FINAL DISCUSSION SESSION

MODERATOR: Dr. Leonard Schruben, Department of Agricultural Economics, Kansas State University

The time has now arrived for "Show and Tell." It is a time to relate and exchange experiences connected with teaching about commodity markets. An examination of economics and marketing textbooks disclosed that very little or no attention was being given to marketing of commodities and that was one of the things which prompted this seminar. The program committee concluded that teachers of economics and marketing had little help on this subject in the form of teaching aids.

It seemed desirable to expose students in college economics classes to some of the facts of life concerning commodity markets. If help were not available elsewhere, perhaps the best thing to do would be to bring to Chicago a select group of teachers and give them an opportunity to see this market in operation and to discuss its function in the economy.

Various aspects of the commodity exchange have been discussed the past several days. Papers have been presented by college professors and professional economists as well as by trade representatives. All have been of a high caliber. Discussions in an atmosphere of free inquiry with opportunities for questions have facilitated the exchange of information about the role of commodity exchanges in the economy. By observing important real life experiences in the affairs of people our understanding of how the exchange economy actually functions has been broadened.

[243]
FUTURES TRADING SEMINAR

Educational experts seem to agree that our understanding of the theory of a subject is enlarged if we associate the elements of theory with real world events. This seems especially true when teaching beginning students.

One purpose of this symposium has been to help us to become better teachers of economics. At this time we are going to call upon three members of the Educational Advisory Committee to share with us some of their teaching experiences. Later there will be ample time for others to cite instances where specific examples have been useful in teaching college economics.

First, we are going to call on Dean Gaumnitz who will illustrate some of the things that he has found useful in teaching. The second speaker will be Professor Mutti who will discuss some application in teaching agricultural marketing. Many educators are increasingly involved in adult education programs for people who do not have the theoretical or academic background in either economics or marketing. For illustrations in handling teaching assignments among this group we will call on Professor Pederson. He has had practical experience in working with adult managers of business firms, and he will discuss some of the principles he teaches and some of the uses he makes of examples from the Chicago Board of Trade.
I assume that those who follow me will supply illustrations that are concerned largely with basic agricultural commodities. For this reason, I wish to direct your attention to the realization that much of business, in whatever field, is concerned with agreements that must of necessity refer to future performance. To this extent, much of the commercial world is concerned with "futures" transactions. A few years ago in some regulative discussions, references were made to "phantom wheat" with the implication that wheat that was not yet in existence, but was nevertheless being bought and sold, somehow constituted an undesirable transaction. This must have been primarily because of the fact that the transactions referred to a commodity not then in existence. This illustrates the type of erroneous reasoning that surrounds much of the discussion of the logic and the mechanics of the futures market.

A large part of the discussions that you have had thus far in this seminar has been directed toward increasing your knowledge and understanding of the nature, the purpose, the economic services, and the necessity for the type of services rendered by the Chicago Board of Trade and other organized markets of a similar, but less highly developed type.

Suppose we consider for the moment the nature of the transaction that arises when a contractor agrees with a prospective owner concerning the construction of a building that is in the stage of blueprints and specifications. Based on information as accurate as the two parties can ascertain, an agree-
FUTURES TRADING SEMINAR

ment is made for the contractor to sell an assembled product — the building — to the prospective building owner. It should be observed that at the time, the materials and the services that will be used in the construction of the building may not be in existence, and especially the combination of the two has not taken place. To this extent, the building contract is a "futures" transaction in that it relates to deliveries to be made in the future of goods that may not be in existence. It involves indirectly economic conditions that pertain to the future and which therefore cannot be known at the present time. Many of these factors are common to all contracts, including those in basic agricultural commodities. But, of course, there are differences such as illustrated by the special character of exchange contracts that have been explained in papers previously presented in this seminar.

If one were to select a variety of industrial activities and consider whether the business is concerned with present or future performance, the conclusion would undoubtedly be that much more of our business life is concerned with the future than with the present. Viewed in this light, we can arrive at the conclusion that basic agriculture commodities have certain physical traits that permit transactions relating to the future to be made with reasonable certainty with respect to grade, promised delivery date, costs of services rendered, and other factors. However, there are still many uncertainties remaining, such as supply conditions at the contract date of delivery, demand conditions, and a host of other factors concerning which an organized commodity market can give protection to the buyer and seller.

It is helpful in analyzing our total market economy to realize the proper function performed by our agricultural commodity markets and to evaluate the contribution made by this important institution in our total marketing service.
GENERAL SUMMARY

R. J. Mutti, Professor of Agricultural Marketing,
University of Illinois

My presentation will indicate how I use material relating to the futures market in teaching an undergraduate course in the marketing of agricultural products — a course given in most colleges of agriculture. Several departments of agricultural economics also offer marketing courses relating to a particular commodity or commodity group, but I will not refer to them in my presentation.

