

AUTHOR'S NOTE

In 1982, the Chicago Board of Trade held a seminar on the history of futures. I was asked to chronicle the history of trading during the first twenty-five years following World War II. I protested that I was not historian and thus not qualified. The response was that they did not want me to write a proper history but, rather, to reminisce. It was a little startling to be told that I was old enough to remember history.

The paper was an attempt to describe the tenuousness of competitive markets in a climate of governmental intervention in markets, the shining light of market prices for soybeans in the survival and growth of the Chicago Board of Trade, and the role of the cooperation of the exchange and academia in the growth and development of futures markets.

SURVIVAL AND CHANGE: POST WORLD WAR II AT THE CHICAGO BOARD OF TRADE

CHAPTER 40

The twenty-five years following World War II formed a period in which the institution of futures trading in general and the Chicago Board of Trade in particular were threatened with extinction. They were casting about for new directions and modifications of old procedures that would enable them to survive and possibly expand. It was a period in which the foundation was laid for the dramatic growth that took place during the 1970s. This paper is not a chronicle of the events of the period but rather an attempt to describe the mood and temper of the times and some of the steps that eventually led to rapid expansion. From this it is hoped that we can identify some of the underlying forces that determine the nature of markets and that affect their size and influence on the course of economic events.

The ending of wartime controls that had essentially put a stop to futures trading, both in the United States and abroad, serves as a point of departure. At this time, futures trading, its form, and the exchanges reflected their long past. The table below shows the volume of futures trading in grains, which made up a high proportion of all futures trading prior to World War II.

Volume of Futures Trading in Cereal Grains, Wheat, Corn, Oats, Barley, and Rye on U.S. Markets, Five-Year Averages, Millions of Bushels.

1884-88	23,600	1931-35	13,489
1889-93	18,000	1936-40	10,491
1894-98	21,600	1941-45	6,481
1899-03	19,400	1946-50	9,640
1904-08	18,900	1951-55	8,898
1909-13	16,000	1956-60	7,764
1914-18	19,400	1961-65	10,430
1921-25	21,753	1966-70	16,202
1926-30	20,336		

Source: Federal Trade Commission and Commodity Exchange Authority, U.S. Department of Agriculture.

T. A. Hieronymus is professor emeritus of agricultural economics, University of Illinois. Remarks at the Chicago Board of Trade, History of Futures Seminar, September 21, 1982.

The table is a reasonable description of volume change prior to the war. It is not a good measure for the postwar period because of the introduction of new commodities (soybeans, soybean oil, soybean meal, live cattle, live hogs, and frozen pork bellies, in particular). The first point of particular interest is that the all-time trading peak in grain probably occurred in the 1880s. The general level of activity was fairly constant through the 1920s. The great depression of the 1930s, the introduction of various farm price-support and inventory schemes, and the fixed prices of World War II pulled the volume down to about one-third of the earlier level. The Depression, wartime, and immediate postwar volume looks even smaller in comparison to earlier periods when we note that the production and trade in grain was increasing rapidly throughout most of the 65-year period. At the end of the war, futures trading and the Chicago Board of Trade were shrinking vestiges of their former selves, and a disinterested observer would have to put the matter of survival high on his list of questions about the future.

VOLUME OF TRADING

The following table shows the volume of trading on the Chicago Board of Trade for the years 1946 through 1968. Wheat trading was suspended during the war and was resumed in 1946. Wheat volume was the largest reached until 1962. The carryover of wheat on July 1, 1946, was 100 million bushels, approximately a minimum pipeline requirement. The 1946 crop was in excess of 1.1 billion bushels, a record. The federal government exported large quantities for food relief in Europe. The shipments were large enough to create an acute shortage in domestic markets, resulting in a major price increase. The price of the May 1947 futures contract rose from an average of \$1.91 $\frac{1}{4}$ in August 1946 to an average of \$2.67 $\frac{1}{2}$ in May 1947. With a large crop in 1948, prices decreased, as did volume of trade. The volume of trading in wheat was of the same general magnitude throughout the period 1948 through 1965. But that volume was of the same general magnitude does not mean that there was stability in year-to-year volume. Note that volume in 1962 was 2.2 times as great as in 1960 and that volume in 1965 was only 78 percent of 1962.

