

Big Business Story of the War

How American steel master saw Kitchener and booked the British Empire

The full inside story of how Charles M. Schwab rushed to London at the opening of the war, interviewed Kitchener, and booked war orders which totaled \$300,000,000 within two years, and of how Kitchener made Mr. Schwab sign an agreement not to part with the control of the Bethlehem Steel Works, is told in the new issue of *Forbes Magazine*. Incidentally the interview was interrupted by a telephone call which annoyed Kitchener until he found it was from a high officer in Belgium who was telephoning while under fire on the battlefield.

The article reveals that before the loudly heralded German feat of sending the submarine Deutschland across the Atlantic under its own power, Schwab had built no fewer than twenty submarines and sent them to the Baltic, the Mediterranean and the British waters under their own power. And more have gone since.

Very early in the war, the article discloses, Mr. Schwab was offered \$100,000,000 for his interest in Bethlehem Steel.

Another fact brought out is that Bethlehem has today on its books United States Government orders totalling \$600,000,000.

Extracts from the article, which is written by B. C. Forbes, editor of *Forbes Magazine*, follow:

When Lord Kitchener was made British Secretary of War, one of his first important acts was to dispatch an S O S cablegram to Charles M. Schwab beseeching him to hasten across the Atlantic for a conference.

Hastily ordering a trunk to be packed, Mr. Schwab made a dash for the White Star Line's pier and climbed aboard the giant Olympic, on October 21, 1914.

Six days after leaving New York the Olympic was near the Irish coast when Captain Haddock received a momentous message. The Audacious—the pride of the British navy, the new superdreadnaught which had been built at a cost of \$16,000,000 and carried guns which could outshoot Germany's best by several miles and had won the blue ribbon of naval gunnery—had, the message disclosed, met with a terrible mishap and threatened to founder with her crew of almost a thousand bluejackets. Captain Haddock steamed straight for the wounded Audacious and, by brilliant seamanship, rescued the sinking dreadnaught's entire crew.

At nightfall the passengers on board the liner saw a tremendous flash out at sea, heard an unearthly roar—and knew the Audacious had blown up.

Lord Kitchener meanwhile was moving heaven and earth to have Schwab brought to London without a moment's delay. Strict orders had been given that no one be allowed to leave the Olympic and, as a matter of fact, the liner lay, isolated in Lough Swilly from October 27 to November 2. So anxious was Kitchener to see Schwab, however, that he had the admiral of the British Grand Fleet himself go alongside the Olympic and take Mr. Schwab off. Sir John Jellicoe and Mr. Schwab needed no introductions, for when Jellicoe was only a captain the discerning eyes of the Steel master had spotted him as a coming man and had become very friendly with him. Jellicoe rushed Schwab part of the voyage and then Admiral Fisher took charge of the completion of the journey. Schwab was the only person permitted to leave the liner—he was forbidden to taken even his man-servant with him.

At six o'clock in the evening Mr. Schwab reached London. Without taking time to go to a hotel he sped direct to the War Office. Word had been passed to the confidential attendants that the great American steel master and armor maker was coming, and, the moment he appeared, doors were opened for him as if by magic—doors that were being vainly besieged by hundreds of manufacturers and others, all anxious to get the ear of the mighty Kitchener or some other personage in authority.

Kitchener was ready for him.

He rose and greeted Mr. Schwab very cordially but very briefly.

Then he motioned to the only other chair in his office—apart from this chair, the one occupied by Kitchener and a large flat-topped desk: there was nothing in the whole, vast room in the way of furniture, except an army bed, the only bed Kitchener's body knew night after night during those terrible days, for the war lord worked literally night and day and

had no time to leave his office for sleep. It was just after the annihilation of a great part of Britain's little army at the battle of the Mons and the subsequent retreat.

Kitchener wore none of the insignia, none of the decorations of a field marshal, none of the decorations or honors conferred upon him by a grateful empire; not even a suggestion of gold braid. He wore a suit so plain and undistinguished that he could have been taken for a private in the ranks; a private who had been on active service and had not had frequent opportunity to furbish up his uniform—Kitchener evidently had slept in his clothes.

Kitchener's countenance and deportment suggested that of Atlas bent under the weight of the world. His eyes, usually so bright and sharp and penetrating, looked tired and heavy. His demeanor was tragically grave. He appeared to be physically bowed down by the responsibility pressing upon his shoulders.

Without loss of a moment, Kitchener got down to business.

How many shells could Schwab supply—a million? Yes, Schwab could turn out a million.

How long would it take—how quickly could they be shipped?

Ten months.

Good. How about guns?

Yes. Schwab could supply guns in quick order.

Good. What else could Schwab provide?

Schwab told him,

Good.

What about prices? asked Mr. Schwab.

Quick delivery was more important than any quotation of price. Get the stuff under way and he would get his price, Schwab was told.

It was war times and was not his company entitled to a war profit, suggested Schwab.

Certainly.

It was to be a long titanic struggle, Kitchener confided. He counted upon it lasting five years. (A prophecy to be fulfilled?) He realized very fully that Schwab's was the only huge free ordnance plant in the world, and he was anxious to have Mr. Schwab's pledge that control of Bethlehem would not be sold as long as contracts were being filled for the British.

Would Mr. Schwab sign an agreement to that effect?

"B-z-z-z" went the telephone on Kitchener's desk.

