Jacksonville, Fla.,

April 23rd, 1926.

MEMO ON PENNEY UNDERTAKING.

My contact with Mr. Penney came through Mrs. Harris, of Miami Shores, but it was not until after my return from Pensacola that I was able to go to Green Cove Springs.

Mr. Penney himself met me. He is a slight man, most unobtrusive. I think he cultivates a pose of modesty and reticence, for he told me at once that he was not usually talkative but that he meant to talk to me. Mr. Penney can talk when he considers it worth while and I was complimented by his confidence. It was amusing to have a multi-millionaire meet one in a not new Ford sedan. He took me to the Qui-Si-Sa-Na Hotel, an attractive Spanish place. Then we went to see the Springs. It is a boiling flow of a strong sulphur water; beautiful bowl, enough water for a big swimming pool, which is freely used. Penney drove me around the town and told me he owned 800 lots, as well as the Spring and Hotel. This is interesting in relation to the development. It is evident that he means to control everything that touches the big property. Says that he sells no lot, except under contract for the buyer to build upon it.

The town skirts the St. Johns River, which here is two miles wide, - evidently been prosperous at one time, but the whole thing run down now.

We started for the farms, but stopped to see the philanthropy from which, I discover, the rumor has gone out (I found it in Tallahassee in Brooks Department) that Penney was settling his land with broken down ministers and missionaries. The people who spread that rumor don't know Mr. Penney. What he has done is original and entirely in keeping with the man. When he bought, a little over a year ago at a foreclosure sale, the land which he is developing, he took over with it a defunct saw mill and the industrial village which had been built to support it. The saw mill

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was on the St. Johns River, beautiful location, the cottages were not far back on rising land, comfortable frame houses, as those things go. There were forty to fifty of them. They were dilapidated, because long abandoned, but they were well located and Brother Penney's thrifty soul revolted at the idea of destroying them, at least till he knew what he wanted to do with this valuable tract on the outskirts of the town. He told me, with tears in his eyes, as he drove up to the place, that he believed that the solution of the problem was an inspiration from the Divine. It was my first indication that Mr. Penney is a deeply religious man. He was so moved by the idea that had come to him that he arose and awakened his partner, Mr. Morton. This was his plan, - "All my life I have wanted to do something for broken down preachers and missionairies. I wanted to do something in memory of my father, who was a Baptist Preacher, worked all his life without salary, supporting his family by farming. In his old age his Church excommunicated him because he advocated Sunday Schools, the education of Ministers and a salary. Those things that he advocated have come in all the churches, but the salaries are always low. The minister comes to old age without enough income to care for him decently. Often he is broken down, needs a change, a year in another climate. Now, what I propose to do with these cottages is to put them in good condition and go to the members of the different churches and missionary societies and say - 'Here are comfortable houses, close to a good town and a beautiful river, live oaks all around them, rooms for gardens. I will give them rent free to anyone of your superannuated ministers that you will send here.'"

He immediately went to work to carry out his scheme spending, he told me, about $1,000.00 apiece on the forty or fifty houses. They were painted inside and out, electricity put in and things made comfortable, if simple. The houses have been full ever since the plan was undertaken. There is no time limit applied. If you like it and, I take it, if you are a good

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neighbor, you can stay on and on.

We went from house to house, calling on these people, - sometimes a youngish man broken down, - there were two or three missionaries, women, one who had spent forty years in Persia, another as long in China. They had about them the rugs and hangings and bric-a-brac that they had brought home and they were happy as larks. Several of the men had made admirable gardens. One man had a car and I took it he and his wife spent most of their time fishing.

Mr. Penney's joy in this enterprise is genuine, but he is too good a business man not to see that, eventually, this tract of land must be used for something besides frame cottages, so he has taken part of a square in town and is building there three hundred small apartments, a permanent memorial to his father, to be used in the same way as the lumber cottages are now used. The location is so beautiful, the town so pleasant, the Springs so health-giving, that this is bound to be a blessing to a large number of broken down people.

This was my introduction to Mr. Penney and this visit over, we started for the land.

