

As next on the program, I have the pleasure of introducing to you the representative of our senior partner, the Federal Government—Hon. George R. James, Member of the Federal Reserve Board. April 14, 1926

ADDRESS OF HON. GEORGE R. JAMES, MEMBER
FEDERAL RESERVE BOARD.

MR. CHAIRMAN: Senator Glass and Gentlemen—When your distinguished committee called on me the other day to extend an invitation to come down to your meeting, I felt very much flattered; but I explained to them that I had promised myself that, as a member of the Federal Reserve Board, I would not make any more speeches. But they insisted that I come down here and talk to you anyhow. So I want it understood that what I have to say is an expression of my own views, and in no sense to be considered as an expression coming from the Federal Reserve Board, except in this: that on behalf of the Board I want to say that we appreciate the services that you, as an organization, are rendering to the System, and that as a representative of the Board I thank you for having given me this privilege.

Among other things that were discussed with the Committee was what I was expected to talk about; and one gentleman, very properly I think, suggested that about twenty minutes would be a good thing. I agreed with him on that. Another suggestion, that is one of the important things before the public just now, was assistance, primarily financial, to the agricultural people of the country; that that would be a good subject to talk about. As a matter of fact, personally, that is a subject that is most interesting to me, the subject of agriculture, because I still believe, in spite of what has happened, that Mr. Lincoln, in an address he made on September 30, 1859, to an agricultural society in Wisconsin, was right when he said, "no other human occupation offers so wide a field for the profitable combination of labor and intelligent thought as agriculture."

But when I come to think about what can be done to assist the farmer, either by Congress, if you please, or by the Federal Reserve System, I confess I am up against it.

I have studied agriculture carefully, mainly in my own locality, the district surrounding Memphis, for perhaps twenty years, and have come to the conclusion, after very careful study and consideration, that the troubles which the farmer is having are not troubles that have come upon him just recently, but are troubles that extend back to almost the beginning of time, and that the farmers as a class are not very different from the rest of us.

So far as legislation is concerned, it seems to me that Congress and the legislatures of the various States have not been backward in attempting to help the farmer; they have done all that human beings could do. But I wonder how far the farmer has gone towards helping himself. I am one of those old-fashioned fellows who still believes some of the things that were taught him when he was a little fellow, and I like to go back into history and see what has happened.

One of the greatest lessons that I ever had in this matter of successful agriculture came about in this way. I had a farm, as many of you knew, and I was not doing so well with it; it was one of those things which was more of a luxury than an asset, and it was continually costing me "some money." I began to study my own situation, urged on by the gibes and jokes that were handed me by my friends. They used to say, "Let's go out to James' farm; we can get champagne or butter-milk either one, both cost him the same, and we can have a good deal of fun about those eggs that cost him \$1.50 a piece." But I had a great deal of faith in what was said by Mr. Lincoln, and I was looking around, grabbing at everything in sight that seemed to promise something to me.

On one occasion I was making a visit to New York city on some business not connected with farming, and while there I had some mail forwarded from home. Among other things there was a little program about like this one, drawn up by the Chamber of Commerce of Greenville, Mississippi, announcing a meeting that would be held there, and that on the occasion of this meeting Professor J. W. Fox, at that time Director of the Experiment Station at Stoneville, Mississippi, who had been studying cotton for more than thirty years, was scheduled to make an address on "*How to make farming profitable.*" I read the announcement and immediately closed up my business in New York, bought a ticket for Greenville, and left on the next train, just having time to reach Greenville in the interval. All the way down from New York to Greenville I was thinking about what the great man was going to talk about. I knew he knew his business, that he was not just a dreamer.

I went over the various things that had happened. I had in my mind that labor was getting scarce in our country, the negroes were moving away, more or less, rapidly, and I imagined he would probably tell us how enlightened genius was going to give us mechanical implements that would take the place of labor. I thought along that line, and I thought of the Federal Reserve System; at that time I had no idea in the world that I would be connected with it in any way, it was in a formative state at that time; I realized that one of the basic principles of the System would be assisting agriculture, and I wondered if that would be what he would tell us. I thought of a lot of things, lower

interest rates and all that. Finally I got off the train at Greenville; I arrived there the morning of the meeting, went to the meeting and sat in the front row.

The chairman announced that the meeting would have the privilege of hearing Professor Fox and talked about twenty minutes, telling who Professor Fox was. I was satisfied that what he said was the truth, that Mr. Fox knew his business, and that he was going to tell us how to make money farming.

Professor Fox got up and said, "*Friends, the SECRET of SUCCESSFUL farming is to have RICH LAND and then cultivate it.*" (Laughter).

I have heard a lot about legislation, I have heard a lot about getting cheaper credit, but you know there is not such an awful lot said about having "*rich land.*"

Later on I had the privilege of meeting Professor Hopkins, Dean of Agriculture at the University of Illinois. Dr. Hopkins said to me: "You know, James, as is the soil, so are the people. You never have rich people on poor soil." That is true all over the world. And another thing, "any man who makes land rich will get rich making it so, whereas any man who gets rich land and attempts to get rich out of it will leave his children a heritage of poverty."

