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University of Louisville

TRAFFIC IN ARMS

A Dissertation

Submitted to the Faculty
of the Graduate School of the University of Louisville
in Partial Fulfillment of the
Requirement for the Degree
of Master of Arts

Department of History

by

Helen Mercedes Rosebery

1934

TRAFFIC IN ARMS

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11 July '34 E.D.

Introduction

At a time when so much of the intelligence and idealism of the world is working for peace and humanity, it is well to find out some of the powerful forces that are working against them. Information of this sort may be of real assistance in combatting these secret foes. In the fifteen years since the Great War, the people of the world have passed through a period of disillusionment. They had believed that the war was to end all war and to make the world safe for democracy. Apparently the sacrifice of millions of lives has been a tragedy which has left no redeeming advance in civilization. Wars are still rife. Hatred still smoulders. But apparently it is not the people of a nation who make war. Those who have traveled in foreign countries find the people kind, generous, helpful, moved by the same joy and suffering as their own countrymen. Nations send their representatives to disarmament conferences, and soon they return without success, while the spirit of international hate grows stronger. Why? What hidden power kindles

this hate in the hearts of men, and goads them into destroying their neighbors with whom they have no quarrel? What secret foe lurks in the halls where peace is sought and strangles the voice of civilization?

These are the questions that I have tried to answer in this thesis. The problem is not new. For twenty years, at least, it has been discussed in the United States Congress and Senate, the German Reichstag, and the British Parliament. Investigation followed in these and other countries, and from the subsequent disclosures, it would seem that the armament manufacturers are chief among the secret foes of peace. According to the facts submitted in this thesis, it would seem that armament makers have fomented war scares in order to increase the sale of armaments; that they have bribed Government officials at home and abroad; that they have disseminated false reports; that they have organized international rings in order to keep up the price of armament; that they have encouraged competitive arming by playing off one country against another; and that they have controlled newspapers in order to influence public opinion for their profit.

How ironical it is that gunpowder and printing should go hand in hand, "the two grand means of Faustian distance-¹tactics", as Oswald Spengler calls them. Printing, the art which ushered in the Age of Enlightenment, has been desecrated at the hands of the armament manufacturers. With pictures, telegrams, and fiery articles, the war traders lash the souls of the people "until they clamor for weapons and force their leaders into a conflict to which they [the leaders] willed to be forced."

(1) Oswald Spengler, "Decline of the West" p. 460,61

Chapter I

Ticker Tape

In 1881 Hiram Maxim, one of the foremost inventors of his day, visited Europe as an agent of an electrical company. He had had no previous connection with armament production and at this time was chiefly concerned with electric lighting. In Vienna he met a former American acquaintance who chanced to remark to him, "Hang your chemistry and electricity! If you want to make a pile of money, invent something which will enable these Europeans to cut each other's throats with greater facility." ¹ Maxim's fertile mind nourished the poisonous seed and eventually brought forth the deadly fruit of which the world has eaten in bitterness and tears. The mortality of modern warfare was immeasurably increased by the invention of Maxim's machine gun, which fired two thousand rounds in three minutes with one pull of the trigger. It is startling to find in Maxim's own words his estimate of the destructive power of his invention. In a letter to the editor of the London Star, July 23, 1915, he says:-

"Two thirds of all the Japanese killed in their war

(1) Major Victor Lefebure, "Scientific Disarmament," p. 175

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with Russia was due to the Maxim gun."

Nor did Maxim's success end with the battlefields strewn with Japanese who had been mowed down by the Maxim guns. Had he written a little later, he might have added the slaughter in the World War to his glory. Thousands of young men, to whom life was as dear as it is to us, fell before the rain of bullets discharged from some fifty thousand Maxim guns -- victims of a weapon that might never have cursed the world had there been no commercial rewards in the form of profits and power. As yet there is no world opinion strong enough to limit effectively the activities of science to humane procedure.

Strange though it may seem, governments have been slow to adopt new instruments of warfare. Germany's possession of far more machine guns than any other country was due, not to the interest of war officials, but to the enthusiastic efforts of the private inventor. Maxim had traveled Europe demonstrating his gun with a view to contracts. In Berlin the Kaiser had been most impressed. "This is the only machine-gun", he told Maxim; and although he used his personal influence to interest the military staff in this new gun, official Germany did not adopt it until some years later.

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In Vienna his invention was received with keen interest. At the trial shooting, Maxim knelt behind his gun and rattled off shots as quickly as the ticking of a clock. To satisfy the most severe critics on the accuracy of his weapon, he set up a target near his gun, and as the weird rat-a-tat of the shots was heard, the letters F.J -- the initials of Emperor Franz Joseph -- were written in small perforations on the target.

(2) Ibid p. 176

(3) Ibid p. 177

(4) Richard Lewinsohn, "The Mystery Man of Europe" pp. 77,78

Maxim's star had risen, for present at this astounding demonstration was the shrewd Basil Zaharoff, who was destined to become the most powerful figure in the armament industry. Zaharoff, at that time agent for the Nordenfeldt Gun and Ammunition Company, was quick to recognize the future of this new gun which eclipsed all others in performance. In 1888 after a series of clever business moves, he persuaded Maxim to agree to a merger with the Nordenfeldt Company, in which the Maxim interests alone⁵ figured at \$5,000,000. Measuring the success of Mr Maxim in terms of profits at the expense of humanity, a report states that "sales increased, and with the Great War the Maxim gun reached the peak of a swift crescendo of profit, mutilation, and death which can hardly be equalled by any other individual weapon."⁶ Maxim was made Chevalier of the Legion of Honor by the President of France in 1881, and in 1901 was elevated to knighthood by Queen Victoria.

At this very moment chemists and inventors are secretly working at even more sinister means of death -- poison gas and deadly disease germs. "Any activity of this kind," says a noted writer, "is as criminal as murder on the highway, and the moral sense of the world ought to rise in determination that it should be outlawed. The scientist who is using his talents and his knowledge for such ends is an anti-social menace of the most contemptible kind, and should be treated as such."⁷ By contrast we are reminded of the great Pasteur, who discovered the bacteriological origin of

(5) Ibid, (1,000,000) p. 102

(6) Lefebure, "Scientific Disarmament", p. 177

(7) John Drinkwater, "This Troubled World", pp. 48-49

7

disease, and used his knowledge of science for the protection and not for the destruction of humanity.

But the public conscience is drugged by the insidious propaganda of nationalism and armaments. In 1915, when the World War was in progress and the American people were being frightened by preparedness propaganda, Mr. Clyde Tavenner, representative of Illinois, made a speech in congress advocating that the Government take private profit out of war and preparation for war, so that war would be "no more profitable and, therefore, no more attractive to the J.P. Morgans and the other directors of the war trafficking firms than it is to the rest of mankind,"⁸ who furnish the cannon fodder. "Although war and preparation for war," he says, "mean an increased burden of taxes for everyone, and suffering and misery on every hand, it spells stupendous profits to a very few gentleman, but which few gentlemen are so resourceful and wield so much power in this country that their great profit because of war becomes a menace to peace, and therefore to all mankind."⁹

Just how lucrative is the business of these traffickers in lives is revealed in a weekly stock market report of the New York brokerage firm of Gilbert and Elliott Co., dated August 28, 1915, from which Mr. Tavenner read:-

Winchester arms up 1,000 points

Colt arms up 100 points

Electric boat up 100 points

Canadian explosives up 50 points

Du Pont declares stock dividend of 200 per cent.¹⁰

(8) Congressional Record Dec. 15, 1915, Vol.53, part I, p. 272

(9) Ibid., p. 272

(10) Ibid., p. 272

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It should be kept in mind that this high jump in the market took place during the World War, and the subsequent fortunes that sprung up were tainted with the blood of men killed on the battlefield. Mr. Tavenner continued:-

"Bethlehem Steel stock at the outbreak of the war could have been bought for \$40 and as low as \$30. Yesterday [Dec., 1915] Bethlehem Steel stock sold for \$474. In other words, if you had had an investment of \$40 in a share of Bethlehem Steel at the beginning of the war, your profit because of war would have been \$434. By this we may obtain some idea as to the staggering profits that accrued to the Wall Street war trust magnates who owned millions and millions of dollars worth of munitions stock.

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* * *

"The United States Government has increased its appropriations for war and on account of war faster than any nation on earth has ever increased such appropriations in time of peace. In the last ten years [1905-1915] we have spent for war and on account of war \$2,000,000,000, -- enough to pay off the national debt, dig the Panama Canal, and pay the expense of every church and every school in the United States for an entire year."

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Ticker tape shows similar quotations on foreign stock exchanges during periods of war and increasing armaments. The dividends paid by the Skoda Company of Czechoslovakia in the past ten years reveal the truth that war pays. There were:-

1920	5%
1921	8½%
1922 and 1923	10%

(11) Ibid., p. 272
(12) Ibid., p. 272

1924	12½%
1925	13¾%
1926	15 %
1927	17½%
1928	21 %
1929 and 1930	28½% ¹³

At the outbreak of the Sino-Japanese conflict, the stock of munitions makers and allied interests suddenly advanced:

Hotchkiss (machine-gun) stock -- from 1100 to 1268
 Gnome and Rhone -- from 300 to 360
 Lorraine Co. -- from 90 to 118
 Schneider-Creusot -- from 1300 to 1350¹⁴

Shanghai became the center of the armament industry for the Far East. Schneider-Creusot of France, Skoda of Czechoslovakia, and other leading firms interested in the manufacture of munitions of war, established headquarters in the International Settlement of this Chinese city. Three leading newspapers in English, Japanese, and Chinese, well supplied with advertisements from munition makers, began to bombard public opinion in Japan and China by shrieking for war. The Shanghai Post cynically remarked that "a war would undoubtedly be very helpful to many branches of industry."¹⁵

Huge orders began to come in. Schneider-Creusot went so far as to offer the Japanese General Staff its latest machine and rapid fire guns without charge, so that they might try them out on the Chinese and prove their deadliness. As the Chinese, killed by these guns, began to fill the streets, large

- (13) "The Secret International -- Armament firms at work,"
 p. 23, published by The Union of Democratic Control
 (14) H.C.Engelbrecht, "Traffic in Death," World Tomorrow
 Oct. 5, 1932, p. 330
 (15) Ibid., p. 330

orders for these effective weapons soon followed.

The shipments of one week to the Far East from other armament firms in large countries show the extent of this trade:-

Feb. 2, one ship sailed for Yokohama loaded with explosives.

Feb. 5, two ships sailed for Japan loaded with grenades, dynamite, and airplane parts.

Feb. 7, Skoda shipped 1,700 cases of ammunition.

Feb. 8, a Norwegian vessel carried 1,000 cases of explosives destined for the Far East.

Feb. 8, the French sent machine guns valued at
17
100,000,000 francs.

The London New Statesman and Nation gives us further evidence of the profits being made out the Sino-Japanese conflict:-

"The Japanese Military Commission was in Czechoslovakia in February, and this visit is probably not unconnected with the big contract for bombs to be shipped via Trieste, on which the Skoda works were busy shortly afterwards.

"In France, the Schneider works at Creusot have received a contract for twenty heavy tanks, and the French automobile factory at Dijon is making 4,000 heavy airplane bombs for Japan.

"In Poland, the Japanese have given contracts to firms in Eastern Upper Silesia amounting to more than \$3,000,000.

"From the United States, according to a declaration made in the House of Representatives, munitions worth

{16} Ibid., p. 330
{17} Ibid., p. 330

\$180,000,000 have been shipped to Japan.

"Great Britain has only had a small share in this traffic. During December, 1931, munitions valued at £ 29,648,¹⁸ and during January valued at £ 12,285 for Japan."

At the very time that Nations are meeting in Geneva to bring about peace between China and Japan, powerful munitions groups are furnishing the means by which the conflict may be continued.

In 1931 Swiss armament makers shipped three orders for munitions to Bolivia, of which one alone was valued at 1,187,000 francs. Shortly afterward Swiss manufactures were fortunate enough to get an order of 2,000,000 francs from China, for which the Chinese negotiators received 473,000¹⁹ francs in "honest graft."

A recent writer, who has exposed the intricate activities of the munitions makers, quotes from an army expert:-

"Many a German soldier gave his life in Flanders, killed by a British grenade set off by a fuse produced by Vickers after a patent sold to this firm by Krupp.....After the war, with the aid of the German Foreign Office, when the bonds held by the Bank for German Industrial Obligations were being called in, Krupp sued Vickers for the payment of one shilling per grenade fuse, urging its patent rights. The total amounted to 123,000,000 shillings. Incidentally, it is worth mentioning that Dr. Krupp von Bohlen was a director of the Bank for German Industrial Obligations. The 123,000,000 shillings still stood on the debit side of the ledger when Vickers and

(18) "Munitions Makers Balk Disarmament." Literary Digest, 113:14, Ap. 23, 1932

(19) H.C.Engelbrecht, "The Traffic in Death," p. 330

Armstrong merged their interests. With a little calculation, one can figure out how much Krupp made out of the death of every German soldier killed in France by British hand-
²⁰
 grenades."

It is reported in a recent pamphlet that in 1917, when negotiations for peace were being considered through United States intervention, Zaharoff, the financial genius of the armament industry, was consulted. Lord Bertie, the British Ambassador in Paris, at that time, recorded in his diary on June 25, 1917, that Zaharoff was all for continuing the war to
²¹
 the end. Now Mr. Basil Zaharoff, a Greek born in Turkey in 1849, made a most spectacular rise from the rank of a poor man to that of one of the wealthiest and most powerful men of Europe. This wizzard of finance began his career as an armament salesman traveling for the firm of Nordenfeldt. Zaharoff's shrewd business sense brought about the merger with Maxim as we have seen, once he realized the powerful competition that the Maxim gun would offer. With the ample commissions that he received from armament orders, Zaharoff gradually amassed a handsome fortune which he invested in the Maxim Company.

Zaharoff made tremendous profits from the re-equipment and increase of the Greek army. When Nordenfeldt offered his great invention, the first practical submarine, to the Great Powers, they refused it. Zaharoff then proceeded to give the option to the small countries. The offer was eagerly accepted in Athens, "and so there arose the curious situation that little Greece was the first country in the world to receive

{20} Lehmann-Russbuldt, "War for Profits," pp. 131-132
 {21} "The Secret International," p. 12

the first practical submarine. Naturally the new marine wonder excited great interest in the Aegean Sea.....The Turkish Government in particular was interested in this new kind of Trojan Horse, that might possibly pass through the Dardanelles one day and appear before Constantinople. Luckily, the armament business was international, and anyone could be supplied if he had the money. Even the Greek Zaharoff could not violate this fundamental principle of the armament industry. Yesterday his compatriots on the Piraeus were his customers, to-day the people on the Bosphorus, the hereditary enemies and suppressors of Greek independence. There is no room for sentimental patriotism in this most international of all industries. Since the Turks, in spite of all their financial troubles, still had a greater purchasing power than the Greeks, they were able to treat themselves to two submarines at once."

Zaharoff's method of playing one country against another always brought profitable results. In the World War "the submarine was the dominant arm of the war." Germany possessed 399 submarines at a cost of over \$963,000,000. In the survey for 1931 there were over 580 submarines, of various tonnage, distributed throughout the world, -- France 110, United States 110, Japan 80, Italy 75, and Great Britain 64. The cost of submarines varies from \$2,500,000 for one mine-laying submarine to \$4,000,000, the cost of a fleet submarine. We can be reasonably sure that Zaharoff came in for his share of

(22) Lewinsohn, "The Mystery Man of Europe" (Life of Zaharoff) pp. 74, 75

(23) "The Staggering Burden of Armament," World Peace Foundation Vol. IV, No. 2 April, 1921

(24) "Armaments Year Book", League of Nations, 1932

(25) "The Staggering Burden of Armament", Vol. IV, No. 2, April, 1921, p. 245

these contracts.

In 1897, when Nordenfeldt left the Maxim Company, Zaharoff brought about a merger with Vickers. From then on he mingled with influential politicians and people of rank, whose names appeared on the board of directors of the new company. "The great armament magnates were not only trusty supporters of the politicians, but were themselves powerful factors in the political game-----When a Government policy did not result in sufficient orders, that policy had to be changed. For the armament industry, after all, was not run for the sake of politics, but politics were [sic] there for the sake of the armament industry. This was the axiom on which the political part played by the great armament firms was based." 26

Zaharoff had the good fortune to become a salesman in a dominant industry whose commanding position with governments had been built up by the persistence and ambition of three generations of Krupps. Fabulous profits in armament are the product of determined and, for half a century, unsuccessful salesmanship, as shown by the story of the pioneers in this field. Colossal exploitation in the field of modern, private manufacture of arms seems to be a curse of the industrial epoch, dating its first big profits from about 1860.

In 1823 the annual turnover of Friederich Krupp, the first metallurgist to produce crucible steel, never exceeded \$2,000; he rarely, and then barely, made a profit margin. In fact, during the first years of this experiment, he was even embarrassed by debt. At his death, in 1826, his son, Alfred, patiently explored new industries which might provide outlets for his crucible steel. He visited the national rifle factory (26) Lewinsohn, "The Mystery Man of Europe", pp. 109,110

near Mulheim, where frank technical discussions regarding the possible trend of armament development fixed indelibly on his mind the idea that crucible steel guns would provide an important outlet for his manufactures.²⁷ The shrewd imagination of this second Krupp was the Midas touch to the steel business.

It is interesting to imagine to what degree Germany would have advanced in heavy armament during the World War if Krupp had become discouraged in his efforts to overcome the strong resistance of the Prussian authorities to any sort of innovation. What would have been the standards in other countries, had he not, by his intensive and amazing activity, aroused the fierce competition of other armament groups? It is reasonable to assume that the nations involved in the World War would not have been so quick to take offense if they had not been over-equipped in armament designed for such speed, mobility, and mass effects as would seem like lunacy even to Frederick the Great. For these dynamic methods of warfare, Krupp deserves the credit -- or discredit. From the very beginning he was firm in his conviction that steel was destined to take the place of iron and bronze in the manufacture of indestructible weapons. He sent a sample steel musket barrel forged of crucible-steel to Lieutenant von Donat of the War Department, so that they might judge from it the usefulness of crucible-steel for cannon.²⁸ But the experts did not share his conviction. After a great deal of lobbying, he was at last authorized to produce a 3-pound gun with crucible-steel inner tube, which was tested in 1849 by the Prussian Artillery Testing Committee. It met with the same chilly hostility,

(27) Story told in Lefebure's "Scientific Disarmament", pp.54-62 and "The Letters of Alfred Krupp", edited by William Berdrow

(28) Berdrow, "Letters of Krupp", p. 74

although the rifle factories did accept his steel for barrels. Then in 1855, while the Ordnance Departments of the fatherland scorned Krupp's weapons, the Khedive of Egypt ordered 26 guns from the Rhineland steel king. ²⁹ An order for 18 6-pounders ³⁰ followed soon after from Prussia.

Guns now obsessed Krupp. His determined championing of steel against iron for weapons, brought him recognition as the best known figure in the industry. At the exhibitions in London, Munich, and Paris, he showed his new guns and even gave one to King Friedrich Wilhelm IV, in spite of the obvious ³¹ opposition of military circles. His method of playing off one country against another in order to secure contracts is shown in a letter to his agent, Carl Meyer, in 1857:-

"You can tell Colonel Orges and General Pfannkuchen, and other officers who are interested, that the 60-pounder Russian gun will be finished.....and can be seen Sunday. Please note that I particularly desire a communication of this kind to be made, so as to remind [the Duke of] Brunswick and [the King of] Hanover of myself and of the guns, and further, that I shall propose to Russia a trial of crucible-steel projectiles, which will not go to pieces on iron like iron ones, but, owing to their weight and solidarity, will pierce iron, and will perform most excellent service against batteries flottantes (ships covered with iron). The proposal must get through to the Emperor."³²

Krupp's most powerful support in introducing the crucible-steel gun into Prussia was Regent, Prince Wilhelm, who himself

(29) Ibid., p. 145

(30) Ibid., p. 171

(31) Ibid., p. 132

(32) Ibid., pp. 161-162

decreed an order for 300 rifled 6-pounders in 1859. In 1860 Krupp wrote to the War Minister, von Roon, concerning his application for a patent, incidently informing von Roon of a supply of guns being made at the works for England. Furthermore, he added that he was in a position to supply, during that same year, another 1,000 guns from 6 to 60-pounders. To secure prompt action, he becomes patriotically insistent:-

"In view, therefore, of the possible early requirements, as well as my present freedom from immediate engagements, a speedy decision on the part of Prussia" is urged.³⁴

At first, it is true, the cost of the steel guns was a deterrent in securing orders. Nevertheless, Krupp's pertinacity, to which all his success was due, was soon to overcome that obstacle. In a letter to Meyer he told of his intention to offer to the War Office or to the Prince Regent, a 6-pounder, a 12 and a 24-pounder, free of cost. In view of an order prohibiting the "rifling device" of the Prussian field-guns, he proposed to offer the bored Prussian guns in stock to the War Office at their own price.³⁵ Then he concentrated his attention on the English market. For years he had been unsuccessful in his efforts to introduce his crucible-steel gun into England although the English gun manufacturers were already secretly buying his gun-barrels.³⁶ In 1863 he grew so bold as to ask the Crown Prince Friedrich Wilhelm to provide him with an introduction to the English War Minister and Admiralty.³⁷ Krupp's continual protestations of patriotism began to smack of insincerity. Only profits had his

(33) Ibid., p. 172
 (34) Ibid., p. 184
 (35) Ibid., p. 188 (See note also)
 (36) Ibid., p. 190
 (37) Ibid., p. 193
 (38) Ibid., p. 203 (See note also)

allegiance. Another large order for guns came from Russia. The business in field guns was already sufficient to warrant his building a second gun workshop. Still the Prussian authorities hesitated. Heavy guns meant the departure from tradition, and met with resistance from the old gun factories, which were adapted for bronze. The fact that Russia was buying from Krupp had great effect in breaking down this prejudice, as Krupp well knew it would.³⁹ Constantly he pressed for orders, offering every inducement to von Roon to produce guns in excess of the provision in the Estimates. He stated his willingness to deliver the guns at once on terms of payment extending over years, so that there might be no indecision from lack of money.⁴⁰ In 1864, when the War Minister procrastinated, Krupp appealed to the King, who gave instructions for an additional order to be placed for 300 crucible-steel guns.⁴¹

Krupp had now gotten his teeth firmly fixed in the armament business. For along with the Prussian orders, he was busy completing a new ~~£~~[£]150,000 Russian order for heavy guns.⁴² He no longer begged for favors. In fact favors were asked of him. When, in 1866, von Roon asked him not to supply guns to Austria, Krupp replied that such an action on his part would amount to a breach of contract. If the home Government disapproved of the order, it would have to assume the responsibility of stopping the shipment.⁴³ When war was imminent during the Luxemburg dispute, Krupp offered a 1,000 pounder gun to the Prussian King as a free gift. In a letter to his agent, Krupp disclosed his motive: "Credit and goodwill will be the

- (39) Ibid., p. 205
- (40) Ibid., p. 208
- (41) Ibid., p. 210 (See note also)
- (42) Ibid., p. 212 (See note also)
- (43) Ibid., p. 226

fruit which this seed will grow for us, even though the patriotic purpose were not fully realized or appreciated. In spite of all, even opponents will bow before so fine a deed, as it will be regarded by everyone, and the effect in our favor will extend over the German States, Ministries, and Princes." ⁴⁴
 A second gun he intended to offer Russia with the same motive. ⁴⁵
 In 1868 he notified the Prussian War Minister that Russia had called for the quickest possible completion of her whole order and that negotiations were pending regarding other large quantities. ⁴⁶ Because of his deep love of country, he now warned the Government officials that they would have to rush in an order if they did not want to be left out.

After the Prussian War, Krupp redoubled his efforts to re-arm the German army with steel weapons. The War office remained firm in their opinion that the traditional Prussian war equipment needed no improvement. Krupp then offered to pay £3,750 to defray the cost of the most comprehensive comparative tests between the various steel and bronze field-guns, adding that he was ready to produce from 1,000 to 2,000 guns with payment deferred until the liquidation of the French indemnity provided the means. ⁴⁷ As usual, he reinforced his offer by enlisting the Kaiser in his behalf, whining over the opposition of the military authorities who would not give his guns a fair trial "unless.....His Majesty the Kaiser is himself pleased to order it, just as originally his order was necessary for the first introduction of the crucible-steel gun." ⁴⁸ It is fairly obvious that the stubborn attitude of the military authorities

- (44) Ibid., p. 235
- (45) Ibid., p. 235
- (46) Ibid., p. 244
- (47) Ibid., p. 263
- (48) Ibid., p. 264

to change their bronze guns or even to increase their supply, would have prevented the later, over-armed state of Germany and the race for armaments in other countries, had it not been for the nagging efforts of Krupp to increase his profits, prestige, and power. He was keenly aware of the Kaiser's ambition, and knew he was using magic words in the following appeal to the Kaiser: "We live in the Steel Age. Railways, the greatness of Germany, the fall of France, belong to the Steel Age; the Bronze Age is past."⁴⁹ With the Kaiser and Bismarck,⁵⁰ the great arbiter of Germany's destiny, harnessed to his triumphal chariot, Krupp could not fail. Bismarck could not proceed with his policy without an effective rearmament. The time at last arrived in which Krupp called the tune, and the "big, silly public" paid the piper.

Krupp now determined to acquire a large firing ground in order to free his experiments from "the snail's pace of the departmental authorities."⁵¹ He approached the Kaiser, the Crown Prince, and Bismarck, and was granted Dulmen for his demonstrations. There his tests overcame the remaining resistance of the military authorities. In 1877, Meppen was created, with a maximum range of fifteen miles, so that he could try out his new monster guns. Meppen became the international show room for new weapons. Kings, princes, artillery experts, and other influential customers from all over the world gathered in this theatre to view the latest engines of death and destruction. Here Krupp was hailed as the "Cannon King"; nothing was said of the cannon fodder.⁵² With the acquisition of Meppen, Krupp wrested

⁴⁹ Ibid., p. 266

⁵⁰ Ibid., p. 280 (See note also)

⁵¹ Ibid., pp. 253, 261

⁵² Lefebure, "Scientific Disarmament", p. 60

for himself what had been -- and still is in most countries--- one of the most prized and secret functions of the Government, the testing and standardization of the performance of a new weapon on a large scale. Krupp had triumphed indeed.

The story of Krupp finds its replica in the armament industries of almost every other country. The ruthless tenacity of one man forced on the world the steel age of armament, and gave such momentum to competitive armament that manufacturers of munitions can pile up wealth -- undreamed of by Midas -- while they sit safely near the stock exchanges of the world, far away from the blood and stench of slaughtered humanity. Even Midas was not content with gold when his roses and his daughter became the victims of his stupid greed. What of the sons of mankind?

Chapter II

Men Without a Country

Although the business of armament is dependent upon fostering patriotism and nationalism as a means to profits, the armament manufacturers themselves recognize in business no nationality and no patriotic allegiance. We have already referred to the fact that Zaharoff sold submarines to Turkey, the traditional enemy of Greece, even though he was a Greek, and that Krupp, a German, received his first big order from the Khedive of Egypt. At the Battle of Koniggratz, German kinsmen destroyed each other with German guns, which were "molten brotherly-wise in the same crucible."¹ In the Boer War British soldiers were killed by British guns sold to the Boers.² Throughout the Russo-Japanese War, England, although an ally of Japan, sold arms to both sides.³ In the World War both sides used big Krupp guns and Maxim machine guns.⁴ Moreover, since the Austrian Skoda Works had acquired a repair plant in St.

