

God's Steward

In 1914, the winds of war were blowing in Europe. During this era, products traded between the United States and Europe were transported via ship. Businessmen became increasingly concerned about the safety of these ships as the various parties in Europe began to rattle their sabers, which threatened the unarmed merchant ships crossing the Atlantic. As a result, transatlantic commercial transportation dramatically slowed—causing the cancellation of many orders.

In the southern United States, cotton was a key export product. Cotton was “king”; it provided the basic raw materials needed to produce clothing. The South was full of cotton farms—most were small and marginally capitalized. A common practice of the day was for farmers to borrow money against next year’s crop. When the crop was harvested and sold, the money was repaid and farmers generally had a little money left over. Within a few months, however, farmers would frequently borrow again. Small farmers could not overcome this seemingly endless cycle of debt, which kept them interminably on the verge of bankruptcy. Any event that sabotaged the farmers’ delicate financial process could spell doom, and in 1914, with the certainty of war increasing in Europe, such an event was on the horizon.

As the cotton crop was harvested in the summer of 1914, orders from Europe were canceled. The result was the collapse of cotton prices by more than 50 percent. The cotton industry was thrown into panic. Banks stopped lending to the cotton farmers, and in fact, the massive debt owed by the small farmers threatened the financial health of the banks, not to mention the farmers. The federal government denied appeals for assistance. A near panic swept the South, which was so dependent on cotton for its economic life’s blood.

Asa, a banker in Atlanta, adroitly analyzed the situation. The fall in cotton prices to a historic low of 6¢ per pound was temporary. Surely there would be a recovery, he reasoned. Cotton was not readily perishable; hence, it could be stored. Perhaps the solution was to loan money to the cotton farmers at the 6¢ per pound price and store the cotton for a year.

This alone was very bold and unlike other bankers who were refusing to loan anything against cotton. But there was more. Asa determined that if the price of cotton didn't rebound, he would take the cotton in payment of the loan, and therefore, sell it at a loss. This meant that the farmers received the going price for cotton of 6¢ per pound while retaining the potential for profit with no liability for loss if the price of cotton did not increase. Only a banker or an investor with a very different worldview would do this.

Indeed, Asa had a very different worldview. Asa did not view his wealth as his own; his wealth was not primarily for his personal enjoyment. Rather, he viewed his assets as a stewardship from God. His job was to profitably use the assets to advance the kingdom of God on earth. In no way did he see the two principles—making a profit and advancing the kingdom of God—as antithetical. For Asa, they were two very compatible concepts that drove his decisions. Making a profit is the proper goal of any good steward, and advancing the kingdom of God is the obligation of every Christian.

Furthermore, Asa believed uncompromisingly in the biblical values expressed in the Ten Commandments and what he called the “natural laws of trade,” which seemed to refer to sowing and reaping. He disdained the quick dollar or receiving something without rendering a service. He also had a very biblical view of business as the organized supply of human needs and the promotion of human well-being.

Because of this worldview, Asa invested differently than most bankers and investors. He viewed a calamity not as an opportunist seeking to maximize profit at the expense of others. Rather, he viewed calamity as an opportunity to help someone in need and make a profit at the same time. This is what he saw when the cotton crisis of 1914 occurred. The need for clothing, and therefore cotton, was not going away. The situation in Europe was temporary. There was no systemic long-term change that would permanently alter the cotton market. What happened was an aberration; hence, there was an opportunity to help the poor, small farmers and make a profit at the same time.

Asa devised a simple plan. He built a forty-acre warehouse for \$1.8 million (approximately \$1 per square foot) complete with fire suppression system and equipment to compress the cotton into very large bales. His bank committed \$30 million for loans to cotton farmers at 6¢ per pound at a 6 percent interest rate for one year with an option for an additional six months.

With the loan money available to bail the farmers out, they flocked to store their cotton in Asa's warehouse. They paid a reasonable storage, handling, and insurance fee. With each warehouse certificate, they could go to Asa's bank and borrow money under the terms he outlined. So popular was this plan with the farmers that the day after it was publicly announced, three thousand applications arrived at the bank. Later in a biographical tribute eulogizing his dad, Asa's son noted that the plan for cotton farmers devised by his father was the most courageous act in the annals of American business. Asa, at the age of sixty-three, literally staked his personal fortune on saving the farmers.

Asa's action to help the fledgling cotton farmers was daring and courageous, and it worked. Soon other bankers and investors joined in to save the farmers.

Asa demonstrated his commitment to stewarding God's resources in many ways. Following are some illustrations of the practical application of Asa's biblical approach to financial stewardship.

- ❑ In 1907, Atlanta experienced a real estate collapse. The prices of homes plunged overnight. Asa noted that this was a temporary situation and there was no fundamental long-term change in the market; he concluded that the market value of housing would return. Therefore, he instructed his real estate team to buy houses at the pre-collapse prices. Then when the market returned, he sold them to people for 10 percent down and one hundred payments. His actions stabilized a jittery market and produced a profit for him.
- ❑ In late 1907, Neal Bank was placed into receivership by the state of Georgia. Asa's bank was appointed as the trustee to liquidate the assets and pay off the depositors. Concerned about the many people who had their life savings in the bank, Asa's bank performed the trustee services at half the going fee. Plus, Asa personally bought some of the assets to facilitate liquidating the investment and loan portfolio of Neal Bank as quickly as possible. Both of these actions reflected a mind-set concerned about both the good of the whole and profitable stewardship.

