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PROCEEDINGS

of the

THIRTY-FIRST ANNUAL CONVENTION

of the

National Association *of* Credit Men

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National Association of Credit Men
One Park Avenue, New York

WEDNESDAY AFTERNOON SESSION
May 26, 1926

The North Atlantic Group and the North Central Group combined for luncheon at two o'clock in the main ballroom of the Hotel Roosevelt, Mr. William H. Pouch presiding.

We are indeed, gentlemen, very fortunate in having with us this noontime, two such speakers as we have by the combination of the two groups. The first speaker needs no introduction to you. She is probably known to all of you through her writings. It seems notable that we poor, weak-minded men should have to read and consult with and listen to a woman who will tell us about business,—because most of Miss Ida Tarbell's writings have been on business topics. She has undoubtedly sensed the things that underlie the problems which we, perhaps because of our too intimate relationship to them, have been unable to find. Miss Tarbell is a historian. Her works on Lincoln are very well-known and make wonderful reading. It gives me great pleasure, ladies and gentlemen, to introduce to you Miss Ida M. Tarbell.

LINCOLN AS A BUSINESS MAN
By Ida M. Tarbell

MISS TARBELL: Thank you very much for that cordial greeting. I just want to say, in regard to one item in that flattering introduction, that I am not the first woman who has paid more or less attention to business. Very frequently in my rather long life I have had gentlemen confide to me in regard to business matters who said, "if I had only followed my wife's advice, I wouldn't be in this position." (Laughter.) I just throw that out as a piece of gratuitous warning to you.

A great many people in this country—and I suspect in other countries—dislike to speak of great popular leaders in any other terms than glorification. They don't want the hero to be taken off his pedestal. Now such people as that, I fancy, would be a little annoyed in their sensibilities by the theme on which I have been asked to talk this afternoon, "Lincoln as a Business Man." They would feel a certain shock that money and business practices should be mentioned in the same breath with Lincoln. He was a emancipator; why talk about anything else?

But I must confess that I don't agree with that outlook on heroes. Heroes are all human, are very high-powered human beings, as a rule, and they have a great deal to teach us in the fact that the problems which we all face as human beings, they have faced and mastered and have carried their own faculties and powers to so high a degree. I believe in studying heroes as human beings and as for Abraham Lincoln and business, it is very necessary to consider his attitude toward business. I am thinking of business as the process by which he views this business life of his in relation to his intimates and to the public at large. It is very necessary to understand Lincoln as a business man in order to fully understand the work that he was to do as a emancipator.

Slavery a Labor Problem

Slavery, after all, you know, was a labor problem. It was a problem of capital and labor and nobody that had a lesser experience with the problems of labor and capital than Lincoln had, could have treated that question with the understanding, the breath, the sympathy that he did. So this subject of Lincoln as a business man is a very vital one, in my judgment, in considering the great contribution he made to the progress of human freedom.

Lincoln had a tremendously broad and all-embracing business experience. He began at the bottom and he saw the thing all the way up. Now, most of us are only on one story of the business pyramid. We go on a certain floor of this great economic pyramid and we stay there. You gentlemen are on the credit floor, you handle credit almost entirely. There are other people who are down at the bottom of the economic pyramid and working with their hands; there are others who work in transportation. We don't, many of us, begin at the bottom, and the fact that we see so little of the stories below and above us, leads

to a great deal of misunderstanding. We don't know what is going on at the top or at the bottom; we see only what surrounds us; and very often we misjudge both top and bottom.

I have a feeling that if the two groups which we roughly classify as capital and labor, could go through the process both of being laborers and capitalists, that we would have very much less trouble than we do.

Now Lincoln began at the bottom. He couldn't have begun very much further down. You know it was almost the life of Robinson Crusoe with which he began. He began down in the forests of southwestern Indiana at seven years of age with an axe in his hand to cut down the timber out of which the shelter of the family was to be made. Then he had to help clear off the land out on which they were to grow the corn that fed them. He had to help tan the skins that made his trousers and arrange the coonskin that made his cap. You see, he began quite at the bottom.