(1) Russbuldt, "War for Profits", p.41 (Also in "The Secret International", p. 7)

(2) Ibid., p. 52 (Also Lewinsohn, "The Mystery Man of Europe", p.105)

(3) Ibid., p. 52 (Also "The Mystery Man of Europe", p. 113)

(4) Ibid., p. 43

Petersburg, the tragedy followed of Austrian soldier's being shot down by Russian guns, which had been repaired through the efforts of their own countrymen.⁵ The English in the Dardanelles were shot down by guns which the Turks had bought from British firms.⁶ Mr. Arthur Henderson, chairman of the Disarmament Conference at Geneva, tells of a cannon, captured from behind the German lines, which has been set up in an English town as a glorious trophy of the World War. There in a peaceful green setting, this big monument to death bears the bitter message which chance has so ironically achieved. On one side of the formidable cannon are inscribed the names of the British soldiers who sacrificed their lives to capture the gun. On the other side is the name of the British manufacturer who sold it to Germany.⁷

In January, 1900, the German public was excited about an order for steel grenades, apparently accepted by the Krupp Works for the British Government. Count von Bulow wrote to Krupp, asking him to delay delivery until further notice.⁸ In 1914 guns for the fortresses of Salonica, Kavalla, and the frontiers were ordered from Krupp, and later used against Germany.⁹ On August 4, 1914, the Minister at Bucharest sent the following telegram to the Foreign Office:-

"Mr. Bratianu requests that the orders for war material placed with Krupp and other German firms shall not be held up by us, as otherwise Roumania will be unable to make her

(5) Ibid., p. 31

(6) Ibid., p. 31 (Also in "The Secret International", p. 7)

(7) Louisville, Courier-Journal March 30, 1933, Editorial, "A War Memento."

(8) German Diplomatic Documents. pp. 119-20. Doc. 452

(9) Kautsky Documents. Vol. I, p. 234. Doc. 243

military preparations."

Up to the death of Alfred Krupp in 1887, of the 24,576 guns manufactured in Essen, 10,666 remained in Germany, while 13,910 were exported. The Krupp Company manufactured, as the figures show, 3,244 more guns for possible enemies of Germany than for the soldiers of the home country. By the end of 1911 the output was almost doubled. Of the 53,000 guns manufactured, 26,000 remained in Germany, and 27,000 were exported to fifty-two countries--many to be used later to kill German soldiers in the World War. Again the Krupp Company manufactured more guns (1,000 more) for the use of Germany's possible enemies¹¹ than for the use of the soldiers at home. In fact, before the World War, the German Arms and Munitions Factories stated over and over again, in their business reports, that their combined business was in a large part with foreign countries.¹² Their business, like that of all other industrial concerns, was to manufacture dividends. They delivered their products to those who paid the highest price. What matter, then, whether their weapons were for domestic or foreign use? This most international of all industries had no place for patriotism in its nefarious trade.

The history of armament firms in the United States, Japan, and the principal countries of Europe, shows the trend, in their development, toward international consolidation, until now they grip the world with a band of steel, from which there seems to be little hope of escape, unless the great mass of citizens in

(10) Ibid., p. 595, Doc. 867

(11) Russbuldt, "War for Profits", p. 43

(12) Ibid., p. 30

every country ceases to be hoodwinked by fiery talk of "security" and "patriotism." So eminent an observer as Sir Norman Angell, describes the insidious propaganda of armament industries and its motivation:

"Certainly some profit by smallpox---lymph makers, chemists, doctors. But those isolated interests who benefit by smallpox are not able to use as much influence to promote it as armament makers and others sometimes undoubtedly use to promote wars. Why are the smallpox profiteers powerless and the war profiteers powerful?

"Broadly because no one is able really to persuade the nation that it benefits by smallpox, or that it is a duty to get it, or noble, or patriotic. But those who profit by war are powerful because they can very easily persuade a whole nation that war is to its advantage, right and glorious. If we reduce the war traders to the same powerlessness that the smallpox traders reveal, there is only one means of so doing --- to bring home to the public, which they exploit, the same sense of futility of war, to create in the public mind the same feeling about war which it now possesses about smallpox. The war traders can only act through the public mind -- its beliefs, fears, cupidities, prejudices, hates, pugnactities, animosities. So long as these lie beneath the surface of the ordinary man's thought, he will be an easy victim of the war trader's exploitation.

"In other words, even if it be true that some interests do promote war, the only thing to do in the face of that truth is to undermine the widespread fallacies which the

interests use, and upon which their power is based."¹³

The truth is that "a relatively infinitesimal group of capitalists is able, by manipulating a mass of ignorance and blind prejudice, to profit at the expense of all other capitalists whatsoever."^{13A}

This world tendency toward the formation of trusts and cartels, with the determined purpose to foster war and create markets, has firmly established the armament industry in its ruthless commerce in suffering and death. We shall consider these industries, country by country, in the following sequence: those of Germany, France, Czechoslovakia, Great Britain, Japan, Holland, and the United States.

Germany

Before the World War Krupp's was the dominant firm in the arms industry. The Krupp method of causing Governments to embark on a program of competitive arming by persuading them to adopt a new type of weapon, because a rival nation was already equipped with it, brought retribution to the Governments in the great catastrophe of 1914-1918, and colossal fortunes to the armament makers. Many German arms manufacturers resorted to almost every conceivable means to swell their profits. They encouraged chauvinism in their countrymen by shamelessly publishing fake reports in both the home and foreign press. Their firms, masquerading under German names, were really international in character. Nothing could please them more than to see a rival nation increase its

(13) Norman Angell, "The Great Illusion", pp. 189-190
 (13A) Ibid., p. 193

armaments, for no "patriot" could stand idly by while his country was thus imperiled. A few well chosen words of alarm spoken in the press and later to the Government officials, soon brought the fatherland out of danger and gold out of the public coffers into the pockets of the munitions makers.

In 1868 Frederick Krupp wrote to Napoleon III, of France a letter which runs as follows:

"Encouraged by the interest which your Gracious Majesty has shown in a simple industrialist and the fortunate results of his endeavors and his unheard-of sacrifices, I venture once more to approach Your Majesty with the request that Your Majesty will condescend to accept the accompanying album. It contains a collection of drawings of various articles manufactured in my workshops. I venture the hope that the last four pages, which show the steel cannon which I have manufactured for various high powers of Europe, will be worthy of Your Majesty's attention for a moment and will be an excuse for my boldness.

"With the deepest respect and the greatest admiration,

"Your Majesty's most humble obedient servant."

This letter is printed in the Briefe Deutscher
 14
 Battelpatrioten.

Napoleon III's reply gave his blessing to the Krupp firm in the following words:

"The Emperor has received the album with much interest, and has commanded that you shall be thanked for it and given to know that His Majesty has a lively desire for the success and

(14) Translation of Dr. Liebknecht's speech in the Reichstag on April 18, 1913, quoted in Congressional Record, Vol. 52, pt. 6, App: p. 439 (See also Russbuldt "War for Profits", p. 42)

expansion of an industry designed to render such important
¹⁵
 services to humanity."

In 1907, another great German firm and competitor of Krupp's wrote the following letter to its Paris agent:

"We have just wired you, 'Kindly await our letter of today in Paris.' The reason for this wire was that we should like to have inserted in the most widely read French newspaper, if possible in the Figaro, an article containing the following message: 'The French War Office has decided considerably to hasten the re-arming of the army with machine guns, and to order twice the number that was at first intended.'

"We request you to take all steps to have an article of the kind accepted,

Yours faithfully,

Von Gontard

Deutsche Munitions und Waffen Fabrik"
¹⁶
 (German Arms and Ammunition Co.)

The letter was signed by two directors of the company. The purpose of this article, of course, was to arouse public opinion in favor of increases in army expenditure, which would, incidentally, fill the coffers of the firm. Then the firm's officials were to rush to the War Office in Berlin, show the French article, and urge a large order of machine guns. The publication of this article resulted in France's extending her two years' compulsory service to three, and

{15} Ibid., p. 439. (Also Russbuldt, "War for Profits", p. 43)
 {16} Ibid., p. 421. (Also International Conciliation, (1913), "Profit and Patriotism", p. 8)

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Germany's increasing her standing army to 870,000 men.

Herr von Gontard was one of the most powerful men in the German armament industry. He was a director on the boards of the following firms: The Berlin-Karlsruhe Industrial Works, Bohler Brothers, Mauser & Co., Oberndorf, Daimler Benz, Ludwig Loewe Inc., Berlin and Silesian Mines & Smelters, Breslau. He was also mentioned as the chief, secret witness in the Bullerjahn case, in which Bullerjahn was accused of betraying the secrets of the Berlin-Karlsruhe Industrial Works and, therefore, of acting as a traitor to his country.

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The Dollingen Works is another firm which thrives by subsidizing jingo sheets and diverting advertising patronage to their columns. Herr Schubert, owner of the jingo Berlin Post is also a heavy stockholder in Dollingen. After the dust raised by Liebknecht in the Reichstag, the Post was condemned by the Chancellor for a series of violent diatribes against France.

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The Rhenish Westphalian Gazette is also tainted with the capital from armament firms.

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Although armament firms thrive on international hostility, they are run on internationalized capital. The German Arms and Ammunition Factory is a group of firms rather than a single concern. This trust includes the main concerns which produce war material, and is second in importance only to Krupp's. Besides its great works at Dollingen, in Germany, it controls the Mauser factories (famous for the Mauser rifles) and the National Arms Factory of Heristal, in Belgium.

22

(17) International Conciliation: "Money-Making and War", p. 12

(18) Russbuldt, "War for Profits" pp. 58-59

(19) Louisville Courier-Journal Aug. 27, 1913 (Also New York Times)

(20) Dr. Liebknecht's speech in the Reichstag, April 8, 1913, quoted in the Congressional Record Vol. 52, pt. 6, app: pp. 439, 421

(21) Ibid., p. 439

(22) Ibid., p. 421

In 1905 the German Arms and Ammunition Factory, the Mauser Arms Factory, the Austrian Arms Factory of Vienna, and the National Factory, in Belgium, concluded an agreement in regard to Russia, Japan, and Argentina, and later a second agreement in regard to all other countries. The agreement guarantees to each of the contracting firms the monopoly of the exploitation of certain countries. The Austrian firm was to monopolize the Bulgarian and Roumanian market.²³ The Actien Gessellschaft der Dillinger Huttinwirke -- that is, Dollingen Ironworks -- was allied with firms of England and France in which combination it held no fewer than 2,731 shares, and was represented on the board by Fritz Saeftel, of Dollingen. Friedrich Krupp held 4,731 shares, and was represented by Heinrich Vielhaber and Emil Ehrensberger. Krupp's was related to the Skoda Co. of Austria.²⁴

For all these scandals and international combinations, Dr. Liebknecht had documentary proof. This fearless exposé of widespread corruption warned the German people that "behind all the gaudy pomp of patriotic fooleries stands nothing but the sordid greed of gold."²⁵

A marine trust also was formed in Germany with headquarters in Dortmund. If a German dock wished to order shipbuilding material, it need not apply to the individual concerns, but to the headquarters of the trust, which referred the orders to the associated firms. These firms never bid against each other. Instead, they played into each other's hands. Being in close touch, they could make out bids and fix

(23) Ibid., p. 439
 (24) Ibid., p. 420
 (25) Ibid., p. 439

prices. They decided, in advance, which company would make the lowest bid and receive the contract. To defray the cost of maintaining the business headquarters, a ten per cent. charge was to be paid by the said company -- the ten per cent. being figured, not on the net profit, but on the computed estimate. Naturally this charge was included in the original price, and was paid by the Government.

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France

Schneider-Creusot is the big armament plant of France. It is the most influential firm in the Comité des Forges, a powerful French combine, organized for the production and marketing of French iron and steel, and extending its influence in politics, banking, and the press. It is reported that this union forced Poincaré to go into the Ruhr, the jugular vein of Germany. In this region the vast wealth in coal and the huge industrial establishments were concentrated. The ostensible reason for the seizure of this territory was to force Germany to pay her reparations. This invasion aroused an outburst of rage, revolt, and hatred among the German

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(26) Russbüldt "War for Profits", p. 28. This practice of settling the bids beforehand is still prevalent in the United States. President Franklin Roosevelt recently ordered an investigation of bids on American vessels made by the Bethlehem Shipbuilding Corporation, New York Shipbuilding Company, Newport News Shipbuilding and Dry Dock Company, and United Dry Docks, Inc. Senator Trammell, chairman of the Senate Naval Committee, said that he was informed that "it was known in advance which of the four concerns bidding on the cruisers would be low on each of the several items and it appears to have been known in advance that the position of each of the said shipbuilders would be protected by bids submitted by the remaining shipbuilders." (See Louisville Courier-Journal, August 2, 1933)

(27) Bromley, Dorothy, "What does France Want?" p. 19. Miss Bromley refers to a French Magazine, "Le Craponillot," which was suppressed by the police in 1931. It revived the scandal of the operations of the Comité des Forges during and after the World War

Nationalists. The Germans felt, however, that it was now beyond doubt that France's real intentions were to seize the wealth of the Ruhr, in order to get a monopoly of the coal, just as she had gained the monopoly of iron by annexing the Lorraine mining basin. In the summer, German trade collapsed. Cut off from its principal industrial and mining center and deprived of its coal supply, Germany had increasing difficulty in keeping her industries in operation. ²⁸ Although there is no direct evidence, it is a reasonable possibility that the industries which would profit from this wealth of iron and coal, would not look with disfavor on a policy by which this raw material might be acquired. The Comité des Forges would certainly gain, not only by access to unlimited raw material, but by the destruction of German industry. By preventing a rapprochement with Germany, hatred of Germany might be prolonged, so that the race for armaments would continue.

M. Eugene Schneider, head of Creusot, which supplies the French army and most of the armies of Central Europe, is one of the leading members of the Comité des Forges. M. François de Wendel, head of the house of de Wendel, the largest iron and steel manufacturers in France, is president of the Comité des Forges. He is also a Deputy in the French Chamber and a director of the Bank of France. He owns a controlling interest in two well known papers, le Journal des Debats and le Temps. Le Temps is also connected with the Comité des Houillères ²⁹ (mine-operators) through its president, M. de Peyerinhoff.

From 1914 to 1918 the de Wendel mines and forges in Lorraine were occupied by the Germans. It is reported in a recent magazine that not even once were they bombarded by French

(28) Reported by Henri Lichtenberger, "The Ruhr Conflict."

(29) "The Secret Interoceanic War."

guns, even though it was known that the Germans were mining most of the iron for their army needs from this rich basin. Did the Comité des Forges have an interest in continuing the war, and did they bring pressure to bear on the Government? Both during and after the war German steel was exported to the enemy by way of neutral countries, and German soldiers were later killed by weapons made of this same steel. These facts have not been refuted. After the World War, Schneider laid his hand on the Skoda Works, in Czechoslovakia. These were the largest armament factories in old Austria-Hungary. With Vickers, an English armament firm, Schneider founded the Polish War Material Co., in Poland. The Schneider Co. held 9,862 shares in the Harvey Co., while La Compagnie des Forges at Acieries de la Marine et d'Homecourt (i.e., Homecourt Navy Steel and Iron Company) held another 150. The Harvey Steel Co., the great international armament ring, had four French directors, two of whom held 2,000 shares each.

In the last few years the Schneider firm has supplied arms to Mexico, Jugoslavia, Greece, Japan, Rumania, Turkey, Bulgaria, Montenegro, Russia, Argentina, Spain, and Italy. In many of these transactions loans had to be made, and for this purpose Schneider has organized banks, which have interests in the country concerned, as well as in France. In a later chapter we will discuss the powerful influence of these banks in securing armament orders.

Czechoslovakia

The Skoda Works and enterprises are scattered throughout

(30) Dorothy Bromley, "What Does France Want? New Outlook, Feb., 1933, p. 19

(31) Russbuldt, "War for Prpfits", pp. 76-81

(32) Lewinsohn "The Mystery Man of Europe" p. 200

(33) Congressional Record, Vol. 52, pt. 6, App. : 420

(34) "The Secret International", p. 21

Czechoslovakia. Armaments and munitions are manufactured in Pilsen. There is a testing ground in Bolovec. The arsenal Brno, a small repair factory before the World War, has become immense. In Prague, Skoda has developed enormously its manufacture of aeroplanes, and the aerodome near Prague has a large output of military aeroplanes. Skoda also has poison gas factories and nitrogen works in Marienberg, Asce, and Olomouc.³⁵

In recent years, the number of military aeroplanes is rapidly increasing all over the world. This increase is due to the fact that the next war will probably be fought from the air. As soon as war breaks out, nations intend to use bombing squadrons to shower gas, incendiary, and explosive missiles on enemy cities of strategic importance, politically and economically. In every country, military authorities are carefully preparing for this method of warfare.³⁶ General Amos A. Fries, in his book on chemical warfare, sums up the menace in the following paragraph:-

"The World War opened the eyes of Great Britain, France and Japan, as well as the United States. Each of these countries is busy building up a mammoth chemical industry, as a solid basis for a successful war. Who among us, before the war, would have imagined all the things the Germans have been able to make out of a stinking mass of coal-tar?"

Later in the book he says:

"Gas war will never be abolished."³⁷

In view of this fact, the growing business in aircraft and chemical warfare must be looked upon with horror. If these

(35) Ibid., p. 23

(36) K.L.Von Oertzen, "International Armament", Review of Reviews, Apr.1932 (See also Lefebure, "Scientific Disarmament"; Elvira K. Fradkin, "Chemical Warfare -- its Possibilities and Probabilities", published by International Conciliation, March, 1929, No. 248)

air raids should be made on the cities, they would necessarily break the old international law forbidding the use of arms against non-combattants, as well as violate the later international agreements not to resort to chemical warfare. Deprived of military aircraft and other means sufficient for defense, the defeated powers of the World War are especially in a state of alarming insecurity.

The Skoda Company has factories in Poland and Rumania. Through the Union Européenne Banque, Schneider-Creusot, of France, controls Skoda and, consequently, the Czechoslovakian market. Skoda has delivered arms to Jugoslavia, Poland, Switzerland, Greece, Turkey, Persia, China, Mexico, Argentina, Spain, Bulgaria, and the Soviet Republic.

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Great Britain

Vickers-Armstrong is today the great armament firm of England. It started in the firm of Vickers Ltd. In 1892, by acquiring interests in other companies, especially in William Beardmore, it developed a vast concern with Ordnance Works at Glasgow, factories at Sheffield and Erith, and Naval Works at Walney Island. In 1897 it bought up the Naval Construction & Armament Co., of Barrow, and the Maxim-Nordenfeldt Guns & Ammunition Company. The combine then bore the name of Vickers, Sons, & Maxim. Immediately after the Boer War they acquired the Wolseley Tool & Motor Company and the Electric & Ordnance Accessories Company.

The international character of the firm is seen in the transactions brought about by their agent, Basil Zaharoff. He effected an alliance with the St. Petersburg Ironworks and the Franco-Russian Company from which he obtained orders for guns

and heavy material for cruisers. Through the Russian Shipbuilding Company he received an order for two first-class battleships. Beardmore, Vickers' firm in Glasgow, cooperated with Schneider-Creusot and Augustin Normand in the construction of a dockyard and cannon factories in Reval. Zaharoff himself held shares in Vickers-Maxim, Schneider-Creusot, and in ten other British arms factories, including Armstrong-Whitworth.³⁹

In 1901 Vickers became a part of the great international trust, the Harvey United Steel Company, which, up till 1913, comprised the chief armament firms of Great Britain, Germany, France, Italy, and the United States. All the peace societies of the world have not been able to organize so powerful an international union for peace as the munition makers effected in the Harvey Steel Company for war preparedness. This formidable trust comprised the following companies of Great Britain, the United States, France, Italy, and Germany:⁴⁰

Great Britain

Vickers, (Ltd.) Albert Vickers, chairman of the company, held 2,697 shares in the Harvey Steel Company, and was managing director.

William Beardmore & Company (Ltd.). William Beardmore, chairman of the company, was a director of the Harvey Company.

W.G. Armstrong, Whitworth & Company. (Ltd.). J.M. Falkner, a director of the firm, was on the board of the Harvey Company.

John Brown & Company (Ltd.), the Coventry Ordnance Company (Ltd.), and Thomas Firth & Company (Ltd.) were all represented by C.E. Ellis, with a holding of 7,438 shares.

(39) Ibid., pp. 8-13. (Also Lewinsohn, "The Mystery Man of Europe", p. 116 and pp. 184-196)

(40) The following ramifications are quoted in the Congressional Record, Vol. 52, pt. 6, App: 420

The Fairfield Shipbuilding Company (Ltd.) and Messrs. Cammell, Laird, & Company (Ltd.), which were largely interested in the Coventry Ordnance Company (Ltd.), were both allied with John Brown & Company (Ltd.), which was connected with the Projectile Company (Ltd.), Messrs. Palmer's Shipbuilding & Iron Company, and the Hadfield Foundry Company (Ltd.)

United States

The Bethlehem Steel Company (Ltd.) held 4,301 shares in the Harvey Company. With the Bethlehem Company was joined, at this time, Harlan & Hollingsworth, of Wilmington; Union Iron Works, of San Francisco; and Samuel L. Moore & Son, at Elizabeth.

France

Schneider & Company held 9,862 shares in the Harvey Company, and the Homecourt Navy Steel and Iron Company held another 150. The Harvey Company had four French directors, two of whom held 2,000 shares each.

Italy

The Terni Steel and Iron Works Company held 8,000 shares, and was represented by Raffaele Bettini. It was also allied with Vickers (Ltd.) as Vickers-Terni, with a huge arsenal; and Vickers were connected with Messrs. Odero, of Genoa, and Messrs. Orlando, of Leghorn.

Armstrong, Whitworth & Company held the shares of Armstrong-Pozzuoli (Ltd.), whose arsenal is the chief source of war material for the Italian navy. Ansaldo-Armstrong & Company (Ltd.), of Genoa, is in the same group.

Germany

We have already mentioned the holdings of the Dillinger Iron Works and of Friedrich Krupp.

Furthermore, Krupp's was related to the Skoda Company, of Austria; Schneider & Company had interests in Russia; and the Dollingen firm was owned by the German Arms and Ammunition Factory, which had holdings in Belgium and in the Mauser Company, in addition to its huge munition factory in Germany. ⁴¹ Krupps ⁴² also had armor-plate works at Nikopol-Mariupol, in Russia.

This gigantic octopus came into existence on July 26, 1901, and, by 1914, it had crushed the peoples of the World in its powerful arms, and left them broken and bleeding.

The Nobel Dynamite Trust Company was the great Anglo-German dynamite alliance before the war. Strange as it may seem, the same forces that held these two countries together in the armaments trade, blew them apart in the explosion of 1914. This British Company, with its £ 4,000,000 capital and regular 10 per cent. dividend, dated from 1886, and held all the shares of a number of British and German explosives companies. It held the entire share capital of the Nobel Explosives Company, Ltd., had seven directors on the British South African Explosives Company, and was likewise connected with the Birmingham Metal & Munitions Company, the Chilworth Gunpowder Company, and several other British firms. On the German side, it is interested in the Dynamit Actien-Gesellschaft -- that is, Dynamite Company --, formerly Alfred Nobel & Company, of Hamburg, the Dresdner Dynamit Fabrik, and two other German explosives concerns. The Trust has a board of fourteen directors, of whom about six are Germans, while the British South African, a subsidiary company, has four ⁴³ Germans and one Frenchman on its board.

(41) Congressional Record. Vol. 52, pt. 6, App: 420

(42) G.H.Perris, "The War Traders", p. 80

(43) Ibid., pp. 59-60

In 1927 the armament and shipbuilding interests of Vickers Ltd. merged with those of Sir.W.G.Armstrong-Whitworth, Ltd.

Today Vickers-Armstrongs, Ltd. has factories or connections in Italy, Canada, Japan, Rumania, Ireland, Spain, New Zealand, Holland, Poland, and France.

Another important firm is the Imperial Chemical Industries, Ltd., the biggest chemical concern in the world. It has on issued capital of over £ 70,000,000, and controls the whole chemical industry in England, both civil and military.⁴⁴ The I.C.I., as it is called, has become the poison gas combine, with ramifications in all the leading countries of the world. It has investments in the General Motors Corporation, Du Pont & Company, and the Allied Chemical Company in the United States, the International Nickel Company in Canada, the I.G.Dye Industry in Germany, and Joseph Lucal & Sons in England.⁴⁵

The Fairey Aviation Company, Ltd. was formed in 1928 and supplies land planes and seaplanes to the British and other governments. It supplies orders to Australia, Ireland, Argentina, Chile, Holland, Portugal, Japan, and Greece. It also has factories in Belgium. Other aircraft firms include the de Havilland Aircraft Company, Ltd., with subsidiary companies in Australia, Canada, India, and South Africa; Handley Page, Ltd; the Armstrong-Siddeley Development Company, which owns nearly all the shares of A.V.Roe & Company, Ltd; the Blackburn Aeroplane & Motor Company, Ltd., the Boulton & Paul Company, and the Bristol Aeroplane Company, which, with the Armstrong-Siddeley Development Company, make the fastest aircraft in the

(44) "The Secret International", p. 16

(45) Ibid., p. 17

world. For instance, the Hawker Fury, an interceptor fighter, has a speed of over 200 miles per hour, and climbs 20,000 feet in eleven minutes.

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Japan

The Mitsui firm is the leading armament firm in Japan. It has interests in the Nippon Petroleum Company, in the Mining Company, in the Medajima Aircraft Company, in electricity works, and in the Taisho Marine and fire Insurance Companies. It is also connected with the Nippon Steel Works, controlled by Vickers. Great Britain makes her contact with Japanese armament firms through this company.

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Holland

Besides the state-controlled artillery works in Zaandam, the dye factory in Amsterdam, and other factories in Muiden and Ouderkerk, there are many private armament firms, such as, the Dutch Shell and Metal Works Factory in Dordrecht; Alard Sons, a revolver factory in Maastricht; the Machine en Apparaten fabriek (which makes torpedoes in Utrecht); the I.F.F.A.Minimax works, (Which makes poison gas at Amsterdam); and the H.E.V.E.A. firm (which manufactures gas masks at Heveadorp).

The Aviation industries are Aviоланда, at Papendrecht, and the Nedelandsce Vliegtingen-fabriek, which is really Fokker -- an aviation concern connected with Vickers and with firms in America.

The Siderius cannon factories have kept up close connections with the big cannon merchants of the Ruhr. The founder of the Siderius factories was Solomon Vlessing, a

(46) Ibid., pp. 18-19

(47) Ibid., pp. 23-24

Dutchman, who was closely associated with German manufacturers of war material during the war. After the Armistice, he and the German industrialist, Ehrhardt, founded the Hollandsche Industrie en Handel Maatschappij Siderius to manufacture war material. Although Ehrhardt held a good many shares, the firm was predominantly Dutch. They sold their material to any Government which wished to give an order.

Besides these firms, there are in Holland offices of foreign armament manufacturing firms: Vickers, Schneider,⁴⁸ Skoda, Krupp, Bofors, (a Swedish firm), and others.

United States of America

The Bethlehem Steel Corporation is the outstanding armament firm in the United States. Like Vickers of England, it has become a holding and owing company. Two other leading firms are the Brown Boveri Electric Company and the Newport News Shipbuilding & Drydock Company, which were involved with the Bethelhem Steel Company in the Shearer scandal (discussed fully in a later chapter). There are also the N.Y. Shipbuilding Company, Midvale Steel Corporation, and the United States Steel⁴⁹ Corporation, which controls the Carnegie Steel Corporation.

In 1900 -- a year before the Carnegie Company became the United States Steel Corporation -- Carnegie was producing half⁵⁰ the armor-plate of the United States. On Feb. 25, 1901, with the formation of the United States Steel Corporation, seventy per cent. of the American iron and steel industry had become organized. "More than that", says the historian, "it had become

(48) Ibid., pp. 24-25

(49) Hearings before a Sub-Committee of the Committee on Naval Affairs, United States Senate, Seventy-first Congress, first session, pursuant to S. Res, 114 (Washington, 1930)

(50) J.H.Bridge, "The Romance of Steel", p. 185

Morganized --" being now linked to a dozen banks, a score of⁵¹ railroads, and an unknown number of other corporations.