I live right at the head of the Yazoo delta, God never made richer land than you find there, and I have seen this thing illustrated so often that I am ready to write it down as a fact.

Of course the farmer has a lot of disadvantages. But I realize that as bankers and leaders in your communities your words carry great weight, and therefore my suggestion this morning is this: that you endeavor to get the farmer to change his great, his most detrimental habit of thinking in terms of "I" rather than in terms of "We." If we can just get him to change, in other words, his habit of looking on life through a pair of spectacles with "I" on one lens and the dollar mark on the other. He cannot see a thing but that, and that, if you please, is characteristic of most of the human family.

But we are talking about agriculture this morning. The farmer will never get anywhere in the world as long as he keeps thinking "I" and can't think of the other fellow.

If he thinks in terms of "We," just think of the advantages that Congress has already given him!

But, you know, some way or other there is a human element entering into it again. I guess we inherited it. You know the first commandment that was ever given was in the nature of a prohibition act; you remember that, way back yonder. Here are Adam and Eve standing there; here is everything that has been created, for you except this apple, they must not touch that. Bootlegging started right there (laughter). You can hardly

blame the human family for having that heritage in us, any more than you can expect a setter dog not to point birds. Now the same things apply to the farmer today.

Look at the advantages he has over the average man in business. It is prohibited by law, if you please, for the dry goods men to get together and discuss prices or make any sort of an agreement with one another, and if they did they would all be put in jail and I think properly so. But the dry goods men have been getting along pretty well together. Of course they don't get together and violate the law, but they are getting along fairly well (laughter).

Take the great steel industry. I recall when the laws were passed prohibiting the steel folks from getting together, and other manufacturing interests from getting together, and yet they have done pretty well.

But the law says that farmers may get together. I am not saying that the reason they *don't* get together is because the law says they *may* get together and pool their products; but they just won't do it.

Look at the opportunities they would have through co-operative marketing if they would just get together. I know something about co-operative marketing in the delta. That delta country is peculiar to itself; there is no place in the world in any way comparable to it. It produces the long staple cotton of the world. A little bit of territory, not over 150 miles long and at its widest part not over seventy-five miles wide, produces about 600,000 bales. As a rule, the planters are all men that you would suppose are well to do, men of intelligence, and of high character and standing. But do you suppose those men will stand together in a co-operative movement in marketing their cotton? Not on your life. You can't get one-third of them to join the association. The other two-thirds want to stand outside and let the other fellows go in the association, pool their cotton, thereby raising the price, and they get in at the top. And when they can't do that, they start bootlegging their cotton, like other bootleggers.

How are we going to change that? Frankly I don't know. But I do feel, and I expect as long as I live to use every human means I have available to try to get the farmer to think in terms of "We" instead of "I," to think of his duties and responsibilities to his fellow man and particularly to those of his fellow men who are in the same line of business that he is in, and I think if this could be done then a lot of his troubles will be removed.

Another thing in which perhaps bankers might be helpful to the farmers is to get them to discriminate between borrowing and hiring money. I think the best lesson I ever had in business was given me by an old banker friend in New York to whom I applied some thirty odd years ago for a loan. He was very kind

to me, and I have never for a moment failed to recognize the kindness of that banker. He said: "Young man, I want to give you a little piece of advice. You are young," and I was; I had just come into the management of an institution that I had inherited and I didn't know much; I don't know much now, but I know a little more than I did then. He said: "Shakespeare was right when he said,

'Neither a borrower, nor a lender, be:
For loan oft loses both itself and friend;
And borrowing dulls the edge of husbandry.'

Never borrow any money; just hire it; and never quit discriminating between borrowing and hiring money. Hire it just like you would an extra man in your factory; have a well thought out program, a definite thing for this servant to do, because, after all, money is a servant, not a god. Treat it as a servant and it is the best servant that ever was; it works all the time, it doesn't take Saturday afternoons off, it does not recognize the Fourth of July or anything else, it just keeps on working for you. But when you start working for money, look out; it is a tremendous task-master and will eventually conquer you."

Another thing. Gene Meyer gave me once the definition of credit. He was discussing the question of cotton growing in the south. He said, "You know, George, credit is exactly like morphine; in the hands of those who understand their dangers as well as their benefits, in the time of emergency, they are most useful inventions to mankind; but either credit or morphine, used habitually, leads inevitably to the gutter."

I ask you, my friends, if that does not take in what Mr. Hoxton was talking about a few moments ago? Yes, the Federal Reserve System is a wonderful instrument in times of stress or adversity. See how it can come to the rescue not only of institutions in this country, but of institutions even in Cuba the other day. You know what it can do. But how about the fellow who is borrowing, not hiring Federal Reserve System credit, but borrowing? He keeps on and on, gets into the habit of it, and after a while he has dulled the edge of husbandry and, the first thing he knows his institution is in trouble.