He saw, too, the process of barter. He didn't know anything about money. Everything that the Lincolns bought they bought with something they had raised with their hands. They took it over to a neighbor who traded with them. If they were short of corn, they took a skin over and traded it for a little more corn. So he saw exactly what the process of production and the process of exchange of values was and got a realizing sense of the value of things better than most of us have. We have an artificial sense of their value; he knew, from working with his hands and making things, something of real values. He saw, too, how the principles of co-operation, of specialization, must prevail in any kind of community.

His father was a pretty good cabinet maker, for his time and locality a very good cabinet maker. I have seen some specimens of Tom Lincoln's work. Tom Lincoln was a poor farmer, but a good cabinet maker. Therefore, he could get a neighbor to come and put in his corn while he went over and put on a porch or made a cabinet for the other man.

Then Lincoln found that when a little general store came into the town, that he could take his corn and take the whiskey—for they made it—and take the skins and go to the little general store and trade it for brown sugar, powder, salt, and for the various things that were necessary.. You see, he was beginning at the bottom, building up the thing.

Then, from his own practical experience he found the relation of transportation. He filled a boat with the products that he raised and his neighbors had raised and went down the river and traded those products in. All this time almost no money had come into his hands. He was 16 or 17 before he handled any money which he had earned and one of the interesting stories of his early life is when he earned his first dollar and the excitement that it caused in his mind; that he, who had never had anything excepting by exchange, direct barter, should have a whole dollar! He learned that when you rendered a very special service, as he had in this case, that men paid you more for it than they paid you for an ordinary service. You see, he was beginning to build up his ideas about the economics of the country.

Work Moves the World

This went on very primitively, but always his mind was enlarging on these points, always learning something, for he was a very reflective youth. He got very definitely fixed in his mind through this early primitive experience, the question, this matter of the dignity of labor—that the world goes on by work. When he grew to be an older man, that was always his advice to young people—work, work, work. The world goes on by work. He got a very definite idea that you must render full service for the thing for which you were paid—you see, he was building up a kind of ethics in regard to it.

In all this early period, while he was dealing in a very primitive way with labor and barter, he always had an idea that there was something else for him, that he could get beyond and could really build up a business of a different kind.

His first efforts to build up a business were rather disastrous. He was 24; he had no job; and he tried high finance. In a recent number of your excellent organ, the CREDIT MONTHLY, you have a story of that first financial enterprise of Mr. Lincoln's. It is what we call a merger today. He had no money—but he had

very good credit in the little town. People had confidence in him because they knew he was a man of character.

I suppose you would all say—theoretically, at least—that your credit is built largely on your idea of your customer's character. If he hasn't character, you don't want to trust him. You know the elder Morgan, when he was called before a money trust committee down in Washington a few years ago, when they asked him why he loaned money to this man, backed this man and didn't back that man, he said, "Well, I know that man has character and then I back him." "But," they said, "you must have collateral." He said, "No, if I know he has character, that is all right." Lincoln had character in the estimate of his acquaintances of this town where he lived, only about a hundred of them, children included. This little town had four stores. One of them, as you would expect, was about to fail, and the proprietor wanted to sell out. Lincoln—having no job—concluded he would buy. He had nothing to buy on, but he bought the store and took in a partner; and they bought another store and a third store, and then they combined the stores. They didn't sell stock, because I don't suppose they knew that device. But three store owners sold because they believed Lincoln would pay the notes which he signed.

It is very interesting to me—the way things worked out. I suppose when you gentlemen trust a man who hasn't any money and yet has character, you make sure that he really believes in the business he is undertaking, that he has some fitness for it and looks upon the enterprise as a serious thing, which he is going to see through. Lincoln had the character, but he didn't know anything about the mercantile business and he didn't have any intention of sticking to it. He got his store and he thought that that store would be an easy job. He hoped he could spend a good deal of time reading books, because he got into his head the idea that he wanted to read law and didn't see any other chance unless he could do it while he was running that shop. There was a divided interest. Beware of the man with a divided interest if you are going to trust him in a business enterprise!

