

# Prices and Patriotism

**P**RICES and profits in steel and in other high and narrowly held necessities are still joy-riding, while the mass of mankind drags itself on its knees from station to station toward its great atonement.

In the year 1913 the United States Steel Corporation, after paying all expenses of operation and of maintenance and of depreciation, and after also paying all interest-charges on bonds and mortgages, still had \$81,000,000 for stockholders' profits. Out of this \$81,000,000 it paid seven per cent on its preferred stock and five per cent on its common (which once was water) and then still had \$30,000,000 for surplus. The year 1913 was therefore a good year, and the sum of \$81,000,000 for stockholders' profits was a good sum.

In the year 1916 the sum for stockholders' profits, instead of being \$81,000,000, was \$271,000,000. The year 1916 was more than a good year. It was a fat year, fat with a great fatness.

The year 1917 is apoplectic. Its market is a diseased market. The prices of the year 1916, when compared with the prices of the year 1913, were high. The prices of the year 1917, when compared with the prices of the year 1916, are monstrous. In the middle of the year 1913 the price of billets at Pittsburgh was \$26.50. In the middle of the year 1916 it was \$42.00. In the middle of the year 1917 it was \$100.00. The rise from 1913 to 1916 was \$15.50. The rise from 1916 to 1917 was \$58.00.

The billet stage of manufacture is one of the middle stages. The plate-stage is one of the end stages. Plates are supremely important because of their use in cars and ships. In the middle of the year 1913, when billets were \$26.50, plates were \$33.60. In the middle of the year 1916, when billets were \$42.00, plates were \$73.00. In the middle of the year 1917, when billets were \$100.00, plates were \$200.00—and more. That is, the margin between the billet-stage of manufacture and the plate-stage, for cost, and for profit on cost, in 1913 was \$7.10, in 1916 was \$31.00, and in 1917 was \$100.00—and more.

Let us suppose, wildly, that the cost of proceeding from the billet-stage to the plate-stage is twice as great now as it was four years ago. The price of that proceeding, granted by the market, is fourteen times as great.

Such a market does not suggest, for its first remedy, a scientific speedometer manufactured by the Federal Trade Commission after prolonged scientific inquiries into the costs of production. It

suggests a Prices Board operating a rough-and-ready commonsense emergency brake. It is manifestly exceeding all speed-limits, economic and social.

There is to-day a shortage of oil, a most serious shortage, for fuel, for the whole world, for the war. New wells must be drilled. They must be drilled by speculators, risking capital. The reports to the Federal Trade Commission show that the digging of new wells is handicapped, discouraged, retarded by doubled, trebled, quadrupled, prices of materials. They show something even worse. The linings of old wells, of wells that singly produce very little but collectively produce a very great deal, are being unprecedently torn out, and valuable established sources of oil are being forever closed in order to get second-hand materials, excavated from the earth, to use in place of prohibitive first-hand materials from the mills for new drilling speculations.

The citizens of Minneapolis, for their annual necessary supply of street-pipes, for which in 1915 they paid \$420.00 a unit, are now paying \$1284.00. Will anybody pretend that the income of the citizens of Minneapolis, the income of our citizens in general throughout the United States, can possibly be increased to correspond to such increases in prices?

In the year 1913 the United States Steel Corporation paid out, in salaries and wages, to all employees, high and low, \$207,000,000. In 1916 it paid out \$263,000,000. That is, for every dollar that went to employees in 1913, the amount that went to employees in 1916 was \$1.27. But for every dollar that went to stockholders in 1913, for dividends and surplus, the amount that went to stockholders in 1916 was \$3.34. Will anybody pretend that the gain for labor was in harmony with the gain for capital? And will anybody pretend that the wage-advances and the salary-advances of the first half of the present year have kept pace, have come anywhere near keeping pace, with a price-market in which, for instance, during the eleven weeks immediately succeeding our declaration of war, the price of billets advanced \$25.00—an amount nearly equal to the whole price of billets four years ago?

The present price-market, in the matter of labor, is utterly untenable. Going forward from it, there are just two ways, each in the end impassable.