The E.I. du Pont de Nemours is an important chemical concern which manufactures poison gas. It is linked up with the Imperial Chemical Companies of England, which⁵² has investments in it and in the Allied Chemical Company.

In 1897 the Du Pont Powder Trust entered into a world agreement (which was used later by the Government in its suit against the Du Pont Trust):-

"Whenever the American factories receive an inquiry for any Government other than their own, either directly or indirectly, they are to communicate with the European factories through the chairman appointed, as hereinafter set forth, and by that means to ascertain the price at which the European factories are quoting or have fixed, and they shall be bound not to quote or sell at any lower figure than the price at which the European factories are quoting or have fixed. Should the European factories receive an inquiry from the Government of the United States of North America or decide to quote for delivery for that Government, either directly or indirectly, they shall first in like manner ascertain the price quoted or fixed by the American factories and shall be bound not to quote or sell below that figure.....

"The American factories are to abstain from manufacturing, selling, or quoting, directly or indirectly, in or for consumption in any of the European territory, and the Europeans

(51) Ibid., p. 213

(52) "The Secret International", p. 25

are to abstain in like manner from manufacturing, selling, or quoting, directly or indirectly, in or for consumption in any of the countries of the American territory. With regard to the syndicated territory, neither party is to erect works there, except by a mutual understanding, and the trade there is to be carried on for joint account in the manner hereinafter defined." 53

The printed hearings on the 1912 fortifications bill give a complete exposure of the Du Pont Powder Trust. Mr. Robert Waddell who for twenty-one years had been the Du Pont general sales agent in the United States, testified that it was impossible to induce investors to build a plant and compete with the Du Ponts in government business, even though there were large profits in the powder industry. He stated that the Du Pont Trust was strongly intrenched, maintaining a lobby in Washington, and enjoying close connections with Government officials. They kept at Washington a Mr. Buckner, who was the president of the International Smokeless Powder Company, and a vice-president of the Du Pont Trust. An extract of Mr. Waddell's testimony explains this lobby:

Mr. Waddell. The Du Pont Trust have a publicity bureau they maintain which is for the purpose of influencing not only the purchasers of powder and the people who place their orders, but even the Department of Justice and the United States courts.

*

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*

The Du Pont Trust, so far as I know, have [sic] never been accused of unwarranted generosity and throwing away money, and the fact that they spend hundreds of thousands of dollars in Washington is one that they can explain the reason for

better than I can.

Q. What evidence have you for your statement--the fact that they spend hundreds of thousands of dollars in Washington?

Mr. Waddell. The general information that comes to me through conversations with Washington people.

Q. Will you indicate the character of that information and the conversations that warrant that statement?

Mr. Waddell. The fact of their testimony and the continuous presence here of Mr. Buckner and their publicity agents and many others. I have witnesses to the expenditure of some of the money and to the fact that they kept for some time on the Potomac River a private yacht of T.C. Du Pont, the president of the Powder Trust. That yacht is called the Tech, which the skipper told me was for general entertainment purposes, and that the larder of it was magnificently supplied with everything that could contribute to that end.

* * *

Q. How do you consider that what you designate as the prestige of the Du Pont people would militate directly against a competitor seeking a contract with the Government?

Mr. Waddell. The officers of the Army and Navy, and particularly of the Army, come into intimate contact with Senator Henry A. Du Pont, of Delaware, who is chairman on the Committee on Military Affairs of the Senate.....That position gives him a strong influence compared with that of an outside
54
manufacturer.

(54) Congressional Record, Vol. 52, pt. 6, app: 424 (Quoted by Mr. Clyde Tavenner from a copy of the hearings.)

The Du Pont Company had made an agreement with a German firm, the United Rheinisch Westphalian Gunpowder Mills, to keep it informed of all improvements in the processes of powder making. They also agreed to "keep the German concern informed at all times of all powder furnished to the United States
55 Government, stating in detail its quality and characteristics, and even the quantity, making themselves, to all practical ends, paid informers of a foreign Government." The exact words of the agreement between the Du Pont Company and the United Rheinisch Westphalian Gunpowder Mills are as follows:

"Thirteenth, That the parties of the second part (the Du Ponts) will, as soon as possible, inform the party of the first part (the German concern) of each and every contract for brown powder or nitrate of ammonia powder received by the parties of the second part from the Government of the United States, or any other contracting party or parties, stating in detail, quantity, price, time of delivery, and all of the requirements
56 that the powder called for in such contract has to fulfill."

The names attached to the German contract were Eugene Du Pont, Francis G. Du Pont, H.A. Du Pont, William Du Pont,
57 trading as the E.I. Du Pont de Nemours Company.

When war with Spain was imminent, the three firms in the United States which have a monopoly of the manufacture of armor-plate, got together and notified the United States Government that they would not manufacture a single piece of armor-plate

- (55) Ibid., p.423
- (56) Ibid., p. 423
- (57) Ibid., p. 423

unless the Government agreed to pay them \$100 a ton more than the price fixed by Congress after an investigation to determine a fair price.⁵⁸ Their patriotism did not deter them, however, from selling armor-plate to Russia for \$249 a ton, while they asked \$616 a ton from their own Government.⁵⁹

One of the leading aviation concerns is the Curtiss-Wright Corporation, which includes many firms of importance in the manufacture of aeroplanes and aero-engines. During 1930 the Curtiss-Wright Corporation had considerable Government orders for bombers and training aeroplanes, and for fighting and command planes. Wright engines are manufactured in Poland by the Polskie Zaklady Skoda Company, controlled by the Skoda works in Czechoslovakia; and in Japan by the Mitsui firm.⁶⁰

As we have seen in the case of the Du Pont Trust, the founding of such international trusts increases tremendously the power of manufacturers of armaments and munitions by eliminating a war of competition. Instead of competing, the firms offer concessions to each other in order to obtain favorable conditions from their respective Governments. By such an arrangement they can even force up the price to a higher rate than if they acted as competitors.

We hear much talk of preparedness and need of adequate national defense; yet armament firms have not hesitated to form international trusts in the interests of foreign and domestic firms, even though these foreign concerns are

(58) Congressional Record, Vol. 53, pt. 274

(59) Ibid., p. 274

(60) "The Secret International," p 25

potential enemies. The seriousness of this cartel method lies in its international aspect. Every industry is interested in its market. It is natural to conclude, therefore, that armament firms would be interested in fostering a state of affairs which would increase the demand for their wares. When one country increases its armaments, all other countries affected tend to do likewise. As they can not go on increasing armaments indefinitely, without evidence of actual need of them, some one may start a little war so that the sons and brothers, husbands and sweethearts may give their lives for the glory and the honor of the fatherland;

"For mine is the profit

And the power

And the patriot's glory."

Chapter III

Professional Patriots

The Armament Manufacturer's Prayer

by Allan Jenkins

Our Father, who art in heaven,
A battle-cry be thy name.
Let dark fears come
And hate, till drum
Turns earth into Death's Kingdom.
Give men once more their daily lead;
And grant that this land's debts
For bomb and gun shall make
The unborn my great debtors.
Lord, lead us not
To Disarmament's temptation:
Deliver us from such evil.
For mine is the profit
And the power
And the patriot's glory. Amen.

The armament maker's deeds would seem to indicate that he believes in the practical wisdom of the old saying, that "God helps him who helps himself." Certainly, as facts show, he has been no laggard in bringing about the profits to himself, by way of fears, hates, and debts. The enormity of his profits has already been discussed. In this chapter we shall continue to follow up his devious ways in bringing about the conditions that are profitable to him, at the expense of the world.

The open resistance of our Navy League against efforts to economize in the cost of armament, might call into question the disinterested "patriotism" of certain members of the league. On page 32 of the Navy League Journal of February, 1904, is found an official list of names of the nineteen founders of the League, including one corporation. Among them the following are worthy of notice because of their connections with armament firms:

1. The Midvale Steel Corporation;
2. Mr. Charles M. Schwab, president of the Bethlehem Steel Corporation;
3. Mr. J.P.Morgan, organizer and director of the United States Steel Corporation, controlling the Carnegie Company;
4. Col.R.M.Thompson, chairman of the board of directors of the International Nickel Company, in which steel, nickel, and copper interests interlock through him; he was president of the League.
5. Mr. B.F.Tracy, ex-Secretary of the Navy; after leaving office, he became counsel for Carnegie Steel Company

and the Harvey Steel Company, and was director of the
¹
 Tennessee Coal, Iron and Railroad Company;

6. Mr. George Westinghouse, president of 30 corporations
²
 which have profited enormously from war orders.

7. Mr. Clement A. Griscom, director of the United States
 Steel Corporation, the Cramp Ship and Engine Building Company,
³
 and the Electric Boat Company.

8. Mr. S.S. Palmer, a director of the Lackawana Steel
⁴
 Company.

It is interesting to note that among the nineteen
 founders of the league every armor-making concern in the United
 States, at that time, was represented; and that the greater half
 were connected with firms that would directly profit from
⁵
 increased military appropriations passed by congress. In 1916,
 these same millionaire patriots of the Navy League, working
 alternately upon the fears and the patriotism of the American
 people, were canvassing the country advocating a \$500,000,000
⁶
 bond issue for battleships and other war vessels. The recent
 Senate investigation of the alleged activities of William B.
 Shearer shows conclusively that naval and merchant-marine
 propaganda have been organized and financed by private
 shipbuilding interest.

In 1929, three of the largest Shipbuilding companies in
 America -- the Bethlehem Shipbuilding Company, the Newport.
 News Shipbuilding & Dry Dock Company, and the American Brown-

- (1) Congressional Record, Vol. 53, pt. 1, p. 276. See also the Navy League Journal, February, 1904, p. 32
- (2) Congressional Record, Vol. 53, pt. 1, p. 291
- (3) Ibid., p. 290
- (4) Ibid., p. 290
- (5) For other names see chapter IV
- (6) Congressional Record, Vol. 53, pt. 1, p. 280

Boveri Corporation -- figured in this investigation. The danger to the peace of the world through such secret and corrupt methods would never have been exposed to public indignation, except for the fact that Mr. Shearer, the hired, big-navy propagandist, brought suit against the said companies for \$257,655, which he claimed as compensation under an agreement made with the Newport News Shipbuilding & Dry Dock Company, New York Shipbuilding Company, and the Bethlehem Shipbuilding Corporation (Ltd.), whereby he was to be paid \$250,000 in yearly installments of \$25,000 each for services rendered in connection with the Geneva Disarmament Conference and cruiser legislation. Mr. Shearer, who had piped the tune, like the famous Pied Piper, now demanded his fee for getting rid of the plague, even though his employers followed the example of the Mayor of Hamelin, and refused to pay the sum agreed upon.

Mr. Shearer's duties in the four separate enterprises in which he had been engaged, might be summarized as follows:

(a) To influence federal legislation concerning the three-cruiser bill pending in Congress in 1926.

(b) To act as an "observer" at the Geneva Arms Conference of 1927 -- the observer's duties being, according to Mr. Shearer's activities in Geneva: engaging in anti-British propaganda, entertaining naval officers and American journalists, giving out new articles, disseminating

(7) Hearings before a Subcommittee of the Committee on Naval Affairs, United States Senate, Seventy-first Congress, first session, pursuant to S.Res.114 (Washington, 1930), hereafter cited as "Sen.Doc." pp.618,672. Charles Beard, "Big-Navy Boys",
 (8) Ibid., p. 72

literature designed to discredit American advocates of peace,
all with the definite purpose of defeating the limitation of
armaments.⁹

(c) To take part in propaganda designed to influence
legislation in favor of merchant-marine legislation.¹⁰

(d) To carry on a publicity campaign, under the auspices
of Mr. Hearst, which involved writing articles, organizing
patriotic societies, speaking before other patriotic and
civil organizations, chiefly against the League of Nations
and the World Court.¹¹

As a result of his activities during the Sixty-ninth
Congress, eight 10,000-ton cruisers were put under
construction, proportionately divided among the three
companies.¹² Later, owing to the failure of the Tri-Power
Naval Conference at Geneva, there was before the Seventieth
Congress a 71 - ship building program costing \$740,000,000.¹³
The American Brown-Boveri Company paid approximately
\$150,000 for Shearer's work in lobbying for the Jones-White
merchant-marine bill in 1928.¹⁴

Mr. Palen, vice-president of the Newport News
Shipbuilding & Dry Dock Company, wrote to Mr. Homer Ferguson,
president and general manager of the company, informing him
of Mr. Shearer's contemplated speaking tour to be made over
the country on the matter of national defense -- especially
the bearing of the Navy and merchant-marine on the subject.

- (9) Ibid., p. (entire hearings)
- (10) Ibid., p. 55
- (11) Ibid., p. 540
- (12) Ibid., pp. 546
- (13) Ibid., p. 546
- (14) Ibid., pp. 63, 653

Mr. Shearer's plan for raising the money was to purchase one page in the New York Commercial for one day per week for six months -- one page being devoted to information furnished by him on the reaction of his speaking tour. Twelve subscribers, taking a small advertising space at \$2,600 for each subscription (of 26 issues) would allow him his touring expenses. Mr. Palen's letter reveals his approval of Mr. Shearer and his methods:-

"You are no doubt acquainted with Mr. Shearer's work during the past few years in connection with the Navy preparedness, and also his work as an observer at the Geneva Conference. He is probably the most forceful speaker and the greatest authority and enthusiast interested in this question, and I think it advisable to offer him some financial assistance in connection with this speaking tour.

"After making one more address in New York, he expects to spend some time in Washington, after the opening of Congress, in order to get information on the probable attitude of Congress and the administration toward appropriations and backing for the navy and the merchant marine, after which he will start on his speaking tour and intends to cover the entire country, speaking before gatherings organized by the American Legion, the chambers of commerce, and similar organizations that will cooperate with him in getting the necessary audiences."¹⁵

Concerning the Geneva job, all the parties to the agreement testified that Mr. Shearer was hired to go to Geneva as an "observer" for the sum of \$25,000. Nobody was really

sure about what he was supposed to observe, but they hoped he would observe something and report to them so that they might be guided in planning for future building. In fact, Mr. Shearer was to be paid the enormous sum of \$25,000, simply to stay around Geneva observing and reporting. Then, when his reports were made, nobody seems to have read them except Mr. Hunter, counsel for the American Council of American Shipbuilders and fairy god-father of the Shearer group, who had them mimeographed and sent out to his
 16
 proteges.

Mr. Shearer seems to have had a very definite idea of the duties required of an observer. In his letter of February 21, 1928, to Mr. Bardo, he says:

"You say I was to go to Geneva as an observer only. Every member of the shipbuilding group, including Mr. Hunter, received my releases before, during, and after the Coolidge naval conference, at Geneva, and at no time was I instructed to change or stop my tactics which demanded a naval parity
 17
 for the United States."

Mr. Grace, president of both Bethlehem Shipbuilding Company and Bethlehem Steel Corporation, was questioned regarding the dismissal of Mr. Shearer. The testimony follows:-

Senator Allen. The conference was over, and the plan of our country defeated, and Mr. Shearer had advertised himself as being one of the effectives in securing its failure. Its failure, of course, meant an increase in shipbuilding. So when Mr. Hunter said, "You have accomplished that which you have set out to accomplish," was there any sinister meaning

{16} Ibid., p. 311

{17} Ibid., pp. 62, 611

in that?

Mr. Grace. There would not have been to me -- not in
18
my knowledge of the situation.

Mr. Charles M. Schwab, chairman of the board of directors
of the Bethlehem Steel Company, swore that he had not known of
the agreement made by his company until "this question came
19
out," but saw nothing unusual in allowing a subordinate to
20
make such arrangements without the knowledge of his superiors.
As evidence of his deep desire for peace, Mr. Schwab told of
a dinner given in honor of Marshal Foch, at which he had
spoken for the American iron and steel people. In his speech
he said, "As controlling the greatest ordnance works then in
the world I would gladly see it scrapped and sunk to the
bottom of the sea if it would bring peace and lack of this
21
work to the American people." Having this profound love of
peace, Mr. Schwab, avowed controller of a company in which
the invested capital lies between \$700,000,000 and
\$800,000,000, remained apparently unperturbed on learning
that his company had entered upon a policy so utterly
"contrary to the policy and wishes of the controlling interests
22
of the company."

The ways of men are, indeed, beyond understanding. Here
we have shrewd financiers, managing a business that runs into
millions, spending \$25,000 without knowing exactly what they
expected to get for it except, perhaps, the "trend" of the

- (18) Ibid., p. 121
- (19) Ibid., p. 92
- (20) Ibid., p. 96
- (21) Ibid., p. 91
- (22) Ibid., p. 97

conference which all the leading papers were reporting in detail. In employing Mr. Shearer to perform this work, they had made no inquiries concerning him nor any memorandum of the contract or of the checks drawn to various persons and intended for him. When asked how he had put it over on them, these keen business men gave most naive answers. Mr. Bardo, president of the New York Shipbuilding Company, said, "My ordinary business judgment was disarmed by his apparent familiarity and knowledge of the question."²³ Mr. Wakeman, vice-president of the Bethlehem Shipbuilding Company, confessed, "I was just 'jazzed' off my feet on that proposition."²⁴ According to their sworn testimony, these presidents, vice-presidents, and directors of million dollar concerns appeared most trusting and casual in their business methods.

Today the great sea Powers are beginning to feel the results of Mr. Shearer's work, which was financed by three of the largest American shipbuilding companies. A dispatch from the United Press on August 7, 1933, states that the English Admiralty is planning to include several new, powerful cruisers and destroyers in the next budget. The building up of the British Navy is a sequel to the heavy naval building programmes recently announced by the United States, Japan, France, and Italy.²⁵ So the race for naval construction is on.

One of the leading newspapers in Geneva had an article about Shearer, declaring that he was the man who wrecked the

(23) Ibid., p. 30

(24) Ibid., p. 149

(25) Louisville Courier Journal, Aug. 7, 1933

conference. The article was written by Mr. Drew Pearson, who testified in the investigation, and discloses Shearer's activities as follows:-

"When the history of the Geneva Naval Conference is finally written, it will be found that the failure of the British Embassy in Washington and the foreign office in London to keep informed on the state of American public opinion had much to do with the blunt and vigorous Anglo-American conflict at Geneva, with its inevitable setback of mutual goodwill in both countries.

"Coupled with this, Anglo-American harmony was seriously impeded at Geneva by the presence of a paid American big-navy propagandist who disseminated the most violent anti-British propaganda among newspaper men, and who appeared to be encouraged by some of the American naval experts.

*

*

"Almost equally to blame for 'twisting the lion's tail and making the eagle scream', a condition which unfortunately continued throughout the conference, was an extremely able American propagandist whose influence with the representatives of two influential American newspapers was such that he even read their dispatches before fil~~i~~ng. Said to be in the employ of large shipbuilding interests, this gentlemen has been camping at Geneva ever since the meetings of the preparatory conference on disarmament.

"His propaganda, the writer can testify, was most violently and unreasonably anti-British. He appeared to be doing everything possible to prevent the success of the conference, and, while there is no proof that he was

encouraged by American naval men, there was every indication from the amount of time spent in their company that he was not discouraged."²⁶

Mr. Pearson testified that from the way Shearer spent money lavishly, he was "surprised that he had only \$25,000, because he spent money hand over fist."

Shearer, in his own testimony, said that his purpose, as the three companies understood it, was to see that "the United States would get out their side of the story at Geneva; that we would get a treaty of parity, if possible, and if it was not a treaty of parity, no treaty."²⁷

It is a pity that those who champion so persistently the cause of national defense are largely individuals who are interested in the profits from armament making. At a time when nations are seeking to adjust important differences, which might cause war, all discussions should be based purely upon the merits of the cause, and those who are entrusted with this delicate task should be above suspicion as to the sincerity of their convictions. Moral forces are more powerful than guns and battleships, but they are held up to ridicule by private profiteers and power-seekers who make a business of loving their country.

If the Navy Leagues were honestly alarmed over inadequate defense and threat from foreign powers, one would think that the League would deplore propaganda for increasing naval armament in rival countries. It would seem that they actually

(26) Sen. Doc. p. 390

(27) Ibid., p. 433

28

do the opposite. The Navy League of the United States, through its official organ, the Navy League Journal, has repeatedly praised the achievements brought about by foreign Leagues in respect to their navies. In the first issue, published in July, 1903, the following admiring comment was made: "To-day Germany, thanks to enlightened statesmanship and the support of the public, but most of all on account of the efforts of the Flotten-Verein, or Navy League, whose astounding results we shall strive to emulate in this country, may be looked upon as the fourth sea power in the world."²⁹

Again in the issue of December, 1903, the German League was enthusiastically praised: "Without exaggeration it may be asserted that to the German Navy League, more than to every other influence besides, is due the fast and wholesome growth of the German Navy."³⁰ The cooperative spirit of these two leagues is shown in the following letter written by the business chairman of the German League to our Navy League:

Business Headquarters of the German Navy League,

Berlin, Oct. 20, 1903.

"To the Navy League of the United States,

32 Broadway, New York City:

"We have seen in the newspaper, with sincere sympathy, that your business chairman, Herr General Henry H. Boyce, has lost his life through an accident. We regret that this energetic gentleman, who labored for your cause with such real zeal and ability, has been taken away from you. Requiescat in pace.

(28) E.T.S.Dugdale, "German Diplomatic Documents p. 270 (note); p. 274, Doc. XXIV. 36

(29) Congressional Record, Vol. 53, pt. I, p. 282

(30) Ibid., p. 282

indent -> "We trust that the successor of Herr Boyce may be equally as
31
kindly desposed toward our German Navy League....."

Thus we see the Navy Leagues of the World pledging each other their loyal support toward a united, world policy.

The methods of the war traffickers can not always bear scrutinizing. Their aim is to manufacture dividends, and when business is bad, the injection of suspicion and hatred into the hearts of the people at home and abroad, inevitably produces the most lucrative results in armament contracts. A bad season in the armament business is likely to be the origin of an ominous, black cloud that warns of stormy weather and a heavy rain of profits to war traffickers. This was the
32
situation which preceded the English dreadnought panic of 1909.

In 1904 came Admiral Sir John Fisher's great "scrap". This wholesale junking of warships affected 115 vessels, which had cost between £ 35,000,000 and £ 40,000,000. of these vessels, 34 were only five years old. The next year brought the Dreadnought into fashion. Immediately, recently built ironclads and cruisers became "obsolescent", and finally obsolete. Then war trading firms reorganized for a boom in shipbuilding. The stage was clear, and everything ready except, perhaps, public opinion.

The Balfour Government of 1905 had been lavish in awarding warship contracts to private firms. But in 1906, the Tories were completely routed, and the Campbell-Bannerman Government, which followed, reduced naval expenditure by no less than £ 3,707, 840 in three months, and later proceeded

(31) Ibid., p. 282

(32) G.H.Perris tells the complete story in "The War Traders", pp. 103-116

to cut off another £ 1,679,754. The comment of one of the war traders, concerning the situation is enlightening. At a dinner given by officials of Vickers Limited, in honor of Mr. Brodeur, who was later Minister of Naval Affairs, the host complained bitterly of Premier Campbell-Bannerman's attitude toward disarmament. "Business is bad," he said. "How could it be otherwise with a man like Campbell-Bannerman³³ in office? Why we haven't had a war for seven years!" By 1908, a sharp collapse of trade began. With the Government committed to a program of economy, the outlook was gloomy for the war trafficking concerns. Then Mr. H.H.Mulliner came into the spotlight.

Back in 1906, Mr. Mulliner, managing director of the Coventry Ordnance Co., was keen enough to see which way the wind was blowing, and set about making it into a trade wind for himself. This neat little trick was accomplished through the time honored method of issuing a false report. In the "Diary of the Great Surrender", which he published in 1910, two entries tell the story:

"May 13, 1906 - Mr. Mulliner first informs Admiralty of preparations for enormously increasing the German Navy. (This information was concealed from the nation until March, 1909.)

"March 3, 1909 -- Mr. Mulliner, giving evidence before the Cabinet, proves that the enormous acceleration in Germany for producing armaments, about which he had perpetually warned the Admiralty, was an accomplished fact, and that large quantities of naval guns and mountings were being made³⁴ with great rapidity in that country."

(33)Lieut. Col. George A. Drew "Professional War Makers", Review of Reviews, Sept., 1931, Vol. 84, pp. 74-75

(34)G.H.Perris, "The War Traders", pp. 103-116

According to subsequent letters and speeches, Mr. Mulliner's "information" was sent first to the War Office in May 1906, was then "passed on to the Admiralty" and "discussed by them with several outsiders", and later was "passed from hand to hand so that hundreds have read it." In the House of Lords on November 23, Lord Roberts predicted "a terrible awakening in store for us at no distant date." In March, 1909, when the Naval Estimates were being discussed in Parliament, Mr. Balfour, leader of the opposition, prophesied that in 1911, Germany would possess more modern ships than England -- a calculation based on ³⁵ supposition and therefore misleading. By a special kind of mental gymnastics, he figured that Germany would have 25, or, at least, 21 in March, 1912. As the facts later proved, Germany actually had only 9 Dreadnoughts and cruisers on March 31, 1912, and only 14 on March 31, 1913.

This skillful propaganda had terrified the British people, and the tension which followed brought England and Germany almost to the point of war. Although the report was later proved to be false, in 1909 the British Government published the new Navy Estimates, which provided for the building of four Dreadnoughts. So much for the British side of the Affair.

Now let us look at the matter from the German viewpoint. It is probably true that there were forces at work in Germany, which did not look with disfavor upon the trouble brewing in England, for, as we have already seen, the increase of

(35) G.P.Gooch and Harold Temperly, "British Documents on Origins of the War", 1898-1914. Vol. VI Doc. 93, p. 145 Hereafter referred to as "British Documents."

armaments by one nation almost invariably brings on a corresponding increase in the rival country. Captain Dumas, writing from the British in Berlin, December 2, 1907, remarks:-

"The Admiralty, or rather I should perhaps say the German Government, are [sic] carrying out the behest of the Navy League, a large body of whom are permeated with fear of the designs of England, and that therefore we by no means see here the end of this alarming increase."³⁶

Again on December 9, 1907, he quotes from speeches made in the Reichstag:-

"Admiral von Tirpitz said.....'We hear everyday drastic expressions of opinion on the part of the Navy League as to our ships' condition, but our ships are not so bad as these expressions would imply or as the Navy League would wish to make them appear!'"³⁷

In the period of 1905-1906, Admiral Tirpitz opposed the scheme of increasing the German fleet, in the interest of maintaining peace with Great Britain. A long, bitter struggle arose between the Kaiser and the Chancellor, Prince von Bulow, on the one side and Admiral von Tirpitz on the other. Admiral von Tirpitz did not share the opinion that a colossal building programme should be introduced, because he feared that war might be the result.³⁸ Violent attacks were made upon him by the Navy League, because of the insufficiency of the Navy Bill.³⁹ Great Britain insisted upon the "Two-Power-Standard", which

(36) Ibid., p. 76, Doc. 42

(37) Ibid., p. 77, Doc. 43

(38) Ibid., pp. 197-198, Doc. 124

(39) E.T.S. Dugdale, "German Diplomatic Documents", 1898-1910, Vol. III p. 270 (German note) See Outlook Jan. 4, 1908

meant that her navy must be equal to any two foreign navies. The Kaiser remarked to Mr. Lloyd George that Great Britain⁴⁰ had already reached a "Three-Power-Standard".

