

Ventures in Wheat

It was thought, in the fall of 1845 and during the following winter, that there was going to be a big foreign demand for breadstuffs, on account of a great deficiency in the English crops. Consequently there was much speculation in breadstuffs in this country. At that time the firm of Burrows & Prettyman had been operating a produce house in Davenport for more than a year. We were doing business with the largest produce merchants in the United States, the Woodruff brothers, who maintained branches in St. Louis, New Orleans, and New York City. You could ship to any branch you preferred. It was a concern of unlimited means. The senior partner, James E. Woodruff, was the best business friend I ever had, and he was also the best business man I ever knew.

Mr. Woodruff thought there would be a sharp advance in the prices of breadstuffs before spring to supply the deficiency in the English market, and he wrote me repeatedly, urging me to buy every barrel of flour we could find and all the wheat and other provisions, and that we were at liberty to draw on him for one hundred thousand dollars for that purpose. If we were afraid to buy on our own account,

[This account of wheat speculation by a pioneer commission merchant in Davenport is adapted for THE PALIMPSEST from J. M. D. Burrows's *Fifty Years in Iowa*.—THE EDITOR]

he said to buy for him. He urged us so strongly and persistently that we followed his advice, buying on our own account. I visited every point, myself, as far as Dubuque, and bought every barrel of flour and all the grain I could find in New Albany, Savanna, Galena, and Dubuque, besides a large amount of provisions. We also sent an agent on the ice above Dubuque to visit every point and buy all the flour and grain he could find in store. Consequently, at the opening of navigation in the spring of 1846 we controlled the larger part of the produce in store above Davenport.

Then came trouble and disaster. The United States declared war against Mexico that spring, and everything collapsed. Prices tumbled more than one-half. The only way we could get to the seaboard was by the river to New Orleans and thence by sea to New York. The excitement then prevalent concerning privateers on the ocean almost suspended shipping. Insurance on the ocean advanced to ten per cent.

Soon after the opening of navigation, I began to move my winter accumulation, as I could see no prospect of any change for the better. I thought it best to face the music at once. Our flour, in store on the river, had been bought at from four dollars to four dollars and fifty cents per barrel and the wheat at an average of sixty cents a bushel. On arriving at St. Louis, the nominal price of flour was from two dollars to two dollars and twenty-five cents a barrel,

but no buyers; wheat was forty cents a bushel, for which there was a small local demand. Selling what wheat we could, we sent out flour and surplus wheat to New York, where it fared worse. Most of the flour became sour on the trip and did not net us over one dollar per barrel, while the wheat went for twenty-five cents a bushel. When all was sold, Burrows & Prettyman found themselves nearly bankrupt. I do not think we could have paid over twenty-five cents on the dollar, if we had been forced to close up our business.

During the following winter people began to get over their scare of the previous season and, a good foreign demand springing up, prices began to advance. Before the advance had fairly commenced, Woodruff, foreseeing what was going to happen, urged me to send out an agent at once and buy everything I could north of Davenport. I did so. People, remembering the disaster of the year before, were willing sellers.

About this time hogs had begun to be plentiful and we were packing so extensively that my winters were occupied chiefly in overseeing that branch of the industry, so I was obliged to employ an agent to make the trips abroad. One bitter cold, stormy day, about the first of February, there was nothing doing; no farmers in town, and I was tired of sitting around the stove. I put on my overcoat, and said to Mr. Prettyman, "I will go out and try to buy what wheat there is in town."

I first called on Charles Lesslie, at the corner of Front and Brady streets. He had a small warehouse full of very choice wheat, most of it raised by the Brownlies, at Long Grove, who at that time were considered the best farmers in the county. After considerable talk I bought him out. I agreed to pay him sixty cents a bushel, to take the wheat away any time I pleased between then and the first of May, and to pay for it when removed. There were about twenty-five hundred bushels.

I then called on William Inslee and bought about the same amount from him, paying the same price. Whisler then occupied the lot at the corner of Front and Main streets and had a large warehouse nearly full of wheat. I bought him out also at the same price of sixty cents a bushel.

This closed out all the wheat in town. I went back to the store well satisfied with my forenoon's work. As I afterwards sold this wheat for double what I paid for it, we made about five thousand dollars in the operation. All the expense I had was to sack the wheat and deliver it to the boat: the buyer furnished the sacks.

We found, at the opening of navigation, that we had on hand a larger supply of breadstuffs than any other dealer on the river. The profit on flour which had been made in the fall and held over and on wheat which had been bought in the early part of the winter for thirty cents a bushel, was simply enormous. Flour that cost us two dollars a barrel sold for seven

dollars. In the spring we put our stuff on the market as rapidly as possible. By July 1st we had paid every dollar we owed and had money to our credit with which we proposed to put up a flouring mill in Davenport. The town thus far had neither a flour mill nor a sawmill. We intended to give her both.

The Crimean War began in the fall of 1853 and in March, 1854, France and England formed an alliance with Turkey and declared war on Russia. I had been watching the markets and the foreign news. Most people thought the war would all end in smoke, but I believed Russia would fight. Others thought the war would not affect our markets, but I thought it would, as Russia exported a large quantity of wheat, especially from the port of Sebastopol. When that port was blockaded I believed there would be a sharp advance in breadstuffs.

I was in New York during the early part of July, and visited my old friend, James E. Woodruff. I had many talks with him about the prospect of the business season about to open. At that time breadstuff markets were very much depressed, both in the East and the West.