First, let wages be advanced to correspond with prices. They will then be as fantastic as prices. But prices, in time, will crash. Then wages will

have to be reduced. They will have to be reduced drastically, beyond parallel, against a resentment and a resistance therefore also beyond parallel. That way ends in enormous strikes.

On the other hand, let wages remain out of harmony with prices. Let the prices of industrial commodities swell the whole cost of living, through swelling the cost of agricultural implements and of everything else, while wages relatively shrink. Let the Food Administration tell the workingman's wife how to spread a pat of butter over a week. Let the Red Cross and the Red Cross's Director of Civilian Relief send her an extra pat of butter now and then to compensate her, while her husband may be sick, for the loss of the earnings of her boy who is in France. This is a revolutionary war. The flag emerging from it is the red flag of the blood of all the peoples and of their hope of a world cleansed and redeemed. One of the profoundest reasons why many professional revolutionists do not like this war is that it is a competitor—and a successful one. It strikes torrents of daring and of change from a rock-face from which their puny hands drew only trickles. In such a moment will labor take domestic science and scientific charity in lieu of an ample and spacious human equity? It is unthinkable. That way ends in industrial convulsions justified but appalling.

The only way out of the present price-market is backward—backward to prices within sanity. But how can that way be built? Certainly not by the individual effort of the individual producer.

If I own a keg of nails, and if all my customers are crazy for nails, as they are, and if one of them offers me \$3.20 and the next \$3.50 and the next \$4.00, it is useless to tell me that the boys in France are dying. The boys in France are dying under concerted binding orders for concerted binding purposes with concerted binding enthusiasms. I am an utterly unbound and unordered individual, competing with numerous other utterly unbound and unordered individuals, each of whom may desert at any moment from the \$3.20 price to the \$4.00 price, and all of whom I strongly suspect of having already deserted, leaving me to die in my dug-out. There is no moral analogy whatsoever between the civilized solidarity of the battlefield and the suspicious savagery of the market.

Further, besides the competition between the producers, there is the competition between the middlemen. The American Steel and Wire Company, producing nails, has, in fact, been selling nails steadily at \$3.20 a keg, while various "independents" have been selling at \$4.00. With what results?

First, certain jobbers, getting nails at \$3.20, but being able to show that the market had gone to

\$4.00, have been reselling to retailers at a price based on \$4.00. Thereupon the American Steel and Wire Company has been obliged to try, as it were, to police the jobbers to whom it sells and has tried to insist that they resell at a price based on facts plus a sort of standard margin. But then, second, the jobbers who are obliged to buy from "independents" at \$4.00, complain, bitterly and justly, that the jobbers who are buying at \$3.20 and reselling at \$3.20 plus a standard margin are able to take their trade away from them by underbidding them in sales to retailers.

Of what avail is it for senators and representatives to attack such situations with a fire of moral maxims leveled at the "patriotism" of the individual business man? Of what avail is it to try to make out that such situations can be mastered, that prices can be controlled, that the market can be stabilized, by a sort of individual industrial volunteering? Individual industrial volunteering is as absurd, as unjust, as ineffective, as individual military volunteering. Every senator, every representative, who really wants to see consumers protected against oppressive prices of primary commodities, will surely be driven to doing his best to help the administration to devise a competent method of public price-control.

That control, it must be admitted, has two great dangers. One is that it might deprive us of the great increase that we need in output. It might impose the prospect of a loss, instead of the prospect of a profit, on new furnaces and new mills built, as some are now being built, at frantic speed and with all the extravagance that frantic speed to-day means.

At this point, however, Britain reassures us. Some of her experiments in price-fixing have indeed had results most miserable, but her efforts to increase her output of primary commodities of the industrial sort, in the face of price-fixing, have been successful magnificently. Her fixed price for billets is \$50.00. Her fixed price for plates for ships is \$55.00—a margin of only \$5.00. She has fixed prices for all other important steel products. Yet her total output of steel, according to our Iron Age, a most authoritative paper, has advanced during the war from 7,500,000 tons to 10,000,000 tons a year and will next year be 12,000,000—a total gain of 60 per cent.

How has she done it? Partly by promoting new plant-extensions out of her own public purse. Instead of letting prices run wild and trusting to that wildness to tempt manufacturers into speculative new building, she has chosen to keep prices relatively tame and then take a hand herself in the new building needed. She has indicated that wartime state socialism must perhaps, when it goes into the

negative work of control, go on into the positive work of stimulation.