Our introductory course has 44 sessions of 50 minutes each. Three of these sessions cover subjects with illustrations drawn almost exclusively from the futures markets. In one period we discuss specifically how farmers may use futures markets (could also be for other business firms, but in our case we are dealing with decisions that confront farmers in marketing their products). We briefly present five examples, which are:

1. Use of quotations from futures markets as indicators of a product's value — to decide whether to sell now or later, and where to sell.
2. Selling contracts equivalent to all or part of the expected production from a growing crop before harvest in order to assure oneself of a certain price.
3. The possibility of hedging to earn a carrying charge on grain from use of storage facilities; (In Illinois there are a few farms with storage facilities of 30,000 to 40,000 bushels, so for them this practice is a definite possibility; however, we use this example primarily to illustrate how country grain receivers can generate earning from unused storage space).
FUTURES TRADING SEMINAR

(4) The opportunity to "fix" the price of feed in livestock feeding operations. When feed must be bought at some later date a cattle feeder or a turkey feeder may protect himself against a price rise by purchasing soybean meal and corn futures (and selling these contracts when he purchases the physical commodity); with the recent establishment of trading in cattle futures it is now possible to involve students still further by showing how live cattle futures may be sold when feeder calves are purchased (and then covering these contracts when the fattened cattle are marketed). In a real sense this exercise shows how a manufacturing operation may be conducted on the farm with price risks shifted so that profits earned come primarily from the feeder's efficiency in converting feed into livestock.

(5) Show that the futures market is and can be used by farmers who desire to speculate in a possible price rise even though their physical commodity has already been marketed. Farmers who do not have storage facilities have to sell their crop at harvest time; if they have a strong belief that the price will rise they may buy a futures contract in the hope of gaining from this expected rise. Data gathered irregularly by the Commodity Exchange Authority which show the occupation of those engaged in futures trading have always shown that a large number of speculators are farmers.

Seldom do I complete the discussion of the preceding examples in one class period. Students have some questions, and we try to make clear that sales may be hedged as well as purchases (using a wheat miller's or a soybean processor's operations as examples).

An exercise designed mainly to illustrate the marketing function of securing and disseminating market information is used
GENERAL SUMMARY

in another class period. The assignment involves a series of questions based on the content of the commodity market page of *The Wall Street Journal*. Students are asked to:

1. List the cash or spot market prices for one of two kinds of grain from all of the markets that are listed (provides an illustration for a discussion of location theory in terms of geographic price differences)

2. Select a particular grain and tabulate the different prices, grade characteristics, and freight billing for each grade of that grain reported (provides an opportunity to associate prices with the various determinants of value for a specific lot of a commodity)

3. List all of the commodities and the months for which futures trading is carried on for each, so that students become familiar with products traded in commodity markets as well as the idea of many different contracts.

4. Use the quoted prices for soybeans, soybean oil, and soybean meal to calculate the returns from the soybeans if converted into products — not only for the spot market, but also from a forward purchase and sale some four or five months ahead.

5. Tabulate “to arrive” bids and “track country station” bids for soybeans; in our discussion we point out that grain firms are able to make these bids for a product not yet received because they have an opportunity to transfer price risks by hedging in the futures market.

We have one class session in which the commodity exchange is discussed in an institutional framework; we define and explain the nature of the futures market and futures trading, where it is done, and why it is done for some products and not for others. The material presented by Roger Gray at this seminar will be helpful in this session.

In other parts of the course reference is made to the futures
FUTURES TRADING SEMINAR

market when other ideas are being explored. Thus, in discussing price determination and the specific forces of supply and demand affecting prices, we cite examples from activities in the futures markets, and the futures markets as a market where these forces are brought together. In another part of the course we refer to the regulation of marketing activities as one very important marketing function. Most texts include material pointing out governmental regulations; we use these, but we also point out that there is a good deal of self-imposed regulation by an industry itself (illustrations from the Board of Trade Rules and Regulations fit well into this particular discussion).

In discussing the marketing function of standardization we point out that the use of standards is essential before futures trading can take place. Finally, in the latter part of the course we spend considerable time on the subject of integration and contract sales. As Henry Bakken stated earlier in this Seminar, a high percentage of agricultural commodities are now sold for future delivery in some form.