The 1947 corn crop was small (2.4 billion bushels vs. 3.2 billion in 1946), which got futures trading off to a banner start in 1947. The 1948 crop was 3.7 billion bushels, and the volume of trade decreased. Volume of trading in corn followed much the same pattern as that of wheat from 1948 through 1961. Throughout the period 1948–1965, there were chronic and growing surpluses of corn, and the price of corn was dominated by governmental price-support and inventory-management programs. There was a dramatic increase in both wheat and corn volume in 1966. This was associated with weather-reduced crops in the United States and throughout much of the world. There was widespread discussion in the media about world food shortages and the need to increase U.S. agricultural pro-

Volume of Futures Trading by Commodities, 1946-68

YEAR	MILLION BUSHELS				RYE	SOYBEANS	COTTON	000 CONTRACTS		
	WHEAT	CORN	OATS	SOYBEAN MEAL				SOYBEAN OIL	LARD	
1946	278	661	2,878	584	—	125.0	—	—	—	0.2
1947	4,294	3,839	2,781	—	19	63.3	—	—	—	30.2
1948	3,208	3,740	1,648	35	523	49.6	—	—	—	99.7
1949	3,618	2,526	776	279	2,545	21.4	—	—	—	53.3
1950	2,887	1,901	1,220	527	3,907	15.6	18.8	—	—	57.3
1951	3,519	2,496	1,715	495	2,397	9.6	28.7	—	—	33.0
1952	2,588	2,710	2,350	492	3,089	16.0	44.9	—	—	38.7
1953	3,648	2,808	1,874	880	3,553	9.6	46.7	—	—	42.9
1954	3,172	2,028	810	683	6,084	3.0	82.4	—	—	77.9
1955	3,401	2,455	659	655	4,247	2.4	66.1	—	—	33.9
1956	3,641	2,485	647	709	5,722	1.0	204.8	—	—	62.8
1957	4,117	2,003	474	935	4,331	0.4	173.5	—	—	54.0
1958	3,971	2,108	476	864	3,041	1.1	156.1	—	—	21.6
1959	2,871	1,846	501	816	4,338	0.6	141.1	—	—	11.0
1960	1,971	1,584	727	481	5,827	0	212.1	—	—	14.1
1961	2,585	3,136	1,121	962	12,048	0	348.6	—	—	16.0
1962	4,384	4,828	1,362	1,112	4,731	0	319.8	—	—	2.9
1963	4,121	4,123	700	640	14,231	0	507.7	—	—	0
1964	3,719	3,422	505	456	12,940	0	398.5	—	—	0
1965	3,418	3,971	450	227	17,827	0	594.0	—	—	0
1966	5,913	10,231	558	415	15,763	0	574.6	—	—	0
1967	9,671	9,728	300	229	5,525	0	284.5	—	—	0
1968	6,532	7,837	616	141	4,718	0	300.9	—	—	0

Source: Annual Reports of the Chicago Board of Trade.

duction to “feed a hungry world.” Prices rose sharply in the summer of 1966 and so did volume of grain futures trading on the Chicago Board of Trade. The euphoria of agricultural prosperity was quickly dispelled by a 4.8 billion bushel corn crop in the United States in 1967, up from 4.1 billion-bushels in 1966. The volume of trading in corn, as in wheat, remained large in 1967 and 1968. There were changes in government farm programs that reduced government dominance of prices.

In spite of being a much smaller and economically less important crop, the volume of trading in oats during the 1946–53 period was large in comparison to wheat and corn. Prices were relatively free of governmental influence. The volume of trading in oats decreased significantly and regularly from the mid-1950s, with the exception of a brief flurry in 1961 and 1962. Production of oats in the United States decreased throughout the period, and the areas of concentrated production moved to the north and west so that fewer oats were tributary to Chicago. Receipts at and shipments from Chicago decreased so that prices at Chicago became increasingly less representative of oats’s value on a national scale. The market became increasingly vulnerable to tight delivery situations. Even so, Chicago remained the delivery point for oats, and futures trading volume decreased.

