# Taking the Profit Out of War

By BERNARD M. BARUCH Reprinted from The Atlantic Monthly.

[The February issue of the Atlantic for 1925 carried a paper by Mr. Sisley nucleated dealing with the general subject of "taking the profit out of war," which Mr. Muddleston called "An American Plan for Peace." The first-quoted ghrsse was put into the language by 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 the rage school of the state 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.]

It must be remembered that when

the war came there was no adequate

preparation. Indeed, it is doubted by

the best authorities whether any ef-

fective form of preparation then

known would have been of much avail

in view of the widespread and engulf-

ing results of the war and the lack of

knowledge of the various instruments

vised and which it became necessary

Our owa Army had several divisions

rials, 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 Administra-

tion, 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 muni-

tion makers—all competing for labor,

money, materials, transportation, fuel,

greater importance of its activity. All

this while the labor supply was being

lessened by the flow of men into the

While an endeavor was being made

o 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 mis-

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 peo-

ple 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 indus

tries were standardized. The more

highly organized an industry, the

easier it was to arrange. Order did

not commence to appear until the

man sitting with a section of the War

Industries Board and until the Navy,

Shipping Board, Allies and Railroad

Administration did likewise. Each de-

partment 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 gov-

ernmental and civilian supply and de-

mand. It was created by executive order in March of the year 1918.

mobilize the industries of America so

that the fighting forces of the Allied

and associated nations could draw

from the United States-the last res-

ervoir 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

ganized like any other supervisory committee, with a chairman, vice

chairman, members in charge of va-

rious activities, bureau chiefs and sub-

ordinate 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

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, how-

ever, became increasingly difficult, particularly when General Crowder

found it necessary to withdraw men

Much has been said about the profi-

of the civilian population.

drawing.

Briefly, this board endeavored to

funneled its needs

takes, but that se much was accom

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

It needs only a scant examination of history to learn that other countries open to the same indictment. The methods of the Robber Barens 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

So, as America has taken the lead toward making impossible national profit through war, it too may be herica'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 detesta-tion of war. The experience of the United States in the World War af-fords a basis for the belief that the plan herein discussed is practical. In fact, it is more than a belief—it is a estainty, 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 con-versant with what was quietly but effectively taking place in this coun-try in the mobilization and use of its material resources in the World War —a process that would have eventually eliminated all impreper profits.

Strength is given to the public ad-cacy of industrial mobilization made, both President Harding and President Coolidge Mr. Coolidge as re-cently as last October in his Omaha the fact that the plan they advocated species had once been set up and specessfully operated under the War

Preceding the President's recent on of this subject, some dagnes of nublic interest had been en-rendered by an exchange of letters be-tween Owen D. Young (of Dawes plan fame), in behalf of the Walter Hines of International Relaand the writer. The correment of lectures at the Page School (of Johns Hopkins University) on this w printed an article by Sisley Huddleston, who pointed out that Europe saw treat strides toward peace in the American idea of "taking the profit out of war" in a systematic way. His War Industries Board.

The resources of a country might man power; (2) money; (3) mainor food: (4) material resources (including raw materials, manufacturing facilities, transportation, fuel and power); and (5) morale. intelligence with which the first four are directed and co-ordinated as 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. Profitee might be willful and profit making might be involuntary; but, whatever its form, there was a just determina-tion it should cease. So it became accessary to fix prices where the sup-

Wherever the government created a lortage by its demands, prices were fixed, not only for the Army, Navy and tion as well. And in addition to lring on war essentials (such as steel, ance, after the war program had been filed, 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 in deliver the price of the product of an industry was fixed that industry had to deliver the part which the gov-ernment did not need to the civilian lopulation, not in the way the indus-try chase, but as the government di-

condition was primarily brought about through the inexperience of the organ ization 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

So it became evident that the price fixing program had to go even fur-ther, 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 col lar" 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 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 knowledge of the various instruments to be of the quality prescribed and of destriction which were being described at the price fixed. The country was so organized in every district that there could be immediately reported to Washington the name of any shoe retailer who did not carry out the regulations of the War Industries Board as to price and quality. Through restrictions on his labor, money, raw materials and transportation no manufacturer would have been permitted to sell to any dealer violating the regulations. The Armistice stopped the execution of this plan.