I have pointed out how I used examples from the commodity markets in a general marketing course. If you wish more specific examples relating to grain marketing, I suggest you direct some questions to our chairman, Dr. Schruben, who teaches a grain marketing course at Kansas State University.
GENERAL SUMMARY

Harold C. Pederson, Acting State Leader of Extension Programs and Extension Economist in Marketing, Institute of Agriculture, University of Minnesota

The task of summarizing experiences for illustrations of educational work carried on with managers of country grain elevator businesses is an involved undertaking. The effort required helps me appreciate what a speaker at an annual country elevator association meeting meant when he used a story to impress upon the stockholders the complicated position occupied by their manager.

He referred to a situation where the equipment for unloading and elevating the grain at a country elevator failed to function. A long line of loads of grain waiting to be unloaded soon formed. The problem could neither be determined nor corrected by any member of the manager’s crew so an urgent call was made for an expert mechanic to report as quickly as possible.

Fortunately, the expert arrived in less than an hour. He was an energetic individual and with tools dangling from his belt climbed quickly and soon disappeared into the lofty structure. There was silence but this was soon broken by the sound of a hammer used on metal. The expert returned to the main floor in a few moments and said the equipment was again in working order. It was. This successful mechanic hurriedly made out a statement in the amount of one hundred and fifty dollars for services rendered and prepared to leave.

The manager glanced at the bill and then commented, “I don’t question the value of your services but a bill of this amount — one hundred and fifty dollars — ought to be itemized in more detail.”
The expert disgustedly prepared an alternative bill which read: "One dollar for pounding with a hammer, and one hundred forty-nine dollars for knowing where to pound." (Laughter)

The expert referred to in this story obviously had mastered a skill. The results of his efforts no doubt yielded both satisfaction and a good income. The country grain elevator manager with similar goals in mind — satisfaction and income — must make numerous decisions over a wide range of situations. He must know when, where and how to use his talents. And efforts he may undertake to improve his skills must be planned so as not to seriously interfere with his regular responsibilities or with peak seasons when business requires maximum attention. Really, this manager assumes an unusual role in his market center. He must keep customers satisfied and yet he knows that he will soon be out of business if he pays too much, and that he won't have any business if he doesn’t pay enough. Moreover, his business undergoes change from one period to another. This means he must keep abreast of new developments. Examples of far-reaching changes are the recent changes associated with picker-shelling of corn, artificial drying of grain, changing production areas, new grain production techniques, transportation changes, and others.

This is an all too brief background of the experiences which present day county grain elevator managers encounter. It does, however, serve as the basis in justifying and itemizing guidelines to consider in sponsoring educational programs for grain elevator managers. The list follows:

1. Once introductory explanations of the principles involved in marketing topics are presented, elevator managers are likely to favor topics and discussions that apply to their business. Time is limited to topics such as: "How can futures markets help me in my everyday busi-
GENERAL SUMMARY

ness?" "What significance is the futures market to me?" Examples on how a manager uses the futures market; and other topics of current interest. The educational materials made available by and through the Chicago Board of Trade have been exceedingly helpful in meeting these needs.

2. The importance of including representatives from the grain industry in continuing educational programs has real merit. Personally, I would hesitate to discuss certain problems of interest to grain elevator managers when there are knowledgeable individuals within the industry who are willing to do so.

3. The type of educational meeting arranged for managers need not necessarily be a one-day affair. A sufficient number of two, three or more days in a series or at weekly or monthly intervals have proven successful.

4. The time of year for such events is especially important. Unless the subject matter presented has an urgent appeal certain months are preferred to others. In Minnesota the preferred months seem to be December through March.

5. The time of the day chosen is important. The evaluation of questionnaires submitted to nearly a thousand Minnesota elevator managers during the past three years indicate that the 4:00 - 9:00 P.M. sessions are preferred.

6. Grain elevator managers also have expressed a need for more educational grain marketing programs for producers. This view, they say, is desired as much of the grain is kept on farms for long periods. This involves costs, and at times losses, which are important to the total grain industry.

Now, in summary, two examples serve to indicate the good that may result from work carried on with these non-credit
FUTURES TRADING SEMINAR

off-campus or on-campus programs for country elevator managers. In one instance, I recall one young man who accepted a position as a manager of a large farmer's cooperative elevator in southern Minnesota. This association had a series of bad years before he became manager. Three years of good management changed the situation substantially. This young man has often remarked that his participation in a three-week short course held for managers not only assisted him directly, but, also, helped guide him to sources of information and assistance that enabled him to enjoy the progress he had made.

In another instance, an assistant county agricultural extension agent said his educational work in farm management has become more effective since he became familiar with the futures market and could discuss its merits with his cooperators. This over-view of experiences with country grain elevator managers and the producers they serve prompts me to conclude with this question: Can non-credit off-campus courses offered to extend educational information on commodity markets and numerous related marketing subjects be upgraded so as to more effectively accomplish our objectives? I hope the question can be answered "yes."