The Germans believed that Admiral Fisher, as First Sea Lord, had made a mistake in adopting the Dreadnought. All other navies followed England's example, thereby destroying the preponderance of the former British fleet, which had been⁴¹ unrivaled. By 1908, England was aware of this fact. "Nobody, however, cared to acknowledge it, and the responsibility for the consequent increase in the British Fleet was ascribed solely to the German armaments. In reality, however, Germany was building no faster than the rate laid down in the Naval Law of 1900. The Liberal Cabinet of Mr. Asquith and Sir Edward Grey painted the German danger in the blackest colors, in order to goad their unwilling followers to increased sacrifices. It was the year of the Navy Scare, the fleet panic. British newspapers, theatres, cinemas scared the 'man in the street'⁴² with the bogey of a German invasion."

In August, 1908, Sir Charles Hardinge, Permanent Undersecretary of the British Foreign Office, approached the Kaiser on the subject, hinting that the rapidity with which the German naval construction was being pushed, had filled every class of Englishmen with "grave apprehension." In a few years the German Fleet would have reached the British strength. Their conversation indicates the tension existing between the two countries:-

Kaiser. That is absolute nonsense. Who has been telling

(40) Ibid., p. 291. Doc. XXIV 107
 (41) British Documents p. 199
 (42) Ibid., p. 199

you such rubbish?

Hardinge. It is not rubbish at all, but the authentic material of the British Admiralty.

Kaiser. It is nonsense all the same, even if your Admiralty did tell you so. And it is at the same time a proof how little British statesmen and the British people understand maritime affairs and how little they are informed as to their own strength. You have long ago exceeded the two-Power strength without knowing it.

Hardinge. That is quite impossible. You can have no material more authentic than that given me by the Admiralty.

Kaiser. Your material is false. I am an Admiral of the British Fleet as well. I know it perfectly well, and understand it better than you who are a civilian.

The Kaiser sent for the Naval Handbook and showed him the tables. Hardinge evinced great surprise and said: "This table is quite arbitrary and I do not attach the slightest importance to it." Thereupon he closed the book with a slam and continued: "This competition must be brought to an end; an arrangement must be reached by which the rate of building must be slackened. Otherwise our Government will have to bring in a great new building programme next year, and the country will begin to murmur."

Kaiser. We are not building in competition. Our rate is fixed by law, and the number of the ships it authorizes is known to you. It is you who are building in competition.

Hardinge. Can't you put a stop to your building? Or build less ships?

Kaiser. The measure of the maritime armaments of

Germany is a defensive one, and it is certainly not directed against any nation, least of all against Great Britain. It is no threat against you, who are all at present suffering one with another from a fear of bogies.

Hardinge. But an arrangement ought to be arrived at to restrict building. You must stop or build slower.

Kaiser. Then we shall fight for it. It is a question
43
of national honor and dignity.

Here we have a serious conflict between two otherwise friendly countries, brought about by a member of an armament firm through a report which was afterwards proved to be utterly false. The German programme was fixed by law, but before this fact was believed, the armament firms had achieved their purpose in securing the construction of four new dreadnoughts. As in the Shearer case, this roguery would never have been disclosed but for the fact that Mr. Mulliner's company was left out of the party when the time came for giving out the awards. His publication of the "Diary of the Great Surrender" gave the world the facts, and was the cause of Mr. Mulliner's being dismissed as manager of the Coventry
44
Ordnance Company.

No arms producing country, it seems, is entirely free from such corrupt practices. In 1912 the Russian Government set to work to rebuild the army and navy. Russia was just recovering from her defeat by Japan and the ravages of the

(43) Ibid., p. 199, Doc. 124. Corroborated in Memorandum of Sir Charles Hardinge Ibid., p. 184, 185, 186 Doc. 117, and also in Memoirs of Count von Bulow, Vol. II, pp. 357-8, and Dugdale, "German Diplomatic Documents", 1898-1910, Vol. III, pp. 291-294

(44) G.H. Perris, "The War Traders", p. 115

revolution. The Duma demanded that the orders for armaments be given, as far as possible, to Russian firms. But the national factories not being adequate for the carrying out of the whole scheme, a race began at once on the part of international armament firms. Schneider-Creusot held the first claim, for most of the money for the proposed armaments had been raised by French loans. Besides, in 1910, Schneider-Creusot had helped re-organize the Putiloff Works in St. Petersburg, by taking over £1,000,000 of shares. In spite of these facts, the lion's share of the order went to Vickers⁴⁵ through the efforts of Zaharoff.

On January 27, 1914, the St. Petersburg correspondent⁴⁶ of the Echo de Paris (whose coffers are filled to a great extent by armament firms) published the following alleged telegraphic dispatch:

"The rumor that the Putiloff Works in St. Petersburg have been bought by Krupp has been confirmed. If correct, this piece of news should arouse the highest excitement in France. For, as is well known, Russia has adopted French types of guns and munitions for her coast artillery. Hitherto the largest part of this material used by the Putiloff Works was manufactured with the cooperation of the French Creusot Company, and with the aid of a French personnel sent to⁴⁷ Russia."

The public was terrified that the secret of the French guns would fall into the hands of the Prussians, not knowing that the international business of armaments kept no secrets

(45) Lewinsohn, "The Mystery Man of Europe", p. 114-119

(46) "The Secret International", p. 22

(47) Perris, "War for Profits", p. 70

concerning their wares. Those citizens who had invested their savings in the Russian armament loans were righteously indignant. Statistics were produced to show that in recent months Russian naval orders to Germany amounted to 69,000,000 rubles, to England 67,000,000, and to France 57,000,000. Vickers and Krupp both published denials of having had anything to do with the Putiloff affair, but excitement in Paris was allayed only when news arrived from St. Petersburg that the Putiloff Works needed another £ 2,000,000 and would be glad to obtain it from Schneider-Creusot.⁴⁸ Schneider-Creusot willingly^{ly} furnished the required capital, and the Russians were also able to raise an additional loan of £ 25,000,000 in France. The spreading of a false report enabled Russia to borrow the money she needed for armaments.

The power of the press was early recognized by armament concerns. Zaharoff took shares to the value of 250,000 francs in the *Quotidien Illustré*, a publishing firm in Paris which issues the Excelsior.⁴⁹ The Putiloff report is said to have been started by Raffalovich, in collusion with Suchomlinoff, the Russian Minister of War, after an understanding had been reached with Zaharoff.⁵⁰ Certainly, during his great campaign in the Paris Press in favor of the Russian loans, Raffalovich did not forget Zaharoff, who controlled the Excelsior. It is not difficult, under the circumstances, to guess how Vickers obtained the greatest part of the orders for armaments from Russia.

(48) Ibid., pp. 70-71 (Story told also in The Mystery Man of Europe, pp. 113-120.)

(49) Lewinsohn, "The Mystery Man of Europe", pp. 121-122

(50) "The Secret International", p. 41

Zaharoff can also claim the credit for the participation of Greece in the World War. Under King Constantine Greece was endeavouring to remain neutral. After three years of war in the Balkans, the Greeks were ready for peace. Thereupon intense propaganda was begun in Greece, first by Germany, and then by the Entente. Zaharoff was consulted as an expert on Greek matters, and he openly urged the Greeks to declare war against Germany. At this time there was tension in Athens between Venizelos, Premier of Greece, who wanted to enter the war on the side of the Entente, and King Constantine, who wanted to remain neutral. Venizelos appealed to France for a loan in order to get King Constantine out of the country. But Briand could not grant a loan for such a purpose, so long as the King was still the ruler of Greece. Zaharoff, however, enthusiastically volunteered to finance the campaign and provided 7,000,000 francs for the Allied propaganda. Not only did he finance the Venizelos movement for "national defense", but he also organized it. In 1916 he provided another 7,500,000 francs to set up and run the Agence Radio, by means of which long reports were given out about the favorable military situation of the Allies, much of which was pure propaganda. In order to ensure a market, the French propagandists, at Zaharoff's expense, acquired whole
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newspapers.

The commandant of the French squadron before Athens, Dartige du Fournet, describes in his "Souvenirs de Guerre d'un Amiral," the methods of war propaganda indulged in at that time. False reports concerning German submarine and petrol

depots were continually given out. There were engaged in the service of this propaganda a hundred and sixty-two people, many of whom had police records. According to an official list signed by the Prefect of Police of Athens, there were eight murder suspects, twenty-seven thieves and brigands, ten smugglers, twenty-one professional gamblers, and twenty white slave traffickers. They fomented quarrels in order to give the French landing troops an opportunity to intervene, and participated in street fights.

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And so Greece was forced to renounce her policy of neutrality, and Venizelos came into power.

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The Journal des Debats and the Temps, two of the leading French newspapers, seldom lose an opportunity to foment hatred of Germany. Aristide Briand incurred the life long hatred of the Comité des Forges -- which controls these papers -- by his indiscreet remark that "there are journalists whose pens are made of the same steel as cannon." When Germany laid down a new "pocket battleship", a loud cry arose at once in the Journal des Debats, and the magic word "security" vibrated beside bona fide information concerning Germany's "secret army." The French are psychologically ready to hate their long-time enemy, and therefore can not see that Germany is not prepared to fight another war.

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Scathing attacks on the Disarmament Conference have appeared in the leading French newspapers. An article in La Lumière reveals the work of the diabolic forces behind the armament industry:

- (52) Ibid., p. 142
- (53) Ibid., pp. 132-143
- (54) Dorothy Bromley, "What does France Want?" The New Outlook, February, 1933, p. 19

"A violent and audacious campaign is being carried out against disarmament; it is being done through the Écho de Paris, and its political leader writer, M. de Kerillis. To fill at the same time the coffers of his propaganda organization and those of the Écho de Paris M. de Kerillis has launched an appeal for funds, which cynically are called 'the campaign against disarmament.' (Écho de Paris, Mch. 10, 1932), and whilst he announces that the propaganda is going to be intensified in their district, he puts in the headlines 'The Struggle against Disarmament?' (Écho de Paris, Mch. 16, 1932).

"On the subscription list which this big reactionary paper publishes, one sees several anonymous subscriptions of 25,000, of 50,000, and even of 100,000 francs. It is quite evident that these anonymous gifts hide the big interests which would lose by disarmament."⁵⁵

The article then describes the full page advertisements in the Écho de Paris on July 15, 1931, taken by "S.O.M.U.A." (Société d' Outillage Mécanique et d' Usinage d' Artillerie, that is, artillery merchants connected with Schneider.)⁵⁶

In view of the evidence given concerning the close relations between armament firms and the press, it is not without significance that back in 1913 certain Parisian newspapers, le Temps, le Matin, and l' Écho de Paris continued to beat the drum of alarm. "The atmosphere of hate and defiance which weighed on the Franco-German relations became heavier and thicker from them-----The language of the French press toward the Germans will not be changed.....We have in

(55) "The Secret International." p. 22

(56) Ibid., p. 22

France a military and a nationalist party which is against any rapprochement with Germany and which excites the aggressive tone of a great number of papers. The Government should reckon with the party of whom they are the mouthpiece, in a case where a serious incident would again occur between the two nations. The majority of Germans and French desire incontestably to live in peace. But a powerful minority in the two countries dreams only of battle, struggles of conquest or revanche."⁵⁷

In the foregoing chapters we have seen how a German firm published a false report in the French press in order to stimulate competition in armaments in Germany; how Krupp had articles published in a Berlin newspaper agitating trouble between England and Germany, and creating war scares; how in the Sino-Japanese conflict, the newspapers in China, well supplied with advertisements of armament firms, clamoured for war. We have also seen in the Shearer affair how munitions firms have used "patriotic" organizations for their propaganda. These professional patriots have made even the movie an instrument for their nefarious propaganda. The late Hudson Maxim once based a whole anti-pacifist campaign on pictures of women and children being blown to pieces by bombs.⁵⁸ The picture was based on the story by Hudson Maxim, entitled "Defenseless America." Mr. Maxim was advertising his wares by playing upon the peoples' fears, which create a market for his war-munitions.

On November 13, 1915, a report was issued giving quotations on stock of the Maxim Munitions Corporation, a

{57} Die Grosse Politik, Vol. 39, Nr. 15657, note p. 226
{58} Norman Angell, "Unseen Assassins," p. 332. Mr. Angell uses the name Hiram Maxim rather than Hudson Maxim, but he is evidently referring to the same campaign to which

Mr. Tavenner referred. See Congressional Record, Vol. 53, App., p. 862

\$10,000,000 concern just organized, with arrangements to take over the important inventions of Hudson Maxim for the manufacture of aerial torpedoes, bomb-throwing devices, aeroplane guns, and similar weapons, with Mr. Maxim as president of the Company. The publishing of this report upset Mr. Maxim's plans a bit. After the appearance of the book and the follow up of the movie, he had gone before the Business Men's League of St. Louis to urge support of the national defense program. The results had been good, for Mayor Kiel had appointed a Committee of One Hundred to urge the preparedness program upon Congress. But the appearance of the stock report in the St. Louis paper, announcing the new Maxim Munitions Corporation, brought the immediate resignation of some of the members and a threat to resign from others. Mr. J.H.Gundlach, former president of the city council and a member of the committee said, "If the activities of the National Security League, at the instance of which the committee was appointed, the appearance of Mr. Maxim, and the promulgation of the advertisement can be concerned, it is treasonable."⁵⁹ [sic]

This is an example of the "patriotism" that spends enormous sums of money organizing preparedness campaigns and injecting the poison of fear into nations. The only hope of unmasking the professional patriot is through the disillusionment of the masses. The present tendency to air the facts concerning the traffic in arms is the beginning of education for world peace.

Clarence Darrow describes very graphically his awakening during the World War. "I gave nearly all my time," he writes,

(59) Congressional Record, Vol. 53, App. p. 862
 (60) Clarence Darrow, "Story of My Life," p. 212

"to making speeches throughout the United States. It was the first occasion when I had known of a war that I believed in. But the fact that our side so soon seemed to grow popular in America gave me misgivings, and very early I began to suspect that Big Business was unanimously enlisted on account of the vast financial interests involved.....At no time did I declare my adoration for my country after the manner of the professional patriot. I always distrust those who make a business of loving their country."

The fact that so deep and vital a problem is being discussed and pictured satirically in the current literature of today is an encouraging sign to the lovers of truth. Through the ages satire as a remedial social force has had no equal.

The following article appeared in the New Yorker, February 25, 1933:

"We have just received a snarling letter from a second lieutenant in the Air Corps, who is sore at us because we disapprove of bombing planes. The trouble with you, he writes, is that you are third-rate and don't know what you are talking about. It hurts to be called third-rate by a second lieutenant, but we must point out that it is our very ignorance about the problem of national defense that makes our opinion on bombing planes so valuable. Our distaste for bombing planes is uncorrupted by any facts about them; we can look at a bombing plane and dislike it in a detached way, with the pure limped disapproval of the dammed.

"Obviously, the only weakness of our national defense is its strength. It has come to be stronger than what it is defending. Second lieutenants are the defenders of our homes, but in many cases they are merely the vestigial defenders of

Homes from which the people have been evicted. Destroyers, expensively shooting mock shells at each other in the Pacific, are in reality on the side of the enemy -- which exists and which is on land, in every street. An alert government would call off war games, and divert such funds to the relief of people who are completely shot without ever having been fired on."⁶¹

((61) New Yorker: "Talk of the Town," (editorial section),
February 25, 1933

Chapter IV

The Secret Alliance

It is difficult to imagine a world without bribery, direct or indirect. Even though most of us are taught in our childhood the vileness of Judas and the thirty pieces of silver, the susceptibility of human nature to bribing continues to be a matter of general recognition, and the shrewd war traffickers are the last to overlook a human weakness which might be converted into their profit.

There are on record numerous cases of direct bribery of government officials by armament firms for the purpose of securing orders and increasing business. The greatest danger to the peace of the world, however, lies, not so much in direct bribery, as in the fact that many government officials are swayed from duty by offers of directorships in armament firms or by the profits derived from the traffic in arms. The weapons of the soldier have ceased to be weapons of defense; they are instruments for amassing vast fortunes and positions of influence and power. It is reasonable to conclude that persons who stand to gain, directly or indirectly, from the trade in arms can not regard the problem of disarmament in the cool and detached manner, which is absolutely essential to a

solution for peace. This secret alliance between government officials and munitions manufacturers to betray the unsuspecting masses is one of the most complicated and discouraging aspects of the traffic in arms.

The revelations of bribery in the many army and navy scandals in Japan almost destroyed the Japanese Ministry. There followed arrests, court-martials, convictions, imprisonments, and attempted suicides of high military officials, because they sold their favors to the highest bidders. The use of bribery in the Mitsui-Vickers case was profitable both to Vickers and to the Japanese official involved. In March 1910 Rear-Admiral Koichi Fujii, formerly naval attaché at Berlin, was sent to England as an officer for the Supervision of the construction of Warships. His mission was to make a report on the estimates and specifications sent to Japan by Armstrong and Vickers for a battleship-cruiser which the Japanese Navy Department intended to build. On August 9, he made his report to the Naval Stores Department with the notation that the Vickers specification was the more exact and the price lower. On November 17, the Japanese signed a contract with Vickers to build the ship at the cost of £ 2,367,100. Later facts revealed that the Director of Vickers Works, at Barrow, being on intimate terms with Rear-Admiral Fujii, had asked him to give proof of his good will toward Vickers by securing the contract for them. Not to be outdone by the generosity of the Japanese official, the Director of Vickers sent ample sums of money to Rear-Admiral Fujii over a period of several years.¹

Vickers was not alone in this method of obtaining orders

from Japan. In 1911 Yanamoto Kaizo, Naval Constructor, visited England and met Mr. A. F. Yarrow, president of the Yarrow Shipbuilding Yard. Mr. Yarrow explained to him the superior qualities of their new destroyer, which was fitted for the consumption of oil fuel. He also gave Kaizo a plan of this latest invention, remarking that he would be glad to secure an order for the Japanese Navy. Subsequently Mr. Yarrow sent the specifications to the Naval Stores Department, and, as in the Vickers case, remembered Rear-Admiral Fujii with handsome remittances. His thoughtfulness was soon rewarded, for in December, 1912, the Japanese Government signed a contract with Yarrow Yard for the building of two destroyers.²

Rear-Admiral Fujii did not limit his favors to Yarrow and Vickers. Partiality was not one of his faults. In August, 1912, in the same spirit of give and take, he negotiated an order from his Government for war materials, valued at £ 33,621 16s. 9d. According to the author of The Secret International,³ Arrol and Company paid him £ 1,750 for this kindness. In August, 1911, Weir and Company sent him £ 1,000 and were rewarded with a contract from the Japanese Government for six pumps and other machines⁴ to be used on a battleship which was being built for Japan.

The testimony of a Japanese, named Kaga, showed that an intricate system of bribery existed in connection with armament firms. In Court, in 1914 he gave evidence that the aforementioned sums of money had been received by Rear-Admiral Fujii.⁵

- (2) Ibid., p. 39
- (3) Ibid., p. 39
- (4) Ibid., p. 39
- (5) Ibid., p. 39

Mr. Pooley, Reuter's correspondent in Tokyo, bought from a certain Carl Richter, secret papers which showed the remittance, or promise of remittance, of bribes between Siemens Bros., London, and Rear-Admiral Fujii.⁶ Mr. Richter, who had been an employee of the German firm of Siemens-Schukert, contractors for the Japanese Navy, had obtained possession of certain documents, alleged to incriminate high naval officials, and had tried to blackmail the firm and to sell the documents to a rival firm. He was arrested and brought to trial in Berlin. The revelations of this trial, including a phrase in one of the stolen letters to the effect that a certain Japanese official should be removed if he continued to object to work done,⁷ created a furor in Japan.

The subsequent convictions included Japanese officials and contractors, foreign contractors, and foreign journalists. Rear-Admiral Fujii was sentenced to prison for four years and fourteen months, charged with having received illicit commissions for influencing the allotment of Admiralty contracts. Captain Sawasaki was sentenced to one year for the same offense. Vice-Admiral Tsurutaro Matsuo, inspector general of naval construction, was sentenced to two years in the penitentiary. Vice-Admiral Matsumoto was sentenced to prison for three years. Giichi Iida, managing director of the Mitsui Company, and Jotoro Yamamoto, of the same firm, were sentenced to eighteen months' imprisonment -- the sentence of Iida being later suspended. Baron Masuji Yamanouchi, Vice-Admiral of the reserve

(6) Ibid., p. 39

(7) G.H.Perris, "The War Traders," pp. 86-87

and member of the Japanese House of Peers, whose name was mentioned in naval scandals, attempted suicide. Kenzo Iwahara, former New York manager of the Mitsui Company, was sentenced to two years. Andrew M. Pooley, an English journalist, was imprisoned for two years, charged with being an accomplice of Richter. V. Hermann, Tokyo representative of a German armament firm, was given one year's sentence. George Blundell,⁸ an English journalist, was sentenced for ten months.

Concerning the exposure of these scandals, the Japanese Weekly Chronicle, of July 23, 1914, published the following comment:

"There is no nation which can afford to throw stones at Japan in connection with the existence of bribery and corruption in State services. Only recently a series of scandals in connection with the supply of stores to the British Military canteens was brought into publicity in the courts, and the firm concerned.....has been struck off the lists of Government contractors. In Germany and other countries there have been cases equally unsavoury, until it has been made clear that the 'profession' of arms has become as sordidly money-grabbing as it possibly can. It would even seem that, in some countries, it is absolutely essential to resort to practices which, if not actually criminal, are grossly immoral, if any business is to be done by contractors anxious to get orders. Even when an order is obtained, it is sometimes necessary to resort to further corruption."⁹

The Japanese weekly is, indeed, correct. Unfortunately, the corrupt practices of armament firms are not limited to any

(8) Quoted by Mr. Clyde Tavenner in the Congressional Record Vol.52,pt.6,p.422;also G.H.Perris,"The War Traders" pp.86-90

(9) "The Secret International" pp. 39-40

one nation or race. Bribery is as international as disease, and once it eats its way into the heart of a Government, there is little hope for a cure. The few cases that have been exposed accidentally to public scrutiny make us wonder how many more must still remain unrevealed.

In the Reichstag, on April 18, Dr. Karl Liebknecht, leader of the Socialist Party, exposed the unscrupulous business practices of several armament firms in Germany. High officials in the War Office and Navy squirmed under the relentless glare of the spotlight. Krupp tottered on his patriot's pedestal, but was saved from a fall by the every-ready hand of the Kaiser. Perhaps His Majesty feared that these petty scandalmongers might connect his own numerous appeals for armament with the trifling fact that he owned Krupp stock.¹⁰

For several weeks before the exposure, Krupp had maintained an agent in Berlin to carry on certain business of a rather unethical character. The agent, Brandt, who was a former artillery officer, made it his business to get on friendly terms with officials in the War Office and in the Navy in order to secure from them secret documents, information regarding construction, results of experiments, and, above all, prices quoted by competitive firms. To accomplish his purpose large sums of money had to be passed to various individuals whose aid or connivance was needed. These stolen, secret reports were later deposited in a cupboard at Essen belonging to Herr von Dewitz, a high official in the Krupp firm, and had been confiscated later by judicial authorities. General von Heeringen

(10) New York Times July 16-17, 1913. See New York Times

defended Krupp, but Dr. Liebknecht's accusations were verified. Brandt was sentenced to prison for four months on a charge of bribery, and Eccius, a director of Krupp, was fined \$300 (1,200 marks) for aiding and abetting. As is usually the case, with the exception of the Japanese scandals, the higher officials and instigators of corruption were exonerated by the Court--if
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 not by public opinion.

It would seem that the publicly exonerated higher officials had an early opportunity to avenge their wounded pride. But the poem which follows indicates that the fearless spirit of Liebknecht still lives in devoted followers. At the outbreak of the World War, Carl Liebknecht was sent to the front, from which he never returned. Witter Bynner, wrote the following poem to his memory:

Carl Liebknecht

I love thee for one hero, only one
 My spirit straightens, like the tempest blade
 Of his unmasterable weapon made
 In heaven's high forge, not hell's. I had begun
 To dread thy horrid shadow in the sun,
 To hate thee for thy national parade
 Of heathen men idolatrous of trade,
 Shouting the great commandment of the gun.

But thou hast bred out of thy land a man
 Of braver metal than thy generals;
 Above the thunderbolt his courage calls.

(11) Story given in a translation of Liebknecht's speech in the Reichstag Quoted by Clyde Tavenner in the Congressional Record Vol.52, part 6, pp. 438-439; "The Secret International" p. 40; Russbuldt, "War for Profits" pp. 45-46; "The business of bringing on war scares", Current Opinion, June, 1913, Vol.54:453-454

It is thy founder, and thy guardian,
It is thy hero, Liebknecht, who alone
Under the lighting lays the cornerstone.

Just across the sea from Germany the tongue of scandal wags on. For eight months Government commissioners investigated the alleged irregularities of the Swedish Air Force. Their findings were given wide publicity by the entire press. The London Times of November 11, 1931, gives the following accounts:

"The commissioners recommend that new officers should be appointed to succeed General Amundson, Chief of the Air Forces; Colonel Fogman, commanding the Military section of the Corps; Engineer Fjallback, technical officer; and Commander Lubeck, Chief of Staff, whom they find unsuited for the posts. Proceedings will probably be taken against Commander Lubeck who will in that case be tried by court-martial. The commissioners found that bribes to the extent of 16,000 kroner [about \$4,000] had been accepted by Commander Lubeck in the form of 'long loans'. Some of the money, the report alleges, was received from the representative of an aircraft firm. The commissioners pass judgment on nothing for which there is no proof, and their report has revealed an almost incredible state of affairs within the Air Force higher command."

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In Chapter III a detailed account has been recorded of the United States Senate investigation of the alleged Shearer bribery case, involved as it was with the sinister, international aspect of the traffic in arms. The ramifications of bribery of government officials by armament firms are so far-reaching that a

(12) Quoted in "The Secret International", p. 37

Discussion of indirect bribery involves many subtle concealments such as directorships, shareholding, bank affiliations, honorary degrees, and titles.

We have already called attention to the connection between armament industries and membership in the Navy League. Certain government officials have, at times, been active in the affairs of the Navy League and directly interested in arms manufacture. Officers of the Army and Navy have been offered responsible positions in armament firms, while drawing pay from the Government. Under these circumstances, is there any wonder that ships are scrapped and colossal appropriations for the Army and Navy are forced upon the helpless people of the world.

In its report upon a flagrant case in England, the House of Lords Committee offered the following conclusions:

"We think it is within our province to express our strong opinion that there should be henceforth an inflexible rule to preclude those who hold any public office from entering upon any speculative transactions in stocks or shares in any circumstances whatsoever, and that this rule should be by them inculcated on [sic] their subordinates both by precept and example. The evils that may arise from a violation of this principle are incalculable."

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The effect of such a measure would be Utopian. With the profits from armaments out of their grasp, many arbiters of a nation's defense would be less interested in increasing the expenditure on arms. Imagine the advance in civilization that would follow if the leadership of the nations should tear itself from the clutches of these profiteers! With the

excessive millions wasted yearly on armaments, nations could have schools, hospitals, and economic security for that "great body of the laboring people of the world, the men and the women and the children upon whom the great burden of sustaining the world must from day to day fall; people who go to bed tired and wake up without the stimulation of lively hope."¹⁴

On the membership list of our Navy League, we find an alarming number of names, at one time, on the official list of government servants:

B.F.Tracy, a former Secretary of Navy, founder of the League and counsel for the Harvey Steel Company and the Carnegie Steel Company;

Robert Bacon, a former Secretary of State, partner of J.P.Morgan and Company, first director of the United States Steel Corporation, and director of the Navy League;

Lieutenant J.F.Meigs, a life member of the League, left the Navy Department to go into the employ of the Bethlehem Steel Company;

Beckman Winthrop, a former assistant Secretary of the Navy, director of the Lackawanna Steel Company, director of the Navy League;

W.A.Clark, United States Senator, known as the "Copper King of Montana," director of the Navy League, director of ten concerns that would profit from armaments and of twenty-six interlocking corporations;

H.L.Satterlee, a former Assistant Secretary of Navy, brother-in-law of J.P.Morgan, director of United States Steel,

¹⁴) Speech of Woodrow Wilson, "Presentation of the Covenant", Paris Feb. 15, 1919, contained in The League of Nations, by H.E.Jackson, p. 102

a founder of the League and later its general counsel;

W.H.Brownson, retired Rear-Admiral, director of International Nickel Company, at the same time drawing \$6,000 a year from the Government.

