

TRADE IN LINN COUNTY

Spend Your Dollars Where Some of Them Will Come Back to You and Your Neighbors

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 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 Duquesne plant 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 or 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.

Whenever 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 indus-

try 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 then 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 munition 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 Administration 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

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...Speaking of profits, if your neighbor had the profits the big city firms make on orders from your vicinity he would improve his home and business property, he would pay more taxes and he would contribute more to churches, charities, lodges and like activities and the well-being of the community in general.

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- | | |
|------------------|-------------|
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| Cream Separators | Stoves |
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| Mowers | Tubes |

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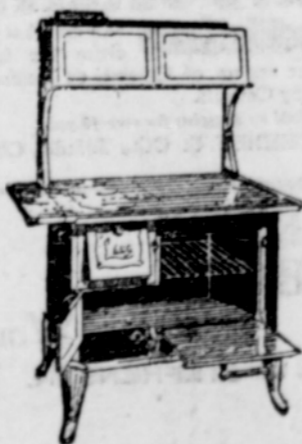
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"Moral Turpitude" to Supreme Court

Washington, D. C.—The labor department will appeal the decision of the federal court in New York sustaining the writ of habeas corpus permitting Vera, Countess Cathcart, to remain in the United States.

Assistant Secretary of Labor Husband declared that the recent court decision admitting the countess to this country after the department of labor had denied her entry, made it appear that for 19 years the immigration authorities had "misconstrued that provision of the law providing for the exclusion of aliens who admitted having committed a felony or other act involving moral turpitude."

The countess was ordered barred by the immigration authorities on the grounds of moral turpitude because of her elopement to South Africa with the Earl of Craven. The New York court held that the countess' act was not a crime in South Africa and sustained the writ.

U. S. EXPORTS \$397,195,833

Imports for January Amount to \$19,570,580 More.

Washington, D. C.—Revised figures on the foreign trade of the United States for January, made public by the commerce department, showed the unfavorable trade balance against America for the month was \$19,570,580. Preliminary figures had placed it at approximately \$15,000,000.

The imports for the month were valued at \$416,766,413 and exports were \$397,195,833. Europe held first place in the trade, sending here goods valued at \$111,240,959 and taking American goods to the amount of \$199,794,208.

These figures showed exports to Europe had fallen off approximately \$70,

000,000 as compared with a year ago, while imports from Europe had increased more than \$8,000,000.

Ten Millions Asked for Ship Board

Washington, D. C.—President Coolidge sent a special message to congress requesting a supplemented appropriation of \$10,000,000 to enable the shipping board to operate ships and lines which have been taken back from private purchases because of competition by foreign shipowners. The appropriation would be made available for the fiscal year ending June 30, 1927. Congress already has passed an original appropriation of \$13,900,000 for the same purpose.

League Holds Special Session.

Geneva, Switzerland—The special session of the League of Nations assembly was opened with Viscount Ishill in the chair. Viscount Ishill said the special session, the first in the history of the league, was of the highest significance to the people of the whole world. "The great nations of Germany ask to be admitted to the league," Dr. Alfonso Da Costa, former premier of Portugal, was elected president of the assembly by a majority of 34 votes.

FLAW SEEN IN RAIL BILL

Grange Asks Amendment Against Excessive Wage Awards

Washington, D. C.—The National Grange and American Farm Bureau federation have joined in a move to have the Watson-Parker railroad labor bill amended in the senate to give the interstate commerce commission final power to protect the public from excessive wage awards which might be the basis for freight rate increases.

Contending that the measure as passed by the house does not afford the public adequate protection, the grange in a statement said it was cooperating with the farm bureau federation in an appeal to every member of the senate to amend the proposal.

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