

CHANGE--FOREST FARMING CHALLENGE

Remarks of M. Monroe Kimbrel, Chairman of the Board, First National Bank, Thomson, Georgia, before the Southern Forestry Conference of the Forest Farmers Association, Grove Park Inn, Asheville, North Carolina, Thursday Morning, May 7, 1964.

Typical of the progressive thinking associated with the forest industry is the theme of your conference, "Forest Farming for a New Era." I am happy to have this opportunity to visit today with a group demonstrating such vision--and making such significant contributions to the economy of our nation.

The nation's bankers are hard pressed to keep pace with your growth. Legislation now being considered by the Congress could very well provide latitude for this expanded service.

Some of you are aware that last fall on behalf of the American Bankers Association, I appeared before the House Banking and Currency Committee in support of the forest tract bill, H. R. 8230. This legislation as proposed has as its purpose the elimination of overly-restrictive or outmoded limitations applicable to national banks; restrictions which either do not apply or have already been liberalized with respect to State-chartered banks in many of our states. Thus, in the case of timber tract loans, it is clear that existing requirements--which limit such loans to 40 percent of marketable timber, at terms of ten or two years, depending on whether or not the loan is amortized--are overly restrictive and impede development of the timber industry.

In order to encourage soundly planned forest development, longer-term credit is needed. This is particularly true in the acquisition and management of young stands of timber. The terms of the loan should not require repayment through liquidation of the timber pledged as security but should be such as to encourage the sustained yield management of timber resources. Shorter-term credit may lead to harvesting of forest products before they have reached full maturity or at a time when prices are at a low ebb, thereby causing economic loss to our nation.

With the exception of overmatured trees, standing timber is an appreciating asset. The supply of merchantable timber of the better grade is declining and the prospective long-term uses of timber products is expanding. There is a stable market for timber products and standing timber. Thus it would appear that lenders on timber have reasonable assurance not only of long-term increases in the value of timber and timber products underlying their loans, but of liquidity in timber loans.

It is the general feeling that this bill will be enacted this year but not until the civil rights fight is completed. H. R. 8230 has passed the House and hearings have been held by the Senate Banking and Currency Committee.

There was some hope that there might be a short-cut method used to report the bill without waiting the conclusion of the civil rights fight. Subsequent developments now make this a rather dim prospect.

Scientific developments, new techniques, cultural practices and modern thinking make loans on timber tracts desirable investments. These are obviously specialized loans and given proper attention provide good diversification for the loan portfolio of banks.

In our changing economy and our increasingly competitive society, "you can't do today's job with yesterday's methods and be in business tomorrow." There is nothing so constant as change and this is particularly true of the American forest industry.

It isn't news when I tell you that some of the timber land owners--large and small--across the country, aren't doing so well just now. But I hope it isn't news when I tell you there are other timber land owners in the very same areas who are not yet yelling disaster. There is no reason to apologize for the job which has been done.

Contrary to public opinion, the forestry industry is not sick--though the sale price for some of the products is at times pretty puny. In terms of productive efficiency you have done a splendid job. Modern production, distribution and marketing techniques have provided the American people with a quality of product and a quantity unparalleled in history. Actually this job has been so effective that progress itself is our most important problem.

It is not unusual to hear a reference to the declining forest industry. No one talks of a declining aviation industry yet just a decade ago it would require the better part of a day with several stops to move 20 or 25 people from New York to the West Coast. Today 110 people board

a plush jetliner and cross the country in a matter of hours without stop.

Our problem therefore becomes one of intelligent analysis and direction of the future--not cowering fear of it.

Never before in history has the future been so near to us as now. Research and education are shortening the time span of progress. We shall occupy ringside seats in scientific and technological developments during the next 10 years equivalent to changes which our fathers took a generation to accomplish.

This prospect was pretty well summed up by a Washington taxi driver. As he drove down Pennsylvania Avenue his passenger read aloud the inscription on the face of the National Archives Building, "What is past is prologue." Leaning out the window he read aloud once more and then inquired of the cab driver what that meant. Back came the reply, "That means you ain't seen nothing yet."

So it will be with the forest farmers and the American banker in the next decade. Technological changes of the kind and rapidity we envision here can only mean an accelerated rate of social and economic adjustment. This will be neither easy nor painless. The best leadership among you will be challenged to guide these adjustments along constructive and beneficial pathways.

Some who worship at the shrine of "status quo" will seek to thwart adjustments which are inevitable in a dynamic and growing society. They will impede progress and sometimes will make the adjustment more painful when it does become inevitable. Others with limited vision

will follow the adjustments blindly. They will neither help nor hinder.

Awareness of the interdependence of agriculture and industry is growing generally. The present-day forest farmer could not exist without the products of industry. It is also true that industry could not prosper without the products of the forest farmer and strong outlets among its farm customers. While increasing commercialization has at times brought more prosperity to the farmer, it has also made it possible for him to go broke much faster. Before 1930 it took 8 or 9 years for a farmer to go broke--while today the job can be done in a fraction of that time.

The late Charles F. Kettering made famous the saying, "Ain't no such thing as the good old days. The only thing that counts is the good new days--and people are afraid of 'em--afraid of change."