[254]
GENERAL SUMMARY

SUMMARY DISCUSSION

SCHRUBEN: You will notice from your program that the schedule for this afternoon omitted mention of adjournment time. This should allow all the time you want for questions and discussion.

There are at least five participants, not counting the Educational Advisory Committee, who have had experience in dealing with questions of futures trading, have written on the subject, and have used commodity markets as examples in illustrating economic principles. Before we conclude this session, perhaps we can hear also from these people.

First though, perhaps there are questions you would like to ask Dean Gaumnitz, Professor Mutti or Professor Pederson. Any questions that you would like to direct to these people?

BAKKEN: No comment was made by these individuals of graduate courses, and I wondered to what extent graduate marketing courses give attention to this phase of marketing.

DAVIS: We have a course in marketing problems at the graduate level, and one of the problems involves cereal marketing and hedging. We give considerable time to that phase of marketing management.

At the undergraduate level, we also have a course in marketing management in which we discuss cereal marketing. We also have at the undergraduate level a course in marketing problems which includes a hedging problem.

SCHRUBEN: Are there any other illustrations to answer Henry's question? Some institutions offer complete courses in futures trading, such as the course at Stanford.

EHRICH: Along that line, there is a lot of interdisciplinary interest in that Stanford course from students in the business school and the economics department.

MARTIN: At Maryland there was a course offered at the advanced undergraduate-graduate level, which included in-
FUTURES TRADING SEMINAR

formation on the way futures trading was handled in commodity markets. There were four night sessions to which industry people were invited. Guests from one of the brokerage firms came and talked to these sessions. This was well accepted because it provided the students with an opportunity to talk to people in the trade.

SCHRUBEN: I would like to list a few topics which can be illustrated by activities at the Chicago Board of Trade.

Arbitrage seems to be a difficult concept for some students until you illustrate it with concrete transactions. Risk and uncertainty, elements of competition, the economic man, and the psychology of the market can each be illustrated by events occurring at the Chicago Board of Trade.

Often, illustrations of specialization are from the production side of our economic endeavor. However, specialization in marketing must accompany specialization in production if the economy is to benefit from the efficiencies of specialization in production. The Chicago Board of Trade is an excellent illustration of the kind of specialization in marketing which is necessary if the economies of roundabout production are to be achieved.

Certainly, the efficiency in exchanging title to grain at this market is something to observe. The output per unit of input must be extremely high in this market when you compare it with markets in other parts of the world where thirty minutes' haggling over the price of a cup of rice is commonplace.

Another illustration which seems to me to stand out here is business integrity. You find men committing from their personal fortunes thousands and sometimes millions of dollars based on the integrity of the oral or spoken word of the other party to the transaction.

EHRICH: In teaching price analysis, I find the activities in the wheat pit or the soybean pit illustrate effectively arbi-
trage and the whole problem of price discovery (as opposed to price determining forces). The different types of speculators, the spreader, the scalper and the position trader are valuable examples in explaining how prices are discovered in a market place. That is to say, prices just aren't there, they are discovered. Somebody doesn't just set the price. You can show that getting to the transaction price is a process of give and take and arbitrage. I use the idea of the speculator in this regard, I think, to the great advantage.

UHRIG: I have been primarily concerned with extension work and am just getting started in the field. I found the use of visuals very effective in presenting market and price information to farm groups. The Board of Trade has quite a wealth of visual material available, including slide sets and films. I found it useful to make up a set tailored to my own needs expressing simple ideas, and then I build my talk around this. I think this provides great flexibility in both the length of talk and the detail with which I wish to cover any particular item.

I have also found it necessary in many cases to start at the beginning levels. I believe that more than one, two, or three hours of meetings on the futures market are necessary to enable farmers to successfully use the information. In order for them to gain experience, I think we need schools where they actually go through examples, and take a position, perhaps on paper, and compare the results of this over time.

SCHRUBEN: This brings out a point that is well taken. Adults who approach this question may need to understand how a futures market operates even though they themselves don't become traders.

This reminds me of another question. Are any of you teaching courses of this sort in late afternoon or evening classes where you have businessmen enrolled?
BROWN: Every night.

ANDERSON: I would just like to react briefly. As one who is attempting to do research in the area of grain marketing, I certainly am appreciative of the opportunity that the Board of Trade affords in these kinds of meetings. The exchange of thoughts with people actively operating in the trade helps us researchers to avoid sitting in our ivory towers and presenting our biases. Sometimes we dignify them by calling them hypotheses. We certainly need these kinds of contacts to put empirical realism into some of the things we are trying to do. The point is that those of us who are working in the academic area are appreciative of these kinds of opportunities. If we are to explain and understand how our economy operates, we need more fully to understand each segment. The amount of contact that one can gain through a meeting like this in a relatively short period of time and the breadth of areas that can be covered in considerable depth through discussion and response of the audience, certainly provides each one of us who are working in this area a considerable amount of hypotheses-forming material to carry back with us. I certainly am appreciative of this.