Another plan of this nature: The manufacturers of men's and women's wearing apparel had in 1918 been called to Washington, together with the retailers of various goods, and notified that regulations would have to be in regard to retail prices and standardization of clothing.

The rulings by the board were made known through the issuance of official bulletins at irregular intervals and were widely distributed by the press, which co-operated in this most necessary work with a whole-hearted pur-pose that gave to the orders of the War Industries Board the instant and broad circulation they required.

Mr. Hoover already was doing much to perfect his control of food products and prices. There was also talk of fixing rents, and in some cities this was done.

If we were to start, in the event of another war, at the place where we were industrially when the World War ended, the President, acting through an agency similar to the War Industries Board, would have the right to fix prices of all things as of a date previous to the declaration of war when there was a fair peace time relationship among the various activities. of the nation. It would be illegal to buy, sell, serve or rent at any other than these prices. Brakes would be applied to every agency of inflation efore the hurtful process intelligent control of the flow of men. money and materials would be imposed, instead of having the blind panic heretofore ensuing on the first appearance of the frantic demands of war. The Draft Board would have before it the rulings of the priority committee, together with the estimated needs of every business and profession in its relationship to the conduct of the war, and men would be selected accordingly. The Draft Board could more intelligently decide, with the advice of the priority committee. many of the problems with which it would be faced. There would be no sending of men to the trenches who were needed for expert industrial war work and then bringing them back again. Businesses not necessary to the winning of the war would be curtailed. The Draft Board would have that information before it.

The prices of all things being fixed. the price fixing committee would make The War Industries Board was or- any necessary adjustments, as was done during the war. Under the system used in 1918 these prices were made public and adjusted every three ducer had his day in court when he considered prices unfair. Those who complained that during the war prices were too high had this ready recourse

In the meantime all the industries of the country would have been mobilized by the formation of committees repredone in the World War. Over them would be placed a government director or commodity chief. The various government departments would aprequirements, so that on one committee the resources of the nation would for the proposed campaign of 1919 after 4,000,000 soldiers had already be represented and on the other the demands of the government. The government director would stand be cide in conjunction with the pri-

sation. It is only fair to say that this ority committee, to what department supplies should go.

Money would be controlled and directed like any other resource. "Taking the profit out of war" is not
synonymous with "conscription of
wealth," as it is sometimes regarded. The latter is a theoretical project, prohibited by our Constitution, contrary to the spirit of our social and political institutions; and impossible in practice. Taking the profit out of war is an orderly and scientific development of the economics and conduct of modern war, necessary to the effective mobilization of national resources and indispensable to equalizing the burdens of war among the armed and civilian population. Born of experience and proved by practice, it removes some of the most destructive concomitants of modern war-the confusion and waste incident to war time

This term "conscription of wealth." used by so many, has created a hope among those of socialistic tendencies and a fear among those who, like me, believe in our system based upon personal initiative and reward, of a taking of money, without payment, for the use of State. Neither the hope nor the fear is justified by the recommendation herein contained or by our experience in the war. The use of money should be controlled and directed in a national emergency. man should no more be permitted to use his money as he wishes than he should be permitted to use the production of his mine, mill or factory except through the general supervising agency. This was being done to-ward the end of 'a war. disentangling and removing the many

conflicts and competitive efforts involved in labor and buildings that had previously occurred because of lack of any co-ordinating agency. It was allocating power and making regulations for the hitching up of scattered units of power. It was changing munitions orders from congested to less congested districts. It had actually carried into effect an order that no building involving \$2,500 or more could be undertaken without the approval of the War Industries Board. No steel, no cement, no material of any kind could be used for any purpose whatsoever unless the War Industries Board permitted it. No steel company could sell over five tons of steel unless approved by the Director of Steel. The Treasury would not permit the raising of money for any industrial or financial operation unless it was approved by the War Industries Board. President issued an order that no commandeering should be done by the Army, Navy, Shipping Board or Food Administration without the approval of the chairman of the War Industries Board. Every raw material industry, and indeed practically every industry in the country, was organized through appointment of committees, and none of these industries would do any business except under the rulings promul- | seas. gated by the Board. Standardization in every industry was rapidly proceeding. These rulings were made known through the issuance of official bulletins at irregular intervals and were distributed by the press. We were they say, "if you show it can be done endeavoring to arrange it so that the in war time there will be a demand fighting forces were to receive those things which they needed and no more, so that whatever was not ac to civilian purposes. Industries were the moving cause is personal initiative use of men, money and materials was the common danger. rapidly being brought into exactly The War Industries Board was the