Then Lincoln took on side issues. He learned surveying; he became the post master; he was pretty nearly the whole thing in this little town. And unfortunately the lady with whom he was in love lived right across the street from the store. (Laughter.) Now I don't know anything more serious, gentlemen, as far as my observation goes, in a business office, than having a responsible man nearby the lady with whom he is in love. It doesn't work and it didn't work with Lincoln. He had too many things on hand and, as he said, his store "petered out." It left him with what was an enormous debt for the time, some $1,100 or $1,200 at least, and not a cent in pocket to pay it with, no trade, no profession, he was just a bankrupt.

Cured of Speculation

But see how he took hold after this disastrous speculation. I think you could call it speculation as well as some of the mergers that sometimes come to disaster down in the lower part of New York City. It taught him a tremendous lesson. He never, in the rest of his life, wanted to have anything to do with speculation. Henceforth he wanted to be sure that every step was looked after and he knew just how he was going to pay for things henceforth. He had a good many chances to speculate, because he lived in a new country where land values were running up and where everybody in the country was doing his best to run them up. His best friends were speculating in land and they were always trying to draw him in. He had one friend who owned 300 acres that the city of Chicago now stands on and he wanted Lincoln to go in with him, but he wouldn't touch anything in the way of speculation.

By the time he was ready for the law, at the age of about 28—the time he had a law partnership and had settled down in Springfield, Illinois,—he had worked out pretty clearly, from his own experience the way a man can get on in this world, handling the money which he earns. He earned it by practicing law. He couldn't have earned more than $1,200 or $1,800 a year (from the examination of the books which have been left,) for the first five or six years of his practice. But he had a very clear idea that if you were going to get on, you must save, and there are plenty of indications that he began to put a little money away from the start. This is a fact: When he was married,—six years after he first began

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his professional work in Springfield with no money at all in his pocket—he bought a house and paid $750 down on the house and bought his wedding suit for something like $50, and he put $2 in a satin stock and $1.50 in a leghorn hat. Now that was back in 1844. So you see, he really was getting a little ahead by this time and profiting by what he had learned in all these years since he had begun at the very bottom of the economic pyramid.

He had a great many obligations beside that of his immediate family and a great sense of responsibility about discharging these obligations. He had a half-brother, for instance, who was a shiftless sort of a soul and Lincoln had to carry his father's family. I don't know any better advice than he gives to this young Johnson, who had come to him to borrow money to help him out of a tight place.

He said: "I don't think it is best to comply with it now. At various times when I have helped you a little you have said to me, 'We can get along now very well,' but in a very short time I find you are in the same difficulty again. You are not lazy, but still you are an idler. I doubt whether, since I saw you, you have done a good whole day's work in any one day. You do not very much dislike to work and still you do not work much, merely because it does not seem to you that you could get much for it."

I think that is a very penetrating analysis, "You are now in need of money and what I propose to you is that you shall go to work."

Then he goes on to tell him in what particular way he shall go to work. Then the boy comes back to him and he wants to sell the little bit of land that he has up in Illinois and go to Missouri and Lincoln writes to him: "What can you do in Missouri better than here? Is the land any richer? Can you there, any more than here raise corn and wheat and oats without work? Will anybody there, any more than here, do your work for you? If you are intending to go to work, then there is no better place than right where you are. If you do not intend to go to work, you cannot get along anyway. Squirming and crawling about from place to place can do no good. Go to work is the only cure for your case."

There are four or five of these letters, and all in that vein, that are just the clearest, plainest, good, common sense. But at the same time he was giving that advice to this shiftless chap, he every now and then was sending $50 or $100,—which he needed very much at home and for which he got, I am afraid, some sound berating from Mrs. Lincoln when she discovered it. Rightly enough she didn't like the idea of supporting so many poor relatives.