Trading in soybeans and soybean products was the focal point of futures trading during the first twenty-five years following World War II and may well have been the basis of survival of the exchange. It most certainly was a source of viability that contributed to the eventual growth of the exchange. Futures trading in soybeans began October 5, 1936, but volume was at quite low levels through mid-1940. Volume in fiscal 1940–41 was 860 million bushels but decreased to 399 million during fiscal 1941–42. Trading was suspended on February 19, 1943, and resumed July 7, 1947. The 1947 crop of soybeans was damaged by drought so that only 186 million bushels were produced (compared to 203 million in 1946). Prices rose rapidly and became volatile. Soybeans became the leading performer in futures markets with the trading increase in 1948. The volume of trading in soybeans is even more notable when relative crop sizes are taken into account. For example, trading in soybeans in 1954 was nearly as large as that in the four grains combined, but the 1954 soybean crop was only 341 million bushels compared to a combined total production of the four grains of 5,473 million. Three characteristics of soybean accounted for the rapid growth and large size of the market. First, almost the entire crop is sold by farmers, whereas a substantial proportion of grains are consumed on farms. Farmers carry most of their own price risks, but merchants, warehousemen, processors, and exporters must hedge in futures. Second, soybeans are processed into oil and meal. These distinctly different products move into different markets, and the prices of both are highly inelastic, hence, volatile. Price volatility makes two contributions to volume of trading. It increases risk and

uncertainty, hence, hedging, and it presents profit opportunities, hence, attracts speculators. Third, throughout the history of the industry, soybean prices have been free to move to competitively determined market levels. There have been government price-support programs that have occasionally resulted in government-controlled stocks, but these have been quickly corrected to market levels.

Trading in soybean oil started in 1950 and in soybean meal in 1951. Both markets grew rapidly and in parallel with the increase in soybean trading. Trading in soybeans greatly exceeded trading in oil and meal. For example, the volume of soybean trading in 1960 was equal to 1.070 million contracts of oil, but only .212 million contracts were traded. Soybean trading was equal to 1.384 million contracts of soybean meal, but only .149 million contracts were traded. Trading in soybean oil and meal is complementary to soybean trading. Prices of soybeans are functionally related to oil and meal prices, but the difference between oil and meal values and soybean prices is variable. It therefore attracts speculative trading.

Trading in rye futures was of substantial size prior to World War II. Trading was suspended on June 13, 1946, and resumed on July 12, 1948. The two-year suspension was on account of a corner of the market by the noted speculator Daniel F. Rice. In 1945 the price of rye was forced to the ceiling established by the federal Office of Price Administration and held there by concerted actions of large traders, Rice in particular. The exchange fixed prices on the outstanding contracts and suspended trading in new contracts. There was litigation related to the corner, and questions of suitability of rye for trading were raised. The resumption of trading was delayed long past the end of federal price ceilings. As shown in the second table, volume recovered quickly and increased through 1962. A downtrend in volume then followed until the demise of the market in 1970.

Rye futures trading held a unique position in markets. The rye crop is small in relation to other crops. In 1959 the total rye crop was 21 million bushels compared to a wheat crop of 1,184 million; corn, 4,361 million; oats, 1,074 million; and soybeans, 538 million. Comparison of crop size and volume of trading show that volume was large. The open interest in rye futures during the 1950s was about one-half as great in relation to volume of trading as was open interest in relation to volume for the other grains. There was a rapid turnover of rye contracts. Short hedges in relation to open interest are a measure of commercial versus speculator use of markets. The percentage of the open interest in rye futures held by short hedgers was about one-third as great as for other grains. The share of the open interest held by reporting speculators and members of the trading public was large. The demand for rye is highly inelastic, and prices are volatile. Rye futures were an attractive speculative vehicle and were highly speculated.

