to a minimum the wasted time and money of moving cotton from the storage place to the place of delivery on futures contracts. Just after the Civil War, New York qualified in this respect, for disruption of ocean shipping, financing, etc. in the South, caused cotton to move to New York for storage; but this movement . . . has ceased . . . New Orleans, Houston and Galveston are the greatest American storage and trading centers for actual cotton.

A Houston paper of May 1, 1928 said:

W. L. Clayton will be honored tonight in his hometown and by friends and neighbors who know him as "Will," rather than as the biggest cotton dealer in America and perhaps in the world . . . For years Mr. Clayton has been one of the biggest factors in the growth of Houston and the South. More than that, he is a citizen of such rugged honesty, such zeal for all good causes, such compassion for the unfortunate,



Ellen Clayton Carwood

Educated in the public schools of Oklahoma City and Houston and at the Shipley School, Ellen Clayton became a Phi Beta Kappa at Smith College and was graduated there *magna cum laude*. After her marriage to a promising young Houston lawyer, St. John Garwood, who became Associate Justice of the Texas Supreme Court (now retired), Mrs. Garwood obtained an M.A. degree from the University of Texas.

Her published writings include historical sketches of Texas and prominent Texans; the English translation of a French novel. Out of the *Past a Sailor*, by Ligeioix de la Combe; and a travel book on Spain. Mrs. Garwood's biography of Will Clayton, serialized here by special permission of the University of Texas Press, Austin, is available from the publisher at \$3.—Editors.

such willingness to exert time and spend money to aid community progress and philanthropy that, in showing appreciation of him, his friends also honor themselves.

Shortly after Clayton's championship of Southern delivery before the Senate, Congress passed in 1929 an Agricultural Marketing Act which provided for government loans on farm crops, and authorized the creation of so-called "stabilization corporations" with powers to buy surplus crops. This legislation, an attempt to ease unrest in the twenties, grew out of the fact that much of the greatly expanded agriculture in the U.S. was being financed on a mortgage basis, partly because of low foreign buying which had resulted from economic dislocations after World War I. Also mass production in this country had caused a sharp contrast in prosperity between people in industry and people in agriculture. The Congressional act occurred as my parents were about to sail from New York to accompany me and my one-year-old son to Buenos Aires, where my husband had taken a position. From the ship, my father wrote his partner, Mr. Lamar Fleming, Jr., a pen-and-ink letter forecasting changes which the firm would have to make as a result of the act. He foresaw that in the U.S. the trend for a long time would be to bolster agricultural prices, including that of cotton.

A loss of world markets for American cotton would be sure to occur, he wrote, because other cotton-producing countries, encouraged by the fact that our cotton was being priced so high, would increase their production and undersell us. Anderson, Clayton & Co.'s organization for merchandising American cotton and its selling agencies abroad would suffer unless the firm established branches in other cotton-producing countries, as they had already done in Mexico and Egypt.

It was this policy, then, which was followed in the ensuing years, and which grew also, later, into the manufacture and handling of cottonseed by-products in Egypt, Mexico, Brazil, Peru, Argentina, and Paraguay. Several years earlier the firm had embarked upon the financing of cotton farming in Arizona and California.

In John Chamberlain's previously quoted article of May 19, 1947, he wrote:

Clayton argued that any artificial attempt to keep the price of U.S. cotton up as the Hoover and Roosevelt administrations had done would . . . result in increased acreage in Brazil, Russia, and elsewhere. Thus . . . government intervention to save the U.S. cotton farmer . . . would only increase . . . his troubles. Things turned out as Clayton had predicted. . . . Clayton does not counsel a do-nothing policy about cotton or any other commodity. But he would prefer to subsidize cotton growers for sowing improved varieties of cotton seed, not for plowing under their acreage. Reduction of our tariffs, he thinks, would inevitably help the U.S. cotton grower, for it would increase the amount of dollar exchange in foreign lands and a good proportion of those dollars would . . . flow into the U.S. South for cotton and into the U.S. West for wheat.

It was because of Cordell Hull's proposal for reciprocal trade agreements that Will Clayton supported Roosevelt in 1936, although he did not approve the President's "plow under" policies. However, as late as 1945, the *Texas Spectator* criticized Clayton for his free-trade stand, and his company's handling of foreign cotton. In an issue of December 21, it said:

Clayton was a violent hater of the Triple A and most of Roosevelt's farm program . . .

Clayton told the [Senate Agricultural] Committee fin 1935] that the company had gone into South America because the company could no longer hold the German business with North American cotton.

How envious Clayton might have been if he had ever stopped to consider what a breeze the sulfur business was along about that time . . .

It seems that when Clayton couldn't whip the New Deal, he joined it. . . . Clayton is an ex-Liberty Leaguer.

Will Clayton had joined the Liberty League because his old friend, John W. Davis, had asked him; he never attended a meeting. Later, because of certain League actions which he did not approve, he resigned from the Liberty League.

In 1946, the *Texas Spectator* of September 20 quoted Mr. Jim Patton, president of the National Farmers' Union, as saying in 1944, when he opposed confirmation of Clayton as Assistant Secretary of State:

Mr. Clayton favors free trade. . . . This is the liberalism of 100 years ago. It is the imperialism of today. . . . Its results would be] that within a . . . short time the large

cotton producers would have driven out of the business . . . every family farmer . . . big operators would continue to pay sweatshop wages in order to keep down costs of production. . . .

Clayton's firm helped stimulate the pitiful pilgrimage of thousands of Takies and Arkies to Arizona and California, drawn by handbills promising employment in the cotton fields . . .

Mr. Clayton's firm, through a subsidiary . . . helped . . . finance the notorious Associated Farmers of California. . . . Industrialized agriculture has been permitted to serve as an economic poorhouse for the unfortunates who have no other means of livelihood . . .

Trail-blazing for Freer Trade

The *Texas Spectator*, in this same issue, presented Clayton's answers to such charges as the above. In these answers he demonstrated that large-scale mechanized farming should pay the laborer more rather than less, although it would require fewer hands. In answer to a question from Senator Pepper as to whether he would favor government aid to people who might be hurt by large-

scale, mechanized farming, he replied:

I have said from the beginning, going way back to 1933 that, in my opinion, the Government owes the cotton farmer something for the fact that he has to buy in a closed market and sell in a free market. I believe that some adjustment or income payment to the cotton producer by the U.S. government was in order. What I have cautioned against and warned against repeatedly is that the program should not try to make the market make that payment to him, because in attempting to have the market pay it to him, you throw the market out of line with the world market and destroy your export trade in cotton. . . . We have gone too far on the road we are now on to turn the cotton farmer loose and just leave him to shift for himself. We must adopt some constructive program with a humanitarian, broad, social background which will assist in the reconversion of this great industry with the view of getting it where it can take care of itself.

Will Clayton was referring to freer international trade, with, meanwhile, subsidies to farmers until such products as cotton and other things could regain some of the world markets they had lost. (To *be continued*^)

For Further Information Write to:
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