But, while Mr. Lincoln had learned from his early experience very sound ideas about the necessity of work, continuous effort, continuous saving, no speculation,—all his work was influenced by certain ethical principles and I think those are most important considerations when studying him as a business man.

Can a Lawyer Be Honest?

He had grave doubts, when he went into the law—as many young men of that time did—about whether a lawyer could be a really honest man. (Laughter.) He put down at one time a certain note, as he calls it, on the practice of law, in which he seems to have worked out what had come to be his code in regard to the law. These notes are evidently intended for advice to young lawyers. He says:

"There is a vague popular belief that lawyers are necessarily dishonest. Let no young man choosing the law for a calling, for a moment yield to the popular belief. Resolve to be honest at all events and if, in your own judgment, you cannot be an honest lawyer, resolve to be honest without being a lawyer. Choose some other occupation rather than one in the choosing of which you do in advance consent to be a knave."

I think there is something extremely interesting there, and I believe it is a kind of counsel that men and women should always be considering when they go into any kind of a calling.

In the professions— in my own profession of journalism—in the great business world, there is the feeling in many minds that you are not going to succeed unless somehow you compromise with the strict principles of honor and honesty. I don't believe anything is better as a counsel than just what Lincoln gives here. "Choose some other occupation rather than one in the choosing of which you do in advance consent to be a knave."

He gives some excellent rules here for a lawyer's practice. Discourage litigation; never stir up any kind of litigation;—dishonest, in his judgment. Be careful about the size of the fees you charge and never take a fee in advance; don't be paid before you have done your work, because the chances are that you won't do your work so well.

Perhaps the most interesting feature of this ethical code of Lincoln's for the lawyer was in regard to fees. Personally, he had come to feel that he couldn't have thorough self-respect if he were paid more for a thing than that thing was really worth and it troubled him greatly what to charge. To us it sometimes is amusing—the struggle he seems to have had with himself about the fee that he would charge.

A banker in Springfield, Illinois, now gone, Mr. John Bunn, told me of walking down the street with Mr. Lincoln one day and Mr. Lincoln said, "Bunn, I am very much bothered about a fee I have just charged. I won that case for So-and-so, and I have charged him $200 and I am afraid it is too much." Mr. Bunn said he didn't think it was; he thought that it was a very reasonable fee. Lincoln said, "I am afraid it is not." A few days after Mr. Bunn saw Lincoln and he said, "My mind is much relieved because I found that the opposing lawyer charged $300 and got it."

There is in existence an authentic letter of Mr. Lincoln's regarding a fee. A man had sent him $25 for some legal work and he writes him: "You must think I am a high-priced man; you are very free with your money. That job wasn't worth more than $15. I am sending you a receipt for $15 and returning a $10 bill." Can you duplicate that in your experience with lawyers? (Laughter.)

He didn't want any more than he was worth. In a time when we all talk about how much we get and not how much we give, I believe there is a great thing for us to consider in this business practice of Mr. Lincoln—not to struggle for more than you are worth, not to be proud of what you get, but of what you give.

But when he thought he had earned a good fat fee, he insisted on it. He had a case with the Illinois Central Railroad in the 'Fifties, when he got to earning pretty good fees. He charged $5,000 for a case he had won, and they said, "That is too much." It made Lincoln angry, because he thought he deserved that much. He called together a board of the leading lawyers of the State and laid it before them in the presence of the Illinois Central group. They all decided that it was a reasonable fee and he got it. He could stand up for his rights when he felt that they were his rights.

Lincoln's Low Fees

The lawyers were the more willing to judge in his favor, I take it, because most of them deplored Lincoln's habit of low fees. To return a fee seemed almost profane in the profession. They used to reason with him and say, "You are going to ruin the bar in Illinois, Mr. Lincoln. You are setting such an example that we will all starve to death." The judge of the court, Judge Davis, was particularly severe with Mr. Lincoln because of this trait of his. So they held a moot court once and tried him for this practice and found him guilty and went through some kind of monkeyshines to punish him. But he persisted.