The rye market was notorious during the 1950s and early 1960s. The number of traders in the pit was small and generally thought to be clubby with traders showing favoritism. It was said that one had to be of the right religion to trade rye. There were constant rumors of dominant positions held by one name trader or another, most often Dan Rice. The movement of rye into delivery position was small, and deliverable supply was small in relation to open interest in expiring contracts. The market was typically vulnerable to squeezes. Rye trading was often on the agenda of the Business Conduct Committee. It is unknown whether rye trading died a natural death because of the decreasing importance of the crop (and hence, decreasing economic need for futures trading because of the retirement and demise of the leading local traders) or because speculative enthusiasm in rye was superseded by speculative enthusiasm in soybeans. The fact is that rye trading was a highly speculative market that is no more.

The Chicago Board of Trade had an active futures market in cotton in 1946. It was small in relation to the other markets, New York and New Orleans. Trading gradually dwindled and finally stopped in 1959. Of particular note is that it was a long and tedious death that took fourteen years.

The lard futures market was of importance from the time trading was resumed after the war until about 1957. There then followed five years of desultory activity until all trading ended in 1962. There were probably four major factors in the decline and demise of the market. First, lard production in the United States decreased as hogs were bred to produce more lean and less fat. As edible fats and oils production and use in the United States expanded, lard's market share went from major to minor. Lard was of less economic importance, and therefore there was less economic need for a futures market. Second, soybean oil increased in importance in domestic fats and oils markets to the extent of assuming a dominant market and price position. Lard and soybean oil are interchangeable in major uses, particularly shortening, and their prices are functionally related. Lard could be effectively hedged in soybean oil futures. There is probably an inverse relationship between the growth of soybean oil and end of lard trading. Third, the terms of the lard contract were not kept abreast of changing trade practices. The contract specified delivery in drums. Prior to World War II, a substantial proportion of lard moved in drums in commercial channels, but this was changed to movement of loose lard in tank cars. It was sometimes necessary to specially drum lard to meet delivery needs on the futures market. Trading in a loose lard contract was initiated in 1958, but trading in the drummed contract was retained, and the new contract failed after a three-year experiment. The new contract was much too late in development and was hindered by retention of the old contract. Fourth, as trading decreased there were fewer locals in the lard pit. They tended to be older traders who had been there for a long time, and they gradually disappeared. Lard futures

trading probably continued as long as it did because of the influence of local members who specialized in lard. In the end, they were trading among themselves.

OTHER EXCHANGES AND COMMODITIES

The long period of limited trading and growth in futures markets was not unique to the Chicago Board of Trade. In the first edition (1971) of his book *Economics of Futures Trading*, Hieronymus included a table showing the detail of trading volume by exchanges and commodities from 1955 through 1969 and said,

There are several points of interest.

1. Total volume of trade in all commodities was about constant during the late 1950s and increased rapidly during the 1960s, more than doubling.
2. Some exchanges declined in importance and disappeared from the list and others were fading throughout most of the period. Memphis, Milwaukee, New Orleans, and Seattle declined and disappeared. St. Louis came in and left promptly. This is an old market that had a large volume of trading at an early time and remained an important cash grain market at the end of the period. The New York Produce Exchange, after a rally in the early 1960s, declined to almost nothing. The number of commodities traded and the volume of trading decreased at Minneapolis.
3. The number of commodities traded increased. There were 37 different commodities traded in 1955 and 44 in 1969. There was a tendency to add rapidly near the end of the period. Note particularly silver, palladium, apples, lumber, plywood, cattle, hogs, and propane. Some exchanges, note particularly the Chicago Mercantile Exchange, were venturesome in trying new commodities.
4. Trading in some commodities declined and stopped or nearly stopped (rubber, onions, butter, cottonseed oil, cottonseed meal, millfeeds, shrimp, feeder cattle, rice, burlap, pepper, and fishmeal). Volume in others declined gradually and then recovered sharply, such as eggs on the Chicago Mercantile Exchange. Some commodities were introduced and flopped.

