

Taking the Profit Out of War

By BERNARD M. BARUCH

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[The February issue of the Atlantic for 1925 carried a paper by Mr. Sisley Huddleston dealing with the general subject of "taking the profit out of war," which Mr. Huddleston called "An American Plan for Peace." The first-quoted phrase was put into the language of the War Industries Board toward the close of the World War through its efforts to eliminate all war profits. Mr. Huddleston's article came to the attention of Mr. Bernard M. Baruch, chairman of the War Industries Board and administrator of the non-profit plan, and (as he writes us), since it seemed to indicate a growing interest in the idea, induced him to invoke practical means to bring about a full comprehension of taking the profit out of war in the various great countries of the world. To this end he responded to a suggestion of Mr. Owen D. Young, of the Page School of International Relations at Johns Hopkins University, that he establish a course of lectures there to expound the War Industries Board plan in detail. Later he will proceed to make similar arrangements at leading universities in Great Britain, France, Germany, Italy, and Japan. Agreeing with Mr. Baruch that the subject calls for public knowledge and discussion, it was natural for the Atlantic to turn to him for the following paper.—THE EDITORS OF THE ATLANTIC MONTHLY.]

War was once described as Prussia's most profitable industry.

It needs only a scant examination of history to learn that other countries were open to the same indictment. The methods of the Robber Barons did not pass with the end of feudalism. Annexation by conquest did not cease. But when America entered the World War President Wilson fathered a doctrine that shall always govern us—that never a foot of territory would be added to our boundaries by force.

So, as America has taken the lead toward making impossible national profit through war, it too may be America's privilege to point the way toward making impossible individual profit through war. To take the profit out of war is to take a long step toward creating an economic detestation of war. The experience of the United States in the World War affords a basis for the belief that the plan herein discussed is practical. In fact, it is more than a belief—it is a certainty, although not widely known.

The world is such a busy place, and the radius of human activity has been so greatly enlarged because of modern inventions, that it is not strange that there are but few people who are conversant with what was quietly but effectively taking place in this country in the mobilization and use of its material resources in the World War—a process that would have eventually eliminated all improper profits.

Strength is given to the public advocacy of industrial mobilization made by both President Harding and President Coolidge—Mr. Coolidge as recently as last October in his Omaha speech to the American Legion—by the fact that the plan they advocated as a part of the regular national war agencies had once been set up and successfully operated under the War Industries Board.

Preceding the President's recent clear exposition of this subject, some degree of public interest had been engendered by an exchange of letters between Owen D. Young (of Dawes plan fame), in behalf of the Walter Hines Page School of

International Relations, and the writer. The correspondence resulted in the establishment of lectures at the Page School (of Johns Hopkins University) on this theme. Previously the Atlantic Monthly printed an article by Sisley Huddleston, who pointed out that Europe saw great strides toward peace in the American idea of "taking the profit out of war" in a systematic way. His basic reference was to the plan of the War Industries Board.

The resources of a country might be referred to as the five M's (1) man power; (2) money; (3) maintenance of food; (4) material resources (including raw materials, manufacturing facilities, transportation, fuel and power); and (5) morale. The intelligence with which the first four are directed and co-ordinated as a whole will determine the fifth, the morale of the community.

In the war emergency it early became evident to those who were charged with the responsibility of mobilizing the resources that there was a just sentiment among the people against profiteering. Profiteering might be willful and profit making might be involuntary; but, whatever its form, there was a just determination it should cease. So it became necessary to fix prices where the supply was limited.

Wherever the government created a shortage by its demands, prices were fixed, not only for the Army, Navy and the Allies, but for the civilian population as well. And in addition to price fixing on war essentials (such as steel, wool, copper, and so forth), the balance, after the war program had been filled, was rationed or distributed according to the priority needs of the various civilian demands. In other words, where the price of the product of an industry was fixed that industry had to deliver the part which the government did not need to the civilian population, not in the way the industry chose, but as the government directed.

It must be remembered that when the war came there was no adequate preparation. Indeed, it is doubted by the best authorities whether any effective form of preparation than known would

have been of much avail in view of the widespread and engulfing results of the war and the lack of knowledge of the various instruments of destruction which were being devised and which it became necessary to combat.

Our own Army had several divisions competing one with another for materials, transportation, housing, and so forth. On top of that there prevailed the demands of the Shipping Board, with the slogan that ships would win the war, and of the Food Administration, with the slogan that food would win the war. Further, there was the Railroad Administration with its need for material and labor, and finally there was the feverish quest for labor and supplies on the part of the munitions makers—all competing for labor, money, materials, transportation, fuel, power, and each insisting on the greater importance of its activity. All this while the labor supply was being lessened by the flow of men into the Army.

While an endeavor was being made to bring order out of chaos, the great undertaking had to go on. Men, ships, munitions, food, material, had to be provided. Old organizations, bureaus and traditions had to be met and changed, but not destroyed until the new was set up. The wonder of it all is, not that there were so many mistakes, but that so much was accomplished.

At the time we entered the war prices were at their peak, and tending higher because of the war's insatiable demands. The problem was not alone to secure the materials and labor and to stop the confusion, but to do it in such a way that the morale of the people would be maintained. The prices of some things, like steel and copper, were fixed far below prevailing rates, and the wages of labor in those industries were standardized. The more highly organized an industry, the easier it was to arrange. Order did not commence to appear until the Army funneled its needs through one man sitting with a section of the War Industries Board and until the Navy, Shipping Board, Allies and Railroad Administrations did likewise. Each department satisfied its requirements through a central authoritative body. This was called the War Industries Board, controlling and directing all materials and co-ordinating through its chairman the whole system of governmental and civilian supply and demand. It was created by executive order in March of the year 1918.