That's what is the matter with the farmer. Because of his individualistic training he does not want anybody to tell him how to run his business; he is supersensitive in that respect. But I believe that bankers every once in a while have an opportunity for putting across that distinction between hiring and borrowing credit. In the past I have had the opportunity of doing it in a number of cases, and it has been very gratifying and made me very happy to see the result of just some suggestion along that line.

A great many farmers are a good deal like the old negro woman who used to live just back of my place. There was a

road that ran across a little river bottom, that usually was not as wide as this room, but when the water got up it was about a mile wide. So the road supervisors built a levee road across the bottom by digging along the side of the right of way and putting the dirt on the road. Of course, where they dug out the dirt to put on the road they made what we call in our country barrow pits, and when the water came up these pits were filled. Just across from the road was the house that this negro family lived in; the house was on stilts, just over one of the barrow pits. Dr. McKenney told me the story. He said he used to go by there going for his mail, nearly every day, and every time he passed he saw Aunt Mandy sitting with a fishing pole, fishing in the barrow pit. It was customary with the doctor, passing along in his old buggy, to have this conversation. "How are you, Mandy?" "Very well, sir; how are you, Doctor?" "Very well. Have you caught any fish today?" "No, sir, ain't caught none today." One morning he asked her: "Caught any fish today?" "No, sir, ain't caught none today." That evening, coming back home, he saw Mandy sitting there with her fishing pole, and he said: "Mandy, have you caught any fish today?" "No, sir, ain't caught none today." He said, "Mandy, I want you to tell me something; I reckon I have been riding by here for ten years and I have seen you sitting there fishing every time I have come by, and I have never seen any fish on your string; I just want you to tell me did you ever catch a fish out of that place?" She said, "No, sir, I ain't caught none yet." "For God's sake, why do you keep on fishing in a place like that?" "Well, I don't know, sir, unless just because it's handy." (Laughter). A heap of folks are doing just that, just because it's handy, and no other reason for it. They are ignoring the things that are right before them and always grasping at the end of the rainbow.

I believe, as I said a while ago, you have got to get back to some fundamentals before you get anywhere. In every community I can take you to people who are sitting on top of the world, who have proved that agriculture is a wonderfully blessed combination of labor and intelligent thought. But those folks don't try to raise cotton and buy pork from Iowa or somewhere else and fuss about high railroad rates.

Go down to the delta country, that is the rich country I am talking about, and talk to some of my friends who have big plantations, and say, "Why in the name of God don't you raise your food and feed at home?" They will say, "Oh, you can't raise corn in the delta, no use trying."

Well, I said to myself a long time ago, when man gets as old as I am, there is no use trying to teach him anything; it's like trying to teach an old dog new tricks, it don't get you anywhere. So I turned my interest to the boys' corn clubs. I found that the boys' corn clubs of Mississippi, Arkansas and Tennessee,

with more than three thousand members, were producing an average of fifty-five bushels of corn per acre as against an average production on the farms of the three States of something like eighteen bushels of corn per acre.

One little freckled face boy, thirteen years old, named Roy Ross, living near Cleveland, Bolivar County, Miss., and a club member, raised 139 bushels of corn on one measured acre of Delta land. This little fellow was an inspiration to me, so on one occasion when I was scheduled to make a speech to a group of Delta planters, I got him to attend the meeting with me.

In the course of my address, I spoke of the necessity of raising corn and food stuffs for the plantations at home and of stopping the habit of sending all of the money away to pay for corn, hay, meat and Ford cars. One man in the audience said—"You know just as well as I do that we can't raise corn successfully in the Delta." That was just what I wanted, so I thanked the gentleman for the interruption and, asking my little friend to come to the platform, I called attention to that passage from the Good Book which says, "And a little child shall lead them," then I said, "Here is the little child." I told the crowd what this little boy had done in the way of "growing corn in the Delta" and suggested that by applying the same methods he had used the whole economic situation in the Delta country would be changed with an annual loss turned to an annual profit.

In spite of demonstrations and advice, the people of this section won't change their ways, their habits are too deep-seated, but at that I suspect the human family is very much alike the world over. Somehow or other it seems that nothing but adversity will make us stop, look and listen. Shakespeare was right when he said:

"Sweet are the uses of adversity,
Which, like the toad, ugly and venomous,
Wears yet a precious jewel in his head.
And this our life, exempt from public haunts,
Finds tongues in trees, books in the running brooks,
Sermons in stones, and good in everything."

I think there is good in everything if we just try to find it.

The most important thing of all in this life, whether we are farming or doing anything else, is to take off our spectacles and quit thinking of "I", "my" and "mine," and think about "We," and we will get somewhere. I thank you. (Applause).

THE CHAIRMAN: I now have the pleasure of presenting the Honorable Carter Glass, Senator from Virginia.

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