"In order that you may understand what you are going to see, I will have to tell you something about myself. I do not usually talk about myself. I want people to understand the idea that is behind this. I think it is a useful idea. I believe it is a sound one, economically. It is the idea behind the Penney Chain Stores. These stores were born from my experience. I have told you about my father. You can see that, with a large family, he never had much money. When I was eight years old, he told me from that time on I must earn the clothes I had, - and I did. I became a clerk in a grocery store finally at $25.00 a month, I was several years

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in one store or another and finally in Wyoming, where I had been some time with a man, he said to me, 'Jim, if you will put in _____, I will rent a store and will give you a half interest.' That was my chance! My wife and I had saved $500.00 in three years, at a salary of $100.00 a month. We put that in, borrowed a little more and I became a partner. Finally, I was able to buy the store. Then we began to think about our obligation to pass on the opportunity that had been extended to us. I had a clerk who was honest, energetic, reliable, thrifty, so I looked around and found a town that needed a store and I made him the same proposition that had been made to me. He jumped at it. But I had other clerks coming on, just as good men - all they needed was a chance and so I made it my business to find a way to give it to them. As the idea developed it went on and on, until now there are six hundred and seventy-six Penney stores and last year they did a business of $91,000,000.00. Many of the men have done as I did to start with - became owners of the stores, but it is to their advantage to keep the Penney name. My dividend comes from supplying the stores with their goods. A great many of these stores are in farming communities and the difficulty of the farmers in recent years set me to thinking. About ten years ago I said to myself, 'Why couldn't the Penney Chain Store idea of business be applied to farmers.' I couldn't get it out of my mind, but I saw no chance to apply it until about two years ago, I learned that 120,000 acres of land, five or six miles from Green Cove Springs was to be sold at a Receiver's Sale. It came to me immediately that the Lord was here giving me my opportunity to apply my ideas to the farmers. I immediately bought the land, paying $400,000.00 for it. To understand what you will see here you must know something of the history of this land.

It belonged originally to a Lumber company - for years turpentining and lumbering went on. The industrial cottages which my ministerial friends are occupying belonged to the saw mill fed by the lumber taken off this tract.

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After the big timber was out, the owners attempted to clear a portion of it and raise cattle and they organized the Southern Cattle & Feeding Co. They fenced large tracts expecting to raise feed. They double-fenced big pastures and built a modern dairy but they needed farmers to raise the ffed - they needed laborers - and they undertook a colonization scheme, bidding for foreigners. (See Hungarian newspaper advertisements) A large group of Hungarian miners , mainly from Pennsylvania, were attracted by the advertisements and put their savings into the farms. In the meantime, the company was organized as a stock company and sold its stock widely. The Hungarians came - they were not farmers, they were miners. They worked, but the first year was a bad year. They found themselves unable to meet their payments. They learned, too, that the company was in trouble - the dairy was failing. Suddenly, almost without warning the manager will tell you, the whole tribe stampeded. As there were at the height of the development over one hundred families on the tract, scattered over a big,finely equipped, well fenced plain, comfortable little houses on each twenty or forty acre tract, the exodus was of a considerable number. It left an abandoned town, a bankrupt company. A receiver was appointed."

The land was sold to Mr. Penney, 120,000 acres for $400,000.00, $3.00 per acre, 10,000 acres of which was cleared and fenced, well-fenced. From fifty to one hundred houses, comfortable farm cottages, stood on the different tracts. The dairy was still alive. The community center, agreeable and unpretentious, was intact, but everything was run down and the place was abandoned, save for two or three families, one a German who had a deed on his land, a good farmer, but who was under the depression of the unhappy experience and who gladly would have left - one an old barber from Ohio,who with his wife, had come to pass their last days in the

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country raising poultry, with which he had always been successful, but who now were left high and dry without money, and with no title to their land.

Mr. Penney's first movement was to find a suitable man for his organization. He wanted someone who understood the farmers' problem, who had handled men in the field; he wanted somebody in Green Cove Springs to assist from the office end in this problem; he wanted men who understood soils; men who understood plant diseases, marketing, all the various functions of the agricultural industry. A man who has been able to find the men fit for developing six hundred and ninety-one stores and carrying on the tremenduous business of supplying them with goods and supervising their methods can be trusted, if anybody can, to find partners in this new enterprise. He looks as if he had succeeded admirably for you rarely find an organization, even in Florida, men devoted to an undertaking as the Penney associates.

Mr. Penney had a definite idea of the kind of farmers that he wanted on his tract. It was not the broken down, the failures, the runaways from hard situations at home - he wanted only men and women who had the elements, in his judgment, to carry through what they undertood. The candidate for a Penney farm is told at once that they have nothing to sell - that what they are doing is giving people an opportunity to prove that they have the qualities for cultivating twenty or forty acres of land successfully, under the conditions at Green Cove Springs. You must show your record; youngish people are preferred, not over thirty-five; some acquaintance or experience with the soil; at least a small bank account is desirable; character, Mr. Penney's idea of character, is essential; energy; thrift; a desire to get your feet firmly on the ground; people of settled religious convictions are preferred; and no man or woman

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who drinks has a chance. Candidates are interviewed, over goes a canvas thoroughly, then they are taken on a year's probation, given a house, and it should be said, that all the houses have been put into good order, painted freshly so that the desolate, abandoned look of the place has been changed. Mr. Penney took me on the rounds of his settlers.