The Chicago Board of Trade fared well in comparison to most other exchanges. In 1955, it had 59 percent of the total 4.1 million contracts traded; in 1962, 16 percent of 5.2 million contracts; and in 1969, 44 percent of 11.2 million. The lower percentage in 1969 represented a 24 percent increase in the actual number of contracts, the result of a major increase in trading at the Chicago Mercantile Exchange, which went from 8 percent in 1962 to 34 percent in 1969. The increase was mainly the result of initiation and growth of trading in pork bellies, live cattle, and live hogs.

NEW COMMODITIES AT THE CHICAGO BOARD OF TRADE

The Chicago Board of Trade was not without innovation in the development of new commodities during the postwar period. A grain sorghum contract was introduced and failed during the 1955 to 1965 period. The shift to a loose lard contract that failed was mentioned earlier. A steer carcass-beef contract was traded in very small volume in 1965 and 1966. This was followed by a live contract that was traded from 1966 through 1971. Trading in iced broilers was started in 1968, and trading in plywood and silver in 1969. The growth of trading in grains, soybeans, and soybean products that took place during the second half of the 1960s appears to have stimulated development of new commodities and changed the mood and tenor of the exchange from one of survival to one of expansion and growth.

POLITICAL CLIMATE

The political climate within which futures markets operated during the period prior to World War II was largely negative. There was a long history of attempts to prohibit and control futures trading. In the 60th Congress, following the panic of 1907, no less than twenty-five such bills were introduced, and more than forty in the 62nd Congress. The first federal regulation was the Futures Trading Act of 1921, which was found unconstitutional. It was followed by the Grain Futures Act of 1922, which was extensively revised and renamed the Commodity Exchange Act in 1936. The various bills introduced and the hearings before enactment of the laws and amendments had a common theme. It was grudgingly recognized that futures trading served useful economic purposes of risk transfer through hedging but that there were growing abuses of price manipulation, market corners, sudden and unreasonable price fluctuations, market control by large-scale inside traders, and speculative excesses caused by uninformed and exuberant trading of the public. The attitude was expressed in a typical fashion by Representative Rich in hearings of the Joint Committee on the Economic Report in December, 1947: "I am not interested in trying in any way to stop legitimate business; I want that to proceed. But I thought if there was anything you could suggest to our committee whereby we might, from your experience, stop speculation, pure and simple, and let legitimate trade go on, I wish you would make that recommendation." Speculative excesses, manipulation, and large-scale trading were blamed when producers' prices fell and when consumers' prices rose. When the federal government oversold the existing wheat supply immediately following World War II, President Truman blamed "gamblers in human misery" for the subsequent price increase. Futures markets were frequently the whipping boys of political demagoguery.

New laws were written and regulation increased. However, most of the more onerous proposals were defeated so that the exchanges and the institution of

futures trading survived. To some extent, knowledge and wisdom imparted to the Congress by representatives of the grain trade and the exchanges prevailed. However, much of the control of legislation was accomplished by the crudest of political processes: bagmen went into home districts and to Washington.

Legislative proposals and amendments to existing laws along the same old lines of speculative control continued throughout the postwar period, but understanding of the economic validity of futures trading, including speculation, gradually increased. Hearings in 1973 and 1974 preceding the Commodity Futures Trading Act of 1974 generally were held in a climate of limited demagoguery and an appreciation of the importance of developing legislation favorable to the growth and expansion of futures markets. Whether or not the act has been favorable is not the issue. It was passed in a relatively favorable climate of understanding.

THE 1948 BENCHMARK YEAR

The centennial of the formation of the Chicago Board of Trade was celebrated in 1948—a significant benchmark year. There was a special edition of the *Chicago Journal of Commerce* reporting the occasion, reviewing some of the history of the exchange and of commerce in Chicago, and describing the status and functions of the exchange. Richard F. Uhlmann was elected president. J. O. McClintock, who had been president in 1947, was appointed executive vice president and thereby became the first paid executive officer of the exchange.