Charles F.Humphrey, a retired Major-General, employee of the Du Pont Powder Company while drawing \$4,000 a year from the Government;

General Crozier, Chief of Ordnance of the army, former
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partner in Bethlehem Steel.

More must be told about General Crozier and Major-general Humphrey, for their employment represents a phase of the armament manufacturers' method -- that of using retired officials for their contacts. General Crozier had taken out a patent on the Buffington-Crozier disappearing gun-carriage and, together with the preceding Chief of Ordnance of the Army, sold the patent to the Bethlehem Steel Company for \$10,000, signing a contract with Bethlehem, by which he was to receive royalties on all these disappearing gun-carriages
16
sold in future to foreign nations. When he became Chief of Ordnance, he awarded to Bethlehem contracts involving millions of dollars, paying from 20 to 60 per cent. more than those supplies would have cost if manufactured in government
17
plants. Major-General Humphrey was employed at Washington by the Du Pont Powder Company to "look after such little
18
details as getting information from all of the departments".

Concerning this practice by English firms, Mr. Douglas

(15) Congressional Record, Vol. 53, pt. I : 276-283

(16) Ibid., Vol. 53, part I, p. 279

(17) Ibid., Vol. 52, part 6, p. 424

(18) Ibid., Vol. 52, part 6, p. 424

Hall asked the Prime Minister of England the following question:

"Whether, in order to avoid the growing scandal of officials of the Civil Service and officers of the Army and the Navy leaving the service of the Crown to take up posts in public companies and private firms, which had large contractual relations with the branches of his Majesty's service in which such officers were previously connected, he would consider the advisability of making it known that in future no contracts would be placed with any company or firm which employed officers or officials of the Government who had quite recently¹⁹ left the Government service."

Mr. Asquith replied:-

"The question is one of great difficulty and requires serious consideration, but I am afraid the remedy proposed by the hon. member might in some cases deprive the Government of²⁰ entering into contracts beneficial to the public service."

That is one way of side-stepping the issue. In fact, in England the practice was so prevalent that practically all of the armament firms would be excluded from Government orders. The situation in the United States is no doubt as serious as that in England. A resolution was introduced into Congress requiring war trading firms to divulge the names and addresses of their stock and bond holders so that the public would know whether the agitation for greater expenditure on armaments was inspired by patriotism or by greed for the profits which such expenditure would bring to certain industries. The Navy League²¹ did not indorse this resolution.

(19) Perris, "The War Traders", p. 38

(20) Ibid., p. 38

(21) Congressional Record, Vol. 53, App. p. 861

A paper called Arms and Explosives, devoted to the interests of the armament industry, published in the issue of September, 1913, the following enlightening editorial under the heading, "The Krupp Revelations":-

"Government contractors are naturally very keen to avail themselves of the services of prominent officers who have been associated with the work in which the contractor is interested. The eligibility of such candidates for private employment is obviously not limited to familiarity with specific technical operations. The chief thing is that they know the ropes.....The retired officer who keeps touch [sic] with his old comrades is able to lessen some of these inconveniences, either by gaining early information of coming events or by securing the ear of one who will not accord like favours to a civilian. Kissing undoubtedly goes by favour, and some of the things that happen might be characterized as corruption."

22

In 1897 the Senate Committee on Naval Affairs, of the fifty-fourth Congress, investigated the reasonableness of the cost of armor. In making the inquiry, they found that eight or ten naval officers were on the pay rolls of armor and steel corporations and at the same time on the pay roll of the Government.

23

Philander C. Knox has an interesting history in this connection. In 1904 he became Attorney General for the United States. In 1905 he was elected to the United States Senate, and resigned, in 1909, to become Secretary of State. Some of the testimony from the Senate hearings of the Stanley steel

((22) Perris, "The War Traders," p. 40

((23) Congressional Record, Vol. 53, pt. I : p. 283

investigating committee on January 11, 1912, tells the story:

Mr. Mc Gillicuddy (a member of a committee). Was Philander C. Knox one of the attorneys of the Carnegie Company from 1890 to 1900?

Mr. Andrew Carnegie. (turning to his counsel, Judge Reed). Was he, Judge?

Judge Reed. Yes.

Mr. Carnegie. His partner, Judge Reed, tells me so.

Mr. McGillicuddy. The partner you speak of is the attorney who appears for you now to-day, Judge Reed?

Mr. Carnegie. Yes; Judge Reed.

* * * *

Mr. McGillicuddy. Did you recommend that same attorney, Philander C. Knox, for appointment as Attorney General of the United States later on?

Mr. Carnegie. I never did ----

Judge Reed. Yes; you did, Mr. Carnegie; pardon me.

Mr. Carnegie. Did I ? (laughter)

Judge Reed. Certainly. You wrote a letter for him to President McKinley.

* *

Mr. McGillicuddy. At the same time that Mr. Knox went into the Cabinet of the President of the United States, did Mr Reed, the other partner, go into the directorate of the United States Steel Company?

Mr. Carnegie. I am unable to answer that.

Mr. McGillicuddy. You may consult with Mr. Reed.

Judge Reed. Yes.

Mr McGillicuddy. Then the two attorneys that your company had for these ten years, from 1890 to 1900, one of them went into the Cabinet of the President of the United States and the other went into the directorate of the United States Steel Company. Is that right?

Mr. Carnegie. So the Judge says.

Mr. McGillicuddy. You have no doubt that is true?

Mr. Carnegie. Anything he says is true.

Mr. McGillicuddy. After that corporation (United States Steel) was formed, during the entire McKinley administration, while Mr. Knox was Attorney General, no prosecution of any kind was instituted against the United States Steel Corporation that you know of? That is true?

Mr. Carnegie. I suppose it is. I never heard of any. 24

Mr. Tavenner, who fought persistently in Congress to take the profit out of war and preparedness for war, remarked, "It is questionable whether the views of any board of directors whose personal fortunes average \$3,000,000 can be representative of the attitude, feelings, and heartbeats of the great mass of the American people." 25

The same situation exists in other countries. In England, before the war, twelve members of the British House of Lords and nine members of the House of Commons were stockholders in armament firms. On March 18, 1914, Mr. Philip Snowden (now Lord Snowden), member of the House of Commons, spoke on the excessive expenditure of the Navy, and revealed the following

(24) Ibid., p. 283

(25) Ibid., Vol. 53, App. p. 862

names of Government officials who owned stock in the armament industry:

Right Hon. Stuart-Wortley, M.P. (i.e. Member of Parliament), Laird and Company;

Lord Sandhurst, Lord Chamberlain and former Under-Secretary for war, trustee for the debenture holders of Vickers;

Lord Aberconway, M.P., director of Palmer;

Mr. H.D.McLaren, M.P., co-director of Palmer;

Mr. S.Roberts, M.P., stockholder in John Brown and in Coventry Ordnance Works, director of Cammell-Laird, and debenture trustee of the Fairfield Company;

Mr. Lewis Harcourt, Secretary of State for the Colonies, shareholder in Armstrong's;

The Postmaster-General, a shareholder in Armstrong's

Sir George Murray, Permanent Secretary of the Treasury, on the board of Armstrong's while drawing a pension from the Government;

Rear-Admiral Ottley, Naval Attaché to Russia, Japan, France, United States, and Italy, went from the position of the Secretary of Committee of Imperial Defense to be director of Armstrong, Whitworth and Company and director of Armstrong's Italian firm on the Italian coast;

Sir J.Lonsdale, M.P., held 5,000 shares in Armstrong;

Sir J.C.Richett, M.P., held 3,200 shares in John Brown
26
and 2,100 shares in Cammell-Laird.

(26) The foregoing names are given in "Dreadnoughts and Dividends" by Philip Snowden Vol. IV, No. 5, p. 14-18 World Peace Foundation Pamphlets, August, 1914,

Additional government officials connected with armament firms are:

A.J.Balfour, M.P., trustee for Beardmore; ²⁷

Sir Tennyson d'Eyncourt, Chief Technical Advisor to the Admiralty for shipbuilding, director of Armstrong's;

Lord Southborough, Civil Lord of the Admiralty from 1913-17, director of Armstrong's;

General Lyttleton, ex-Chief of the General Staff, brother of a director of Armstrong's;

Lord Sydenham, Secretary on the Committee of Imperial Defense (which decides the military policy of the kingdom),
²⁸
 director of Armstrong's

The following are members of the Board of directors of Vickers on April 14, 1932:

General the Hon. Sir Herbert Lawrence, former Chief of Staff, chairman of Vickers and receiving a pension from the

Sir Mark Webster Jenkinson, controller of the Department of Factory, Audit and Cost at the Ministry of Munitions, and Chief Liquidator of contracts at the Ministry of Munitions after the war.

General Sir J.F.Noel Birch, Artillery Adviser to the Commander-in-Chief in France from 1916-1919, Director of Remounts from 1920-1921, Director-General of the Territorial Army 1921-1923, Master-General of the Ordnance and Member of the Army Council, 1923-27.

Sir J.A.Cooper, Principal in charge of Raw Materials

(27) Lewinsohn, "The Mystery Man of Europe", p. 109

(28) Bratt, "That Next War", p. 154

Finance at the War Office from 1917-19, and Director of Raw Materials Finance at the Ministry of Munitions from 1919-21.

Sir. A.G.Hadcock, an Associate Member of the Ordnance Committee.

Commander C.W.Craven

Colonel J.B.Neilson

Major-General G.P.Dawnay

Sir Arthur Trevor Dawson, director until his death in May 1931, formerly Experimental Officer at Woolwich Arsenal. ²⁹

In 1932 the annual returns of various war-material concerns showed the following names of shareholders: In the Chemical Industries we find:

Sir John Simon, M.P.	1,512 shares	
Baron Doverdale	34,124	"
Earl of Dysart	38,020	"
Lord Cochrane of Cults	47,180	"
Rt.Hon.Neville Chamberlain,M.P.,	11,747	"
Sir Austen Chamberlain, M.P.,	666	"

(30)

The list of shareholders in the Fairey Aviation Company, Ltd. for January 18, 1932 is also adorned with influential persons:

Sir Harry Hope, M.P.,	500 shares	
Sir G.Dalrymple-White, M.P.,	400	"
Mr. Oswald Lewis, M.P.,	1,400	"
Major-General Lloyd-George, M.P.,	500	"

(31)

On the National Service League, the great military

- (29) "The Secret International", p. 30
- (30) "The Secret International", p. 17
- (31) Ibid., p. 18

association of England, eight presidents and directors of armament firms were list. On the council of the English Navy League are found four shareholders in Russian and Italian munitions firms. In 1913-1914 the Foreign Office obtained, through diplomatic channels, orders for war material for
 32
 Vickers and Armstrongs.

In view of these revelations is there any doubt as to why Sir J.Lonsdale, in the House of Parliament, asked seven times in five weeks, during the scare year of 1909, when orders
 33
 for gun-mountings would be placed? Can we expect anything but failure from the Disarmament Conferences, when we know that a representative of England, Col. A.G.C.Dawnay, is the brother of
 34
 the chairman of Armstrong-Whitworth and Company, Ltd; and that one of the representatives of France, M. Charles Dumont, who was the French Minister of Marine, is closely associated with
 35
 Schneider?

In Russia the entire Tsarist military hierarchy was honey-combed with armament agents. In Germany, Stumm, the great armor-plate king, held supreme power in the Foreign Office, while Counselor of Legation von Stumm, Counselor von Schubert, and other relations of Stumm also held positions of importance in the Foreign Office. In France, Schneider-Creusot secured the appointment of certain Ministers of Marine as members of the Military Commission of the Chamber, and employed in its
 36
 private service three admirals and a brother of Clemenceau.

- (32) Bratt, "That Next War" p. 154
- (33) Snowden, "Dreadnoughts and Dividends", p. 15
- (34) "The Secret International" p. 16
- (35) Ibid., p. 21
- (36) Bratt, "That Next War", p. 154

M. François de Wendel, president of the Comité des Forges, is
 37
 a Deputy in the French Chamber.

On Armistice day, 1919, a representative of the German Chemical Trust entered into an agreement with the French Ministry of War and the Société de l' étude de l' Azote. The French openly asserted that the successful working of the German patents could be achieved only with the cooperation of the patent-holders. The Germans were willing to furnish the necessary information and to assume charge of the building of a rival French factory. The German chemical interests were to be compensated according to the number and size of the poison gas factories built in France with their help. The French Chamber of Deputies, at first, objected, and not until April 11, 1924, was the agreement approved by the Chamber and given the force of a law, enabling the construction of a French war chemical industry to be carried out with the indispensable aid of German chemical magnates. It is evident, therefore, that at the very time that the German people of the Ruhr were being humiliated by the occupation of the French soldiers, German chemical magnates were trading their patents with France for concessions in the dye industry.

Although the world expected a great protest from France, at the time of the poison gas explosion in Hamburg on May 30, 1928, France was most reassuring in her explanations that the explosion was caused by the presence of old war material. . . . Later, an apparently contradictory statement was issued by France to the effect that the explosion was caused by the manufacture of phosgene to be used for industrial purposes.

It was at once suspected that the explosion was due to poison gas, manufactured according to the terms of a secret Russo-German agreement. The question was asked: "What will the Allies say, in view of the fact that the manufacture of poison gas by Germany has been forbidden? What will France do?" But to everyone's surprise, the French did nothing -- except that the French expert of the Inter-Allied Commission of Control issued a statement in the Matin to the effect that phosgene, a dye-stuff, did not come under the provisions of the Treaty of Versailles.

38

While the French press was scaring its public with the imaginary horrors of a future gas war with Germany and the Germans were comforting themselves with their superior knowledge in chemical warfare, the German chemical magnates were secretly betraying the trust of their people by selling their patents to France, thereby forming an international chemical industry.

The secrecy and cleverness of the munitions firms, which brought about the international combination of French and German chemical industries call to mind the ingenuity used by various munition-manufacturers in delivering their goods in the Far East. Poison gas, which was unloaded by men wearing gas masks, was marked as "exterminator for the protection of plants". Munitions, packed in huge crates, were labelled "Pianos."

39

There exists a very close relationship between armament firms and banks. Dealing in millions, armament firms have to be in a position to give their customers credit. For this purpose

[38] Bratt, "That Next War", pp. 154-157. See also Russbuldt's, "War for Profit", pp. 116-119

[39] Engelbrecht, "Traffic in Death". p.330, World Tomorrow, October, 1932,

it was found advantageous to have directors of their firms on the board of directors of various banks so that, by means of these interlocking directorates, they were able to control the financial world. For example, M. de Neuflize, director of Schneider, is also a director of the Ottoman Bank. The London Committee of this bank is presided over by Sir Herbert Lawrence, the chairman both of Vickers Ltd. and of Vickers-Armstrongs Ltd. M. Eugene Schneider, chairman of Schneider's, is a director of the Banque de l'Union Parisienne, which finances the Banque Générale de Crédit Hongrois. He is also president of the Union Européenne Banque, which has interest in the Banque Générale de la Crédit Hongrois, and is the bank through which Schneiders control the Skoda Works. On the Board of the Franco-Japanese Bank is found M. Saint-Sauveur, a relation of M. Schneider. M. Charles Dumont, president of the bank, has already been mentioned as the representative of France at the Disarmament Conference.

In 1931 the Finance Committee of the chamber discovered that Hungary was being secretly armed by French armament capital. An investigation showed that the Hungarian Government had raised a loan from the firm of Schneider at Creusot, but when Schneider demanded repayment, Hungary had no money. The French Government provided the Hungarian Government with the necessary sum of money, not through the natural channel of the Bank of France, but by sending it to Hungary through the Union Parisienne which Schneider controls.

Paul Faure, ex M.P., who was defeated in the recent

(40) "Secret International", p. 25-26

(41) Ibid., p. 21

(42) Ibid., p. 21

(43) Ibid., p. 20

French election by skillfully organized propaganda of the Schneider firm, called the attention of the French Chamber to the close connection between French loans and armament orders. The money lent by France to Bulgaria, Mexico, Greece, Japan, Hungary, Yugoslavia, Rumania, and Poland was being spent with the French armament firms. His speech in the French chamber on February 11, 1932, shows the method:

"Turkey has taken fifteen loans, on thirteen of which nothing is being paid to-day. The last of these loans was in 1914 to permit Turkey to make war against France.

"I want to make two or three observations on the Turkish and Bulgarian loans. One of these Bulgarian loans was in 1906 or 1907. I have in my dossier a photograph of Prince Ferdinand visiting the Creusot factories, accompanied by M. Eugene Schneider himself, and buying arms and cannons which you found later on the Eastern front for four years. What happened? The order was so exaggerated that when King Ferdinand found himself before the Financial Commission of the Sobranje, which is probably as severe as you are, Gentlemen, it refused to ratify the credits. The French Government intervened at this point and declared that if the Sobranje did not ratify the credits, the Bulgarian loan would not be authorized. The Sobranje spoke, France paid, and the armaments of Creusot were sent there.

"I have also in my dossier a photograph showing the Turkish Minister of Marine visiting the Creusot factories, preceded by all the inventors who showed him the latest developments on the side of defense. The Turkish Minister

99
gave his order. He had already used up the last loan lent him by France. Only the war came too quickly (for this visit took place in July, 1914). Several days later war broke out, and the unfortunate Minister could not take away the French cannons. But as he had French money, he bought on the way back at Krupp's in Essen and at Skoda the cannons which were used on the Eastern front.

"The French Government has lent money to the Rumanian Bank, and it is discussing at the moment the loan of three milliards lei.....In any case, whilst Rumania has been concerned with money, a military mission from Rumania is at
44
Creusot."

The directors of Skoda, which is controlled by Schneider, also supported the electoral campaign of Hitler. So, as M.Faure concluded, "We find M.Schneider arming Bulgaria, arming Turkey, supporting Hitler, Hungarian and Rumanian loans, Franco-Japanese, Franco-Argentine, and Franco-Mexican banks. This is
45
all extremely suspicious."

In 1911, at the time when the principal powers were seeking an option on a loan to China, the news came that a Belgian-French-English group, represented by Baron Cottu, and under the directing participation of Creusot, had settled with the Chinese Minister of Finance upon 96 per cent. of a 6
46
per cent. loan of 150,000,000 francs for sixty years. In October, 1913, the Turkish Government was about to close with an English group that desired to build docks at Ismid.

(44) Ibid., p. 21

(45) Ibid., p. 22

(46) Die Grosse Politik der Europaschen Kabinette, Vol. 32, p. 192, Doc. 11769 (tr)

According to the agreement, all Turkish ship building was to be given exclusively to English industry for the next thirty years. It was rumored, too, that France would grant financial help only on condition that three-fourths of all army orders would go to French industry.⁴⁷ Bulgaria's artillery was bought from Creusot. The State itself was not very enthusiastic about the deal, but diplomatic pressure from France made the acceptance of this material the condition of a French loan which Bulgaria needed.⁴⁸ In 1914, Wangenheim reported to German headquarters that France was taking advantage of Turkey's urgent need of money by asking that orders for the whole field artillery material be given to France. These demands would be damaging to German interests. In March he telegraphed that France was working from several directions always holding out the money bait to repel German competition.⁴⁹

In England we find the same intricate net of interlocking directorates. Sir Herbert A. Lawrence, of both Vickers Ltd. and Vickers-Armstrongs Ltd., is a director of the Bank of Rumania, Ltd., and chairman of the Ottoman Bank. Another director of Vickers, Ltd., Sir Otto Niemeyer, has been with the Bank of England since 1927, and is a director of Vickers and also a director of the Anglo-International Bank.⁵⁰ On the list of shareholders of the Fairey Aviation Company, Ltd., one finds the names of the leading banks holding "big blocks of shares for their nominees whose names, unfortunately, are not divulged".⁵¹

(47) Ibid., Vol.37, pt.II, p. 525-Doc. 14957 (tr.)

(48) Ibid., Vol.34, pt.II, p. 592-Doc. 13056, footnote (tr.)

(49) Ibid., Vol.37, pt.II, p. 596-Doc. 15004 (footnote)

(50) "The Secret International" pp. 15,16

(51) Ibid., p. 18

Major Bratt gives a very frank account of America's entrance into the World War. "In 1915 an Anglo-French Commission came to New York and procured a loan of 500 million dollars in order to purchase necessary material from the U.S.A. Shortly after, with the increasing loans by American financial houses, the firm of Morgan became the agent of the Entente. Developments reached such a pitch that the Entente was soon purchasing war material to the amount of 10 million dollars per day. In September, 1917, Morgan's had already negotiated loans amounting to three milliard dollars [\$3,000,000,000] for the purchase of ammunition, etc. When Lord Kitchener became Secretary for War one of his first actions was to telegraph to Mr. Schwab, of the Bethlehem Steel Company, to ask him to come to London. The agreement which was then entered into provided that the whole of the output of the Company should be sold to the British State, and in less than two years there was shipped to England war material of the value of about 300 millions from this firm alone.

"American industry in this way became one with the Entente. The greatest banks and industrial concerns had become dependent on an English victory. Under these circumstances the patriotic associations were moved to induce America to enter the war and thereby guarantee a victory. The Navy League, the American Defense Society, and the National Security League were financially supported by ammunition. They became propaganda (52) bureaux to prepare the way for entry into the new war."

In 1914 Poincaré wrote in his memoirs that Charles Humbert, (52) Bratt, "That Next War", p. 174-5

member of the French Senate, was sent to America to buy ammunition and equipment. M. Humbert made a great many deals which he considered advantageous but which Millerand viewed differently. Humbert was recalled from America and asked to give an account. It seems that he had entered into a large contract with the Chairman of the Bethlehem Steel Corporation, the results of which might be open to doubt. In July, 1914 there was great excitement during the discussion in the senate over the extraordinary expenditure for the army. The trouble was due to the disclosure, in Humbert's official report, that the war material showed serious leaks owing to "sins of omission of the administration for a number of years." This remark was aimed at the higher leaders of the general staff, who had been considered as reactionary by the capital party. Although it was thought that Humbert was increasing business for Schneider-Creusot, his cry of alarm made a profound impression because the unprepared Minister was not at once able to answer.

It would seem that there is a by product other than money in the secret alliance between Governments and munitions magnates. For Governments and Universities, at times, delight to honor magnates in the game of war with titles and honorary degrees. Sir. Andrew Noble, chairman of Armstrong, Whitworth and Company, was most impartial in his patriotism. He was a baronet and a Knight Commander of the Bath of Great Britain, a member of the Order of Jesus Christ of Portugal, and a Knight

(53) Memoirs of Poincare, p. 209

(54) Die Grosse Politik der Europaischen Kabinette. Vol. 39, p. 276. Doc. 15678

bf the Order of Charles the Third of Spain. He was also a first class [sic] of the Sacred Treasure of Japan, a Grand Cross of the Crown of Italy, and was also decorated with Turkish, Chilean, and Brazilian honors. ⁵⁵ Krupp was made an officer in the Legion of Honor, the highest order in France. ⁵⁶ The German Emperor did not hesitate to appoint Herr von Gontard, who was involved in the scandal of the German Arms and Ammunition Co., a life member in the Prussian House of Lords. ⁵⁷

Basil Zaharoff, known as the "Mystery Man of Europe", ascended to honors by leaps and bounds. In 1908 he was made a Knight of the Legion of Honor at the proposal of the French Minister for Naval Affairs; in 1913 he was made Officer of the Legion of Honor at the proposal of the Minister of Public, after Zaharoff had provided money to found a Chair of Aviation at the Sorbonne; in 1914 he was made Commander of the Legion of Honor at the proposal of the Minister of Foreign Affairs, ⁵⁸ for "exceptional Services"; in 1918 he was promoted to Grand Officer of the Legion of Honor at the proposal of the Minister of Foreign Affairs, for "special services in the cause of the Allies;" in 1919 he was awarded the Grand Cross of the Legion of Honor, a distinction granted probably to no other industrialist who was born abroad. England was no less generous in her awards than France. In 1918 Zaharoff was awarded the Grand Cross of the Order of the British Empire, and he became Sir Basil Zaharoff. ⁵⁹

- (55) Congressional Record V.53,pt.14,App.P.866(Address delivered at the World's Peace Conference held at the Hague, Netherlands, in 1913, by Mr.G.H.Perris,of London. Quoted by Mr. Tavenner.)
- (56) Russbuldt, "War for Profits, p. 74
- (57) Louisville Courier-Journal April 27, 1913
- (58) Lewinsohn, "Mystery Man of Europe", p. 122-125
- (59) Ibid., pp. 146-147

But Zaharoff did not accept favors from the State without demonstrating his gratitude in a way that would make himself appear before the public as a philanthropist and patron of learning. During the World War he subscribed 500,000 francs for a war hospital in Biarritz.⁶⁰ In the University of Oxford he endowed a Chair of French Literature, and at the Sorbonne a Chair of English Literature. The Oxford Chair he named for Marshal Foch, and the Chair at the Sorbonne for Field-Marshal Haig. At this time generals everywhere were given honorary degrees. "It was regarded as a matter of course", says Mr. Lewinsohn, that literature and the art of war should be connected, and that the name of a field-Marshal should enter the Universities of Paris and Oxford at the expense of a war contractor. Oxford showed its recognition of Sir Basil Zaharoff's gift by giving him the honorary degree of Doctor of Civil Law.....Although he knew better than anyone else how such honors were obtained [the Knight of the Bath and the various grades of the Legion of Honor etc.], he also knew that orders and titles have a concrete value so long as there are enough people to believe in them. For Zaharoff, as a Greek who was at home anywhere in Europe but whose nationality was obscure, it was doubly important to be counted with the elect of a nation. An English knight and a holder of the Grand Cross of the Legion of Honor could call upon the Governments of England and France as his natural allies if anyone should dare⁶¹ to call his motives into question."

Verily the pilgrimage to the shrine of peace is a long

(60) Ibid., p. 144

(61) Ibid., pp. 147-148

and arduous journey, and the weary pilgrim can sympathize with the tragic passage (from "His Pilgrimage") written so long ago by the condemned Sir Walter Raleigh, as he waited death in the Tower:

"From thence to heaven's bribeless hall,
Where no corrupted voices brawl;
No conscience molten into gold;
No forged accuser bought or sold;
No cause deferred, no vain-spent journey,
For there Christ is the King's attorney,
Who pleads for all, without degrees,
And he hath angles but no fees."

Chapter V

The Incomplete Circle

In the four previous chapters an attempt has been made to expose the motivation of war and preparation for war expressed fairly well in the one word, profits; to uncover the obscure methods of propaganda, alliances, and internationalism used for the maintenance and increase of those profits. Any procedure toward peace must consider the practical problem of taking the profit out of war and preparation for war. Most of the peace societies of the world, which do not have on their boards or among their members persons financially interested in war trafficking concerns, have favored the nationalization of the manufacture of war material. The peace societies are working on the theory that if private profit and private graft can be made impossible for those who profit directly or indirectly from the war trade, that the incentive for agitating increased appropriations will be withdrawn automatically, and the goal of peace will be within the realm of hope..

It is not the intention of this thesis to presume

to offer a solution for so complex and formidable a problem. Certainly it would appear that one of the first methods of taking the profits out of war would be to arouse public consciousness by publishing the facts concerning these exploitations. If the peoples of the world should ever come to a realization that they have been dupes in the war game, an outraged pride would give increased force to the efforts of the few disillusioned pioneers in the struggle for world peace. As long as the peoples are satisfied to escape from reality in the mere verbiage of "Peace", "Disarmament", "Security", they will never furnish their representatives the impetus to accomplish the practical problem of breaking the vicious circle of private manufacture of armaments. Each nation temporizes while it hugs its sovereign rights; and not until the circle for peace is completed and internationalized in the same manner as the circle for war, as described in the preceding chapters, can we hope to combat so single-minded an adversary.