As pretty a farm as you could see was the twenty acres of a slender young woman. She's tilling it herself and she declares that it has not only brought her interest, happiness, but health in the few months she has been at it. The people that have already taken up the tracts, some forty in number, are all eager, excited, working like beavers to get a first crop and also prove themselves fit to stay for the decision of whether they are acceptable or not, and whether they want to stay or not depends on this first year. Then, if it works out, as it probably will for most of them, that there is satisfaction all around, a contract is made. Mr. Penney sells the land, fences, cleared, broken as it is, with a house and simple outbuilding at $350.00 a acre, $1000.00 is required down when the contract is made and from that time on the payments, it is hoped, will be taken from the land itself - that is, that the bank account of the settler will not be touched, that on the contrary, it can be built up.

There are many touching things in the new undertaking - perhaps as impressing as anything is the case of an Italian farmer, who had been one of the settlers in the previous undertaking. The man had paid into two tracts of forty acres each the sum of $6000.00, but he had had no title. When the concern broke he lost his savings. Mr. Penney heard of him, sought him out. The man said, "Mr. Penney, I consider that I have lost what I put in. I know that the land belongs to you and that I have no claim." Mr. Penney said, "Legally, perhaps not, but we would

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like to have you stay. We'd like to make adjustments with all the people who had invested here if it were possible - unhappily they have gone, nobody knows where - unhappily, too, they were unfit for farming. You are fit for it - go back and we will apply the money that you have already put in to the tracts you how take under new conditions." The man has risen splendidly to Mr. Penney's faith in him. There is no more beautiful farm or more profitable one in the colony. It is a demonstration to all those that come of what can be done, so that, in itself, it is richly repaying Mr. Penney's desire to play fair. The thing that touches you most as you look about Tavarsso's place, which has been made gay with paint and trellises in true Italian fashion, is the title on the archway over the front gate, "New Hope Farm."

There are various co-operative features to the undertaking which might well be copied everywhere. One of the heavy drains on all these farms is the investing in tractors and their upkeep, in a mule and its upkeep. No farmer here need own tractor or mule. The company has bought a sufficient number of each, with a sufficient number of drivers and laborers of all kinds. You rent your tractor when you need it - you hire a mule or a laborer by the hour. The rates are strictly cost; that is, there is no attempt by the company to make a commission on this investment.

Many colonies fall down because of the dearth of any kind of sufficient social, educational, religious life. These features are being very carefully and zealously cultivated in the new colony. Socially, there is an admirable chance,- the people are young, more or less flexible, and enjoy company. The colony already contains a goodly number of women of Berea College women, excellent training for such an undertaking as this. There is to be a vocational school established; there is keen interest in the present schools. The colony, while I was there, had casted up accounts to see how many people it numbered who might be available to help in the

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educational work. They found twenty-two that were fit for high school or college positions. There is lively interest in the community church and enough good organizing ability, good musical ability, good talking ability, so that the Penney colony is not simply a group of men and women with hoes. The hoe, yes, they have to keep them busy, but there is song and talk of good books and discussion of problems in the air - all things essential if a colony is to live and grow.

One snag on which many farmers have stuck has been marketing. You raise a fine crop, but the distance is so great, the transportation so costly that there is no profit. At the Penney place, co-operative marketing will be worked out. This is a department of the organization. Your product will be taken at the door, graded properly, chilled if necessary (for an ice plant is going in) and the best market found by people who are charged with that job and are constantly in touch with the wholesale markets in the various points.

There is probably not in Florida today an undertaking which will be watched with more interest than Mr. Penney's. People sometimes remark, "He bought it for $3.00 and sells it for $350.00." True, he bought it for $3.00 - if he had had to pay the present Florida prices he would never have bought it, for there is the organization, costly the way he has had to bring it together. There are roads; there are facilities of all sorts, investments, in machinery, in mules, in houses for laborers, in ice plant, in bringing up the run down dairy, in establishing a market system, in securing high grade expert opinion on agricultural problems, in establishing schools and churches - all the paraphernalia for a practical liveable community. Beside, there is Mr. Penney himself, giving a practical hard-headed supervision which money cannot buy. Mr. Penney is giving himself in this enterprise - all he owns, all he feels. The $3.00 is really of no account; moreover, one must remember that the Penney millions are back of this, though

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they would be of not much importance than the land itself if the Penney idea and devotion was not back of it.

There is even something akin in the Penney idea to the Ford idea - passing on opportunity, as Mr. Penney has tried to do, is something like Mr. Ford's idea of passing on to everybody in the world all the real necessities of life, making them so cheap that there will be nobody who is willing to do his best to earn an honest penny, that cannot afford them.

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