At that time, the exchange was a great democratic organization, run by a board of directors and committee members. In addition to the president, there were first and second vice presidents and fifteen directors elected from the membership. The three lead committees were Nominating, Appeals, and Arbitration. Much of the day-to-day business was run by committees of three to eleven members. There were twenty-five committees with a total membership of 139. Some of the diversity of functions of the Board of Trade is revealed by committee names: Business Conduct, Claims and Insolvencies, Clearinghouse, Cotton, Cottonseed Oil, Executive, Finance, Floor, Floor Practices, Grain, Law, Market Report, Membership, Personnel, Provisions, Public Relations, Real Estate, Rules, Securities and Stock List, Soybeans, To-Arrive Grain, Transportation, Warehouse, and Weighing and Custodian.

The annual reports of the committees show a wide diversity of functions not directly related to futures trading. The Chicago Board of Trade was directly involved in freight rate establishment and change. There was active trading in the Securities Department. There was a major cash grain market where trade by sample took place on the floor of the exchange. Receipts of grain at Chicago were sampled by the Grain Sampling and Seed Inspection Department. Grain was weighed into

and out of Chicago elevators, and warehouse operations were supervised. Meat and various other packing-house products were sampled, weighed, and inspected. These activities facilitated trade and commerce in commodities at Chicago. The Chicago Board of Trade was a board of trade as well as a futures market.

The financial operation of the Chicago Board of Trade was small. Operating income in 1948 was \$348,000, of which \$155,000 was building rental; \$110,000 quotations, private line, and floor rental; and \$64,000 was from the switchboard. Operating expenses were \$642,000, scattered over a long list of expenses, a few of the larger of which were market department, \$94,000; transportation, \$20,000; public relations, \$77,000; telephone switchboard, \$78,000; legal expenses, \$54,000; weighing and custodian, \$36,000; executive office, \$89,000; and cloakroom, wash-room and towel service, \$10,000. The deficit of \$294,000 was nearly covered by a membership assessment of \$248,850 (\$175 per member). The organization operated at a loss and had to rely on membership assessments. In general, members were less than enthusiastic about assessments, and the size of assessments was regularly an issue in elections. There was great pressure to hold operating expenses at a minimum. This limited financing and pressure to restrict expenses was characteristic of the Chicago Board of Trade throughout the 25-year period under review.

EARLY EDUCATIONAL EFFORTS

In his presidential address in 1948, Richard Uhlmann said,

During the past year we celebrated our 100th anniversary, which was an outstanding event in the history of our country and our city, and it was a great testimonial to free markets everywhere. People came from all parts of this country and from Canada to pay tribute to a marketing system which had served many millions of people so faithfully since its inception. A symposium was also inaugurated so that professors from thirty-three colleges and universities could come here to learn at first-hand the functions and accomplishments of the Chicago Board of Trade. It has been felt for some time that education was the only method to better acquaint the public that an exchange was not an individual to be loved, hated, feared, laughed at, or wept about. It is an inanimate thing, an institution, an apparatus, an auction establishment, a device or arena, or a scoreboard.

The statement reflected a sensitivity to the constant attacks on the exchange by politicians, farm organizations, and the media. The members of the exchange truly believed in the economic usefulness and fairness of futures trading and the desirability of its expansion. They thought that they were wrongfully maligned and were hindered by regulation. In effect, Uhlmann said, "We are tired of sending

bag men to Washington. We are a great and good institution and we should proceed to make this known." As a part of the centennial celebration and his presidency, Uhlmann contributed \$3,000 for an awards contest that was designed to generate papers from academia and the trade evaluating the institution of futures trade. The awards contest was continued for eight years until it was changed to a scholarship award.

The report of the Public Relations Committee in 1948 listed the following activities:

1. Under the direction of the J. W. Hicks organization, our public relations counsel, several public opinion surveys were initiated and completed.
2. More than 150 news, feature, pictures and radio releases were made, relating to general or specific news and functions of the exchange.
3. An educational radio program was developed consisting of twelve five-minute transcribed programs.
4. A mimeographed bulletin in clip sheet form is being sent periodically to newspapers.
5. The Board of Trade published a 26-page booklet entitled "Hedging An Insurance Medium in Marketing Agricultural Commodities," which it is hoped will be the first of a series dealing with organized commodity markets.
6. A symposium attended by 37 educators, representing 33 colleges and universities, was held in Chicago on September 9 and 10. Out of this meeting an Advisory Educational Committee to the Chicago Board of Trade was appointed to counsel with members of the Exchange for future plans with reference to teaching aids such as textbooks, pamphlets, etc.
7. A recommendation that the Board of Trade make a colored motion picture to tell "The Board of Trade Story" was approved by the directors.

