



Memphis Cotton Exchange once the heart of an economy

There was a time when cotton was king in Memphis. The best place to understand this is at the old Memphis Cotton Exchange, which has recently been converted into a wonderful cotton museum. Located in the heart of downtown Memphis, the cotton exchange is where farmers would bring their harvest to sell to traders who, in turn, would sell it to textile manufacturers across the world. It was, for many years, the heart of a regional economy, a crossroads of different cultures and a place where fortunes were made and lost.

To understand the exchange, you need to know a bit about cotton. In the early 1800s, as farmers began moving into West Tennessee, they discovered that cotton grew wonderfully there. But to make money from cotton, they had to sell it to people who wanted large amounts of it, which meant people who owned textile plants. It made sense for the people who owned these textile plants to buy the cotton at a central location rather than to go from farm to farm.

So imagine you were a cotton farmer in Haywood County in the 1920s. In a typical year, you would harvest your cotton in the fall and take it to a local cotton gin. You'd load the raw cotton into the gin, which would clean it, remove its seeds and pack it tightly into 500-pound bales.

The bales of cotton would then be taken to Memphis (often by mule and wagon). Before the bales were loaded into a cotton warehouse, a sample would be cut from the bale and delivered to one of the so-called "sample rooms" in the buildings along Front Street, near the Memphis Cotton Exchange. There, experienced



A big part of the world of finance, the futures market was displayed on a large chalkboard at the Memphis Cotton Exchange, left. Today, the exchange is home to the Cotton Museum, right.

cotton "classers" would inspect the cotton and classify it into one of several cotton "grades," depending on the cotton's quality. (There are many grades of cotton, with names such as "strict low middling" and "good ordinary.") This inspection process was as much art as it was science, and in the old days it had to be done under natural light.

The classer would then send word to a cotton trader who would look for a buyer — either on the floor of the Memphis Cotton Exchange or on the street in front of the exchange, where many buyers could be found. The buyer might, in some cases, be represented by another person on the exchange. Or the buyer might be located in a remote location, reachable by phone or telegram. If the seller was lucky, he might find more than one person to "bid" on a quantity of cotton at a time, driving the price higher.

What we've described is a simple transaction between buyer and seller. In fact, the business of buying and selling cotton gets more complicated. For instance: When you're in the museum now located in the old Memphis Cotton Exchange, you will notice the big chalkboard. The numbers on this board didn't reflect cash transactions that were made at the Memphis Cotton Exchange; they signified prices paid on the "futures market" — which is the buying and selling of cotton not yet harvested. You see, the futures market was, and still is, a big part of the world of finance; the price of cotton futures has a lot to do with the price of harvested cotton. So it was important for cotton traders to keep up with the futures market. What better way to see it than on the big board?



The cotton exchange was a place where farmers sold their cotton to traders who sold it again to textile mills. Often the cotton was transported from Memphis on steam ships.



The Memphis Cotton Exchange, where cotton was bought and sold, could be a hectic place. But sometimes buyers and sellers had to wait around for farmers to bring in their crops. During the down time, workers watched the futures marked as it was updated on a large chalkboard or even played checkers or dominoes. All photographs courtesy of the Cotton Museum at the Memphis Cotton Exchange.

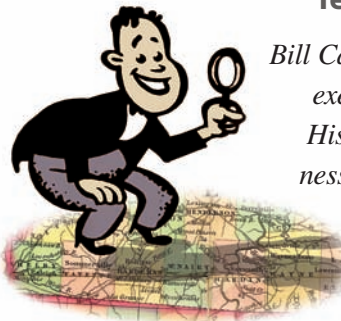
Now you know, in very broad terms, what took place at the Memphis Cotton Exchange. Here are some other things I learned at the museum:

- Once sold, cotton usually left Memphis by steamboat or (in later years) by train.
- The exchange was a “members only” club. Only buyers and sellers and people who worked for them were allowed on the exchange floor while cotton farmers generally stayed outside.
- The exchange had a set of rules governing the sale of cotton, its class, its weight, the way in which it was to change hands, etc. However, most sales were originally agreed to by handshake.
- Sometimes there was a lot happening on the exchange. But sometimes there wasn’t much for buyers and sellers to do but wait for a farmer to bring in another crop. While they waited, the most common activities on the exchange were dominoes and checkers.

I learned about all this at the Cotton Museum in the Memphis Cotton Exchange. At the museum, I saw displays on cotton, the cotton gin and ways cotton is used (I didn’t realize until I visited that cotton and cotton byproducts are used in soap, dollar bills and

film.) At computer terminals located on the exchange floor, I heard recorded first-person accounts of what it was like to work there years ago. In the old phone booths, I saw films on the history of cotton, the exchange and the culture it created.

My favorite showed actual footage of life on a 1930s cotton plantation in northern Mississippi. This film featured people picking cotton, farmers hauling wagons full of hay to the cotton gin, a big family picnic and an old-fashioned river baptism. Now that’s history. ☺



Tennessee History for Kids

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