The second danger is that the fixing of prices might be done, as Britain in certain disastrous instances has done it, and as we ourselves for wheat are now in course of doing it, through bodies quite academic, quite untaught by commercial contact with the mechanisms and the personalities of the market. Here, again, however, Britain gives us a hint—this time surely an immediately compelling one. British prices for steel products are issued by the Ministry of Munitions, the largest and most experienced purchaser in Britain.

Our new War Industries Board, under our Council of National Defense, is our approach to a Ministry of Munitions. It covers, in its "advice" to the War and Navy Departments, the whole field of government purchases for army and navy use. In making its recommendations it is obliged to explore the sources of our primary commodities—coal, steel, copper, lumber—all of them—and it will soon necessarily arrive at a thorough familiarity, a thorough daily practical familiarity, with the quantities produced, the extensions needed, if any, and the prices required. Better than any segregated Prices Board, it will know the market and how to apply the brake to it quickly and yet with sense.

Scientific prices may be revealed to us by the expert accountants of the Federal Trade Commission through their inquiries into costs. Those prices will doubtless have a great ultimate utility but surely their immediate utility will be extremely slight. If they were applied tomorrow morning they would ruin all manufacturers of secondary commodities who happened to be heavily loaded with primary commodities bought at prices at a panic level, and who would be utterly unable to compete with manufacturers buying at prices at a science level. What we need this moment, it is submitted, is a start, a step-by-step start, proceeding on the quite sufficient knowledge already available.

If the legislative branch of the government at Washington resents the "autocracy" of the executive, if it resents it not only with its lips but with its brains, here is its chance to give the executive what it has not yet once given it since the war broke out—a lead. Let it present the executive with a mandate and a properly contrived power to use the War Industries Board—or any other better board, if a better board can be found—for the immediate public arrest of the privately uncontrollable industrial joy-riding which is advancing primary prices far beyond all possible advances by wages or by salaries and which is therefore headed, masterlessly, toward giving us a social war at home in addition to our military war abroad.

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## Literature for Beginners

AS a teacher of English literature I may say that I have been successful. The screams of a maddened past dragged down by the wave of my intelligence no longer haunt me. My classes are large, and yet they are avoided by that type of athlete who mournfully offers up his education upon the altar of his eligibility. In a recent examination, after correctly informing me of the circumstances connected with the death of Shelley, and the introduction by Coleridge of the element of supernaturalism into poetry, a young woman added, "I want to say that I have very much enjoyed your jokes, and I think they have helped me." I could multiply such testimonials, with addresses given upon request. Yet there was one joke in the course which the grateful young consumer of my patent article failed to perceive. That was the joke of the attempt to teach English literature, or any other literature, at all.

Language, of course, may be taught; information about authors may be genteelly distributed. The knowledge that Coleridge is spelled with a C and Kubla with a K is probably worth possessing; though a medical acquaintance of mine who lately at the University Club copied down a suggestion concerning his reading, with those letters in reverse order, showed nevertheless by his request for suggestions that he was more profoundly interested in his own development than are most of my students; his curiosity was at least untainted by the commercialism of "credit toward a degree." I am, furthermore, quite willing to admit that the intensive study of Chaucer or Shakespeare may be made a gateway to knowledge both phonetic and social. But is it not a back gateway? Does the value of Chaucer for the ordinary undergraduate really lie in the form of his verbs? Does the realization that Wordsworth was profoundly affected by the French Revolution really afford the young person keener delight in Tintern Abbey? Since Professor Harper's recent evidence that the great preacher of the domestic virtues had an illegitimate daughter, we have all hastened to revise our courses. I wonder why? Does the dimming of the hearth-fire affect the light that never was on sea or land?

"Good" reading or "practical" reading is not the question. I cannot find myself in sympathy with my firm-fibered colleagues in the "colleges of education" who would replace Milton in the English classroom by the Scientific American. I admire the catholicity of an imagination which can be stimulated by the contemplation of a patent churn, but I cannot myself either develop it or believe that my young barbarians possess it. There