A successful forest farmer these days must be a combined scientist, engineer and astute businessman. He must have expert training and it should come early. The progressiveness of agriculture in each of our states today can readily be measured by the training boys and girls have been receiving in agricultural courses and through their 4-H Clubs and Future Farmer chapters.

Bankers know that it takes a lot of money to acquire the land, plant the trees, provide fire protection and disease control and operate sufficiently successful to have a return on the investment of the forest farmer today. Sophisticated bankers are becoming better informed about these problems.

It may be true that in some areas of the country banks have been a little slow to move in with venture capital to encourage and assist forest farmers to develop new areas. At the same time we do have other bankers who have moved into this field very successfully--and with astonishingly good results.

Again I speak of "change." For the country as a whole the tendency over a period of years has been toward the consolidation of small forest farms and to larger tracts. Regardless of any emotional reaction or personal views that tendency will continue if we are to have the greatest economic production. Let us recognize this as a normal result of progress and as a perfectly natural outgrowth of our changing times.

This does not mean we are going to lose the family forest tract--over which so many tears have been shed by professional and badly informed bleeding hearts. However the family forest tracts of the future will be a new type. In most parts of the country it is now emerging as a bigger, better equipped, better financed, better managed farm tract than it has been in the past. As such it can survive. The family forest tract is invaluable. The best men and women the world has ever seen have come from this type operation. It will still provide us with these men and women--if we give it a chance. I am for giving it a chance as a free independent enterprise where ability will find its natural and abundant reward. Any effort to preserve arbitrarily the old time family forest tract is definitely against true progress. It is both unwise and impossible.

I am not arguing for large forests as such. I am merely saying for most of our timberland owners in the United States tracts will continue to expand until they have reached the size that will be economic.

You folks know that I am not in politics and never expect to be. Nevertheless, there are some items which continue to concern me and I frankly find some anxiety about the pattern that has been outlined for the future. The pattern seems to leave little doubt. There is a strong determination to completely socialize agriculture in all its phases.

Unfortunately most Americans are still unaware of the evil forces trying to shape their future for them. Some are losing sight of the human values upon which our democratic society is based. Efficiency in our forest farm operations will mean little to us if we fail to preserve liberty, provide opportunity and continue a desirable society.

This is why our whole citizenship needs today as never before intelligent enlightened understanding. We must read the signs of the times. We must read them correctly and wisely. Without this wisdom and clear understanding, we may barter away our birthright and destroy our national security. We have too many of our good people saying "it can't happen here." History tells us that it can happen here. I would invite you to take a look at what is happening all over the world--and for that matter, here at home too. When will we wake up to the fact that we are now engaged in a World War--communist style.

A study of agricultural production throughout the world shows that only in those countries where men are free to own the land they

work is there enough food to feed their people adequately. Therefore, it is imperative that we safeguard the independent individual land-owning system that has made our American agriculture the most productive in the world.

Free and easy government money is tightening the noose around our necks. Every time we hold out our hands for this free and easy money, we pull the rope tighter and bring closer to strangulation the private enterprise system which has made this country great.

When the farmer is told how much acreage he must plant, when the laboring man is told he must join the union to work, when the merchant or manufacturer is told how much he can charge for his products, then we are dangerously close to a controlled economy.

When the power to tax is used to redistribute our wealth, then we are dangerously close to socialism.

Abraham Lincoln said, "You cannot bring prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot further the brotherhood of men by encouraging class hatred. You cannot help men permanently by doing for them what they could and should do for themselves."

More than 100 years ago a great French liberal politician and writer wrote in his "Democracy in America": "I sought for the greatness and genius of America in her commodious harbors and her ample rivers and it was not there. In her fertile fields and boundless prairies and it was not there. In her rich mines and her vast world commerce and it was

not there. Not until I went into the churches of America and heard her pulpits aflame with righteousness did I understand the secret of her genius and her power."

"America is great," de Tocqueville concluded, "because she is good and if America ceases to be good, America will cease to be great."

It is not enough to have conviction, one must have the courage to defend those convictions. The courageous person, the person who really counts for America when convinced of the rightness of a cause, stands firm no matter what the cost. We must be a nation of tough minded people with hardy moral fiber that will not give an inch to the provocations of international gangsterism.

We must recognize and acknowledge that the moral purpose of our society are not man made but come from God who is the sole source of goodness and the final judge of our performance.

Let us then as good citizens recognize the challenge before us. Let us as Christian businessmen and statesmen prove to all the world that the soul of America is good because there is so many good Americans.

Summing up then we might ask just how much do our forest problems mean to each of us as individuals or as bankers here today. Or what do they mean to the man behind an assembly line in an auto factory? To the man behind the desk in a New York skyscraper? Or the salesman behind the counter in the California department store?

Not much--only the breath of economic as well as physical life, only the difference between hunger and plenty, only the difference between

success and failure--that much and nothing less.

I am confident that the leaders of American banking and the timber land owners of this country will have the breath of imagination and the clarity of vision to direct our modern technological revolution down the pathway of a progressive and prosperous industry in a growing, dynamic, and free America. With this conviction, I have pleasure in being around to observe these exciting days ahead.

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