A large arc of that circle for peace is represented at present by the League of Nations. Although it is greatly embarrassed by the refusal of the United States to be a member, the League is nevertheless endeavoring to surmount that difficulty in its efforts to control this arms traffic. In this chapter we shall review the history of the efforts of the League to control the arms trade and the private manufacture of armaments. This action represents, not a solution, but a procedure in the right direction. In proportion as the peoples of the world inform themselves of the realities of war and support measures to expose and control it, just so rapidly and no faster will we move toward better conditions for humanity

at large.

The control of the international trade in arms has long been a subject of consideration by Governments. In 1887, almost fifty years ago, the first movement concerning the trade in arms began. It had for its goal the control of the importation of arms into certain backward countries in which the supply of arms might constitute a danger to the peace of the world. The Brussels Act, signed July 2, 1890, was the first successful effort toward international control of the arms traffic. In 1919 at the Peace Conference in Paris the vital problems of suppression of the private manufacture of arms and control of the arms trade were still discussed, and articles dealing with them were incorporated in the Covenant of the League. Article 8 (paragraphs 5 and 6) states the urgency of a solution to the problem and authorizes the Council to take action. It reads as follows:

"The Members of the League agree that the manufacture by private enterprise of munitions and implements of war is open to grave objections. The Council shall devise how the evil effects attendant upon such manufacture can be prevented, due regard being had to the necessities of those members of the League which are not able to manufacture the munitions and implements of war necessary for their safety.

"The Members of the League undertake to interchange full and frank information as to the scale of their armaments, their military, naval and air programmes, and the condition of such of their industries as are adaptable to warlike purposes."

This article has led to special action in a later Draft

Convention intended to regulate and control the trade in arms and the private manufacture of armaments. Before considering this action, we must follow the movement for peace, which was inspired by Article 23 (clause d). This article entrusts the League with "the general supervision of the trade in arms and ammunition with the countries in which the control of this traffic is necessary in the common interest."

At the end of the World War, there remained vast stores of arms and munitions of war, the existence of which threatened the peace of the world. The Brussels Act of 1890, regulating the trade in arms in certain uncivilized areas of Africa, was inadequate under the present conditions. The prohibited area in Africa needed to be widened, and certain regions in Asia and bordering on the Red Sea included. To this end, a convention was drawn up and signed at Saint Germain-en-Laye, on September 10, 1919.¹ It contained twenty-six articles divided into five chapters. The first chapter dealt with the general prohibition of the export of arms of war and provided for certain exceptions to be granted only by the Contracting Parties as regards export licenses to meet the requirements of their Governments or those of the Government of any of the High Contracting Parties. A central international office, under the control of the League of Nations, was to be established for the purpose of collecting and preserving documents of all kinds concerning the trade in and distribution of arms and munitions. The other chapters dealt with the prohibited zones under maritime supervision, which included African and Asiatic territories. It was hoped such prohibition would prevent bloodshed in a large

(1) League of Nations, "Treaty Series", No.200, Vol.7, pp.332-359

part of Africa and countries bordering the Red Sea by making it difficult for the inhabitants to secure unlimited quantities of arms and munitions left over from the World War. It was believed, too, that the fullest publicity for the trade in arms would be a great step toward getting rid of the "evils attendant upon it."

Although it was assumed that the Convention would be accepted by the Governments of all countries, the fact is that only eleven Governments actually ratified it, and four others expressed a willingness to ratify. Excepting the United States, all the principal signatories and other arms producing States, expressed their willingness to ratify the convention when all other producing States, without exception, were willing to do so. The Government of the United States notified the Secretary General of the League that while it was in cordial sympathy with efforts to restrict traffic in arms and munitions of war, it found itself unable to approve the provisions of the Convention and to give any assurance of its ratification. After the stand taken by the United States, it was unlikely that the Saint Germain Convention would be signed by the principal Powers in its existing form.

On February 25, 1921, following a resolution adopted by the Assembly of 1920, a Temporary Mixed Commission was appointed by the Council to study the problem raised by Article 8 of the Covenant. This commission, under the chairmanship of M. Viviani, was divided into three Sub-Committees; the first was to study the two questions of the private manufacture of munitions and

(2) League of Nations, Third Assembly, Plenary Meetings, Vols. 1-2, p. 163

implements of war and the arms traffic. After examining carefully the economic problems connected with armaments, the First Sub-Committee arrived at the following conclusions in its report concerning the untrammelled private manufacture of armaments:

- (a) That armament firms have been active in fomenting war scares and in persuading their own countries to adopt warlike policies and to increase their armaments;
- (b) That armament firms have attempted to bribe Government officials both at home and abroad;
- (c) That armament firms have disseminated fake reports concerning the military and naval programmes of various countries in order to stimulate armament expenditure;
- (d) That armament firms have sought to influence public opinion through the control of newspapers in their own and foreign countries;
- (e) That armament firms have organized international armament rings through which the armament race has been accentuated by playing off one country against another;
- (f) That armament firms have organized international armament trusts which have increased the price of armaments to Governments.

While unable to recommend either the abolition of private manufacture or to advise upon particular steps to be taken to control it, the First Sub-Committee offered certain observations with reference to difficulties which would be met if private manufacture were forbidden, and the Committee suggested certain lines of investigation in case private

(2) League of Nations, "The First Sub-Committee of the Temporary Mixed Commission of the League of Nations." Report A. 81, 1921.

manufacture should be subjected to control. If private manufacture were entirely forbidden, the State would take over the manufacture of munitions and implements of war, and the following difficulties would arise:

(a) States which do not produce all the munitions they need will object, fearing that it would be more difficult to secure the necessary supplies from foreign Governments than from foreign firms.

(b) According to present international law, the supply of munitions or implements of war by a neutral Government to a belligerent Government would constitute a breach of neutrality. Governments might feel forced to prepare for war by storing up large stocks of munitions and by equipping themselves with large munitions plants.

(c) If the state monopolized the manufacture of arms, it might still manufacture arms to its heart's content if it were militaristically inclined.

(d) Non-producing States might be forced to become producers.

(e) It would be difficult to define war industries so as not to include peace industries as in the case of the aviation, optical, and chemical industries.

(f) State arsenals would have to include a complete metallurgical plant and a factory for the chemical products required in the manufacture of explosives, thus involving heavy expenditure of money without ever attaining an output corresponding to the means of production.

If private manufacture were not forbidden, it might be subjected to control with the following possible restrictions:

(a) No munitions or implements of war may be exported without

a license from the Government of the exporting country.

(b) No munitions or implements of war may be imported without a license from the Government of the importing country.

(c) All shares in armament manufacturing firms should be registered and should be made transferable only by registration on the books of the company.

(d) Armament firms should publish full accounts of their armament business, and such accounts should be publicly audited.

(e) Lists of shareholders in armament firms should be published and restricted to the nationals of the country of the firm.

(f) Armament firms or persons interested or holding responsible positions in such firms should be prevented from owning, controlling, or unduly influencing the newspaper press.

(g) The issue of patents on munitions or implements of war to non-nationals should be regulated.

The Commission concluded with the suggestion to the Council and Assembly that an international conference on the private manufacture and trade in arms should be convened by a special invitation, addressed to all Members of the League and to interested States which were not Members.

The ratification of the treaty of Saint Germain would have been a step toward promoting disarmament in civilized States, even though it was intended only to prevent arms from getting into the hands of private persons or organizations or of certain uncivilized peoples, whose possession of such weapons would be a menace to the world. The fact that so great an arms-producing country as the United States refused to⁴ ratify it, blocked all hope of having other principal producing

(4) League of Nations, Proceedings of the Conference for the Supervision of the International Trade in Arms and Ammunition and Implements of War, Held at Geneva, May 4 to June 1, 1925.

countries ratify the Convention. Unless the United States could be induced, in some way, to ratify, even with reservations not affecting the main principles of the treaty, the Convention would be inoperative, since any attempted control of the arms trade by the other States would simply transfer the source of supply to the United States.

To this end the third Assembly, of 1922, adopted the⁵ resolution: that it was desirable that the Government of the United States should express its objections to the provisions of the Saint Germain Convention, as well as any proposals as to how these objections could be overcome; that the Temporary Mixed Commission should be instructed to prepare a scheme for the control of the international traffic in arms to be considered at the conference which was to deal with the private manufacture of arms. Thereupon the Council requested its President to address a letter to the Secretary of State of the United States on the lines indicated by the assembly resolution, asking the United States to inform the League as to the general lines on which it would be willing to cooperate in an attempt to solve the two problems of private manufacture of arms and the international control of the arms traffic.

On May 1, 1923, the United States Government replied that it was in cordial sympathy with any efforts suitable to restrict⁶ the traffic in arms and munitions of war. As evidence of its interest, the United States Congress had on March 12, 1912,

(5) League of Nations, Third Assembly, Plenary Meetings, Vol. 1-2, p. 164

(6) League of Nations, Conference for the Control of International Trade in Arms, Munitions, and Implements of War, 1924, IX. p. 13

approved a joint resolution, amending a previous resolution of April 22, 1898, whereby shipments of arms from the United States should be subjected to regulation. The objections of the United States to the Saint Germain Convention were as follows:

(a) That the contracting parties would be prohibited from selling arms and ammunition to States not parties to the Convention, however desirable it might be to permit such shipments to those Latin-American countries, for example, as might not adhere.

(b) That United States' acceptance would call for special legislation to make it operative.

(c) That since the United States was not a Member of the League, the provisions relating to a central office established under the League made it impracticable for its Government to ratify.⁷

In its session of December, 1923, the Council, acting upon the resolution of the Assembly,⁸ requested the Temporary Mixed Commission to prepare one or more conventions to replace that of the Saint Germain, and sent a letter to the Government of the United States enclosing the resolution and inviting the Government to appoint representatives to cooperate with the Temporary Mixed Commission in preparing the draft convention or conventions suggested by the Assembly. On February 2, 1924, Mr. Grew, the United States Minister at Berne, replied, saying that he had been instructed to attend the meetings of the Temporary Mixed Commission on February 4, 1924, but that he would have no authority to bind his Government in any way to conclusions which *might be reached by the commission.*⁽⁹⁾ During the course of the year the Commission drew up two

(7) Ibid., p. 13

(8) Ibid., p. 13

(9) Ibid., p. 14

preliminary drafts: one submitted by the Marquis de Lagaz, of Spain; the other by M. Jouhaux, on behalf of the Labor Group. M. Jouhaux's scheme provided a strict supervision of the arms trade exercised under the League by a system of export and import licenses delivered by the Governments concerned, and centralized and checked by the League. The draft of the Marquis de Lagaz was similar to the Saint Germain Convention, except that provisions were made to take care of the objections of the United States Government. The technical part of the Convention, concerning classification and definition of war material, was drawn up by the Permanent Advisory Commission. The final text retained many suggestions made by the authors of the preliminary drafts including, for example, the system of licenses. An international office set up by the Council was to replace international control by the League, thereby providing for the objection of the United States concerning an office set up within the framework of the League.

The fifth Assembly of September, 1924, after examining this draft convention, recommended ¹¹ the Council to submit it to the Governments of States, Members and non-Members of the League, and to request these Governments to inform the Secretary General before the Council met in December whether they were prepared to take part in a conference to be convened in April or May, 1925, for the purpose of discussing the convention. Forty-four countries accepted the invitation to this international conference, which ¹² met on May 4, 1925, under the presidency of M. Carton de Wiart,

(10) Ibid., pp. 61-68

(11) League of Nations, Official Journal, Special Supplement, No. 33, p. 295

(12) Ibid., p. 295. See also Official Journal, 1925, p. 1117

Minister of State, and former Prime Minister of Belgium. Among them were Germany, which was not yet a Member of the League, the United States, Turkey, and Egypt. Russia was not present.

13

In the ensuing discussions the chief difficulties, which arose concerned: the inequality resulting between producing and non-producing countries; the dangers arising from publicity to countries bordering on Russia, which is not a Member of the League; prohibited zones; and the inequality between the positions of adhering and non-adhering countries.

14

M. Dendramis, of Greece, argued that if the convention were accepted in its present form, a sort of condominium of the great States which manufacture munitions and implements of war would be set up over the small, non-producing States. The small States would be at their mercy, being subjected to such economic and political conditions as might be imposed upon them. Further, the secrets of the national defense forces of the small States would be compulsorily revealed, while the producing States would maintain complete secrecy as to their arms. The inevitable consequences of this initial defect would defeat the League's object, for the non-producing States would be forced to become producers in order to safeguard themselves against political and economic pressure and against the unilateral obligation as regards publicity.

15

M. Guerrero, of Salvador, objected to the omission of restrictive provisions in respect of war material coming from non-adhering countries, which would be able to sell their

(13) League of Nations, Proceedings of the Conference for the Supervision of the International Trade in Arms and Ammunition and Implements of War. A. 13. 1925, IX

(14) Ibid., p. 137

(15) Ibid., p. 300

products to any government and even to private persons. This omission would mean encouraging States which have not been willing to take part in the conferences not to adhere to the Convention, since their position would be privileged.

16

M. Dupriez, of Belgium, concurred in this objection, recommending that a State which imports arms from a non-adhering country must also take measures to ensure the publicity of such imports.

17

General Sosnkowski, of Poland, pointed out the disadvantages that would accrue in the case of non-producing States which desired loyally to conform to the principles on which sincere cooperation between States was based, but which were neighboring upon other producing countries whose efforts were directed toward escaping from the provisions of the convention. Some satisfactory settlement must be found for the special situation of States which were contiguous to Russia, which is not bound by the Convention.

18

General Dumitrescu, of Roumania, being in the same situation as Poland, urged a reservation on the part of countries co-terminous with Russia. In time of war, he argued, the endeavor is to act by surprise; it is an essential element of success. In view of this fact, it was certain that publicity would place non-producing States in an inferior position. Security did not present itself in the same form for everybody. In judging the security of different States, attention must be paid to their geographical position.

To allay the fears of those countries bordering on Russia, reservations made by these States would be accepted until such time as that State might adhere to the Convention. Although China,

19

- (16) Ibid., p. 302
- (17) Ibid., pp. 138, 191
- (18) Ibid., pp. 246, 147
- (19) Ibid., p. 266

Turkey, and Lithuania had not shown the same anxieties as Poland, Latvia, Finland, Esthonia, and Roumania in this regard, they now²⁰ claimed the benefits of this special treatment. As Mr. Theodore Burton, United States' representative, remarked, there ensued what one might almost call a scramble on the part of one nation after another to take part in this exemption -- "not only by those adjacent to Russia but those adjacent to those that are adjacent. If this principle is accepted for those States that are once removed from Russia, it will not be possible to stop until we²¹ reach the ocean."

²²
M. Paul Boncour, of France, realized the injustice resulting to non-producing States unless the Convention of the Trade in Arms should be quickly confirmed and supplemented by a similar convention on private manufacture. In his opinion it would have been wiser to start by regulating private manufacture before regulating the trade: first, because manufacture of arms was the first link in the chain, while trade was the last; secondly, if the purpose really was to eliminate the element of secrecy in arms, until a general reduction could be obtained, it would be more effective to deal with them at the time of production or assembly rather than to postpone control to the time of delivery.

²³
Admiral de Souza e Silva, of Brazil, spoke up to the effect that the convention did not lay producing countries under the obligation of a publicity similar to that applied to the importing States. State manufacture would continue to be exempt from publicity. Therefore instead of removing the causes of conflict, there would be created a real control on the part of the powerful arms producing countries over the States which depend upon them for

- (20) Ibid., p. 266
- (21) Ibid., p. 269
- (22) Ibid., pp. 143, 152
- (23) Ibid., p. 247

their supplies. To prevent this injustice the League should postpone the coming into force of the Convention until the drawing up of its sister convention on manufacture.

²⁴
M. Arfa-ed-Dowleh, of Persia, proposed that arms factories and Government arsenals should be obliged to publish their output, just as purchasers publish their purchases, and so reveal to the world the state of their armaments. His successor, General Habibolah Khan, resented the stigma put upon Persia's sovereignty by the inclusion of the Persian Gulf and the Sea of Oman in the restricted maritime zones.²⁵ After careful consideration the delegates agreed to exclude Persia and Turkey from these special areas, but an agreement could not be reached to exclude the Gulf of Oman and the Persian Gulf.

²⁶
Sir Percy Cox, of India, firmly stood out for the inclusion of the Persian Gulf and the Gulf of Oman. The shores of both these gulfs, he maintained, witnessed a high pitch of illicit traffic. He felt that the Persian delegate's attitude was based mainly upon sentiment, which should have no part in framing a convention of such vital importance as that on the traffic in arms, for, as he stated, by the existence of this illicit traffic, which made available a plentiful supply of arms, piracy and traffic in slaves intermittently occurred in these waters.

Being unable to accept the inclusion of these two waters in the prohibited maritime zone, the Persian delegation withdrew
²⁷
from the conference.

The United States was most interested that some provision be made relating to the use of asphyxiating, poisonous, and deleterious gases. Furthermore, the United States, said Mr. Burton,²⁸ was willing to join in a convention which would compel the

(24) Ibid., 256
(25) Ibid., 375
(26) Ibid., pp. 399, 400

(28) Ibid., p. 155

producing countries to publish statistics as to the production of arms, munitions, and implements of war. It was, however, interested in publicity only and was opposed to prohibition of private manufacture. He maintained that "private manufacture of arms is flexible and adapted both to peace and war. It may consist of the manufacture of explosives and material which have nothing to do with war, to which can be added in time of conflict the manufacture of military arms..... Government manufacture and control, on the other hand, are inflexible and look to a state of war. It involves the maintenance of a very considerable force, always engaged in the manufacture of implements of destruction."

The final text of the Draft Convention was divided into five chapters, as follows:

Chapter I defines five categories to which the convention applies -- arms used exclusively for war; arms capable of being used for war but ordinarily used for other purposes; warships, aircraft, and other arms.

Chapter II provides for general regulation of international trade in arms, munitions and implements of war used exclusively for war through a system of licenses and publicity.

Chapter III defines special prohibited areas and maritime zone to which the export of all arms, except warships, is forbidden.

Chapter IV lays down provisions of a special nature relating to Abyssinia; to reservations of certain countries co-terminous with Russia, a non-adhering country; and to countries possessing extraterritorial jurisdiction in the territory of another State.

Chapter V lays down that the convention shall not apply to the military forces of the exporting country. It also provides for suspension of supervision and publicity concerning shipment

of arms to a belligerent in time of war.

An agreement was reached to insert in the Final Act of the conference a clause to the effect that the Governments of the signatories intend to apply strictly their internal laws and regulations to prevent a fraudulent commerce in arms, and to exchange all information on the subject; they declare further that the convention must be considered as an important step towards a general system of international agreements regarding arms, ammunition, and implements of war, and that it is desirable that the international aspect of the manufacture of such arms, ammunition, and implements of war should receive early consideration by the different Governments. ²⁹

On June 17, 1925, the Conference ended. The Convention drawn up, had for its object the establishment of a general system of supervision and publicity for the international trade in arms, munitions, and implements of war and a special system for areas where such measures are generally recognized to be especially needed. Besides the Final Act already mentioned above, there was a protocol pertaining to chemical warfare. The convention was to come into force after fourteen powers had ratified. The protocol was to go into force for each state on the date of the deposit of its ratification. ³⁰

It is interesting to note that although the delegate from the United States, on instruction from his Government, was instrumental in bringing about the Protocol for the Prohibition of the use in War of Asphyxiating, Poisonous or other Gases, and

(29) Ibid., p. 109

(30) League of Nations, Official Journal, VI, p. 1159; see also the previous conclusions of experts in the Report of the Temporary Mixed Commission. A. 16, 1924. IX, p. 29; also "Supervision of International Trade in Arms", 1925, pp. 339, 364

of Bacteriological Methods of Warfare, when this Protocol was submitted to the United States for ratification, "a hue and cry was raised against it by the American Legion. A campaign of opposition was financed by the so called National Association for Chemical Defense, of which the Washington legislative agent of the Legion was the treasurer, and the treaty was referred back to the Foreign Relations Committee at the request of Senator Borah, its chairman. The affair created quite a scandal at the time, for it was believed that the chemical industry and manufacturers of gas masks were actively connected with the society. The treaty is still in the hands of the Foreign Relations Committee awaiting a report." ³¹ Unfortunately the death of Senator Burton left the cause without its champion.

I should like to digress here, for a moment, to picture -- for those who have not given the matter more than casual thought -- the next war for which nations are preparing. "The prime object.... will be 'to break the will' of the whole enemy nation, and, by paralyzing all its productive activity, place it at the mercy of the victor. Hence all military speculation has turned toward the aerial and chemical arms which are to be combined in the 'surprise air attack.'.....The airplane... is now 'a hundred times more destructive than in 1918', according to military authorities. To its vastly greater speed, cruising range and lifting power, is added the advantage of radio control. Pilotless airplanes will be, in effect, nothing but air torpedoes.....The war departments of the Great Powers which are now holding conversations upon disarmament have each mapped out the other's capitals and

(31) "The Issues of the General Disarmament Conference." National Council for Prevention of War, See also R.B.Fosdick, "Our Foreign Policy in the Looking-Glass", Atlantic Monthly, August, 1931. Vol. 148, p. 142.

industrial regions for purposes of attack.

"Let us visualize, for a moment, the surprise air attack as the military experts plan it. Instead of an entrenched army, a crowded metropolis would be the objective, with its skyscrapers, its canyonlike streets and subways, no longer protected by such oceans or mountains as once set barriers in the path of invasion. Its tall buildings would offer excellent targets, for explosive and incendiary bombs which could easily be administered by a fleet of a hundred airplanes. The loosened and burning debris would topple into the streets, which would soon be choked with jammed automobiles, with terrified mobs, with the bodies of the mutilated and dying. The subways, the subterranean passages under buildings, would offer no safety to the frenzied masses who would die like rats, as a 'wave' of gas followed the bombardment and the fire. On the outskirts of the city, as well as in its heart, the monotonous and systematic destruction of factories, oil tanks, power stations, water reservoirs and food stores would continue until nothing was left. Nothing save, perhaps, a few bank vaults.

"The anti-aircraft gun to be sure, has been greatly improved; yet experts consider it of only the slightest value..... According to experts themselves, there is no hope for defense against the existing engines for the new war. The rival Powers are armed with weapons for mortal blows at each other, while bearing no shields."³²

Just recently the Italian Air Minister, General Italo Balbo, led an armada of twenty-four planes from Italy -- 6,100 miles across the Atlantic Ocean. The fact of the successful crossing of

⁷ (32) "Mankind Prepares to Die," New Republic, Vol. 70 pp. 6-7, February 17, 1932; See also George H. Blakeslee, "The Recent Policy of the United States", pp. 346-348.

this foreign fleet should prompt us to some quick action toward disarmament, to which the first step would seem to be control of the arms traffic and private manufacture.

It is difficult to believe that intelligent people are standing idly by while such horrors are being planned against the unprotected people of a Nation.

To continue with the progress of the traffic in arms, the Council of the League set up in 1927³³ a commission on the Private Manufacture of Arms, Ammunition, and Implements of War. The Commission struggled with the problem, and by August, 1929, they³⁴ had drawn up a Draft Convention which still contained a decided difference concerning methods of obtaining publicity for State manufacture. The tenth Assembly of 1929 took up the problem, but was unable to come to any conclusion. Since the problem of publicity involved the question of whether reports were to be made in respect to quantity or value or both, some States could not decide until they knew the decision of the Preparatory Commission for the Disarmament Conference Concerning the³⁵ publicity of war material. Consequently the whole problem of agreement on private manufacture was deferred by council resolution of May 20, 1931, until after the question of publicity was settled in the General Disarmament Conference.

Article 5 of the Draft Convention for this Conference, with regard to the Supervision of the Private Manufacture and Publicity of the Manufacture of Arms, Ammunition, and Implements

(33) League of Nations, Official Journal, 1927, No.2, pp. 149-150

(34) League of Nations, "Reduction of Armaments, Supervision of the Private Manufacture and Publicity of the Manufacture of Arms and Ammunition and Implements of War". A. 30. 1929. IX (Geneva, September 4, 1929)

(35) League of Nations, "Supervision of Private Manufacture and Publicity of the Manufacture of Arms and Ammunition and Implements of War. [Report by the Third Committee to the Assembly.]". A. 87, 1929. IX

of War contains an undertaking to forward to the Secretary General or to publish annually a return showing the total production under private Manufacture, licenses in value, number, and weight of articles in Categories I, II, and IV. (The fact that "value" replaces "quantity" weakens the force of the convention.) The parties undertake to report the text of all statutes, orders, or regulations with regard to these categories and to continue making them public. There is also a provision whereby this publicity shall also apply to the production of the material manufactured for it in establishments of which the state is the sole proprietor, or in any other establishment of the State. In this way the amount of land war material in existence would be revealed to the world, and the reason for military secrecy would be largely removed.

Almost fifteen years have passed since that great "war to end war", and still the fires of fear and hate are smouldering in Europe. The Youth of the United States have given their lives in the cause of a great ideal. They were bombarded with slogans designed to awaken their manhood to their responsibility in the moral development of humanity. "Make the world safe for Democracy," "A war to end War", rang in the ears of these martyrs to international peace. Have we kept faith with them? Have we not stood aloof from the efforts of the League to remove the greatest of terror and conflict among nations -- the unreasonable amassing of armaments? The Nations of the World look to the United States for cooperation. Their work is ineffective unless we are willing to do our share.

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Chapter VI

The Munitions Lobby

"What a shallow delusion is this we have all got into, that any man should or can keep himself apart from men, have 'no business' with them, except a cash-account 'business'! It is the silliest tale a distressed generation of men ever took to telling one another. Men cannot live isolated: We are all bound together, for mutual good or else for mutual misery, as living nerves in the same body." Thomas Carlyle.

Too long have we in the United States comforted ourselves in the delusion of our splendid isolation. Those glorious days in which we occupied a "detached and distant situation" are no more. For all practical purposes, the world has become a very much smaller place because of the radio, the wireless, fast steamers, airplanes, and the many other modern means of communication and transportation. It is no longer possible for

Even a small nation to find a corner to crawl into and isolate itself, much less so large and influential a nation as the United States. Like the proverbial ostrich, we bury our heads in this imaginary policy while the forces of science continue to make the world smaller, and isolation less actual, whether or not one chooses to recognize the reality.

The machinery for the preservation of peace is new, and its efficiency, as yet, unproved because of lack of confidence on the part of a few large nations, especially the United States, who has refused to try it. We signed the Pact of Paris, and thereby we said we renounced war as an instrument of national policy. In case of a war of aggression what would be our attitude concerning neutrality? Would we follow our traditional policy of selling arms to both sides? What then about our condemnation of war as a criminal act? It would surely be inconsistent for us to outlaw war and then supply weapons to the State violating the pact? Certainly there would be no incentive for States, Members of the League, to refuse to sell arms to the aggressor if, in so doing, they would merely transfer that trade to the United States without accomplishing their purpose. So long as the United States declines to assume her responsibility to humanity by prohibiting the sale of arms either to all belligerents or to the aggressor State, the League of Nations is greatly embarrassed.

It is true that we already prohibit the export of arms under certain circumstances. The origin of this regulation was a resolution, submitted by Senator Elihu Root, of New York and approved by Congress on March 14, 1912, (amending a former

Joint resolution of April 22, 1898). It reads as follows: --

"That whenever the President shall find that in any American country conditions of domestic violence exist which are promoted by the use of arms or munitions of war procured from the United States, the President is hereby authorized, in his discretion, and with such limitations and exceptions as shall seem to him expedient, to prohibit the export of arms or munitions of war from any place in the United States to such country until otherwise ordered by the President or by Congress." ¹

On January 31, 1922, this resolution was amended, making it apply to "any country in which the United States exercises extraterritorial jurisdiction." ² Pursuant to this resolution and that of March 14, 1912, the following embargos have been proclaimed:

Brazil: Proclaimed October 22, 1930 - Revoked March 2, 1931

China: Proclaimed March 4, 1912 -- Still in effect.