He used to temper his fees a good deal. If he thought that a man was having a hard time and wasn't able to pay a big fee or that a big fee would cause him privation, why, it delighted him to make the fee low. It delighted him sometimes to return a fee, where his client was having a particularly hard time.

There is a story of a man, a Democrat, who voted for him. Somebody said, "Why did you vote for Mr. Lincoln?" He said, "I owed him something. When my wife and I married we had very little money and a little property that she owned was taken from her unjustly, as we thought, by her guardian; and we got Mr. Lincoln for counsel and he restored the property. We were very much worried about his fee, whether we could afford to pay it or not. When we went to him and told him, he said, 'I don't want any fee. I owe you a wedding present and I can't afford to buy you a piece of furniture or anything as I would like to, so won't you please take that fee as my wedding present?' So I thought I owed him something and I gave him my vote."

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A Sacrifice of One's Business

There is one more very important point for all of us, I think, in this business life of his, and that is the question of how he settled. It is a question that comes to pretty nearly everybody sooner or later. You are going on pretty well in your business and some kind of public question or public matter arises to which it may seem to you that you ought or want to give attention, and yet it is going to take a good deal of time. It may mean a sacrifice in your business. Now what are you going to do? Are you going to say, "I can't afford to do that?" Or are you going to say, "I will have to afford that."

It came up to Lincoln in 1854. He had just got to the point in his law practice when he was beginning to make money and he needed it very much, for he had an expensive family, naturally. He had three sons and he wanted to send them through Harvard; he had a wife who was very ambitious. He was just getting started and receiving his first big fees, and here came this question of the extension of slavery, the question that probably had for years been deepest in his heart. He just couldn't put it behind him. He said somewhere in later years that he prayed on his knees that he might not be compelled to go into the fight against the extension of slavery, but he wasn't spared. He knew it was his duty. He went in for four successive years; he sacrificed his profession, so that it hurt; he came out of that saying once that he hadn't money to pay his bills, which was pretty nearly literally true. But you know what it did for him; it made him President of the United States. He went into the presidency with very little money. It is an interesting question how much he did have. He had something. He had been putting a little aside, buying a little bit of property, doing something through all these years and through this hard period he just cut down family expenses and his own expenses, but he hadn't sacrificed that property.

So when he went into the presidency he had something and then, for the first time in his life, he got every month a good, fat check. The president got $25,000 a year at that time. He got the White House, its upkeep—I don't mean the personal servants and the table, but the upkeep—he got his carriages. I think he got $4,800 for secretaries; he got some money for other extras and he got all of those requisites that a president always gets. Mrs. Lincoln was a very thrifty woman in her own household. They said of her that she always watched the sugar bowl. You know what that means. She had done that all her life and she did that when she got down to Washington. She was one of those persons that likes to be very economical inside the home circle and then when it comes time to have a function for the outside, well, they splurge a little. Mrs. Lincoln splurged for the public, but she was very economical inside the household.

Now, of course, the war was on. There wasn't much call for entertainment, receptions, dinners, etc. So she could run her house very economically. She could almost run it on the turkeys and quarters of beef that were sent her from all over the country all through the war and she looked after those things, I assure you. I think the Lincolns must have saved fully half of their salary. That would be $50,000. At all events, when Lincoln's estate came to be settled in 1866, his executor was this same judge I mentioned before—Judge Davis, at that time on the Supreme Bench. They found that he had an estate of over $100,000. He had three heirs—Mrs. Lincoln, Robert Lincoln (now an old man of eighty-two, you know,) and that charming boy, Tad, who died in his youth. They had about $36,000 apiece. Just how this was accumulated is a little difficult to say. In that estate was $57,000 of government bonds. In Rigg's Bank in Washington, in treasury notes, there was some $10,000. There was $10,000 on deposit at the bank in Springfield, where he had always kept his account. Those accounts can be seen there today, itemized from the time that bank was a general store, before it came to be a real bank.