The first symposium featured papers by J. O. McClintock on "History, Development, and Functions of the Chicago Board of Trade" and Professor O. G. Saxon and Julius Baer on "Commodity Exchanges and Futures Trading." There were extensive freewheeling discussions by the professors on the feasibility and methods of developing literature about futures trading and the introduction of the subject matter of futures trading into college curricula. One result of the symposium was the appointment of an Educational Advisory Committee, which has continued in existence.

A second symposium was held on September 8 and 9, 1948, and featured papers by Holbrook Working of Stanford on "The Purposes and Functions of Futures Markets," Roy Godfrey of Faroll and Company on "Cash and Futures Market Relationships," J. O. McClintock of the Chicago Board of Trade on "Relation of Margins to Speculation," and Homer Hargrave of Merrill Lynch on "Brokerage House

Procedures." There was extensive give-and-take discussion among trade and academic participants. In addition to the seminar sessions, there were tours of the trading floor and grain-processing facilities in Chicago.

The symposia were continued on an annual basis through the 1950s and on a less regular basis during the 1960s. They generated an extensive amount of literature written primarily by active members of the trade who described their own activities. Some of this literature was combined into *Readings in Futures Markets*, Book III, *Views from the Trade*, A. E. Peck, ed., Chicago Board of Trade, 1978.

The eleventh symposium, held in 1958, was expanded to include agricultural writers and members of the banking industry. Subsequent symposia continued to mix members of the trade and academic communities as well as commodity-related people such as members of the media, bank, trade associations, and agricultural organizations.

The symposia and other educational efforts produced a quantity of literature, at least some of which was introduced into college curricula and adult education programs. In addition, they increased the awareness, knowledge, and appreciation of the subject matter of futures trading by college-level instructors. The papers and formal discussions were recorded in proceedings. Perhaps a greater usefulness of the symposia is not on record. These were the informal discussions held, often late at night, in the Men's Bar at the Union League Club. In the course of the symposia, members of the trade and academia got to know and appreciate each other. The process probably influenced not only teaching and research in academia but also the operation of firms and of the exchange. Learning occurred on a two-way street.

GENERAL COMMENT

What are the lessons to be learned from the 1947–60 period? First, markets go the way of competitive pricing. At the end of World War II, most futures trading was in agricultural products, grain in particular. The decline in the importance of futures trading was primarily the result of governmental price programs that reduced the need for hedging and reduced the price variability that attracted speculation. The extent to which commodities were affected varied by program from the near extinction of cotton trading to the rapid growth of soybean trading. The growth in the late 1960s was associated with relaxing of price-inhibiting government programs and the initiation of trading in commodities where such programs were nonexistent. The continued success of futures trading is dependent upon the existence of free, open, competitive markets; and the extent of the success of futures trading is a measure of free markets, hence, personal liberty.

Second, organized regulation of markets inhibits growth and development. There are three levels of market regulation. In order of ascending importance, they are federal government, exchange government, and market competition. The first two are organized and inhibiting. The third is the ultimate and inevitable regulator and the circumstance under which exchanges most prosper.

Third, educational efforts have paid dividends in (1) developing a market structure conducive to expansion, (2) generating commercial and speculative business, and (3) including an appreciation of competitive markets in the education of college students and furnishing better employees to the commodity industries.

Fourth, great democratic institutions change slowly and tend to be slow in grasping and exploiting their opportunities. A part of the slow growth of the Chicago Board of Trade was the reluctance to change contract terms and trading rules, nig-gardly financing, and slowness in initiating trading in new commodities. However, slow change is more apt to be solid, enduring, and successful than is rapid change. As in market price establishment, there is a compromise.