Cuba: Proclaimed May 2, 1924 -- Revoked August 29, 1924

Honduras: Proclaimed March 22, 1924 -- Still in effect.

Mexico: Proclaimed March 14, 1912 -- Revoked February 3, 1914.

" : Proclaimed October 19, 1915 -- Revoked January 31, 1922

" : Proclaimed January 7, 1924 -- Revoked July 18, 1929 ³

Nicaragua: Proclaimed September 15, 1926 -- Still in effect.

In applying this policy against Mexico, President Wilson stated on August 27, 1913: --

"I deem it my duty to exercise the authority conferred

(1) Congressional Record, Vol. 48 pt. 4, p. 3244 (S.J. Res. 89), 3257, 3258

(2) Ibid., V. 62. [S.J. Res. 124] p. 1085, 1230, 1317, 1400, 1615, 2256

(3) Hearings before the Committee on Foreign Affairs, House of Representatives, 72nd Congress, 2nd session on H.J. Res. 580, p. 71; See also George H. Blakeslee, "The Recent Foreign Policy of the United States," pp. 107-108

upon me by the law of March 14, 1912, to see to it that neither side to the struggle now going on in Mexico receive any assistance from this side of the border. I shall follow the best practice of nations in the matter of neutrality by forbidding the exportation of arms or munitions of war of any kind from the United States to any part of the Republic of Mexico -- a policy suggested by several interesting precedents and certainly dictated by many manifest considerations of practical expediency. We can not in the circumstances be the partisans of either party to the contest that now distracts Mexico or constitute ourselves the virtual umpire between them."⁴

According to recognized students of international law⁵ neutrality, in the real sense, is little more than an illusion. John Bassett Moore, an authority on international law, says on this subject:

"The acts which individuals are forbidden to commit and the acts which neutral governments are obliged to prevent are by no means the same.....The supply of materials of war such as arms and ammunition to either party in an armed conflict, although neutral governments are not obliged to prevent it, constitutes on the part of the individuals who engage in it a participation in hostilities, and as such is confessedly an unneutral act. Should the government of the individual itself supply such articles it would clearly depart from its position of neutrality."⁶

(4) Congressional Record V. 52, pt. 6: p. 584 (Quoted by Mr. Porter)

(5) Clyde Eagleton, "International Government;" World Peace Foundation Pamphlets, Vol. XI No. 3, 1928, p. 459; William C. Morey, "Diplomatic Episodes", Chapter VII

(6) John Bassett Moore, Digest of International Law, Vol. 7 p. 748 [Quoted by Mr. Vollmer of Iowa in the Congressional Record, Vol. 52, pt. 6, pp. 735-737]

In the World War, with Great Britain controlling the seas, our supplies reached only one side. Germany and Austria complained that our conduct was unneutral, and pointed out that we were helping one side and not the other. Since a belligerent has the right to prevent supplies from reaching his enemy, the one that controls the seas has the advantage. Although the United States was willing to permit its citizens to sell munitions to all countries impartially, the British Navy prevented the delivery of said munitions to Germany and Austria; therefore the Central Powers complained that for all practical purposes the neutrality of the United States did not exist toward them -- in reality the citizens of the United States were delivering munitions to the Allies. Judged by its practical results in this case, neutrality appears illusory. In view of this situation Mr. Henry Vollmer, representative of Iowa, introduced a resolution in 1915, prohibiting the export of arms and ammunition to all belligerents. Many believe that the adoption of such a resolution would not only have shortened the war but would have acted as a most efficient deterrent of future wars.

Mr. Stephen Porter, representative of Pennsylvania, urged the adoption of such a resolution. He argued that if all neutral nations refused to furnish belligerents with supplies of any kind, war could be prevented or, at least, shortened. If Russia had known, at the time she declared war against Japan, that she could not rely upon Germany for supplies, or Japan, that she was cut off from aid from England, it is likely that they would have given more serious consideration to their war plans. And if

Our vast storehouse of arms and food had been closed to England and France in 1914, probably "the sword would have remained much longer in its scabbard." Mr. Porter read a letter from a German soldier to a relative living in our country. The German states the problem well:

"We German soldiers can make no distinction between those who shoot at us with shells and those who prepare and sell them with the definite knowledge of their ghastly use. One is just as much our enemy as the other. After the war it will be hard for us to remember the actions of your world of trade."⁸

Mr. Theordore Burton, representative of Ohio, has introduced three resolutions concerning an embargo on arms. On December 5, 1927, he presented House Joint Resolution I, making it a penal offense for any one in the United States to ship arms or munitions to a state engaging in aggressive warfare in violation of a treaty for pacific settlement of disputes, or to any other state if the goods were ultimately destined for the aggressor State. The President would determine the fact of aggression.⁹ On January 18, 1928, Mr. Burton submitted a second resolution which prohibited the export of arms and munitions to all belligerents, omitting any reference to the aggressor.¹⁰ His third resolution was introduced on January 15, 1928, forbidding export of such supplies "to any nation which is engaged in war with another."¹¹ It was unanimously reported out of the House Committee on Foreign Affairs on January 26, The report states that this resolution is a declaration on the

(8) Ibid., Vol. 52, pt. 6, p. 584

(9) Ibid., Vol. 69, p. 97

(10) Ibid., Vol. 69, p. 2045, H.J.Res. 183

(11) Ibid., Vol. 69, p. 1697, H.J.Res. 171

part of the United States "that we do not desire that our citizens should participate in the profits derived from the furnishing of implements of destruction. It is thought also that this will be a restraining influence when nations are about to embark in war, and it is hoped that other countries may, should this law, adopt similar regulations."¹²

On February 11, 1929,¹³ a resolution to forbid the export of arms was submitted by Mr. Porter, who had advocated this procedure in 1915. In 1929, he introduced two other such resolutions, House Joint Resolutions 15¹⁴ and 122.¹⁵

Senator Arthur Capper's resolution of February 11, 1929, authorized the use of an economic boycott on war supplies, the action to be employed against countries that violate the multilateral treaty disavowing war as an instrument of national policy.¹⁶ The passage of this resolution would be welcomed at Geneva as giving new force to Article XVI of the League Covenant, which provides an economic blockade against a nation that refuses to settle its disputes by arbitration as prescribed in Article XIII. The Capper resolution would put teeth in the Kellogg-Briand Pact, and allow the League to go ahead with its sanctions without interference from the United States.

In 1932 Mr. Hamilton Fish, Jr., representative of New York, had two bills before the House, House Joint Resolutions 137¹⁷ and 270¹⁸ concerning prohibition of export of arms to all belligerent nations. On January 29, 1932, he again urged the passage of such

(12) Philip Jessup, "American Neutrality and International Police", World Peace Foundation Pamphlets, Vol. XI, No. 3. p. 104

(13) Congressional Record Vol, p. 3285 (H.J.Res. 412)

(14) Ibid., Vol. 71, pt. 1, p. 33 (H.J.Res. 15)

(15) Ibid., Vol. 71, pt. 4, p. 4643 (H.J.Res. 122)

(16) Ibid., Vol. 70, pt. 5, p. 4581 (S.J.Res. 215)

(17) Ibid., Vol. 75, pt. 1, p. 660. (H.J.Res. 137)

(18) Ibid., Vol. 75, pt. 3, p. 3294. (H.J.Res. 270)

a bill. "The people of this country," he declared, "do not want to send arms and ammunition to Japan and China in case of war between those countries. We do not want to make the United States the slaughterhouse of the world, so that any nation can come here and buy munitions which are sold for profit and greed, to be used against people with whom we are at peace and with whom we have no quarrel whatever [sic]

"I call attention also to the loans being investigated by the other branch of Congress, where it was proved that in one loan, made by a New York banking house for Bolivia for \$23,000,000, \$6,500,000 were taken out to buy munitions and armaments from Vickers (Inc.), in London, England, when the money of the American bondholders was supposedly sent down to South America for productive purposes. I hope the Democratic Majority will support this proposition to see that munitions of war are not sent all over the world to those nations which are at war, and thus help to avoid our being dragged into every future war in every part of the world." ¹⁹

The Fish resolution is consistent with our traditional, policy of isolation since, legally, we would be treating all nations alike. The resolution has negative value, but as a positive force to distinguish between right and wrong, and to protect our hallowed claim of being the champions of mankind's rights to freedom, it leaves much to be desired. Even so, it would be a progressive step toward peace, for if the League Members refuse supplies to the aggressor, and the United States also should forbid the sale of arms to all belligerents, the nation violating the treaty would be cut off from aid. On

the other hand, the Capper resolution arrays the United States on the side of right, but does not obligate it to action against the treaty breaker. Both policies, however, show an awakening of our people to their responsibility in averting the collapse of civilization. With the United States thus out of the way of nations who have agreed to solidarity of action to maintain peace, the League would have a fair chance to do effective work.

In a special message to Congress in January, 1933, President Hoover urged the immediate ratification of the 1925 League Convention for the suppression of international trade in arms and munitions. If the Senate should find ratification of this treaty impossible, Mr. Hoover asked that they pass special legislation "conferring upon the President authority in his discretion to limit or forbid shipment of arms for military purposes in a case where special undertakings of cooperation can be secured with the principal arms-manufacturing nations."²⁰ His request was promptly acted upon by Senator²¹ William E. Borah, Chairman of the Foreign Relations Committee, who on January 11, 1933 submitted a resolution concerning the problem.

But the resolution was blocked after munitions makers swarmed into Washington wailing over the profits they would lose if they were curtailed in their business of furnishing weapons for the killing of other peoples. At the hearings before the Committee on Foreign Affairs in the House of Representatives, the representatives of nine concerns involved

(20) Literary Digest, Jan. 28, 1933 Vol. 115, No. 4, p. 9

(21) Congressional Record, Vol. 76, pt. 2, p. 1551

in the manufacture of aircraft and arms and munitions aired their selfish arguments against the arms embargo. Mr. Luther K. Bell, general manager of the Aeronautical Chamber of Commerce of New York City, read telegrams from nine other such firms all protesting against the move to check the flow of profits
22
into their pockets.

Their testimony seemed to show a deliberate attempt to confuse the issue or to attribute to our chief executive, unbelievable stupidity or a rash sacrifice of the United States' interests. The spokesmen of the airplane industry contended that this bill was a definite menace to their business, that it would divert trade to other nations, since nations would want to buy where they could continue to get parts and replacements for their plans whenever needed. In such a situation as this resolution would produce, they could never be sure of being able to do so. Mr. Morton D. Hull, of Illinois, reminded them that the power vested in the President shall not be exercised, except in a situation where it can be made effective, in cooperation with other Nations, to stop war. "Do you want," he asked, "to put your group in the position of saying that they want to profit by war in that sort of situation?" Mrs. Ruth Bryan Owen, of Florida, pointed out that the President of the United States would not lay the embargo until the major national powers which are manufacturers of war materials were in agreement. Our country, therefore, is not going to deprive its aviation and arms manufacturers of any

(22) The following testimony and remarks are from the Hearings before the Committee on Foreign Affairs on H.J.Res. 580 February 7, 1933. "Exportation of Arms or Munitions of War."

rights of which other nations will not deprive their manufacturers.

Mr. Grey Vaughan, director of the Aeronautical Chamber of Commerce of Patterson, New Jersey, then leapt to the rescue of the workmen in the munitions industry. This argument, of course, always has its appeal to the laborers' organizations, even though, according to Senate investigations in the past, the laborer has not fared very well at the hands of the private manufacturer of armaments, as will be shown in a later chapter.

Mr. Vaughan. It is not our desire to make profit from war material, but it is our desire to make profit to keep men working, to give more jobs out, to build up our present situation to one that is reasonably satisfactory as fast as we can. It is going to be a long job in any event; if we divert this business unnecessarily and deliberately to other nations, it will be more difficult.

Mr. Joseph W. Martin, Jr. (representative from Massachusetts) How are you going to divert it under this resolution? There must be an agreement between all the manufacturing countries.

Although Mr. Cyrenus Cole, representative of Iowa, assured him that the officials of other nations already have the power that this resolution confers on the President, Mr. Vaughan remained inconsolable.

Mr. Vaughan.....We have shipped 80 per cent of our total shipments for war purposes. They are distinctly military airplanes or convertible into such.

Mr. Hull. This resolution contemplates an embargo by the President whenever he thinks it can be made effective in the prevention of the shipment of war materials.

Mr. Vaughan. I am familiar with that.

Mr. Hull. With that in mind, do you want to say that you are opposed to the passage of the resolution?

Mr. Vaughan. Yes, very definitely.

Mr. Hull. In the event that it can be made effective.

Mr. Melvin J. Maas, (representative of Minnesota). It does not say that.

Mr. Hull. That is the action which the executive would take.

Mr. Vaughan. For the reason that the immediate effect will be the discontinuance of purchase by foreign countries from the United States, just as sure as you sit here.

Mr. Hull. Do you think your profits are more important than the effect on the world's peace by the shipment of arms? ²⁴

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Mrs. Owen. I wanted to ask by what means or representations do you promote business in military aircraft? How do you go about it to increase such business?

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Mr. Vaughan. We sell motors just as you sell phonographs or any other articles.

Mr. Cole, of Iowa. The more you sell the better.

Mr. Vaughan. We contact with the heads of the military departments just as we contact the commercial operators. ²⁵

(24) Ibid., pp. 32-33

(25) Ibid., pp. 35-36

Mr. Sol Bloom, representative of N.Y. Supposing the other Nations would have the same law as this resolution calls for, how will your industry be hurt by that? They are all under the same rule, the same law.

Mr. Vaughan. By that nation contacting the nations involved and giving them verbal assurances regardless of any power that they might have technically.

Mr. Bloom. That does not answer this. You are all on the same basis.

Mr. Vaughan. No; I do not agree with you.

Mr. Bloom. Supposing the other nations to-day have a similar law to this law.

Mr. Vaughan. You mean that there is a law that nothing shall be shipped?

Mr. Bloom. Just exactly the same.

Mr. Vaughan. If there was a law that might be different. This is not a law that we do not ship to any foreign government; it is just a possibility that it could be put into effect, is it not?

Mr. Bloom. But supposing the United States in cooperation with other countries agrees to something and then your industry would be affected by that. You are all on the same plane.

* *

Mr. Vaughan. let me see if I get the question clearly. If the manufacturing nations were all under the same arrangement, had all agreed definitely not to ship any war munitions to any particular country, then how would it effect us?

Mr. Bloom. That is, afterward.

Mr. Vaughan. After what?

Mr. Bloom. After there is a war or threatened war. Now, what we are dealing with is the supposition of the possibility of a war being declared and the United States going to war.

Mr. Vaughan. Yes.

Mr. Bloom. Now, then, we have this resolution that says that whenever the President deems it necessary to receive the cooperation and consent of those nations that no munitions of war will be sent to any of these countries. Now, they have agreed to it in advance. Now, as long as they have already agreed in advance to do this thing and then after the war is declared they agreed not to do it, now [sic] would your industry in any way be affected?

Mr. Vaughan. It would not be after they all agreed. 26

Mr. W.A. Mara, Vice-President of the Stinson Aircraft Corporation of Michigan, after a long "sob story", suggested 27 that the bill be redrafted so that it would not harm them.

Much of the defense of these patriots of aircraft and arms manufacturing concerns was based on their love of their country. In fact, according to their testimony, it seemed that their whole idea in seeking foreign business was to keep their factories in operating condition so that they would be ready to leap to their country's defense in time of war. Mr. Edward W. Goss, representative from Connecticut, stated that as a member of the Military Affairs Committee he had heard testimony before that committee to the effect that all of our Government-

(26) Ibid., pp. 39-40
(27) Ibid., p. 44

owned-and-operated arsenals, in time of emergency, could only produce about 2 per cent of the total requirements of our Army and Navy. The other 98 per cent, which must be furnished by private industry, requires the work of trained experts. The strange part of this plea is that whenever a bill has been brought up in the past to increase the number of government arsenals and therefore, decrease the work required from private industry, the munition makers have raised a cry to heaven against such a plan, until the bill was either defeated or stripped of its power. If these patriotic firms are really inconveniencing themselves to provide for the inadequacy of government manufacture, it would seem that they would be the first to encourage an increase in government capacity for manufacture. The testimony of Mr. Goss, under these circumstances, is interesting:

Mr. Hull. If it takes so long for us to mobilize our factory supplies, and so forth, other nations, non-producing nations, would have to go through the process in an emergency, would they not?

Mr. Goss. You see, we have had our experience in the last war. The Secretary of War is preparing private industry today so that in these ordnance districts everyone knows that they [sic] will be called upon to do for the next emergency.

Mr. Hull. Do you think it is important that we should be permitted to sell arms and munitions to other nations in order to be properly prepared ourselves; is that your point?

Mr. Goss. Yes, sir. As long as we have a policy of small production in our Government-owned arsenals, with a small

trained man-power.

Mr. Hull. But you are not going to be able to keep in practice unless you are actually selling materials to foreign nations?

Mr. Goss. That is true.

Mr. Hull. In other words, you have got to foment war abroad in order to keep in practice, to protect ourselves. ²⁸

Mr. F.J.Monahan, representative of the Remington Arms Company, made the same argument.

Mr. Monahan... Those machines which are used for the manufacture of cartridges exported to these foreign countries are kept going by the business that we receive from these countries, and the men are kept trained and therefore ready for the emergency when it exists or when it occurs and we have a nucleus on which to build to take care of any of the needs of the Government.....

Mr. Hull. You say they are kept in training on this foreign business?

Mr. Monahan. Yes, sir.

Mr. Hull. That is arms and ammunition for war purposes?

Mr. Monahan. We never know what part of the exports, of what we call these metallic cartridges, are going to be used for war purposes and what part for protection, policing and sport purposes.

Mr. Hull. In order to keep in tune, to keep in practice, you have got to have trouble going on in some part of the world?

Mr. Monahan. Yes, sir.

Mr. Hull. And you would deplore any attempt to prevent it, because it might interfere with the profits of your
29
business?

And so the bill was defeated by the powerful influence of this minority group in spite of the fact that organizations representing the voice of thousands of alert citizens from all over the country urged the adoption of either this resolution or the convention of 1925 on control of the arms traffic. Mrs. Helen Hoy Greely, who had recently attended the sessions of the Disarmament Conference at Geneva, where she had represented Americans in the Interorganization Council, urged the passage of this resolution. She also believed that United States' ratification of the treaty of 1925 on control of the traffic in arms would hasten ratification by some of the other producing nations. The organizations participating in the Interorganization Council are the following:

American Association of University Women.

American Friends' Service Committee.

American Political Science Association.

American Society of International Law.

Committee on International Justice and Goodwill of the
Federal Council of the Churches of Christ in American.

Fellowship of Reconciliation.

Friends' Peace Committee of Philadelphia.

League of Nations Association (Inc.).

League of Women Voters.

National Council for Prevention of War.

National Education Association.

Teachers' Union of New York.

Women's International League for Peace and Freedom.

Young Women's Christian Association.

30

The Chairman took this opportunity to call the Committee's attention to the record of various organizations that have indorsed this resolution in letters to the chairman;

The Emergency Peace Committee; chairman of the American Peace Committee, on behalf of 177 signatures from the various States in the Union;

Mr. Richard W. Moore, secretary, Peace Committee;

Executive director of the League of Nations Association (Inc.) Connecticut branch. (The Chairman thought that this letter came from Connecticut especially because of the opposition already shown, and because they wanted to show that was not the will of all of their citizens.)

31

Miss Dorothy Detzer, representing the Women's International League for Peace and Freedom, presented a petition with 165 signatures mostly of clergymen and presidents of colleges and universities from twenty-eight States, urging upon the President, the State Department, the Senate, and Congress support of the arms embargo and the League Convention of 1925 for control of the arms traffic.

32

Miss Jeanette Rankin, associate secretary of the International Council for Prevention of War, read to the Committee a resolution passed by the National Conference on

{30} Ibid., pp. 18-19
{31} Ibid., p. 19

the Cause and Cure of War, which represents eleven of the women's organizations, which are not peace organizations urging the adoption of the Senate Joint Resolution 229 On the arms embargo.³³

When Senator Hiram Bingham from Connecticut speaks and votes against the arms embargo, we involuntarily remember that his state ranks first in the manufacture of munitions. Bridgeport was called the "Essen" of America during the World War, and for several decades Connecticut has produced more than half of the total of munitions in the United States.³⁴

So the United States was to continue shaking a reproving finger at warring nations while with the other hand she furnished them with the weapons to destroy each other.

On February 27, 1933, Sir John Simon, foreign secretary of Great Britain, announced to the House of Commons the decision of the British Government to lay an embargo on the exportation of arms to both China and Japan. The Government had already announced that it had been in consultation with the United States concerning the arms embargo during the conflict in the Far East, and had declared that such a step would be ineffectual unless America joined. This announcement, therefore, was interpreted to mean that Washington, too, favored an embargo. But by March 13, Great Britian was forced to withdraw the embargo, following failure of any other nation to take similar action. It is evident that peaceful methods of preventing war depend for their fulfillment upon the cooperation

(33) Ibid., pp. 19-20

(34) "Facts tending to explain delay of embargo resolution in last Congress by action of Senator from Connecticut." National Council for Prevention of War.

of the United States, which is one of the greatest arms producing countries in the world.

On March 16, 1933, an Arms Embargo resolution was again introduced in congress with the support of President Franklin Roosevelt and Secretary of State Cordell Hull. In the Hearings on this resolution, ³⁵ objections were raised, on the grounds of breach of neutrality. Professor Edward A. Harriman, Washington, D.C., gave his opinion in this regard, when examined by Representative Finley H. Gray.

Mr. Gray..... Suppose a neutral Nation desired to observe legal and moral neutrality in the pending matter and conscientiously did not want to participate in any manner in a conflict, and would enter a similar order of embargo against all belligerents. Would you say that would be an unneutral act against all belligerents?

Mr. Harriman. That would be considered so. If the United States in 1915 had issued an embargo against the shipment of arms to all belligerents, that would have been regarded, I think, by the Allies as a breach of neutrality, because the practical effect would have been to shut off the shipments to the Allies, which were the only ones which could be practically made. You must consider the practical effects of such an embargo.

The reason why the English embargo declared by Sir John Simon was criticized was because it was an embargo against both China and Japan. It was severely criticized, wisely or unwisely, as taking sides, because Japan had secured munitions and China

(35) Hearings before the Committee on Foreign Affairs. House of Representatives. Seventy-third Congress, first session, on H.J.Res. 93. March 28, 1933. (Washington, 1933)

had not.....

Mr. Gray. Would you say a nation would be compelled to furnish arms and ammunition to all nations that are belligerents, in order to maintain neutrality?

Mr. Harriman. A nation does not and can not furnish arms. But a nation's interference with the ordinary trade in arms is an act which might constitute a breach of neutrality, even though it was extended to both belligerents, if the practical circumstances were such that the effect was to aid one belligerent at the expense of another.

Mr. Thomas F. Ford (representative of California). I take it from your testimony that you are simply opposed to any plan of participation by the United States in any form of international cooperation to prevent war.

Mr. Harriman. No, that is too broad a generalization.

Mr. Ford. On any proposition that has for its purpose the prevention of war you usually appear against it?

36

Mr. Harriman. Not at all.....

Mr. Edwin M. Borchard, Professor of International law at Yale University, testified as follows:

Mr. Guy M. Gillette (representative of Iowa). In view of the fact that you say the mere placing of an embargo would be a breach of neutrality such as would warrant reprisal, how would you suggest that the embargo be imposed so that it would not violate neutrality? In other words, how would you suggest that an embargo could be placed by one or more countries so

that it would not constitute a breach of neutrality?

Mr. Borchard. The only way to preserve neutrality would be to place it against all the belligerents in a particular war, and not against one.

Mr. Gillette. The bill applies to any country or countries.

Mr. Borchard. The word "country" should be taken out. The word "countries" would be right, accompanied by an amendment prohibiting a breach of neutrality.

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Mr. Charles A. Eaton. (representative of New Jersey) You have no connection whatever with any munitions institutions in New Haven, have you?

Mr. Borchard. Not in the slightest.

Mr. Eaton. Would you be in favor of a resolution providing for a total prohibition against the shipment of munitions from this country to any and all belligerents?

Mr. Borchard. Yes sir; against all belligerents in a particular war, but not against one or some only.

38

The chairman caused to be inserted in the record a memorandum from Professor Joseph P. Chamberlain, of Columbia University, on this resolution giving the other side of the legal question of neutrality. Professor Chamberlain says:

"The possibility of recrimination against this country, on the ground of a breach of neutrality, seems to have been in the minds of the draftsmen of the resolution and of the President, for they have guarded against the United States taking action alone and have put into effect the prohibition

(37) Ibid., p. 26

(38) Ibid., p. 27

only in the event that other governments take similar action. The purpose of this joint action is to preserve the peace of the world, and the probability that one of a group of countries, including the great powers, would be exposed to hostile action by the country against which the embargo was directed, is thus greatly lessened, if not altogether done away with.

"Undoubtedly a country acting alone would run some risk of war, but is it likely that any country would make war on all the important powers of the world because of an embargo on arms? Countries do not lightly engage in war, and a country which is already at war does not lightly add to its enemies. In the case of an embargo on arms it is much less likely that war would ensue since the result would be to shut off from the country declaring war, not only access to the arms factories, but all trade, a condition which would hamper it to a much greater degree than the mere shutting off of military supplies. In addition, it would be taking on its back the burden of a general war in what could not help being a very unpopular cause, since it would be defying, not one power, but a group, and we can safely assume, a group of the most important countries".³⁹

The measure is still before the Senate, where it will meet strong opposition and, perhaps, defeat unless the munitions lobby is checked. Three months ago it was approved with votes to spare, but was called back for reconsideration. In the meantime the sentiment has changed even though the chief opponent of the resolution, Senator Hiram Bingham, of

Connecticut, has been retired. Why? The munitions lobby has started its work. Armament manufacturers have approached almost every member of the Senate, and according to an important government official "have reached a number of them".⁴⁰ At least six Senators who voted for the resolution will now oppose it.⁴¹ How many others have changed or will change their minds is a gamble, with the odds in the munition makers' favor. But whatever the outcome of the arms--embargo resolution, the munitions lobby should be investigated. It is fatal for the destiny of a nation to lie in the hands of a very small group of persons with whom the Government spends nearly 80 per cent, of its yearly revenue. A vast chasm yawns between their interests and the interests of the great mass of citizens to whom weapons mean only defense.

To quote The Nation on the munitions lobby "In recent months we have been perilously close to another world war. The danger is far from having passed. Only the makers of engines of destruction, of gas bombs and explosives, of bullets and bayonets, would profit by a new war... The American armament manufacturers have actually precipitated wars in South American by playing off one unfriendly country against another -- the State Department has plenty of documentary evidence of this. The European ring has lately several times come close to precipitating hostilities on the Continent. The American people for the sake of their own security must demand that the political and financial operations of this insidious industry be exposed. Such an investigation would be ineffective if it

(40) "The Munitions Lobby," The Nation Vol. 136:489 May 3, 1933

(41) Ibid., p. 489

were confined to a mere routine interrogation of munitions-makers and peace workers. It must go into every phase of the American industry, into the political methods of the manufacturers, their propaganda expenditures, their shipments to the Far East and South America, and their financial and working agreements with the big armaments ring of Europe."⁴²

All attempts at solving this momentous and vital problem of taking the profits out of war must necessarily be slow and tedious and circumscribed by the greed and ignorance of human nature. The only natural weapon that mankind has against exploitation in armaments is his intelligence. As long as he allows his native intelligence to be duped by propaganda and professional patriotism, just so long will he be the victim of a small group of people who make it a business to use their intelligence selfishly. "The lobbying we complain of is simply our own gullibility capitalized."⁴³ The process of exposing to the masses all the complex facts about traffic in arms is a problem of awakening the civic consciousness through all the informative agencies---the daily press, periodicals, books, pamphlets, forums, and broadcasts.