Woodruff asked me what I was going to pay for wheat. I told him fifty cents a bushel. He said, "I don't know what you are going to do with it at that price. There is not a market in the world that you can ship wheat to where it will net you more than forty cents a bushel. You ought not to pay to exceed forty cents. You are too good to the farmers. You

pay too much for produce. You always pay higher prices than any of our customers. You work harder, for less money, than any man I ever knew."

"Well," said I, "we are going to have a heavy crop of wheat, and I have doubled the capacity of my mill. Our farmers will not sell wheat freely at less than fifty cents a bushel. Burrows & Prettyman have a large amount standing out which they must get in, and it will require fifty cents a bushel to make collections. I have more faith in the future than you have. I intend to ship everything to New York — all my flour and surplus wheat — and don't care how long it is on the way; the longer the better, because I am satisfied the prices are going to be much higher."

I returned home. On my way I stopped one day in Chicago to see how the markets were. T. J. S. Flint and C. T. Wheeler were the strongest and heaviest grain men in Chicago then, and had the largest elevator in the city. They took me on 'Change and showed me various samples of new winter wheat, which was just beginning to come in from southern Illinois and which was selling that day at sixty cents a bushel. I had a long talk with them about the fall business. They coincided with Woodruff that forty cents was a generous price, and all I ought to pay.

Our railroad, the Chicago & Rock Island, had just been opened and freight was very high, being about twenty cents a bushel for wheat from Davenport to

Chicago. The expense of handling the grain in Chicago would amount to about two cents a bushel more.

Fifty cents a bushel for spring wheat in Davenport, with twenty-two cents added for freight and expenses in Chicago making the price seventy-two cents a bushel, when the best of fall wheat was actually selling at sixty cents, did look somewhat venturesome. But in my whole experience I never felt so sure of a season's business as I did then. My friends thought I would ruin myself.

Such a crop of wheat Scott County never produced before or since. Farmers were beginning to harvest. Our land was new and in condition to produce its very best. Club wheat had recently been introduced and nearly all the growing crop was of that variety. It stood thick and even on the ground, nearly five feet high, and well headed. For six inches below the head the straw was as yellow as gold.

Wheat ran, that year, from thirty to forty bushels to the acre. What was more remarkable, the quality of the wheat was all number one. You could not get an inferior quality, even if you paid a premium for it. This extraordinary crop made me still more sanguine, and I felt in my very bones that this was the time to pitch in.

The heaviest dealers in produce in Davenport, besides myself, were J. R. Graham and G. W. Kepner. I told them I was going to control the wheat market of Davenport that fall and that I should keep the price of wheat about two cents above that paid by

dealers in Muscatine who, at that time, were our only competitors. I also told them that I intended to draw the wheat from Cedar and Linn counties away from Muscatine.

To Graham & Kepner I made this proposition: "I will give you five cents a bushel for all the wheat you will buy between now and the first of next December. You shall put it in my mill, on the railroad cars, or on a steamboat, or wherever I shall instruct you. I will give you the price each morning which you are to pay that day. You shall pay just what I pay. I will never bid against you. You will furnish your own money. I want your bills of lading and vouchers every Saturday; you are to bring in your bill every Monday morning and I will pay you."

Graham & Kepner accepted my proposition. I used to pay them from ten to twenty thousand dollars every Monday morning. Mr. Graham has told me since that they never did as well any season as they did under this arrangement with me.

I had all of this wheat put into cars for shipment to New York. Arrangements were made with the railroad company to place cars where the farmers could get at them and unload their wheat into the car, thus saving a second handling and the additional expense.

Flint & Wheeler agreed to receive and forward my shipments in Chicago. I told them I expected to be able to load a vessel every week, and that I did not want my wheat inspected. All I wanted was to have

them receive the flour and wheat from day to day as it arrived, hold it until they had enough to load a vessel, and then consign it to Woodruff in New York.

It took but a short time to show that I was in luck. Sebastopol was invested. Breadstuffs advanced in Europe. Russia's ports were blockaded: her grain was locked up. The first of my fifty-cent wheat brought two dollars and twenty-five cents a bushel in New York. I made more than one hundred thousand dollars between the first of August and the first of December. Most of the money was made the first sixty days when wheat was low. I began buying at fifty cents and in October I was paying a dollar and forty cents a bushel. At the latter price only ordinary profits were made.

Everything seemed to favor me that fall. One propeller, loaded entirely with my wheat and flour, exploded on the lake and sank, the whole cargo being lost. Yet I made four thousand dollars by it: the cargo was insured in New York City and I saved the freight from Davenport to New York.

For over a year I did a fairly good business. Then came a dreadful blow. First, the news of the death of Nicholas, Czar of Russia; then a few months later, the fall of Sebastopol. Everyone knew the war was at an end. Prices of produce fell instantly all over the United States — wheat from fifty to sixty cents a bushel; flour, three dollars a barrel; and everything else in proportion. The decline continued day after day. I went to bed on the night the news ar-

rived two hundred thousand dollars poorer than I had arisen the same morning. I had on the market six thousand barrels of flour, and in Davenport one hundred and fifty thousand bushels of wheat and all my winter's packing, not a dollar's worth of which had been sold.

That drop in prices was an overwhelming catastrophe. It broke up nearly every dealer on the Mississippi River, and was really what finally broke Burrows & Prettyman.

J. M. D. BURROWS