in the future has the authority to fix and distribution of materials and labor, rent, and the use of man power, transportation, fuel and all the things necessary for the conduct of the war, any rise in prices will be prevented, even in anticipation of war. There are many who claim that war is caused primarily by the desire of profit of am not one of those. But if there is anything in this contention a non-profiteering basis. this plan will remove the possibility of anybody urging war as a means of making profits. Even if there are no men who desire war as a means of making profit, the fact that profits would be less in war than in peace, and wealth and resources would be directed by the government, might have some active deterring influence on men of great resources. Instead of being passive, they might become active advocates of peace.

There are many people who are, for various reasons, afraid to discuss the subject during peace time and prefer to wait for war. There are also some great manufacturers who oppose any such plan because they were seriously interfered with during the war time. Indeed, it has been the experience of some of those responsible for the industrial mobilization in the World War to remain the objects of venomous attack begun during the time that the necessities of the nation made it imperative to control activities and profits. Some critics were prominent manufacturers, who said: "Tell us what the government wants and we will fill the orders, but don't interfere with the sale of the part of our product that the government does not want to use." That was unthinkable.

Duriug the final phase of the World War no man or corporation or institution could raise money without the approval of the Capital Issues Committee of the Treasury Department, which committee in turn would not permit the borrowing of money unless the War Industries Board approved the use to which it was to be put. Thus the City of New York was not permitted to spend \$8,000,000 for the building of schools. The City of Philadelphia was prevented from making improvements that in peace time would have been necessary, but in war time were not. Various states, counties and cities, and a vast number of private concerns, were denied the use of money and materials for purposes not necessary for the winning of the war. Each part of the community had to adjust its wants to the whole great

III

undertaking.

There have been a great many bills introduced into Congress on the subject of industrial mobilization, some sponsored by great organizations like the American Legion, and others by newspapers and publicists. But it is surprising how little knowledge there was on the part of those who drew up the bills of the practicability and feasibility of so mobilizing our resources that it would be impossible to make as much profit in war as in time of peace. Take into consideration the fact that the following things were being done in 1918:-

General Crowder, who was in charge of the draft, had asked the chairman of the War Industries Board where he ould obtain additional men needed for the Army in France with the least possible dislocation of the war making industrial civilian machinery, and we were in the process of replacing male labor with women. By a system of priorities the Board was allocating to our own Army and Navy, to the Allies and to the essential war industries the things they required. It was making priority rulings as to transportation, and they were being followed out by the Railroad Administrator. The Fuel Administrator distributed fuel only on the rulings of the War Industrie Board. The Board was engaged in prices for the government were fair prices for civilians. I must say, however, that the vast majority of American manufacturers rose to the situation in such a splendid way as to bring the following commendation from Woodrow Wilson: "They turned aside from every private interest of their own and devoted the whole of their trained capacity to the tasks that supplied the sinews of the whole great undertaking. The patriotism, the unselfishness, the thorough going devotion and distinguished capacity that marked their toilsome labors day after day, month after month, have made them fit mates and comrades to the men in the trenches and on the

There are many men who are afraid that the adoption of this plan by Congress would give an impetus to socialism or communism or sovietism or whatever they may call it, because, that it be done in peace time." It cannot be done in peace time. There can be no great undertaking without tually required at the front was left a strong moving cause. In peace time

that condition which I have previously foremost advocate of price fixing and stated to be necessary in case of an-distribution, and it had great power in this field, but when the Armistice If in addition to this, the President came it recognized that peace conditions were being restored, and it was the first to change the war time order of things and to leave to the people themselves the readjustment of their affairs. I am satisfied that it is impossible for the government to do in though it becomes absolutely neces-sary in order to conduct a modern war successfully and to conduct it on