Briefly, this board endeavored to mobilize the industries of America so that the fighting forces of the Allied and associated nations could draw from the United States—the last reservoir of men, materials and money—the things needed for the winning of the war at the time the things were needed and with the least dislocation of industry and the least disturbance of the civilian population.

The War Industries Board was organized like any other supervisory committee, with a chairman, vice chairman, members in charge of various activities, bureau chiefs and subordinate workers. It surveyed and sought to arrange the whole industrial war field under the plenary powers conferred by the President and the Congress. How well it did this is a story for others to tell. What it did is the basis of the plan I am here drawing.

It was comparatively easy to fix prices and to distribute materials, and indeed to stabilize the wages of labor in those industries in which prices were fixed. The labor situation, however, became increasingly difficult, particularly when General Crowder found it necessary to withdraw men for the proposed campaign of 1919 after 4,000,000 soldiers had already been taken.

Much has been said about the profiteering of labor. It is an unjust accusation. It is only fair to say that this condition was primarily brought about through the inexperience of the organization within our own governmental departments and by the furious bidding of munitions makers and ship builders for services. That situation, together with the increased prices of the things that labor had to buy with the results of its work, made it inevitable that labor must get higher wages.

So it became evident that the price fixing program had to go even further, and the War Industries Board, when the Armistice came, was proceeding with a campaign to fix the prices of all the basic things that labor had to buy. Some had previously been fixed. I speak of labor in a much broader sense than manual labor, for the unorganized so-called "white collar" part of our community—clerks, teachers, government employees, professional men—were less able to meet the situation than labor in the narrower sense. For the protection and relief of such groups certain plans were devised. To illustrate—

One of them provided that manufacturers, jobbers and retailers of shoes could make and sell shoes only of a specified quality at a fixed price, effective July, 1919. No one who did not have a card of the War Industries Board in his window could sell shoes, and only the standardized shoes could be sold. No jobber or manufacturer would sell shoes to anybody who did not have this card. The shoes were to be stamped Class A, B or C and had to be of the quality prescribed and sold at the price fixed. The country was so organized in every

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Toots From The Roundhouse

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gang foreman in the roundhouse, received a cablegram from his wife, who is in her home in Japan, stating that his little five year old daughter had fallen out of a chair and suffered a broken arm. Glad to say that the message assured him that she was mending nicely. General car foreman, R. V. Ketting, spent Thursday, Friday and Saturday of last week and Wednesday of this week in Williams on necessary car department business. Ask Roy what he thinks of the riptrack Redskins and then watch him smile.

Despite the fact that both Mrs. Vanegriest and Mrs. Alton Smith are away from home it cannot be said that the husbands, members of the efficient store department office force, have been seen on the streets after the curfew has sounded. That what is commonly known as: "darn good bays." The first mentioned lady is visiting in her former home town, Topeka, Kansas, while the latter is in Deming, New Mexico.

On last Monday we had as callers at the shops the Messrs. C. Bronson and F. W. Shoemaker, both of whom are representatives of the Magnus Brass Works. The latter is of the offices in Chicago and Mr. Bronson came from Los Angeles.

The while "Wade family," accompanied by Mrs. Butler and Miss Rebecca McMillian spent the week end at Mormon Lake on a fishing expedition. It is noted however that Douglas brought back a lovely "coat o' tan" (or is it sunburn?) in addition to a nice catch of "Friday repast."

The city of Albuquerque was where Miss Regina Russell, our popular government nurse, stationed here to look after the "eyes of the Redskin," spent decoration day on a business mission.

"Some party!" That was just exactly what our "smock adorned" flashy brown eyed friend, Miss Margaret McBride said about it even though she did have to walk nearly all the way back home. Oh no, she wasn't "walkomobile" for their five others who answer to the monikers of Cyril Barron, Vivian Armstrong, Helen Hart, Margaret Penrod and Justin La Font. The merry group were returning from a weenie roast at Clear Creek and decided to do some "road work" exercise when their Ford conveyor refused to "carry on."

We learn from coppersmith, Charlie Govern that his wife, accompanied by Ester Williams, attended the auto races in Albuquerque last Sunday. Returning they report several accidents with bad injuries.

Sold. Mr. Buel H. Canady, our Santa Fe fire chief, has sold and shipped his thoroughbred airdales.

Rovila Queen and Politician, to a buyer residing in Oil City, Penn. Apprentice instructor Fertig reports that the convention in La Junta was certainly the scene of many accomplishments as well as affording all a good time. Bill also informs us that the next new apprentice to start serving his "time" here will be Albert M. Osterhaut.

Next Tuesday Mrs. A. E. Wickham, wife of our pipe gang foreman and who also is manager of the

"Foreman" baseball team at the shops, will leave together with their children to spend a vacation in Fresno, California. Art will join them for the first two weeks in July.

A bulletin dedicated by Master Mechanic W. D. Hitchcock, states that the Safety department of American Railway Association has inaugurated their fourth annual "Careful Crossing Campaign."

In order to stimulate more interest, pastors of various churches

throughout the United States are devoting a sermon to this very worthy cause. Sunday evening, June 6th, the Rev. W. R. Hessell, popular minister of the local Methodist church has kindly consented to deliver such a sermon. Mr. Hessell is a good speaker, folks, and your attendance will undoubtedly be well rewarded.

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