DIETZ: I would like to comment that I am thankful for your having invited people from the finance area. The basic finance texts neglect this area. I find no reference to the importance of the futures market in the texts, yet here is what I assume to be a rather great extension of credit. An example is the need for futures in carrying warehouse receipts.

I hope that future seminars of this nature might be able to make finance people aware of these situations.

SCHRUBEN: Thank you. Your next book undoubtedly will have a chapter on this.

DIETZ: At least one chapter.

SCHRUBEN: Are there any other comments?
NAME INDEX

Anderson, Donald E., V, 33, 34, 94, 169, 173, 174, 189, 190, 191, 238, 239, 240, 258.

Arrow, Kenneth J., 115.


Baer, Julius B., 34.


Benson, James D., V.

Boyle, James E., 34.

Brace, Harrison H., 34.

Brown, William C., V, 134, 135, 258.

Brozen, Yale, 37-69.

Butterworth, Benjamin, 142.

Carey, Bernard P., 139-157.

Cateora, Philip R., V.

Cherington, Paul T., 16.

Clark, Fred E., 17.

Cootner, Paul H., 81.

Dahl, Dale C., V.

Dante, Alighieri, 200.

Davis, William C., V, 155, 156, 157, 255.

de Gaulle, Charles A. J. M., 197.

Demsetz, Harold, 37.

Dietz, Peter O., V, 66, 153, 155, 258.

Dike, George K., XI.

Duker, Jacob M., V.

Dunn, J. K., 40.

Easley, Eddie V., V.


Emery, Henry C., 19, 34.

Erhard, Ludwig, 197.

Friedman, Milton, 197.

Frisol, S. M., VI, 208.

Funston, Edward H., 142.

Gaumnitz, Erwin A., XI, 206, 235, 242, 244, 245-246.


Granbois, Donald H., VI.

Gras, N. S. B., 16.

Gray, Roger W., 19, 71-99, 115-137, 170, 171, 249.

Gruetzmacher, Alfred H., 159-175, 242.

Hansen, Richard W., VI, 30, 97, 210.

Harada, Kuzuyuki, 35.

Hardin, Frances S., VI, 153, 167.

Hayek, F. A., 37, 64.

Hefner, Richard, VI, 96.

Hibbard, Benjamin H., 16.

Hieronymus, Thomas A., 19.

Hill, Lowell D., VI, 68.

Hilton, George W., 39.

Himes, Glenn C., VI, 131.

Hoff, Trygve, 60.

Hoffmann, G. Wright, 34.

Houthakker, Hendrik S., 81.

Irwin, Harold S., 34.

Jenkes, John, 44.

Johnson, D. G., 59.

Joy, Stewart, 39.

Kane, Joseph J., VI.

Keynes, John Maynard, 80, 81, 115.

Knight, Frank H., 38, 39, 213.


Kreidle, John R., VI.

Larson, Adlowe, 17.

Larson, Arnold B., 82.

Lebeck, Warren, VI.

Lee, Robert E., 162.

Liebenow, Robert C., VI.

Macklin, Theodore, 16, 17.


Marx, Karl, 161, 198.

McNamara, Robert S., 62.

McRostie, Clair N., VII, 236.

Meiburg, Charles O., VII, 28, 192.

Mutti, R. J., X, XI, 24, 27, 60, 87, 96, 97, 151, 190, 236, 237, 244, 247-250.


Paul, Allen, 19.

Pederson, Harold C., XI, 110, 128, 244, 251-254.

Phillips, Marion C., VII, 152.

Powers, Donald J., 101-113.

Raclin, Robert L., 195-211.

Ragsdale, J. M., X.

Rice, Theodore, 179-180.

Rockwell, Charles, 81, 95, 117, 122, 124.

Roosevelt, Franklin D., 145.

Roosevelt, Theodore, 145.

Rueff, Jacques, 66.

Samuelson, Paul A., 115.

Saxon, Olin G., 34.

Schneidau, Robert E., VII, 60, 61, 62, 111, 113.

Schultz, Theodore, 115.


Scitovsky, Tibor, 115.

Shaw, A. W., 16.

Smith, J. G., 34.