The application of this plan, besides making the nation a coherent unit in time of war, would impress upon every class in society a sense of its own responsibility in such event. If it were known that this universal responsibility would be enforced, no class—social, financial or industrial could fall to understand that in case of war it would have to bear its share of the burdens involved and would have to make sacrifices of profit, contively with those made by the soldiers in the field. To this extent the plan would act as a positive deterrent to any hasty recourse to force in an in-

ternational controversy. One thing that has definitely come arranging affairs so that a portion of the population shall not be sent to the front to bear all the physical hardships and their consequences while others are left behind to profit by their absence. If applied at the outit was functioning at the close of the World War) would prevent this and lessen, if not remove, the social and economic evils that come as the aftermath of war.

Subscripe for THE GLEANER-

#### New Explanation for Disasters on Ocean

In explanation of collisions at sea it is said to be a scientific fact that a very large liner moving through shallow water will attract small craft toward her. This theory was first put forward when the White Star liner Olympic collided with the British destroyer Hawke, whose captain stated on oath that his vessel was sucked toward the big liner and refused to answer her helm at all. He was laughed at then, but not so long afterward the ill-fated Titanic started on her maiden voyage. As she steamed down Southampton docks the Amerlcan liner New York, an eleven-thousand-ton ship, began to get uneasy at her berth alongside the quay. Presently her stout mooring ropes snapped, one after another, and she started to move out toward the White Star ship. The Titanic was immediately stopped, while tugs got hold of the New York and towed her back into safety. During the war there was another proof of the theory, this time by the Olympic again. A German submarine sidled up to her and was get ting ready to torpedo her, when the suction drew the U-boat close up un-der the liner's stern, and the blades of her great propeller ripped open the Pubmarine from stem to stern.

#### Old Weather "Saws" Based on Good Sense

Admiral Fitzroy, who invented the barometer and commanded the brig Beagle on its expedition to the American coast in 1831, declares that most of the old "saws" regarding weather are reliable and based on commonsense investigation. As a weather ex-pert he commended an old saying to the effect that the glow of dawn high in the sky denotes wind, and a low dawn fair weather. He bade us believe that soft-looking, delicate clouds mean wind-fair weather, and hard, ragged ones wind. Mist on a hilltop means rain and wind if it stays long or comes down-fine weather if it rises and disperses. Rain is due when distant objects look near as on what is called a good hearing day. And rain is fore told by pigs carrying straws to sties. The pig as a prophet appears in an old riddle: Question: Why is a storme to followe presently when a company of hogges runne crying home? Answer: A hog is most dull and of a melancholy nature; and so by reason doth foretell the raine that cometh. In time of raine, most cattell doe pricke up their ears; as for example an asse will, when he perceiveth a storme of raine or hall doth follow.

### Story of Elgin

We might use the glamorous words of childhood's fairy tales, "Long ago and far away," to tell the tale of Elgin cathedral, whose seven hundredth birthday was celebrated last August 5 and 6. So long ago as the twilight time of the early Middle ages, so far away as Rome, must we go for the beginnings of the story of this hoary old pile, whose influence has been casting its spell upon the lives of the dwellers in the old province of Moray from that far-off time to the present. There is an old tradition that the Culdees founded the church to begin with, just curtailed, but never destroyed; skele- and payment for services performed. founded the church to begin with, just tonized, but never killed. Indeed, the The substitute for that in war time is as they did that of Birnie. In any case, the site was already hallowed by many sacred associations, when Bishop Andrew Moray, scion of the powerful house of De Moravia, moved the Cathedral of Spynie to the Church of Holy Trinky in Elgin.