A look of annoyance flashed across his countenance. Who had dared interrupt him in the midst of so vital and so pressing a conference when every moment's delay heightened the danger of disaster?

"Excuse me," said Kitchener, picking up the receiver with a jerk.

Schwab sat in silence.

"Yes, yes," Kitchener began sharply. Then his voice softened. He listened attentively for a moment or two, asked several questions, gave instructions and then hung up the receiver.

"That," he said by way of apology to Mr. Schwab, "was a call from Belgium. The officer was under fire while he was talking with me. He was speaking direct from the battlefield."

The war lord made a gesture, dismissing that subject, and looked squarely at Mr. Schwab for an answer to the request that he put his signature to an agreement not to part with control of Bethlehem Steel.

Control of Bethlehem had been valued by certain other interests—not British—as being worth to them \$100,000,000. That sum was offered Schwab for his Bethlehem holdings. Here he was being asked to sign a solemn compact to refuse \$100,000,000 or any other number of millions of dollars without any monetary compensation. Did Schwab hesitate to cast aside the \$100,000,000? Not for a moment.

He assured Kitchener he would sign such an agreement—and sign it he did.

The miracle Schwab then and has since wrought constitute a chapter without parallel in the whole history of the world war.

Not only was every contract entered into with Kitchener filled and filled successfully ahead of scheduled time, but instead of furnishing a million shells in ten months, Schwab's plants were developed so extraordinarily that by and by the output reached a million shells every month.

Within two years from the day Kitchener and Schwab had their first memorable conference the Bethlehem works had supplied Britain with \$300,000,000 worth of war materials, an achievement never

matched by any other industrial plant.

One of Mr. Schwab's most cherished possessions, one which he would not exchange for millions of dollars, is a letter from Kitchener in which he conveys to the steel master the thanks and gratitude of the British Empire for the services he had rendered it at the most critical period in its history, and begs that this expression of gratitude be conveyed by Mr. Schwab, not merely to his executive associates, but to the thousands of workers whose hands had produced the materials which had contributed so valuably to preserve civilization.

When Germany, and indeed the whole world, was acclaiming the feat of the German submarine which crossed the Atlantic under her own power, one man had to indulge in smiles. The newspapers, both in Europe and America, hailed Germany's feat as an unprecedented triumph in submarine construction and seamanship. To think that a submersible boat has been able to cross the Atlantic under her own power—it was almost unbelievable.

Why was Mr. Schwab moved to quiet laughter?

He had built and sent across the Atlantic before that time under their own power no fewer than twenty submersibles!

And others have crossed since then, some going to the Baltic, some to the Mediterranean and some to British waters.

Something like \$100,000,000 is being spent by Mr. Schwab in extending his various steel and shipping plants on the Atlantic and the Pacific coasts.

To-day Bethlehem has on its books domestic Government orders totalling \$600,000,000.

LORD BEAVERBROOK.

During the debate in the House of Lords at Westminster last week, which resulted in its unanimous adoption of a vote requiring that in the case of every peerage conferred on persons outside the royal family, or save for naval and military services, an official public statement should be made by the Prime Minister giving the reason for the grant of the honor and an assurance that there had been and would be no payments to political party funds in connection therewith, the name of the Canadian born Lord Beaverbrook was mentioned. But while the debate and the vote furnished an incontrovertible admission that peerages have been repeatedly sold by the government of the day in return for large contributions to its party funds, it is hardly fair to charge Lord Beaverbrook with having paid money for his coronet. It came to him in a different fashion, namely, as a sort of brokerage fee.

Lord Beaverbrook got his peerage for the part he played in the bringing into existence of the coalition government in the summer of 1916. There was a very critical moment in the summer of that year when the Asquith Liberal administration seemed doomed to go under. It was then that Lord Beaverbrook, who had only recently received a baronetcy, brought his fellow Canadian, Bonar Law, and Lloyd George together, which resulted in the formation of the coalition government.

Again, when Asquith resigned and Lloyd George formed his administration, it was Sir Maxwell Aitken—as Lord Beaverbrook was then—who undertook the somewhat delicate task of assuring to Lloyd George the support of the leader of the Unionist party, namely, Bonar Law, now the Chancellor of the Exchequer. The result was that Aitken was transformed into Lord Beaverbrook and transferred from the lower to the upper house in January last.

Lord Beaverbrook, who was a financier and a company promoter in Canada, where he fell foul of the late Sir Sandford Fleming of the Canadian Pacific Railroad Company, has always been a Bonar Law man and a champion of the cause of his fellow Canadian.

For when Arthur Balfour, some time before the war, resigned the leadership of the Unionist party and the succession lay between Austen Chamberlain and Walter Long, it was "Max" Aitken who, possessed of Transatlantic quick-wittedness and cleverness in political wire pulling, originated and engineered the coup by which Bonar Law was, to the amazement of every one, put forward and accepted as a compromise candidate.

Bonar Law has not been ungrateful and Lloyd George has also been keenly alive to the value of the support which he received from that quarter. This has been shown by the fact that "Max" Aitken received, in turn and at short intervals, first a knighthood, then a baronetcy, and, last January, a peerage. He was born in New Brunswick, as a younger son of the late Rev. William Aitken, a Presbyterian minister there.—By La Marquise de Fontenoy in The Chicago Tribune.