Smith, Seymour, 97, 98.
NAME INDEX

Stewart, Blair, 96, 97, 98.
Stigler, George J., 43.
Taussig, Frank W., 82, 239.
Taylor, C. H., 84.
Telser, Lester G., 81.
Thoreson, Elliot H., VII, 155.
Ullman, Winston K., VII, 95, 96, 156, 188, 193.
Usher, A. P., 16.
Washburn, William D., 142.
Weld, L. D. H., 17.
Wesson, W. T., 19.
Williams, C. M., 41.
Wilson, Raleigh B., 177-193, 237.
Wilt, Glenn A., Jr., VII, 110, 153.
Working, Holbrook, 14, 19, 76, 81, 82, 86, 228.
Yoder, Wallace O., X.

SUBJECT INDEX

Academic Courses
  non credit, off-campus, 251-254,
  in curriculum, 247-249,
  extension, 251-254
  graduate training, 255-256
  in marketing, 243-245
  price analysis, 256-257
Advisory Services, 22
Africa, 4, 196, 197, 205, 209
Allied Crude Vegetable Oil Refining Corporation, 147-148
Anglo-Saxons, 6
Anti-trust Division, 68
Arbitrage, 80, 211, 226, 257
Armed Forces, 65, 139
Asia, 4, 196-197, 210
Australia, 39, 197, 210-211
Bacon, 93, 123
Banking
  founders of, 7-8
Barley, 211
Barter, 3, 5
Basis
  trading, 177-193
  defined, 231-235
Beef, 86, 124, 127, 130, 196
Beef carcass, 20, 86, 124
Benzene, 55-56
Bill of Exchange, 5-7
Bran, 117, 122-123, 129, 131-133
Brazil, 40, 67, 79
Broiler Industry, 219
Brokers, 23, 112, 156, 256
  commission, 215-216
  exchange floor, 105
  fees, 157
  number of, 103
  pit, 140
Bucket Shops, 144
Bunge Corp., 26
Bureau of Internal Revenue, 43
Business Conduct Committee, 87, 95
Butter, 123, 125
Calls, 208
Canada, 41, 198
Cantaloupes, 160
Capital,
  mobility of, 43-48, 51-54
  paucity of, 93-94
  rate of return, 45-49, 67-68, 117
Capitalistic system, 166
Cargill Inc., 26, 98
Cartels
  carbide, 68
  cotton waste, 69
  private, 68
  trading, 206
Carrying charges, 78, 177-193
  inverse, 78-80, 81, 185
Cash
  markets, 3-4, 38-69
Census of Manufacturers, 43
Central America, 24-25
Chemical Fiber Exchange, 14
SUBJECT INDEX

Chicago Board of Trade, X, 4-5, 15, 18, 26-27, 74, 83, 89, 91, 101-113, 139-140, 142-154, 159, 164, 173, 182, 200, 203, 205, 244, 245, 250, 253, 256, 258
Business Conduct Committee, 87, 95, 148, 152-154
floor practices committee, 152
membership committee, 153-154
quotations department, 105
rules committee, 105
rules of, 101-102, 110, 146-149, 250
Chicago, 197, 202
Clearing House, 73, 74
Coal
mining, 49
Cocoa, 124, 205-206
Coffee, 77-80, 83, 124, 134, 204
Commodity Credit Corporation, 111, 191
Commodity Exchange Act, 13-14, 145, 147
Commodity Exchange Acts (Japan, 1893, 1914, 1922, 1927, and 1950) 13-14
Commodity Exchange Authority, 13, 87, 95-97, 156, 248
Commodity Exchange Commission, 146
Commodity Exchanges
Board of Trade, X, XI, 4-5, 16, 18, 26-27
"Cho-ai-mai," 10-12
Japanese, 12-14
Kansas City, 20, 129
Minneapolis, 129, 231
Nagoya, 12
New York Produce, 127
Osaka, 10, 12
Tokyo, 12
Commodity News Service, Inc., 104
Common Market, 24-25, 197, 210
Competition
imperfect, 75-76
monopolistic, 73
perfect, 73
traditional requirements, 71-72
Congress, 53, 56-57, 62, 86, 123, 139, 142-143, 145, 197
Continental Grain Company, 26, 98-99, 177
Contracts
adjunct to business, 227
delivery, 218
drafting of, 21-22
— to arrive, 3-4
— to deliver, 3-4
escalation, 219
Futures, 3, 10-11
standardized, 73
time, 72
Universal, 20-21
Copper, 57-58, 65-66
Corn, 26-27, 28, 72, 85, 90, 99, 110, 121-122, 124, 130, 132, 156-157, 164, 168, 171, 181, 184, 186, 188, 190-191, 179-184, 201-202, 211, 232, 252
theoretical price surface, 180
Corners
benevolent, 219
Cotton, 118, 122, 124-125, 136, 137, 143
Cotton Seed Meal, 117, 123
Countervailing commitments, 215
Courts of Law
Pie Poudre, 6
Cuba, 164-165
De Angelis, 127, 154, 207
Decisions
business, 217
making, 214
Defense Department, 56
Dominican Republic, 202
Dow Jones Company, 104
Dreyfus, Louis, 26
Economics
institutional approach, 1-8
production, 2
Eggs, 27, 85, 89, 93, 117, 123
Egypt, 164
Electrical Industry
"white sales", 69
England, 3, 12, 44, 164, 179-180, 197, 201, 204, 211
Europe, 4, 6, 24, 44, 209
"Fair Letter", 5-7
Featherbedders, 120
Federal Reserve Board, 66-67
Feudalism
Japanese, 8-12
Finland, 202-203
Flax Seed, 123, 211
Flour, 120-121
Foreign Aid Program, 198
France, 5, 164, 197
Fuggers, 8
SUBJECT INDEX