### Up-to-Date

Mark Twain's home at Redding, Conn., was at one time visited by burglars. After their visit Mark Twain tacked the following sign on his front door: "Notice to the Next Burglar: There is nothing but plated ware in this house now and hence You will find it in the bras thing in the dining room over in the corner by the basket with the kittens If you want the basket, put the kittens in the brass thing

"Do not make a noise; it disturbs You will find rubbers in the front hall by that thing which has umbrellas in it; chiffonier, I think they call it, or pergola, or something like that. Please close the door when

# "Prestige"

Strange are the ways of words. Of which there is no better example than the fact that "prestige," which names the power or influence of a good repu tation, should have had its beginning in the tricks of a juggler! Yet that is how it started.

"Prestige" goes back to the Latin "praestigiae," meaning juggling tricks —the same derivation as our "pres-tidigitation" which is sleght-of-hand. And the explanation of this strange transition is in the fact that in the myth and goblin-tenanted days of the far-distant past, juggling tricks were supposed to manifest enchantment, which was regarded with the very highest admiration and respect hence

## MOVEMENT TO POPULARIZE NATIVE FILMS IN CHINA

About Nine-Tenths of the Huge Popus lation Never Have Seen a Moving Picture.

Shanghai.-Out of an estimated population of somewhere between 400,-000,000 and 500,000,000, it is believed that 90 per cent of the people of China have never seen a motion pic ture.

For this reason an effort now way to provide movies acted and produced by Chinese is interesting.

In China's largest centers and in the treaty ports the picture screen long has been commonplace and mixed audiences of Chinese and foreigners are thrilled over the film fa-vorites, just as are audiences in the United States. But hitherto the sporadic efforts to popularize the movies in the interior of China have failed.

Within the last year several companies in Shanghai have undertaken to produce Chinese pictures, and perhaps a half dozen of these have been exhibited with varying degrees of success. As they necessarily were made by unskilled actors and more or less inexperienced directors, they have appeared crude in the eyes of the Chinese used to the finished foreign productions. These films are being sent tentatively into the centers of the interior, where it is necessary to throw up temporary mat sheds in which to

A Shanghai picture man explained: "It is altogether a problem of educating the Chinese people to the movies." He then went on to tell the experience of a showman who invaded the interior with a number of films. The people wouldn't go to see the pictures, and so the showman adopted the expedient of paying his audiences to come, doling out handfuls of cash to each person who entered the makeshift theater. The showman's money gave out before his films, which were of foreign production, had gained popularity, and thus his efforts came to naught.

Later enterprises in Shanghai include one started by China's largest publishing concern, which is making efforts to improve the quality of the pictures, the acting, costuming and settings. Several of the country's leading actors of the speaking stage have been recruited for this work, which is being confined to plots based on stories purely Chinese.

How the efforts of these organizations will be received by China's inarticulate masses, and whether a Chi-nese Charlie Chaplin or a Mary Pick-ford in silken trousers will capture the country, are matters as difficult to conjecture as the answers to any other of the country's many quest

### "Little Bird Told Me."

In early days superstitious people paid considerable attention to the birds and their different cries, which were believed to foretell events. Thus comes the old saying, "A little bird told me," says the London Daily Mail.

Traces of this belief are to be found in our own Old Testament, where verse 20 of chapter 10 of Ecclesiastes speaks of "for a bird of the air shall carry the voice, and that which hath wings agreed that it is from this belief in the universal knowledge of birds-which, of course, are supposed to see every-thing from the sky—that we get this saying.

Clergyman Harness Maker

An Anglican clergyman, Rev. Canon Charles Griffiths of Bristol, England, was the proprietor of a prosperous manufacturing business in the East end of London, the publication of his will discloses, the New York Times says. The business, the manufacture of harness for tradesmen's horses, was established in 1750, and was left to the canon by the will of a relative 12 years ago. The canon is said to have been a generous employer, and the business grew to large proportions un-

A Family Tract

A woman engaged a new maid, with whose appearance and manner she was greatly pleased. When the terms had been agreed upon the mistress said: "Now, my last maid was much too friendly with the policemen. I hope I can trust vou?"

"Indeed you can, madam," she -replied. "I can't bear policemen. I was brought up to hate the very sight of them. You see, my father burglar."

Irish Prefix Explained The prefix "O" before the names of so many Irish families is an abbrevia-tion of the word "ogha," meaning

Lincoln Used "I" Once President Lincoln, in his second in only once, while Mr. Roosev