Now, I think $100,000 was doing pretty well considering everything. He showed he was a pretty sound business man. Of course, we must remember that values had greatly increased through the war, just as they have in our own period, so that everything that he had in 1860 when he went into the presidency had a larger value in 1866 when the estate was settled, but anyway, it was a pretty respectable showing. It shows that he was a thrifty man, that he had not

been speculating. He had been investing carefully and looking after the pennies. That is a good contribution for a business man to make, but his greatest contribution comes, I think, in the two principal items in his code: In the first place, if you have any doubt about the calling unto which you are called, if it is something that makes you consent in advance to being a knave, drop it; find something else. And whatever you do, be sure that you are giving full value for what you receive.

CHAIRMAN POUCH: Miss Tarbell, we are indeed greatly indebted to you for this delightful talk on the Nation's idol. I know I can speak personally, and I think probably for a great many, that these intimate touches of Mr. Lincoln's life are something that we have never heard of before. You have studied this man so intimately, that your store of anecdotes is certainly unbounded, and it is a great pleasure to hear of these intimate characteristics of this great man.

We have another speaker, with us this afternoon. It gives me great pleasure to introduce Dr. Samuel W. Grafflin, Religious Secretary, West Side Branch, Y. M. C. A., New York City.

FIRST PRINCIPLES

By Samuel W. Grafflin

Religious Secretary, West Side Branch, Y. M. C. A., New York City

DR. GRAFFLIN: There was a single point at which I would like to have amended the magnificent address of Miss Tarbell. That is, in going through the pyramid, a man should start at the top and come down and then work back, for this simple reason, that the process of God in creating great men from the beginning of time is to have those men start with a fine background, come down and pass through the matrix of poverty, and come back. Every great man in history has had a great background—has gone either to the little basket at the riverside, as in the case of Moses, or in the case of Jesus, the manger. They have all come from the top down, passed through the matrix of poverty and come back. So I am grateful to high Heaven that after my father had spent a quarter of a million dollars and was gone, I was left with the family, at twelve years of age, to build that family back.

I have a text. My text is very simple; it is this: *He who knows and understands his customers will have trade.* Correct? *He who knows and understands his competitors will have safety.* Right? *He who knows and understands his business will have riches.* So. *But he who knows and understands his workmen will have peace.* I want you to remember that. Those are the four things that we have got before us all the time and have got to keep before us.

Now, I was to speak on "First Principles." I can't cover them all; but just let me tell a homely story to show how times have changed since that first day as a child when I walked into the old firm of John E. Hurst & Company down in Baltimore. I think it was in 1879. I walked in with my father holding me by the hand, to see Mr. Hurst and he said "John, I want such-and-such a thing." As he stood there a young fellow came in and he said," Mr. Hurst, I want to get $1,000 worth of credit." Mr. Hurst said, "Have you got a driving horse and buggy?" The young man said, "Yes, sir." The answer was, "Then you can't have it." What he meant was this—that a young merchant starting in business couldn't afford a driving horse for pleasure.

But the story is this—to show how much times have changed. Down on the Southern Railroad when I was a boy, if the conductor didn't own a farm at the end of 20 years they fired him. The way they ran the Southern was very simple. You learned the first 30 years that you were supposed to provide for your old age and after that, give the company a chance. (Laughter). One day the train was pulling into Atlanta and the conductor went forward into the smoker for the usual division of the spoils. He saw the smoker was empty and he drew out this great roll of bills and began, "Five for me, five for the company; ten for me, ten for the company." The money was all divided except he had one dollar bill left over. So he said, "I will throw this up in the air and which ever pile it comes down on, there it will stay." So he threw it up in the air and it came down on *his* pile. He wrapped it up, put it in his pocket, made up the manifest and had just about started out when he felt a firm hand laid on his shoulder