Futures
  bias in, 80-82
  bran, 117, 122, 129
  butter, 121, 123, 125
  cattle, 216
  cocoa, 124
  coffee, 77-80, 124, 134
  contract adjunct to business, 226
  copper, 58
  corn, 121-122, 124, 132
  cotton seed meal, 123
  development of, 1-35
  economic status, 1-35
  eggs, 85, 123
  first recorded use, 3-6
  flax seed, 123
  grain sorghums, 123
  institutional approach, 1-8
  lard, 123
  major functions of, 121, 141
  middlings, 117, 123
  mill feeds, 120-122
  oats, 123
  onions, 86, 119, 124-125, 134
  origin, 1-35
  potato, 77-78, 83, 85-86, 118, 123-124, 135
  pork bellies, 86, 123-124
  rules of trade, 11-12
  rye, 123-124
  shorts, 122-123
  short selling, 88
  soybean meal, 128-129
  soybean oil, 128-129
  soybeans, 122
  sugar, 124
  unlimited, 19-21
  wheat, 76-80, 121, 124
  wool, 123
  wool tops, 123

Futures Markets, 4, 71-99, 213-242
  major function of, 121, 140-141, 195-211, 248-249

Futures Prices
  bias in, 80-81
  random walk, 82-84

Futures Trading, 14-16
  amateurs in, 96
  failures of, 117-137
  legal status of, 16
  major functions of, 120-124, 140-141
  manipulation in, 95, 144, 152-153
  modern concepts of, 19-21
  open interest, 116
  position limits, 148-149, 151-153
  prohibitions of, 11-13, 16, 142-149
  regulation and supervision of, 139-157
  self regulation, 144-154
  success of, 117-137
  Gambling, 12-13, 142-145, 210, 218
  General Motors, 169-170
  General summary, 245-258
  Germany, 8, 12, 197
  Ghana, 204-205
  Gift Giving, 3, 5
  Gold, 7, 196, 209
  Goldsmiths, 7
  Grain Futures Act, 145
  Grain Sorghums, 123
  Guatemala, 28
  Harvest, 40-41
  Hedging, 78-79, 85, 93, 119-123, 125, 141-142, 145-146, 150, 178-179, 221-222, 224, 226-231
  anticipatory, 34
  for profit, 228
  long, 122, 125
  ordinary, 14-16, 18, 22, 26-27, 33
  reconsidered, 228
  selective, 34
  short, 119, 122
  Holland, 16, 179-180, 190
  Hopper Cars (Big Johns), 193
  India, 41-42, 197
  Income
    per capita, 49-54
  Inventory Accounting
    last in, first out, 219
    pipe line, 219
  Inverse Charges, 185
  Israel, 164
  Italy, 8
  International Trade, 195-211
  Interstate Commerce Commission, 192
  Japan, 3, 4, 197
  Commodity Exchange Act, 13-14
  Futures trading in, 8-15
  Journal of Commerce, 104
  Kansas City Grain Exchange, 129
  Kern County Land Company, 242
  Korea, 55, 205
  Labor
    market, 163
    mobility of, 46-54, 60-61
    wages of, 46-54
  Laissez-faire, 162
  Lard, 117, 123
  Latins, 6
  Law
    common, 6
    merchant, 6
SUBJECT INDEX