- Another example of Asa's stewardship was his investment in the Atlanta Automobile Association (AAA). Good stewards always invest in people. One of Asa's sons was very interested in a new invention called the automobile. His son became involved in AAA. Around 1909, Asa sold the organization a piece of property south of Atlanta to build a racetrack. The inaugural event at the track included legendary driver Barney Oldfield. Louis Chevrolet won the two-hundred-mile event driving a Buick at speeds up to seventy miles per hour.

For the next four years, Asa continued to loan money to AAA, but the organization was not able to generate enough financial support to repay the loans. Reluctantly, Asa had to foreclose. The improvements were sold to help reduce the indebtedness. The real estate sat unused for more than five years. In the early 1920s, the U.S. Postal Service needed an appropriate area to land mail planes. Asa eagerly offered his vacant racetrack as a suitable location. As air transportation grew, he eventually sold the land to the city of Atlanta to be developed into an airport. The old racetrack property is now part of the Atlanta Hartsfield International Airport.

Asa also believed that part of good stewardship is giving. He gave freely and liberally to many church-related causes. In particular, he was a proponent of education. Asa was a Methodist and strongly supported Emory College, a Methodist institution founded in the 1840s in Oxford, Georgia. In fact, the founder was Dr. Ignatius Few, a kinsman who assumed the paternal role for Asa's father after the death of Asa's grandfather. Emory was a liberal arts school rooted in the Methodist tradition, which extolled the virtue of knowledge coupled with biblical values. Asa believed that knowledge without values was an invitation to sin.

In 1914, the Methodist church lost a long battle to control Vanderbilt University in Nashville, Tennessee. Vanderbilt was the Southern Methodist Church's primary training venue for new pastors. In the early part of the twentieth century, steel magnate Andrew Carnegie offered one million dollars to Vanderbilt to underwrite the retirement of professors. Carnegie believed that teaching was an underpaid profession and wanted to do something to help, but he stipulated that the gift would only go to schools governed by

a secular board. Vanderbilt quickly revised its charter and eliminated the Methodist influence from the board to qualify for Carnegie's gift. This left the Southern Methodist Church with no institution suitable for training its pastors.

The Vanderbilt experience taught the Methodists the importance of maintaining control over the institutions preparing their pastors. This time they would do better. They determined to establish two institutions. Asa insured that one would be in Atlanta by giving one million dollars. Emory College was moved from Oxford, Georgia, to form the liberal arts core of the new Emory University in Atlanta. The other school would be located in Dallas, Texas, and was named Southern Methodist University.

As noted in the stories above, Asa's stewardship prowess was legendary. He had not been born into wealth. He was born into a modest rural home with a strong Christian heritage. He became a pharmacist after moving from the farm to the city as a young man. He acquired his own pharmacy after a few years and began to make medicines for other pharmacies.

Asa was a hard worker and prone to headaches. One day in 1887, he heard about a remedy developed by Dr. John Pemberton, another pharmacist. Desperate for a solution, Asa bought some of the medicine and found relief. He was so impressed that he began to consider how he could be involved in marketing the product. Over the next four years, he began to acquire the rights to the headache remedy through a series of business transactions. This opportunity presented itself in part because of the age and failing health of Dr. Pemberton, a civil war veteran.

By 1891, Asa owned 100 percent of the rights to the headache remedy. Along the way he began to see another possibility for the medicine. One day a patron asked a pharmacist to put the medicine in a glass of water. The most convenient source was the carbonated water from the soda fountain. The pharmacist poured the medicine into a glass of soda water and presented it to the patron who was utterly delighted. News of this incident reached Asa and served to reinforce an idea that he had been considering. Was it better to market Coca-Cola as a beverage than as a medicine?

Over the next twenty-four years, Asa Chandler built the Coca-Cola Company as a beverage company. Using the new tool of mass advertising and a deft understanding of branding, he built the company into a financial powerhouse. Coca-Cola became a

household word and was the envy of many businessmen. Managing the rapid growth of the Coca-Cola Company provided Asa with the resources and skills needed to become a great steward and capitalist.

Asa Candler was indeed God's steward. He was God's capitalist. As few others have, he understood that assets are not meant solely for personal pleasure but for advancing the kingdom of God by making a profit and blessing others in the process.

There are only five things that anyone can do with money—tithe, give, save or invest, pay taxes, and consume. For most today, the number one priority is consumption. However, for Asa Candler, consumption was the last priority in his use of money. His first and foremost concern was to honor the Lord with the first fruits of his increase. Second, he generously gave to hurting people, educational institutions, and other philanthropic endeavors. Third, he saved and invested. And last, he paid his taxes and supported his family.

Following these financial priorities, he always honored his obligations. He lived well, but not lavishly. His company provided many jobs. In addition to Coca-Cola he invested in real estate and banking, both of which were vehicles to serve others and make a profit. He supported community bond drives and other civic initiatives putting the good of the whole ahead of himself.

During his life, Asa made millions. Over the course of his life, he gave \$8 million to Emory University. He died in 1929, leaving only a modest estate. Why? Because he gave most of his wealth away. Money was simply a tool to Asa—a tool God gave him to use to bless others and to advance God's kingdom on earth. Money was a tool to steward well by always seeking to multiply the resources that God gave him. Asa was a great steward because he lived his life by God's principles, always seeking God's perspective in every situation. He was God's steward.

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