FUTURES TRADING SEMINAR
INFLUENCE OF ENVIRONMENTAL FACTORS

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FOREWORD

In recent years, fellows from the cloistered halls of learning have been descending the steps of their ivory towers in increasing numbers for a rendezvous with the guys from the battlegrounds of business. On the one hand, there is a growing realization among the scholars that such contacts with reality have a gyroscopic effect. It keeps them from getting too far out in left field. On the other hand, the makers and merchants, devotees of Fortuna and Yacatecuhtli, have manifested an increasing interest in the research findings flowing from the test tube laboratories, and from the pens of the philosophers of the behavioral sciences. This mutual interchange of ideas, experiences, and observations in the physical sciences has produced phenomenal results in the performance of men and machines as the recent flights of the cosmonauts illustrate.

The social sciences are less startling in their revelations, but, I believe, they are no less effective in transforming the fortunes of mankind. They trail in the parade of progress, perhaps, as a natural sequence of events which calls them into play. With a little bit of luck, I believe their contributions will follow in the wake of the great upheavals caused by the many new technological discoveries made in the past few decades. On other occasions, I have asserted that “the art or the science of marketing is in its infancy.” It is only during the past half century that the schoolmen collectively have given the subject any serious consideration. The first 25 years of this period were spent in elbowing their way into the curricula of the colleges and universities, and in forming an organization supported by a budget and a trained staff. After they had succeeded in chipping out their own niche of specialization within the realm of the social sciences, there were

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fewer distractions and more incentives to turn their attention to creative work.

The charter members of the Board of Trade of Chicago founded this institution without benefit of counsel or direction from the academicians simply because there were no economists on the scene, or if there were any, they did not concern themselves with problems of marketing or futures trading. One of the first scholars to recognize futures trading in a formal way was Henry Emery of Columbia University, 1896. His efforts in this direction, however, were insular. The next writer of note — Harrison Brace, presented his version on futures trading in 1913. In the half century, 1896-1946, the principal books appearing on the subject could be tallied on the fingers of one hand, and these, I might add, were primarily descriptive rather than explorative in content. No attempt is made here to account for the considerable volume of reports, pamphlets, hearings, and other publications slanted either toward or away from dealings on the commodity exchanges.

The future, to me, has a brighter hue. During the past 10 to 15 years, several economists have delved into various aspects of futures trading in an objective manner broadening our understanding of the functions of commodity exchanges and their role in an acquisitive society. The publication of the papers and commentary presented in the 1959 seminar sponsored by the Board of Trade has elicited many favorable comments, as the publication of our deliberations in this meeting is certain to do. It is this enrichment of the literature that is so essential for effective instruction in the advanced marketing courses offered in our higher institutions of learning.

Outweighing this consideration, in my estimation, is the influence which these discussions and papers may have in stimulating interest and inspiring students of market orga-
organizations to press their inquiries farther out on the horizon and deeper into the core of the subject. To illustrate, one facet of these potentialities intrigued me this past week. My attention was drawn to a statement claiming the market forecasters have been experimenting with new devices in predetermining cyclical turns in the stock market. They claim a higher degree of accuracy than ever attained before. Recently, they pronounced a major break-through in forecasting price trends for individual stocks by the use of new techniques with the aid of modern computers. If a reasonable degree of success is achieved in determining future price trends for common stocks, how long will it take to thus forecast the price of specific commodities, and how will this development, if applied successfully, be best administered in the interest of everyone concerned in projecting prices into the future.

A corollary to this avenue of enlightenment is the scholarship program sponsored by the Board of Trade. Each year two grants are awarded on a competitive basis, one for studies toward a Master's degree and the other toward a doctorate in any university of the candidate's choice. This program for increasing competence in the field of marketing agricultural products actually had its origin in the Uhlmann grants which were current for several years. It is recognized, of course, owing to the vicissitudes of life that some of the students awarded these grants will be diverted into other channels of livelihood. Consequently, they may never directly conceive a salient idea improving our market economy, but their advanced training in problems of marketing and distribution might, nevertheless, exert an indirect influence of a salutary nature on market development wherever they may reside.

These seminars have several unique features that set them apart from the ordinary convocations of scientists. They are
attended by a limited, select group of persons drawn from the professions and the trade. The invitees are guests of the Board of Trade, and there is an ostensible obligation to contribute to the proceedings if the spirit moves them. They are warned, however, that anything they may say will be held against them for the remainder of their natural lives.

These sessions are being held within earshot of the clamor and tumult of the world’s greatest commodity market. Consequently, let no participant be disturbed if they observe anyone drifting in and out of the room during our deliberations. To the member-actors in this drama of real life, “the show must go on” as they attend to their daily round of duties. We hope business activities on the Board will not be so intense during today and tomorrow that it will make it difficult for members from the pits, the desks, and the cash tables to attend. This opportunity for close association between educators and members of the trade is a real privilege. It can only lead to mutual respect and a better understanding of the problems confronting those who take part in this pow wow.

The theme of this seminar is the “Influence of environmental factors upon our markets in particular and world markets in general.” Since it was obviously not possible to consider all exogeneous factors affecting markets in a two day conference, our committees settled on four topics, two of which stress governmental intercessions and the other two are concerned with national and regional organization programs designed to facilitate trade.

September 5, 1962

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