Live cattle, 20, 86, 92, 124, 130, 136-137, 216
London Economist, 204
Management, 177-193
Manchester Guardian, 80
Market
Crawford, 208
development of, 2-6
information, 248-249
stages of, 2-6, 20
Marketing
agency approach, 17
commodity approach, 17
core of subject, 1
functional approach, 17-18
information, 248-249
legal-economic-ethical relationship, 2
research, 258
Markets
barter, 3
cash, 3-5, 38-69
"Cho-ai-mai", 10-12
common, 24-25
competitive, 166
contract, 3
free, 38-69, 159, 161, 163, 165-166, 168-173
function of, 37-44
futures, 3-6, 71-99
impersonality in, 74
labor, 163
order placement, 101-113
philosophy of, 159-175
spot, 3-4
Market Report Committee, 105-106
Market Structure
altered, 90
displacement, 71-77
variants, 71, 90
Marx, 198
Medici, 8
Medieval Fairs, 5-7
Meiji Regime, 12-15
Merchandising
inventory, 177-193
Merchants' Code, 6
Middlings, 117, 125
Mill Feeds, 120-122
bran, 129
shorts, 122, 129
Mines
Bureau of, 56, 57-58
Minneapolis Grain Exchange, 129, 231
Moors, 6
Munitions Industries, 48-46, 63
Natural Resources Committee, 75
New York Produce Exchange, 127
New York Stock Market, 240
New Zealand, 197
Oats, 27, 90, 110, 123-124, 211
Olive Oil, 206
Onions, 86, 119, 124-125, 134-135
Open Interest, 116, 126
Orders
placement of, 101-113
sequence in processing, 106
types of, 106-113
Overtrading, 22
Ozarks, 51, 52
Philippines, 210
Planned Economy
limitations of, 38-44
Pork Bellies, 86, 123-124
Pravda, 42
Price
amplitude minimized, 203-204
behavior characteristics, 84-87
behavior in Futures, 71-99
cobweb cycles, 86
dissemination, 101-113
gyrating, 220
quotations, 105-106
reporting, 101-113
spot, 249
spreads, 76
ticker, 102-106
"to arrive", 249
vertical risk, 199, 204
Pricing, 23
formula, 219-220
Product
homogeneity, 73-74
Property
incorporal, 2
intangible, 2
Public Law 480, 26, 191
Puts, 208
Puts and Calls
calls, 208
puts, 208
Rape Seed, 211
R.E.A., 59
SUBJECT INDEX

Research, 55-58
Resettlement Administration, 51, 52-54
Rice, 90, 256
Dojima market, 10
trade in, 8-14
“Ringing Out”, 16
Risks
economic, 213-231, 256
insurance, 179, 185
perfect, 235
premiums paid, 81
summarized, 230-231
transfer of, 82
vertical price, 199-200
Rivers
Mississippi floods, 42
Mississippi navigation, 181
St. Lawrence, 179
Robber barons, 7
Russia, 38-39, 42, 164, 197-198, 204
Rye, 27, 110, 123-124, 151, 156
Salt, 13
Sea products, 13
Short
selling, 88
Shorts, 117, 122-123, 129, 131-133
Silk, 13
Silver, 7
Socialism, 39
Soy Beans, 89, 110, 121-122, 124, 129, 131, 135, 152-153, 155, 184-186, 203, 210, 248-249
 crushers, 202
Soy Bean Meal, 107, 118, 123-129, 131, 149, 203, 249
Soy Bean Oil, 107, 128-129, 131, 147-148, 149, 203, 249
Speculation, 23-24, 93, 119-124, 128, 131-133, 136-137, 142, 200
Speculators, 141-144, 207-208, 215, 221, 223-226
viewpoint, 159-175
Spain, 197, 206-207
Spot
markets, 3, 4, 37-41, 75, 200
prices, 249
Speculative traders, 4
South America, 4
Stock market, 88
Sugar, 13, 89, 124, 202, 211
Sunflower, 211
Sweet corn, 160
Swift and Company, 242
Tea, 13
Telequote III, 104
Textiles, 13, 45-46
Tobacco, 219
Tokugawa Era, 8-12
Trade
intrademarket, 223
rice, 8-14
rules, 11-12
Transactions
economic linkages, 216
elements of, 6-7
win or lose, 28-30
Transportation
barge, 180
cost of, 39-40
ocean, 180
railway, 40, 180, 192-193
truck, 40
T.V.A., 53-54, 59, 61
Uncertainty, 213-231, 256
spectrum (illus.), 225, 228
United Kingdom
196-197, 201, 204, 211
Universal Oil Products, 56-57
U.S.D.A., 130-131, 155
U.S.S.R., 38-39, 164, 197, 198
Vegetable Oil, 127, 206
Vegetable Oil Scandal, 88
Wages, 46-54
Wall Street Journal, 249
War
Civil, 162
Fourth Crusade, 199
Production Board, 43
World I, 167
World II, 43, 44
World III, 164
Warehouse Receipts, 258
forgery of, 127
origin of, 9-10
War Production Board, 43, 63
Western Union Telegraph Company, 103
“phantom”, 245
“wind”, 142
Wool, 123, 211
Wool tops, 123