The results in the case of Denmark, regarding Disarmament, is of no more value than one experience could be in a chain of inductive conclusions, but it is interesting to speculate on the possible connection between the highly informed population of that country and their solution of the armament problem. Certainly in Denmark disarmament, at least, has been followed

(42) Ibid., p. 490

(43) Walter Lippman Woman's Home Companion, Vol. 57:105 Nov.1930

by an almost Utopian economic condition, as described by
 44
 Hendrick van Loon.

"The Danish people, entirely through their own efforts, have lowered the illiteracy percentage to zero, they have made themselves the second richest country per capita of all Europe and they have practically abolished both riches and poverty as they are known in the rest of the world, establishing instead a balance of average, moderate well-to-do-ness which is without an equal anywhere else."

Van Loon explains that the Danes are a "heavy book-reading nation. In consequence thereof they are a singularly well-informed group of people who own more books per capita than any other nation."

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"..... This small country, which has done some of the hardest and bitterest fighting in the days gone by, and which even as recently as the year 1864 was able to hold its own against Prussia for quite a long time, voluntarily abolished its army and navy and has replaced them by a small corps of state police to enforce whatever neutrality will survive the next outbreak of a general European conflict."

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"In a world devoted to the idea of bigness, Denmark hardly plays a role. In a world devoted to the ideal of greatness, it would occupy quite a considerable position. For if the greatest happiness of the greatest number of people is the ultimate goal to which all governments should aspire,

(44) The situation of Denmark is described in Van Loon's, "Geography", pp. 187-191

Denmark has done more than enough to justify her continued existence as an independent nation."

The progress of the League in control of private manufacture and traffic in arms and the separate action of the United States concerning an embargo on arms point the way toward an eventual solution. The United States could strengthen the hope of the world by combining its efforts with those of the League, thereby giving to forces for peace the same international solidarity established so successfully by the armament rings.

"Man is the only living organism", says Dr. Van Loon", that is hostile to its own kind. Dog does not eat dog -- tiger does not eat tiger -- yea, even the loathesome hyena lives at peace with the members of his own species. But Man hates Man, Man kills Man, and in the world of today the prime concern of every nation is to prepare itself for the coming slaughter of some more of its neighbors.

"This open violation of Article I of the great Code of Creation which insists upon peace and good will among the members of the same species has carried us to a point where soon the human race may be faced with the possibility of complete annihilation. For our enemies are ever on the alert. If Homo Sapiens (the all-too-flattering name given to our race by a cynical scientist, to denote our intellectual superiority over the rest of the animal world)-- if Homo Sapiens is unable or unwilling to assert himself as the master of all he surveys, there are thousands of other

\candidates for the job and it oftentimes seems as if a world dominated by cats or dogs or elephants or some of the more highly organized insects (and how they watch their opportunity!) might offer very decided advantages over a planet top - heavy with battleships and siege-guns."⁴⁵

We see from this study that practically every effort of the United States to control the international traffic in arms has been blocked by the munitions interests. From the black area of the accompanying map (page 154 A), the stronghold of the munition manufacturers, lobbyists camp at Washington and influence legislation which affects, not only the whole population of the United States but indirectly the rest of the world. It is interesting to speculate on the potential power of the masses if they could become conscious of the steel cable that is closing around them. If a Hercules ever comes to release Prometheus bound in this modern world, he will have to come, not alone as a physical force but as awakened intelligence.

"Your call was as a winged car
Driven on whirlwinds fast and far;
It rapt us from red gulfs of war."

(Shelly, "Prometheus Unbound.")

Map.

Chapter VII

Control or Exploitation

From the numerous examples given in the foregoing chapters, it is apparent that private concerns in the manufacture of armaments and munitions of war have made strenuous efforts to increase their business and; thereby, their profits by bringing about an unreasonable race in arming. In a great many cases, we have seen that competitive arming has led to war. We have seen from these manufacturers' own words that their profits depend upon the maintenance of war somewhere in the world. Peace to them is a menace to their profits. They can not think of peace as release from the tyranny of the gun and sword, for to them the price of peace is the loss of glittering gold from their hoards. Whenever a cry of protest is raised against war, the golden claw strangles that voice. The will of the people goes unheard under the tyranny of these sinister traffickers in lives.

Uncontrolled private manufacture of munitions and armaments can not go hand in hand with disarmament. The manufacture and sale of war material in an open world market,

developed by commercial greed, is certain to upset any scheme for limitation and balance of armaments throughout the globe. It would seem, therefore, that before we can achieve the peace of which the world has dreamed, we must abolish private manufacture and trade in arms. This solution, suggested by the first Sub-Committee in its report of 1921, offers many difficulties, of which the arms manufacturers are quick to take advantage, as we have seen in their protests against the arms embargo. There is always the problem of the non-producing States, which depend upon private industry for its defense equipment. Under present conditions of fear and suspicion of all other powers, small non-producing countries might feel some anxiety about being able to purchase arms as easily from foreign States as from private firms. They might, therefore, be forced to become producers themselves, which action would defeat the objective of disarmament.

The one justification for private manufacture, which is always brought out by the Government, is that in time of war, the capacity of government arsenals for rapid and sufficient production of war material is far from adequate, and must be supplemented by manufacture by private industry. For this reason Governments have felt it incumbent upon them to do everything possible to build up the industry in time of peace, so that they could rely upon their patriotic support for greater efficiency in time of war. The assumption that they would rally like true patriots is open to question, in view of the fact that our own country has found itself at the mercy of these interests.

In 1894 the American armor ring sold armor to Russia for \$249 a ton, while charging the United States \$616.¹ In 1913 they furnished armor for a battleship to be made in Japan at \$406.35 a ton, as against the price ranging from \$504 to \$440² a ton, which they charged the United States. At the time of the war with Spain, they made an agreement with each other not to manufacture a single piece of armor-plate under \$100 a ton more than the price fixed by Congress, after an investigation as to a fair charge.³ In 1911 an American private firm sold armor to Italy at \$395.03 a ton while charging their own Government \$420⁴ a ton. Krupp, the German firm, sold armor-plate to America⁵ \$200 cheaper per ton than it sold to Germany.

Not only has the United States Government allowed its private manufacturers unimpeded opportunity to sell in foreign markets, but it has also formed a policy of giving the larger share of its contracts to private concerns, on the assumption that their increased capacity would be a safeguard to the Government plants in time of emergency.

In his annual report for the fiscal year ending in 1914, Secretary of Navy Daniels said: "The Government is at the mercy of the three manufacturers of armor-plate whose policy is to make the Government pay prices much beyond a fair profit. The three companies make affidavits that they are in no combination

(1) Congressional Record, Vol. 53, pt. I, p. 274. Speech of Hon. Clyde Tavenner. For this and the following facts see also annual Report of the Secretary of the Navy for the fiscal year 1913. < Wash. Govt. print. office.

(2) Ibid., Vol. 52, pt. 6, App: p. 71

(3) Ibid., Vol. 53, pt. I. p. 274

(4) Ibid., Vol. 52, pt. 6. App: p. 71

(5) Russbuldt, "War for Profits", p. 47 (800 marks quoted in American money at par)

,and have no agreement affecting prices, as they are required by law to do. This does not, however, prevent their availing themselves of a mental telepathy which works against the Government and denies real competition in bidding."⁶

On March 3, 1905, a thorough inquiry into the cost of armor-plate was ordered by law, but was sidetracked at the Navy Department by officials in charge. Again on May 11, 1906, forced by Congressional activity, Acting Secretary of Navy Newberry made the first step toward an investigation. The action of the Navy Department in pigeon-holeing this inquiry, ordered by law became a public scandal. On June 5, 1906, the House of Representatives passed a resolution directing the Secretary of Navy to report the action taken in response to specific direction of Congress.⁷ Just why the matter did not receive attention was never satisfactorily explained, but the fact that, with one or two exceptions, the Secretaries of Navy had been on most friendly terms with the armor concerns, offers⁸ a fairly significant explanation.

Again in November, 1914, a special committee of Congress⁹ was appointed to investigate the cost of making armor-plate. When they sought to obtain information from armor-plate manufacturers concerning the cost of armor-plate, they were

(6) Navy Dept. Annual Report, 1914, pp. 21,22

(7) Congressional Record Vol. 51, pt.17, App:p.556; Vol.59,pt.3 : 2221(H.R. 490); Ibid., p.2873 (letter from Secretary of Navy). Vol.40,pt.8:7104(H.R. 528); Ibid., p.7895 (Resolution that the Secretary of Navy report to the House of Representatives all information secured in pursuance of the Act of March 3, 1905); Vol.40,pt.9:8530(Letter from Secretary of Navy)

(8) Ibid., Vol. 51, pt. 17, App:556

(9) U.S. Congress Committee to investigate the cost of an armor plant. Armor plant for the U.S. Hearings before a special committee.

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refused in all cases. According to Secretary of Navy Daniels, ability to manufacture all types of munitions of war secures a reduction of cost. Even if the plants are never operated, the fact that there is potential competition forces down the price of material made by private industry. This statement is proved by the slump in prices caused by the naval appropriation bill of June 7, 1900, which gave the Secretary of Navy authority to build an armor plant if he could not obtain a reasonable bid

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from the armor ring. This threat of competition caused the price of armor-plate to fall from \$413 to \$345 a ton, saving the Government \$10,000,000; but when Congress failed to continue the provision in the naval bill, the threat began to lose its force upon the armor ring, and the price gradually advanced to

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\$454 a ton by 1914. These facts would seem to indicate that the Government should be in a position to demand competitive bidding by having potential facilities to supply anything needed for armament and equipment, which can so easily be controlled by private manufacturers at exorbitant prices. Secretary Daniels estimated that the Government would save between one million and three million dollars annually, according to the size of the plant if it manufactured its own armor-plate. He said: "Taking the highest estimate which has

(10) Congressional Record, Vol.53, App:1592. See also "Cost of a Government armor plate plant", Iron Age, Jan. 7, 1897, Vol.59, pp.19-22

(11) U.S. Senate Committee. Manufacture of armor. Report (to accompany S. 1417). 64th. Congress, 1st. Session. Senate Report 115, p. 3. (Also U.S. Congress. Report, 63d. Congress, 3d. sess. House doc. 1620, p. 45; also U.S. armor factory board. Report

with accompanying documents. Dec. 7, 1897, 55th. Cong., 2d. sess. House doc. 95, p. 3)

(12) Congressional Record, Vol.51, App:551-552

been submitted to me by the experts of the Bureau of Ordnance as the probable total cost price of Government-made armor, the Government can achieve a saving by the erection of a 10,000-ton-a-year plant of \$1,661,360 per annum, after deducting 4 per cent. as interest on the money used in erection and installation of plant, and \$3,048,462 a year on the basis of a Government plant¹³ capable of producing 20,000 tons a year."

What is true of armor-plate is true of all war munitions. From a superdreadnought to a gallon of paint, the Navy Department can manufacture it cheaper than it can be purchased. This statement is borne out by the facts. Before the Government began to manufacture smokeless powder, it paid 80 cents a pound for it. Government competition brought down the price paid to private manufacturers to 53 cents. In 1914 the Government was even making it at the cost of 36 cents a pound. If the Department had bought what it manufactured the previous year, the powder bill would have been \$397,536.16 more than it was. In the two years of the operation of the torpedo works at Newport, Rhode Island, the cost of manufacture of each torpedo had been reduced from \$4,200 to \$3,200, while the price asked by private firms was \$5,000.¹⁴ The following prices paid to private firms, and the corresponding cost of the same article manufactured in Government plants, show still further the outrageous overcharge made by private firms:-

(13) Congressional Record, Vol. 52, App: 71. See also U.S. Cost of armor plant and its manufacture. 63d. Congress, 1st. sess. Senate doc. 129, pp. 7-8

(14) Congressional Record, Vol. 52, App: 71

	Lowest	
	<u>Private Bid</u>	<u>Government Plant</u>
4.7-inch shrapnel, each	\$ 25.26	\$ 15.45
3.8-inch common shrapnel, each	17.50	7.94
caissons for gun carriages	1,744.10	1,128.67
3-inch shrapnel case	3.15	1.75
3-inch common shrapnel	5.96	3.55
3.8-inch common shrapnel	18.03	7.94
3-inch common steel shell	5.02	2.39
3.8-inch common steel shell	9.45	4.81
31-second combination fuses	7.21	2.92
Mine, complete except explosive charge	498.95	321.96
3-inch caisson	1,708.00	1,081.00
3-inch gun carriage	3,268.00	2,341.00
.30 caliber ball carriages, per 1,000	38.04	26.95
service rifles	20.00	11.00

Guns

16-inch 45-caliber	167,295.00	(none)
14-inch 50-caliber	116,000.00	89,560.00
14-inch 45-caliber	74,770.00	56,900.00
12-inch 50-caliber	72,800.00	56,700.00
12-inch 45-caliber	66,912.00	54,400.00
6-inch 50-caliber	12,283.00	11,233.00
5-inch 51-caliber	9,500.00	5,840.00
4-inch 50-caliber	5,772.46	(none)

(15) Ibid., Vol. 53, pt. I, p. 273

(16) Ibid., Vol. 51, App: 558

(17) Ibid., Vol. 54, pt. 4, p. 3225

(18) Ibid., Vol. 51, App: 556

(19) Ibid., Vol. 54, pt. 4, p. 3225

The same unreasonable difference in prices has been found in the building of ships. At the time of the construction of transport No. I (Henderson) bids were requested from both private and Government yards. The lowest private bid was \$1,725,000, while the Philadelphia Navy Yard bid promised to save the Government \$320,000, but when the ship was completed,²⁰ the Government saving was actually \$400,000.

On a contract covering a variety of war materials, valued at \$1,900,064, the Government saved \$979,840 by doing the work itself. Approximately \$1,000,000 was saved on a \$2,000,000²¹ contract as priced by a private firm.

This tendency to gouge the Government in the manufacture of war munitions is not restricted to the United States. Great Britain, too, has been exploited by private munition makers. The Ministry of Munitions, after 1916, pointed out the economy of government plants. Up to the spring of 1916 certain main types of cordite had cost 54 cents a pound. The accountants reported that the price obtained represented a dividend of 105.7 per cent. per year on the capital invested. It was further reported that if the money being obtained were used to write off the whole cost of factory to a scrap value of \$76,800 the firm would still have received enough to pay a 35.8 per cent. dividend per year. After the publication of this story, cordite was reduced to about 39½ cents, saving the Government \$18,720,000 on a year's supply. Prices on other supplies show a similar drop, after investigation:

(20) Ibid., p. 3229

(21) Ibid., Vol. 53. pt. I : 273

	<u>Original Price</u>	Price After Investigation
Filling fuses, per 100	\$ 5.70	\$ 2.88
Filling 4.5 lyddite shells, per 100	90.40	40.00
1 shell (13-pounder)	5.40	2.88
Lewis Gun	792.00	168.00

Concerning T.N.T., by saving 2 cents a pound, the Government gained each week no less than \$43,200 on each thousand tons. The capital cost of the six T.N.T. government factories was \$7,070,400, but by April, 1917, they had a surplus of \$11,540,726.40, which totally wiped out their total cost, leaving a balance of 83 per cent. Considering all the national factories provided up to April, 1917, the Government saved \$48,000,000.²²

Mr. Lloyd George summarised the situation in a speech in the House of Commons on August 18, 1919. He said:-

"The 13-pounder, when the Ministry" (of Munitions) "was started, cost 22 s. 6 d. a shell. A system of costing and investigation was introduced, and national factories were set up which checked the prices, and a shell for which the War Office, at the time the Ministry was formed, cost 22 s. 6 d. was reduced to 12 s., and when you have 85,000,000 of shells that saves £35,000,000. There was a reduction in the price of all other shells, and there was a reduction in the Lewis guns. When we took them in hand they cost £165, and we reduced them to £35 each. There was a saving of £14,000,000, and through

(22) "The Secret International", p. 34 (Quoted in American Money at par value)

the costing system and the checking of the national factories we set up, before the end of the war there was a saving of ²³ £ 440,000,000."

In addition to securing economy another reason for the nationalization of the manufacture of war munitions and armaments is the need for keeping secret the improvements worked out in implements of war. If these are manufactured by private firms, it is necessary to disclose these secrets, which, if imparted to a possible enemy, would give a tremendous advantage to that enemy. Perhaps it would be better for the world if there were no secret weapons of death. Whether publicity of armaments, suggested by the League action, will extend to new types is not stated. If, however, these new types are to be protected from publicity, certainly the people's money should not be spent for perfecting these secret weapons which may be sold by armament firms to foreign Powers at large profit --- ²⁴ as was the case with one of our American officers. ²⁵ If our country should ever engage in war with a nation supplied with these deadly weapons, American soldiers and sailors would be shot down by the guns which their money had helped to perfect.

The contention is made by private industry that private manufacture provides work for the working man. If the work

(23) Ibid., p. 54. A strict Munitions Act, passed in the spring of 1915, subordinated all armament factories to the Government control. (See Lewinsohn, "The Mystery Man of Europe" page 127)

(24) U.S. Navy Dept. Annual report, 1915. "The Government should have an armor plate plant." p. 59

(25) Congressional Record, Vol. 53, pt. I : pp. 274,279

were done by the Government, would there not still be places for these men in government plants? Conditions of labor in private firms have been deplorable. An inquiry made by the United States Bureau of Labor in 1910 revealed the following state of affairs, according to the Bethlehem Steel Company's own time books: Out of every 100 men --

29 were working 7 days every week.

43, including these 29, were working some Sundays in the month.

51 were working 12 hours a day.

25 were working 12 hours a day, 7 days a week.

46 were earning less than \$2²⁶ a day.

The manner in which the Government treats its workmen tells a different story:

The Government works employees only 8 hours a day.

The Government pays employees higher wages for a shorter day.

The Government gives employees, with pay, 15 days' annual leave of absence, 7 national holidays, 13 Saturday afternoons²⁷ in summer, without receiving any labor in return.

Yet the cost of government manufacture, including 15 per cent. for depreciation and interest is from 20 to 60 per cent.²⁸ below the prices of the ammunition trust.

To leave the manufacture of munitions and instruments of war in the hands of private interest implies that there will

(26) These facts are given in the Congressional Record, Vol. 53. pt. I, p. 274

(27) Ibid., Vol. 51. App: 558

(28) Ibid., p. 558

always exist lobbies to agitate for greater expenditures for preparedness and national defense. Too much preparedness is likely to lead to a militaristic state of mind, which causes nations to distrust each other, and inevitably leads to war. It is generally believed that if European nations had not been over prepared for war, they would not have been so quick to engage in conflict. Mr. Oscar Underwood, representative of Alabama, in the debate on the Naval Bill in the House, on February 5, 1915, said : "I believe that if you propose to enter into a race of armaments because you believe you are behind other nations in your military forces and your naval equipment, the end of the story will mean war. I believe we ought to have a reasonable navy and a reasonable army, but I do not want to see my country have either a navy or an army that will invite us to make issues that may precipitate our people into the caldron of bloodshed and disaster."

The establishment of government arsenals to replace firms would eliminate agitation and organization for huge war preparations, carried on by those gentlemen who reap the profits from the manufacture of war material. Mr. Tavenner's experience in working for the nationalization of the manufacture of arms and munitions of war, is interesting in this respect. On January 16, 1914, he wrote a letter to Mr. A.H.Dadmun, secretary of the Navy League, after having received "big-navy" literature. In it he said:

"I beg to acknowledge receipt of your letter of the 13th instant, together with inclosures as to why a powerful Navy is needed.

"Assuming that you are in good faith in this agitation and really desire the largest possible Navy for patriotic reasons, I am going to take the liberty of suggesting to you that if you will inaugurate a movement for the Government manufacture of all munitions of war, including all battleships, your campaign will strike a much more responsive chord with both Members of Congress and the people.

"In other words, if the Government is to do all the manufacturing of munitions of war, including battleships, the point can not then be successfully raised that the agitation is for the benefit of the armor ring, the ammunition ring, and the shipbuilding trust.

"But if you do not advocate the Government manufacture of all munitions of war, including battleships, you can not successfully deny that you are carrying on a propaganda which means millions and millions of dollars of extortionate profits to the above-mentioned interests."

Needless to say the Navy League did not accept the suggestion.

It is greatly to be deplored that the masses of the people do not know what war costs. So much sentiment is manufactured in favor of strong national defense that the tax payers are willing to accept, blindly, the increased burden of that defense. Up until the year 1921, the United States had spent 78.5 per cent. of its total disbursements for past and future wars. A year after the World War, Congress appropriated 92.8 per cent. of the total appropriations for the fiscal year ending June 30, 1920, for

(30) Ibid., Vol. 51, App: 553

(31) Ibid., p. 553

(32) "The Staggering Burden of Armament", 11 -- A League of Nations, Vol.IV, No.4, p.302 August, 1921. World Peace Foundation

purposes of war, leaving 7.2 per cent for the rest of the
 Government.³³ In 1932, expenditures for war purposes amounted
 to \$2,770,617,555, and the total Government receipts were
 \$2,121,228,006, making a deficit of \$2,885,362,299. The total
 war costs for 1932, therefore, exceeded the total government
 receipts by one-fourth. Between the years 1913 and 1930,
 Government expenditures for National Defense increased 197 per
 cent. When attempts were made toward economy of Government
 expenditure from 1932 to 1934, reductions were made at the
 expense of civil functions, while military costs increased.³⁴
 Owing to Shearer's success in bringing about the defeat of
 the Geneva Arms Conference of 1927, the United States will
 pay \$848,814,000 by 1936 for parity with Great Britain. "This
 means a new building and replacement expenditure of
 \$169,762,800 each year for 5 years, instead of about
 \$50,000,000, the sum spent in the last two or three years."³⁵
 The United States pays, for past and future wars, \$5,200 a
 minute.³⁶ Great Britain spends for the same purpose \$5,000 a
 minute -- three-fourths of the Government taxes.³⁷

The cost of the World War in direct expenditure of
 money, not counting the interest charges, amounted to
 \$186,000,000,000 for all belligerents. The indirect costs,
 figured on the capitalized value of human life destroyed,
 claims against Germany for damages, shipping and cargo losses,

(33) Ibid., p. 301

(34) "Cost of War and the National Deficit", compiled by
 Eleanor Pinkham -- National Council for Prevention of War.

(35) Reprint of copyrighted Article by Paul Scott Lowrer,
Washington Star, February 14, 1930

(36) Reprint from the Associated Press, Dec. 5, 1929

(37) Reprint from the Christian Science Monitor, Feb. 10, 1930

loss of production, war relief, brought the cost to \$355,291,719,815. Roughly speaking, \$350,000,000,000 is the financial burden under which the peoples of those belligerent countries have been staggering since 1914.³⁸ The following table shows the national defense expenditure of the seven great Powers in 1913 and 1930, with the percentage of increase or decrease. These figures do not include war pension:

	1913	1930	Percentage of increase or decrease
Great Britain	\$375,100,000	\$535,000,000	42
France	348,700,000	455,300,000	30
Italy	179,100,000	258,900,000	44
Japan	95,500,000	232,100,000	142
Russia	447,700,000	579,400,000(1929)	30
United States	244,600,000	727,700,000	197
Total	\$1,690,700,000	\$2,788,400,000	65
Germany	463,300,000	170,400,000	63
Total	2,154,000,000	2,958,800,000	37

To some extent this increase is due to a general rise in price levels since 1913, but the average in price levels in these six countries was not more than 26 per cent. higher in 1930 than in 1913.³⁹

The sums of money which the United States proposed to spend (in 1930) for ships, in order to maintain parity with England, is an index to the huge cost of these items of war material:

(38) "The Staggering Burden of Armament", World Peace Foundation Vol. IV. No. 2. p. 215, April, 1921

(39) "The Burden of Armaments", Dec. 9, 1931, Foreign Policy Reports Vol. VII, No. 20, p. 368 (Foreign Policy Association, 18 East 41st N.Y.)

		<u>Average for each</u>
1 capital ship	\$ 50,000,000	\$
ten 8-inch gun cruisers	170,000,000	17,000,000
eight 6-inch gun cruisers	120,000,000	15,000,000
81 destroyers	162,000,000	2,000,000
3 aircraft carriers	57,000,000	19,000,000 ⁴⁰

A consideration of Switzerland's and Sweden's expenditures for war purposes would seem to show a correlation between peace and a low expenditure on armaments. Switzerland spends less than one third of its Government funds for war purposes, and Sweden less than one fifth. Both countries have enjoyed peace⁴¹ for a century. Sweden has an important private industry for the production of war materials, but this industry is controlled, to a certain extent, by the Government. Although export of such material has been prohibited since the World War, the Government may make exceptions by issuing a license. Sweden has now adapted this license system to the Arms Trade Convention of 1925, which she has signed, thereby proving the sincerity of her desire to control the arms trade. In addition, the Swedish Government has taken steps to secure complete, public control of the Swedish production of war materials, without waiting for the 1925 Convention to come into force. For this purpose the Government has appointed a committee of three experts to examine the means of enforcing restrictions of free production of war materials in order to gain effective control. The Government desires particularly that the commission examine the possibility

(40) Reprint of a copyrighted article by Paul Scott Fowrer, Washington Star, Feb. 14, 1930.

(41) "Dollars and Ships at London", Nation, Jan. 29, 1930, Vol. 130:122-3

of establishing a State monopoly and the method of organizing
 42
 it.

The facts in this chapter tend to show that Government manufacture and control of armament is the common man's opportunity to reduce excessive armaments and the intolerable burden of taxation caused thereby. Government manufacture of arms and munitions of war brings about economy, not only in the cost of necessary armament, but in the elimination of unnecessary production of arms. In as much as competitive armament leads to a state of war, to that extent Government control of armament manufacture might reduce the possibility of war.

We can do nothing about the mistakes of the past, but, certainly, we should make every effort to find some way of avoiding similar mistakes in the future. Nations, which are only the people themselves, are too ready to take all and give nothing. Disarmament conferences are frustrated. M. de Madariaga gave a description of the efforts made to reduce arms in the fable that follows: "The animals had met to disarm. The lion, looking sideways at the eagle, said: 'Wings must be abolished! The eagle, looking at the bull, declared: 'Horns must be abolished'. The bull, looking at the tiger, said: 'Paws and especially claws must be abolished.' The bear in his turn said: 'All arms must be abolished; all that is necessary is a universal embrace.'"

The untiring efforts of the munitions makers have encouraged rampant nationalism and baffled the efforts of the

(42) "R.J.Sandler, "Sweden and the Arms Traffic," in Recovery, Vol. I, No. 3, p. 4. July 14, 1933.

League to bring peace and disarmament. If the world really longs for peace, some more sincere efforts on the part of the Governments must be made to arrive at an effective peace agreement. There will have to be a better spirit of "give and take." Governments must be in a position of independence so that the point of argument may be the needs of the nation from a strictly military point of view and not the profits of the makers of munitions and armaments. The world must be rescued from the golden claw. Abolish private manufacture of arms, munitions, and implements of war, and the great incentive for war and preparedness for war will be weakened. The common man's staggering burden of taxation might then be lightened. Nations can still protect themselves by manufacturing their own weapons and be sure that every dollar spent gives a dollar's worth of defense. Perhaps some system can be devised whereby the non-producing nation can purchase the excess peace time production of producing States so that the balance of armaments may not be disturbed. At least let us have government control instead of exploitation, and let the people's battle cry be, "Billions (if need be) for defense, but not one cent for tribute."

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